



Hiring a Tax Preparer

If you choose to hire a tax preparer, do your research to find one you feel is trustworthy, compliant with all tax laws, answer your questions and are a good fit for you. The more items you check-off this list, the more you will protect yourself.

- I have seen the preparer identification number (PTIN), issued by the Internal Revenue Service;
- I have seen a list of the tax preparer's fees, and received a

written estimate.

- My refund will be deposited into my bank account or sent to my address - not to my preparer's.
- The preparer will provide me with a copy of the return for accuracy before it is filed.
- I have given the preparer permission to e-file the return.
- The preparer will sign and include his or her PTIN and other required information on my return.
- The preparer will be available after my return is submitted in case there are questions.
- Confirmed the preparer will represent me if I am audited.
- The preparer did not persuade me to add false information on my return to secure a bigger refund.
- I did not have to sign a blank return.
- The preparer did not impose a fee or other consideration for making or facilitating a refund anticipation loan

(RAL) (other than the bank originating fee).

To file a complaint about a tax preparer:

Visit our website

www.portal.ct.gov/drs and fill out our complaint form or

Visit our website for more information.

www.portal.ct.gov/drs



Using a Tax Preparer to Complete your Federal and State Tax Returns?

Here's What You Should Know

To protect you, the Taxpayer, the Department of Revenue Services has imposed new requirements on tax preparers and facilitators in Connecticut.

A tax preparer is an individual who prepares your federal or state personal income tax return for a fee or other consideration.

A facilitator is a person who offers to you a Refund Anticipation Loan (RAL) or a Refund Anticipation Check (RAC), accepts and processes your application for a RAL or a RAC or who collects the fees from a RAL or a RAC.

A tax preparer can also be a facilitator.



What is a Refund Anticipation Loan (RAL)?

A RAL is a loan made by a lender that is based on and repaid by your anticipated federal or state income tax refund. It also includes the ability to sell, assign or purchase your tax refund at a discount or for a fee, whether or not you are required to repay the amount if the IRS or DRS denies or reduces the amount of your refund.

What is a Refund Anticipation Check (RAC)?

For a RAC, the preparer opens a temporary bank account so that the IRS or DRS can directly deposit your refund. When the refund is deposited, the preparer issues a check, debit card, or stored value card. The fee for preparing your tax return and for setting up the account to receive your refund is

deducted from the refund amount prior to issuing the payment to you.

When you apply for a RAC

A facilitator (other than a bank, savings and loan association, credit union, or person issued a small loans license pursuant to the Connecticut Banking Laws) must disclose to you on a document that is separate from the loan application:

- The estimated fee for preparing and electronically filing an income tax return.
- The refund anticipation loan fee schedule.
- The annual percentage rate using the guidelines established through federal regulations and the Truth in Lending Act.
- The estimated total cost to you for using a refund anticipation loan.
- The estimated number of days it will take for the loan money to be disbursed to you if the loan is approved.
- That you are responsible for repayment of the loan and related fees in the event that your income

tax refund is not paid or not paid in full.

- The availability of electronic filing of your income tax return and the average time announced by the Internal Revenue Service within which you can expect to receive a refund if your return is electronically filed and you do not obtain a refund anticipation loan.

The facilitator or tax preparer **cannot** to do any of the following:

- Impose any fee or other consideration when making or facilitating a refund anticipation loan or refund anticipation check. The only allowed fee is the one charged by the creditor or bank that is giving the loan.
- Engage in deceptive practices or acts when making or facilitating a refund anticipation loan or refund anticipation check. They shall not make statements that contradict the federal or state Taxpayer Bill of Rights.
- Attempt to impose additional fees, interest or additional charge related to a RAL or RAC by arranging for a third party (other than the creditor or

bank that is giving the loan) to impose any interest, fee or charge related to the RAL or the RAC.

- Include in any RAL or RAC loan application agreement any of the following provisions:
 - A hold harmless clause
 - A confession of judgment clause
 - Any assignment of or order for payment of wages or other compensation for services
 - A waiver of any provisions of the IRS or the Connecticut Taxpayer Bill of Rights
 - A waiver of the right to injunctive, declaratory or other equitable relief or relief on a wide-class basis.
- Arrange for a creditor to take a security interest in any property interest you have other than the proceeds of the tax refund to secure payment of a refund anticipation loan.
- Engage in the collection of an outstanding or delinquent RAL for any creditor.
- Fail or refuse to return to you within a reasonable period of time, any

documents or copies or such documents that you provided.

- Fail or refuse to provide to you, for your records, a copy of any document requiring your signature, within a reasonable time after you sign the document.
- Fail to maintain a copy of any return prepared for you for a period of four years from the date of completion or the due date of the return, whichever is later.
- Require or allow you to sign a blank or incomplete tax form.
- Require you to designate the tax preparer or facilitator as the payee of the federal or state tax refund.
- Require you to designate or use a specific bank or debit card or stored value card provided for the purpose of receiving the federal or state tax refund.

