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### **Westly Warns of Predatory Tax Preparers**

SACRAMENTO – State Controller and Franchise Tax Board Chair Steve Westly today warned Californians to beware of predatory tax preparers, who use their access to personal information for identity theft, or incorrectly complete tax returns and leave taxpayers stuck with the penalties.

“Our investigators have zero tolerance for fraud,” Westly said. “We aggressively pursue predatory tax preparers, but people should take steps to protect themselves. It can take years to recover from identity theft. When tax preparers make a mistake on a return, they aren’t liable, the taxpayer is. People should choose a tax preparer with the same care as they would a doctor or lawyer.”

A dishonest tax preparer can manipulate tax return figures in many ways. Often that manipulation leads to fraudulent refunds, with the proceeds going to the tax preparer who skims money from the taxpayer’s refund check. To add insult to injury, the taxpayer is also liable for any penalties that result from the improper tax return.

Excessive fees are also common among dishonest tax preparers, who often prey on immigrants and low-income communities.

“Tax preparers have access to very personal information such as bank account numbers and Social Security numbers,” said Board of Equalization Chair and FTB member John Chiang. “It’s a good idea to get referrals from satisfied clients and check credentials.”

Westly said people should be wary of tax preparers who:

- Claim they can get bigger refunds than other tax preparers.
- Base their fee on a percentage of the refund amount. (Fees should be based on the complexity of the tax return.)
- Refuse to sign the tax return. (Paid tax preparers are required to sign returns they complete.)
- Do not provide the taxpayer with a copy of their return.

Certified Public Accountants (CPAs), Public Accountants, Enrolled Agents, and attorneys are licensed by either the state or federal government and may charge a tax preparation fee. All other tax preparers who charge a fee for their services must be registered with the California Tax Education Council.

Taxpayers should obtain referrals and contact the agency regulating the preparer they are considering to check for any complaints. Taxpayers should also review their returns before signing.

The FTB estimates it will collect \$13 million this fiscal year by pursuing tax preparers who file fraudulent tax returns. People may report abusive tax preparers by calling (800) 540-3453 or visiting [www.ftb.ca.gov](http://www.ftb.ca.gov).

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