



NEW YORK STATE SENATOR

Andrew J. Lanza

Senator Andrew Lanza Announces New Regulations to Protect Consumers Who Hire Tax Preparers

ANDREW J LANZA March 4, 2014

Warns New Yorkers to use caution when selecting a preparer

File a complaint about an unethical tax preparer by calling 518-530-HELP

Senator Andrew Lanza today announced historic new regulations that will better protect New York consumers who hire a tax preparer. The regulations make New York one of only four states that regulate the tax preparer industry.

The comprehensive rules - covering 40,000 paid tax preparers throughout the state - will reduce errors and omissions on tax returns, reduce fraud and increase the level of competence and ethics among preparers.

Preparer scams to avoid

Senator Lanza warned New Yorkers to be on guard for unethical actions by tax preparers, such as:

- Advertising or promising in-person to do an income tax return for a low price, but then billing the client for a much higher fee, arguing the return was more complicated than originally anticipated.
- Convincing a client to have their refund deposited into the preparer's account instead of the client's, and then the preparer covertly steals a portion of the refund.
- High-interest loans – often with unclear terms - offered by preparers prior to refunds being received.

Taxpayers should also avoid hiring tax preparers who offer to use illegal means to increase the amount of a refund.

Identifying and stopping fraud

The Tax Department continually investigates and arrests preparers for criminal activity. In addition, a new Fraud Analysis and Selection Team (FAST) detects large-scale tax preparer schemes. In just the past year alone, FAST has identified and stopped more than \$26 million in improper refund payments.

Recent examples of tax preparer arrests include:

- [Joseph Barrios, Jr.](#), 50, Mahwah, NJ, who will serve 6 months in Riker's Island
- [Susan Pemberton](#), 43, Rockville Center, sentenced to up to 3 years in prison
- [Crystal Sweet](#), 38, Gloversville, sentenced to up to 6 years in prison
- [Christopher Curry](#), 40, Westbury, sentenced to up to 3 years in prison
- [John Berry](#), 42, Dunkirk, charged for filing returns using the names of 42 deceased people
- [Chiara Hudson](#), 24, Bronx, sentenced to up to 4 ½ years probation

New York's first tax preparer regulations

Since 2011, the majority of tax preparers have been required to register annually with the Tax Department. Building on the registration, for the first time in New York State, most individuals who are paid to prepare at least ten New York State tax returns in a year will be required to:

- Pass a State competency examination
- Be at least 18 years of age and be a high school graduate, or possess the equivalent of a high school degree
- Meet applicable IRS requirements
- Take four hours of annual continuing education
- Beginning tax return preparers (with less than three years of experience preparing New York State tax returns) must

take a 16-hour basic tax course

Violation of the new standards could result in a range of disciplinary actions, from remedial education to suspension or cancellation of a preparer's registration.

Attorneys, certified public accountants, public accountants and enrolled agents are exempt from the regulations, but are required to meet specific professional standards set forth by their licensing agencies - and may be subject to formal sanctioning if they fail to meet those standards - as part of their professional certification.

For more information

[Fact Sheet: New York's First Tax Preparer Regulations](#)

Aware of illegal or improper conduct by a tax preparer?

Call 518-530-HELP, or [File a complaint online](#)

Considering hiring a tax preparer?

[Confirm that he or she is registered](#)

Consider free tax preparation options

[Find an IRS-certified volunteer site](#) (income max = \$52,000)

[Visit an AARP Tax-Aide site](#) (no income limit)

Read the [Consumer Bill of Rights](#)

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