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**MAYOR BLOOMBERG AND CONSUMER AFFAIRS COMMISSIONER MINTZ  
ANNOUNCE RESULTS OF CITYWIDE CRACKDOWN ON FRAUDULENT TAX  
PREPARERS – ONE IN THREE RECEIVE VIOLATIONS**

*Consumer Affairs Finds Compliance Significantly Lower in Low Income Neighborhoods*

*New Yorkers Encouraged to File Taxes for Free or Low Cost and Sign Up for One of Remaining 250  
SaveUSA accounts*

Mayor Michael R. Bloomberg and Department of Consumer Affairs Commissioner Jonathan Mintz today announced the results of an investigation into income tax preparers to ensure that with the April 18<sup>th</sup> tax deadline approaching, New Yorkers filing their taxes are protected against fraud. The Department of Consumer Affairs conducted more than 1,200 inspections citywide and found that one in three income tax preparers violated consumer protections laws. The Department issued over 1,600 violations to 439 income tax preparers for misrepresenting tax preparers' qualifications, violating consumer rights and illegally advertising Refund Anticipation Loans as "instant" or "rapid" refunds. The Mayor also encouraged New Yorkers to take advantage of the many options available for filing their taxes and claiming tax refunds for free or low cost. Qualifying New Yorkers can file their taxes online for free, visit a free tax assistance site, or get their taxes done at participating H & R Block locations for just \$29 using a new City-sponsored coupon. New Yorkers who file their taxes at select Volunteer Income Tax Assistance sites may also be eligible to sign up for one of 250 SaveUSA accounts that remain available. Created in New York City, participants of SaveUSA could receive a 50 percent match, up to \$500, if they deposit at least \$200 of their tax refund into a SaveUSA account and maintain the initial deposit for one year. The Mayor and Commissioner were joined by City Council member Dan Garodnick and Ariva Deputy Director Diana Breen.

"New Yorkers deserve to get back every penny of their refund, which is why the Department of Consumer Affairs not only offers many ways for people to file for free or low cost, but conducts an annual inspection of hundreds of tax preparers," said Mayor Bloomberg. "If you aren't using one of the City's filing options, we want to make sure all New Yorkers are protected at whichever tax preparer they choose."

"This tax season Consumer Affairs conducted over 1,200 inspections of store-front tax preparers citywide and found that one in three violated consumer protection laws," said Consumer Affairs Commissioner Jonathan Mintz. "New Yorkers deserve to work with qualified and honest tax preparers, which is why the Department continues to make this a top priority and has also created a network of free and low-cost tax preparation options for all New Yorkers making \$57,000 or less."

*(more)*

“Refund anticipation loans are some of the most shameless, predatory and deceptive products out there,” said Council Member Dan Garodnick, chair of the Consumer Affairs Committee. “To offer them under the guise of 'rapid returns' is even worse. The DCA is doing important work in exposing the tax preparers who defraud New Yorkers with these phony products.”

Consumer Affairs inspected income tax preparers charged with violations in 2009 and 2010, as well as businesses located in neighborhoods with large populations of immigrants and high usage of refund anticipation loans. The industry demonstrated a compliance rate of only 65 percent, which is lower than the 71 percent compliance rate in 2010. Compliance in neighborhoods where there is a high concentration of filers with low incomes who are eligible for the Earned Income Tax Credit (EITC) was 32 percent worse than in neighborhoods with lower numbers of EITC filers. New Yorkers with children who earn up to \$48,362 or those without children who earn \$18,470 are eligible to claim the EITC. Total fines from the enforcement sweep could reach close to \$2 million.

Consumer Affairs found that about half of the businesses offering Refund Anticipation Loans were illegally advertising them. Refund Anticipation Loans are predatory, expensive high-interest loans often marketed as “instant” “rapid” or “24-hour” refunds, which consumers must pay back even if their refund is not as large as they had anticipated – a fact that is often not disclosed by income tax preparers. Refund Anticipation Loans are not illegal in New York City, but income tax preparers must disclose that these products are loans with annualized interest rates as high as 500 percent, significantly decreasing an expected refund.

In New York City, tax preparers must also post their qualifications, fees and charges, and whether or not they will represent consumers at a government audit. Preparers must sign every tax return, and provide their customers with a copy of their tax return and a receipt for their services.

*All New Yorkers Making \$57,000 or Less Have Access to Free or Low Cost Tax Preparation*

Thanks to the New York City’s Tax Credit Coalition Campaign, which is spearheaded by DCA’s Office of Financial Empowerment, New Yorkers have more options than ever to file their taxes for free or at low cost. These tax preparation opportunities do not include offering refund anticipation loans or other loans. New Yorkers can also find out if they qualify for important tax credits, including the Earned Income Tax Credit and the New York City Child Care Tax Credit when they use any of the City’s tax preparation options.

