

# Consumer Bill of Rights Regarding Tax Preparers

By law, tax preparers must give you a copy of this document before beginning any discussions about tax preparation services. The tax preparer must let you review this document and answer any questions you have.

## You have the right to know:

- **Identification and qualifications of tax preparer.** Tax preparers must have a sign stating their relevant qualifications. (Note: Attorneys, Certified Public Accountants (CPAs), and Internal Revenue Service (IRS) Enrolled Agents do not have to post this sign.)
- **Whether or not the tax preparer will represent you at a government audit.** Tax preparers that fail to post a sign stating they will not represent you at an audit must represent you or provide you with representation.
- **Whether the tax preparer is an attorney (member of the Bar of the State of New York) or a CPA, certified by the New York State Education Department, Office of the Professions.** Tax preparers must tell you if they are NOT an attorney or CPA (though they can still prepare your taxes).
- **Fees and additional charges.** Tax preparers must have a sign listing their tax preparation services and fees.
- **Your options for paying for service and receiving your refund.** Tax preparers cannot require you to use a Refund Anticipation Loan/Refund Advance Loan (RAL), Refund Anticipation Check (RAC), Refund Transfer, or other similar products. RACs and Refund Transfers are deferred payment options, which mean you do not pay for service now but money will be taken from your refund. Be aware that all of these options may have additional fees, increase the tax preparation fee, and/or delay the receipt of your refund.

## BEFORE YOU PAY for tax preparation services, you have a right to receive:

- **A written list of the refund options and tax services** offered by the tax preparer.
- **A written estimate of the total cost for all charges related to each service** offered by the tax preparer, including basic filing fees, interest rates, RAL, RAC, and Refund Transfer processing fees, and any other related fees or charges.
- **A written estimate of how long you can expect to wait for your refund** based on the selected methods of payment and/or refund delivery.
- **A written estimated interest rate** for a RAL or any other loan service offered by the tax preparer.

### Deferred Payment Options

The tax preparer may offer you products to delay payment for tax preparation at the time of service, instead taking fees out of your refund. These deferred payment products include a **Refund Advance Check (RAC)** or a **Refund Transfer**. Be aware that these products can have unexpected *additional* fees.

If you use the RAC or Refund Transfer payment option, typically the tax preparer will set up a temporary bank account in your name into which your refund will be directly deposited. The tax preparer deducts tax preparation fees and any extra fees for using a RAC or Refund Transfer from your refund, then gives the remaining money to you.

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## Common terms

**IRS Form 1040:** You use this form to file your taxes with the IRS. Form 1040 reports your personal information, such as name, Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN), as well as wages and other income. Your entries on Form 1040 determine if you owe money to the government or if you will receive a refund. Depending on your situation, you may need to submit other IRS Forms or Schedules in addition to Form 1040. Some tax preparers may charge fees based on the number of forms used to file your taxes. You can file taxes by mail or online (e-file).

**Tax Refund:** You will get money (refund) from the IRS, New York State Department of Taxation and Finance, or other state tax agencies if you paid more taxes than you owed. The fastest way to get your refund is to choose direct deposit into your bank account.

## You have the right to receive:

- **A copy of your tax return** prepared at the time the original is filed or given to you to file.  
*(Note: Tax preparers must sign every tax return prepared.)*
- **An itemized receipt** listing the individual cost of each service and form prepared for you. The receipt must list the address and phone number where you can contact the tax preparer throughout the year.
- **Your personal papers returned to you upon request**, when the original tax return is given to you for filing (unless the tax preparer is specifically permitted to keep such papers under state law).

## It's illegal for a tax preparer to:

- Ask you to sign a blank or incomplete tax return, or alter a tax return after it has been signed by you, without your written consent.
- Charge a fee based upon the amount of tax owed or refund due.
- Guarantee a specific refund amount, or guarantee that you will not be audited by any government tax agency.
- Request a taxpayer to assign to the preparer any portion of the refund.
- Reveal any personal information to any person or business other than to you or your authorized designee or anyone authorized to receive such information by court order or by law.
- Have your tax refund mailed to the tax preparer, unless you have signed a power of attorney containing such authorization.
- Ask you to violate any governmental law, rule, or regulation.

## Beware of Refund Anticipation Loans/Refund Advance Loans (RALs)

- A RAL is a short-term loan. The amount you get is a portion of your estimated tax refund. The term is usually for less than one month in anticipation of the tax preparer receiving your full refund. The tax preparer will deduct the loan amount (your loan payment) from your full refund, then give the remaining money to you. Important: *No one* can give you immediate access to your tax refund—either the full amount or an “advance”—before the IRS or state issues it.
- Some RALs have a high interest rate. A RAL is not an “instant refund,” and tax preparers cannot use this or similar terms (“rapid refund,” “express refund,” or “fast cash”) that hide the fact that a RAL is a loan. Even RALs marketed as “free” and other refund advance products can have fees.
- Taking out a RAL is optional. Tax preparers cannot require you to take out a RAL.

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- **BEFORE YOU TAKE OUT A RAL**, a tax preparer first must give you a single sheet of paper that tells you in English and Spanish:
  - that you are not required to enter into the RAL;
  - that the RAL is a loan you must repay regardless of the amount of your tax refund;
  - the amount of your expected tax refund;
  - the fees for the RAL and approximate amount you will receive as your loan;
  - the interest rate expressed as the estimated annual percentage rate (APR) based on the amount of time the loan will be outstanding, if applicable;
  - the approximate date you would get your loan money if you take out a RAL; and
  - the approximate date you would get your refund without the RAL.
- If you cannot read English or Spanish, the tax preparer must explain this information to you in a language that you understand.

### Things to Review on Your Tax Paperwork:

- Make sure that all information is accurate, including your name and mailing address.
- Make sure that payment information is accurate, in particular bank account information.
  - *If you requested direct deposit of your refund to a personal bank account*, make sure the number is correct. The fastest way to receive your refund is direct deposit to a personal checking or savings account.
  - *If you selected a RAL, RAC, or Refund Transfer payment option*, the number of the temporary bank account set up by the tax preparer in your name will appear.

**Note:** In addition to a tax refund, the IRS may use bank account information to deposit additional payments; for example, stimulus payments or advance Child Tax Credit payments. However, if the account is a temporary bank account, you may receive any additional payments by mail in the form of a check or prepaid debit card.

*Remember, you have a right to receive a written estimate of the total cost for all charges for each service offered by the tax preparer, including refund advance or deferred payment products, and the time it will take for you to receive your refund with or without a RAL, RAC, or Refund Transfer, so be sure to ask.*

**For more information or to file a complaint against an individual offering tax preparation services, contact 311 or visit [nyc.gov/dcwp](https://nyc.gov/dcwp)**



You may qualify for **NYC Free Tax Prep** services, which could help you claim important tax credits like the Earned Income Tax Credit (EITC) and the New York City Child Care Tax Credit (CCTC). For more information, call **311** or visit [nyc.gov/taxprep](https://nyc.gov/taxprep)



Bill de Blasio  
Mayor

#### Consumer and Worker Protection

Peter A. Hatch  
Commissioner

*The NYC Department of Consumer and Worker Protection (DCWP) protects and enhances the daily economic lives of New Yorkers to create thriving communities.*