

# Proposed Legislation: Tax Return Preparer Requirements

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# Tax preparer refund fraud & errors hurt taxpayers

- ~60% of taxpayers use a paid preparer, but ~60% of those preparers have no credentials
- 70-80% of consumers wrongly assume government regulation and put their faith in a system that can fail them
- In 2014, the GAO found widespread errors - only 10% of paid preparers calculated the correct refund amount
- The FTC recently ranked preparer fraud in the top 30 most common types of fraud

## Las Vegas, N.M., Tax preparer admits reporting false information

Associated press  
Nov 13, 2020

ALBUQUERQUE – Federal prosecutors say a Northern New Mexico tax preparer faces up to six years in prison after pleading guilty to two counts of aiding and abetting the preparation of false income tax returns.

Carlos Perea, 44, of Las Vegas, N.M., pleaded guilty Thursday in federal court in Albuquerque, the U.S. Attorney's Office for New Mexico said in a statement.

Perea, who owned and operated Perea Fast Tax in Las Vegas, admitted to reporting false information to decrease tax liabilities and increase refunds, the statement said.

# Protecting Taxpayers with Enhanced Oversight (pg. 8)

- Consumer protection tools to better **identify** preparers and **stop** bad actors
  - Require preparers to list their IRS identification # (“PTIN”) on state tax returns or face increased penalty
  - Authorize court injunction to prevent fraudulent and reckless preparers from operating

# Protecting Taxpayers with Service Standards (pg. 13)

- Establish professional preparer standards
  - Minimum age (18) & education (high school)
  - Registration
  - Annual continuing education in tax prep competency
- Permit revocation for criminal or unprofessional conduct
- Exemptions for CPAs, attorneys, enrolled agents, volunteers, <10 returns per year
- GAO: improves accuracy and closes tax gap

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