



Precautions Consumers Can Take If They Seek Help From a Commercial Tax Preparer

While there are many honest commercial tax preparers, some workers who need tax filing help may be vulnerable to the practices of tax preparation businesses run by untrained or dishonest individuals. In some communities, such operations may attract more customers — and charge higher fees — if they are known to generate large tax refunds. They may prepare tax returns that make invalid claims for tax credit refunds in the belief the IRS is unlikely to catch them. Tax filers may then be held responsible for fraud or negligence associated with these claims. Workers who do not speak or read English well are particularly vulnerable to preparers who speak their native language, but who have no tax training or deliberately prepare false claims.

Remember, the Volunteer Income Tax Assistance (VITA) program, run by the IRS, provides free tax filing assistance to low-income taxpayers. Trained VITA volunteers can help workers avoid tax filing errors. In addition, tax returns completed at VITA sites are reviewed by qualified supervisors. VITA sites in several communities offer assistance in languages other than English. Local Outreach Campaigns can increase the availability of VITA sites in their community and can encourage workers to seek help at these locations.

Some workers still may choose to use a commercial tax preparer. Outreach Campaign partners can help protect them by suggesting these steps to identifying a trustworthy preparer:

- Choose a tax preparer who can be contacted later in case the IRS has questions about the tax return. Check out the preparer's reputation with others in the community and obtain the preparer's address and telephone number.
- Insist that the commercial tax preparer sign the tax return. This is required by federal law. The preparer's address and Employer Identification Number (EIN) or Social Security number are also required on the tax return.
- Insist on a complete copy of the tax return and do not sign a blank return or sign in pencil. Check to make sure names, addresses, Social Security numbers and wage information are entered correctly.
- Review the return with the preparer to understand the reason for any refund or reduction in the amount of taxes owed. Even though a preparer does the return and signs it, the taxpayer is still held responsible for the accuracy of all items on the tax return.

Also see the handout, "Why Pay When You Can Get Your Taxes Done for Free?" available in English and Spanish at www.cbpp.org/eic2008/outreach-tools.htm.