

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.)*
- **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 (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.
- **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 Department of Education, Office of the Professions.** Tax preparers must tell you if they are NOT an attorney or CPA (though they can still prepare your taxes).

Deferred Payment Options

The tax preparer may offer you products to delay payment for tax preparation at the time of service, instead taking its 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 its tax preparation fees and any extra fees for using a RAC or Refund Transfer from your refund, then gives the remaining money to you.

Continued >

Common terms

Form 1040 is also known as “**the long form**,” and Form 1040A is also known as “**the short form**.” Form 1040 is the standard federal income tax form used to report an individual’s gross income. It is also known as “the long form” because it is more extensive than the shorter 1040A and 1040EZ Tax Forms. “Schedule C” is a form sometimes attached to Form 1040 that is used to report income or loss from a business you operated or a profession you practiced as a sole proprietor.

You may be entitled to a **refund** from state or federal tax agencies if you paid more taxes than you owed. The fastest way to get your refund is to choose to have it **directly deposited** into your bank account from the IRS or New York State Department of Taxation and Finance.

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).

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

- **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. You can also request an 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.
- **A written list of the refund options and tax services** offered by the tax preparer.

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.

Continued >

Beware of Refund Anticipation Loans (RALs)

- A RAL is a loan made through a bank that you must pay back to the bank, which will reduce your income tax refund. 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 or charge you fees beyond the bank’s fees for a RAL.
- If you cannot read English or Spanish, the tax preparer must explain this information to you in a language that you understand.
- **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 bank 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.

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 account information.
 - If you requested direct deposit of your refund to a personal 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 account information to deposit stimulus payments like the 2020 Economic Impact Payment. However, if the account is a temporary bank account, you may receive a stimulus payment by mail.

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



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



Bill de Blasio
Mayor

Consumer and Worker Protection

Lorelei Salas
Commissioner

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