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NEW YORK CITY DEPARTMENT OF CONSUMER AFFAIRS ANNOUNCES CITYWIDE ENFORCEMENT SWEEP OF INCOME TAX PREPARERS

DCA's Message to Those Who Offer Refund Anticipation Loans: Anticipate Trouble

Department of Consumer Affairs (DCA) Commissioner Jonathan Mintz today announced the results of the Department's comprehensive investigation into predatory and illegal practices by the income tax preparation industry. During the first six weeks of the sweep, the Department inspected more than 300 businesses, issuing more than 500 violations to preparers that placed misleading or illegal advertisements in newspapers, misrepresented Refund Anticipation Loans (RALs) to their clients, as well as other violations. DCA's violations represent a 75 percent increase from the previous tax year. This year's investigation, which began last month and will continue throughout the tax season, is a critical component of the Department's aggressive campaign to protect New York City's tax filers from illegal and predatory business practices.

"If you are a tax preparer offering refund anticipation loans, anticipate this: Consumer Affairs will aggressively enforce laws requiring you to disclose the truth about these disastrous loans," warned Consumer Affairs Commissioner Jonathan Mintz. "These loans are a bad idea. They often go for as much as 300% percent interest – and if you just wait 8 to 10 business days, the IRS will get you every dollar of your refund."

DCA increased its inspections of income tax preparers by nearly 30 percent, intensifying its approach by ramping up inspections in neighborhoods where consumers have taken out the most RALs. The Department identified misleading and illegal advertisements in newspapers across the City, investigating the businesses that were failing to disclose the basic facts of the underlying loan.

RALs, which are often marketed as "instant" refunds or "24-hour" refunds, are actually high interest-bearing loans that consumers must pay back – a fact that is often never disclosed by many income tax preparers. These loans, though not illegal, can significantly decrease one's expected refund because of their exorbitant fees and interest rates. Businesses which offer RALs prey on New York consumers most in need of getting their full refunds.

"If so many tax preparers have to lie about the product they're pitching, it couldn't be clearer that the product is questionable, at best," said Commissioner Mintz. "DCA will continue to pursue businesses that break the law, but consumers can do their part by turning down refund anticipation loans and drying up the market."

DCA's Office of Financial Empowerment (OFE) spearheads the New York City Earned Income Tax Credit (EITC) Coalition, which offers free and low-cost tax preparation services for New Yorkers with low incomes. OFE is the first program to be implemented under the Center for Economic Opportunity (CEO) as part of Mayor Bloomberg's aggressive efforts to fight poverty in New York City.

DCA enforces the Consumer Protection Law and other related business laws throughout New York City. Ensuring a fair and vibrant marketplace where consumers and businesses, alike, DCA licenses more than 60,000 businesses in 55 different categories. Through targeted outreach, partnerships with community and trade organizations, and informational materials, DCA educates consumers and businesses alike about their rights and responsibilities. OFE is the first municipal office of its kind in the nation with a mission to educate, empower and protect New Yorkers with low incomes, to help them make the best use of their financial resources to move forward economically. For more information, call 311 or visit DCA online at www.nyc.gov/consumers.

To learn more about free and low-cost tax preparation services in New York City, or for free copies of the Tax Preparation Services Consumer Guide and The Consumer Bill of Rights call 311 or go online to www.nyc.gov/consumers. For more information about the enforcement sweep, please contact Elizabeth Miller at the DCA Press Office at (212) 487-4283 or bmiller@dca.nyc.gov.

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HIRING A TAX PREPARATION SERVICE THIS TAX SEASON? FOLLOW THESE TIPS:

- **Know your rights.** Tax preparers are required by law to give each customer a free, current, and legible copy of the Consumer Bill of Rights Regarding Tax Preparers before any discussions with a consumer. Download a copy [here](#) .
- **Background check.** Find out about the tax preparer's qualifications, education and experience. Ask your friends and neighbors for recommendations.
- **Don't sign.** Never sign an incomplete tax return or one that is filled out in pencil. It could be changed later.
- **Make sure you know what you're buying.** If a tax preparer offers you a way to get your money sooner than 8 to 10 business days, they're likely offering you an expensive and unnecessary loan. Just say no.
- **Don't pay cash.** Never send cash to the government for payment of your taxes. Use a check or money order.
- **Never allow your refund to be mailed to the tax preparer.**
- **Know your tax preparer's whereabouts.** Keep a record of your tax preparer's year-round address and telephone number and make sure it's up to date.
- **Review your complete tax return for mistakes before it is mailed and keep a copy in your files.**
- **Make a list of the originals you have given your accountant and have the accountant sign it.**
- **File a complaint with DCA.** Call 311 or go online to

www.nyc.gov/consumers to contact DCA.