



Attorney General Raoul Issues Tax Season Guidance

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CHICAGO – Tax season is underway, and Attorney General Kwame Raoul today issued guidance and urged Illinois residents to take precautions before hiring a tax preparation business and avoid expensive tax refund anticipation products.

Raoul is warning that scammers and fake tax preparers are targeting consumers, and urges people to recognize the signs of fraud. Raoul's office has received complaints from consumers whose tax preparers either refused or failed to provide copies of completed tax return forms and filings. Attorney General Raoul cautions consumers to be wary of tax preparers who charge unexplained fees or do not provide copies of documents. Additionally, Raoul is warning people to avoid costly refund anticipation products and to protect their electronic signatures when they exchange documents online.

“Many Illinois residents are feeling the financial impact of the COVID-19 pandemic, so it is even more important to be aware of tax preparation scams and individuals who attempt to steal tax refunds or information to commit identity theft and fraud,” Raoul said. “I encourage tax filers to exercise vigilance by protecting their information and ensuring that tax preparers are reliable before providing any information. Contact the Attorney General's office to report fraudulent tax preparers or other tax scams.”

Raoul recommends that consumers avoid preparers who:

- Fail or refuse to provide access to their electronic documents.
- Ask you to sign a blank or incomplete tax form.
- Offer to e-file a tax return using a pay stub instead of a federal W-2 form. Doing so is a violation of IRS e-file rules.
- Base preparation fees on a percentage of the tax refund. You should obtain the full cost of tax preparation services before signing a contract, and pay up-front if you are able to do so.

- Guarantee bigger refunds than their competition. Scam preparers often mislead consumers into taking deductions they are not entitled to claim. They also invent income that erroneously qualifies consumers for tax credits.
- Require payments in cash only and do not provide a receipt.
- Direct refunds into the preparer's bank accounts.
- Mark returns as "self-prepared," or affix a business label rather than sign the form by name.
- Refuse or fail to provide a Preparer Tax Identification Number (PTIN). Anyone paid to prepare or assist in preparing federal tax returns is required by law to have a valid PTIN. Visit the IRS' [online directory of federal tax return preparers](#) to verify preparers' credentials.

Attorney General Raoul is also warning consumers to be aware of the high costs associated with tax refund anticipation products. Tax preparers often deceptively market these advances as being "interest free," but in reality they are short-term loans with high interest rates and additional fees. Tax refund anticipation products include third-party refund anticipation checks and refund anticipation loans, which offer taxpayers the value of their tax refunds within a few days of filing in exchange for fees and interest. In some instances, fees can add up to hundreds of dollars, and the annual percentage rate, or APR, can be as high as 100%. As a result, consumers do not receive the full value of their refund, and they risk being saddled with debt from high interest rate loans.

As a result of the COVID-19 pandemic, many tax preparers are performing services virtually this year, which means preparers and consumers are reviewing, exchanging and signing documents electronically. Scam tax preparers can attempt to use e-signatures to deceptively sign tax documents, consents or disclosures to justify charges for expensive ancillary services and high fees. Raoul recommends people protect themselves by requesting a fee schedule outlining the preparer's fees, obtaining a complete invoice for services prior to signing any documents, and paying for the cost of services upfront if possible. Finally, consumers should thoroughly review documents before signing and ask questions if they don't understand something.

The tax filing deadline is April 15. Raoul encourages consumers who need a tax preparer to seek assistance from reputable sources such as the IRS' [Taxpayer Advocate Service](#). Additionally, the IRS offers access to free tax filing services to qualified consumers. Raoul encourages consumers to check their qualifications and browse the [IRS Free File Online Lookup Tool](#). Taxpayers also can search online for free, [in-person tax preparation assistance](#).

Individuals who need to report a complaint involving a tax preparer or tax refund anticipation product should visit the [Attorney General's website](#) or call the Attorney General's Consumer Fraud hotlines:

1-800-386-5438 (Chicago)

1-800-243-0618 (Springfield)

1-800-243-0607 (Carbondale)

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