



DENISE W. MERRILL
SECRETARY OF THE STATE
CONNECTICUT

For Immediate Release:
March 14, 2016

For more information:
Patrick Gallahue: (860) 509-6255
Cell: (860) 463-5939

- PRESS RELEASE -

SECRETARY OF THE STATE SEEKS REGULATION OF UNLICENSED COMMERCIAL TAX PREPARERS

HARTFORD: Connecticut Secretary of the State Denise Merrill urged lawmakers to regulate unlicensed commercial tax preparers today.

Secretary Merrill said, “There are potentially hundreds of thousands of people who are paying tax preparers who are not qualified. In fact, consumer groups note that barbers are bound by more regulations than independent tax preparers. We know this is a big problem because my office has received a litany of complaints ranging from fraud to failure to file in a timely manner. However, when things go wrong, it is often the customer who is on the hook.”

House Bill 5610, An Act Requiring the Licensing of Tax Preparers and Facilitators, would create a Connecticut State Board of Tax Practitioners, which would reside in the Secretary of the State’s office. The Board of Tax Practitioners would oversee: (1) registration; (2) licensure; (3) continuing education; (4) renewal; (5) disclosure; and (5) enforcement for non-credentialed commercial tax preparers. Such functions would generate revenue and make the office self-sustaining. For example, applicants would pay a \$50 initial application fee for a tax preparer’s or facilitator’s license and violations would result in a penalty of up to \$2,500.

In Connecticut, roughly 861,000 filers use tax preparation services. Nationally, around half of all returns were filed by unregulated preparers. If the national statistic is mirrored locally, that means around 400,000 filers are using unlicensed tax preparers.

Every tax season, the Connecticut State Board of Accountancy receives numerous complaints and calls from individuals who have suffered harm at the hands of unregulated commercial tax preparers. These complaints include allegations of unfair business practices, professional misconduct, fraud, embezzlement, failure to file returns in a timely manner and failure to return client records. However, without jurisdiction these matters are dismissed, leaving the complainant with no recourse other than civil or criminal court, which can be very costly, particularly when the respondent has gone off the grid until the following tax season.

The bill creates a number of exemptions for tax preparers who are already subject to separate, comprehensive regulatory regimes or who do not pose a threat to the public.