- **Volunteer Income Tax Assistance Sites:** New Yorkers who earn less than \$50,000 with children or \$18,000 for those who do not have children can visit a Volunteer Income Tax Assistance site in the five boroughs where a certified volunteer will prepare their taxes for free.
- **Online Tax Preparation:** New Yorkers earning less than \$57,000 can also file their taxes online for free through the City’s free tax preparation website on [nyc.gov](http://nyc.gov).
- **Assisted Online Tax Preparation:** New Yorkers earning less than \$48,000 can visit 19 participating sites where they can prepare their taxes for free online on Intuit’s TurboTax Freedom Edition secure website. Trained tax guides are also available to walk people through the process and answer basic questions. A list of participating sites is available on [nyc.gov](http://nyc.gov).

- **H&R Block Discount:** New Yorkers can also have their tax returns prepared at a participating H&R Block office with a new City-sponsored coupon for just \$29. To qualify for the H&R Block discount, residents must earn less than \$41,000 with children or \$31,000 if they have no children. Those interested should visit the City's website [nyc.gov](http://nyc.gov) to print out the coupon. New Yorkers who qualify for H&R Block discount tax preparation in 2011 will receive the same \$29 offer next year if they are eligible.

### *Signing Up For a SaveUSA Account*

New Yorkers earning \$50,000 or less could be eligible to open a SaveUSA account when they file their taxes for free at participating Volunteer Income Tax Assistance (VITA) sites. Participants for the program are selected at random, so all interested savers have an equal chance to open one of the 250 remaining SaveUSA accounts. In order to earn the 50 percent match, participants must save their initial deposit for a full year. However, if needed, they can withdraw their money at any time for any reason. If the account balance goes below the initial deposit, they will not receive a match.

The SaveUSA program was developed based on promising findings from the \$aveNYC program, launched by DCA in 2008. \$aveNYC attracted approximately 2,200 savers in its first three years of operation, 25 percent of whom did not have a bank account, and 50 percent of whom reported having no savings account when they entered the program. To date, participants living in some of New York's poorest neighborhoods accumulated more than \$1.4 million in savings. The majority of participants – 80 percent – saved for at least one year and received the match funds and 70 percent continued to save even after receiving the match.

The program, now called SaveUSA, has been replicated in three other cities – Newark, NJ, Tulsa, OK and San Antonio, TX – through the Social Innovation Fund awarded by the Corporation for National and Community Service to the Mayor's Fund to Advance New York City and the NYC Center for Economic Opportunity.

The Tax Credit Coalition Campaign is supported in part by donations made to the Mayor's Fund to Advance New York City. Funders include Single Stop USA, Bank of America, Citi, and Con Edison. The campaign includes the following partners: H&R Block, Deloitte, Intuit Inc., Internal Revenue Service, One Economy Corporation, the New York City Human Resources Administration, the New York City Housing Authority, and additional partners who assist with promoting the City's tax season options (please visit [www.nyc.gov](http://www.nyc.gov) for a full listing). The Online Tax Assistance Site Partners include Ariva, Goodwill Industries, CAMBA, Food Bank for New York City, New York Urban League, 1199 SEIU, Brooklyn Public Library, New York Public Library, NYC Department of Education Office of Adult Continuing Education, and the Bedford Stuyvesant Restoration Corporation.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace for consumers and businesses, DCA licenses more than 78,000 businesses in 55 different industries. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. DCA's Office of Financial Empowerment (OFE) is the first local government initiative in the nation with a mission to educate, empower, and protect New Yorkers with low incomes so they can build assets and make the most of their financial resources. Toward that end, OFE seeks to increase access to high-quality, low-cost financial

education and counseling; improve access to income-boosting tax credits; connect households to safe and affordable banking and asset-building products and services; and enforce and improve consumer protections to enhance financial stability. For more information, call 311 or visit DCA online at [www.nyc.gov](http://www.nyc.gov).

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### **Hiring a Tax Preparation Service This Tax Season? Follow These Tips:**

- **Avoid “Instant,” “Rapid,” “Express” or “Fast Cash” refunds.** “Instant” refunds are actually loans with extremely high interest rates known as refund anticipation loans (RALs). RALs must be repaid even if you don’t get your refund or it is smaller than you expected. If you have a bank account and file your taxes electronically, you can arrange for direct deposit of your refund in as little eight days. Ask your tax preparer about this option.
- **Know Your Rights When Dealing with Tax Preparers.** Tax preparers must post their qualifications, fees and charges, and whether or not they will represent you at a government audit. Preparers must sign every tax return, and provide you with a copy of your tax return and a receipt for your services.
- **Protect Yourself.** Tax preparers may *not* charge you fees based on the amount of taxes you owe or your anticipated refund. Never sign a tax return that is blank, incomplete, or filled out in pencil. It could be changed later. Tax preparers are required by law to give each customer a free, current, and legible copy of the Consumer Bill of Rights Regarding Tax Preparers before any discussions with a consumer. Visit [nyc.gov](http://nyc.gov) to download a copy.
- **Don’t pay cash.** Never mail cash when paying your taxes. Pay by check or money order only.
- **File a complaint with DCA.** Call 311 or visit [nyc.gov](http://nyc.gov) to contact DCA.