



1 be considered tax return preparers:

2 (1) Volunteer tax return preparers; or

3 (2) Employees of a tax return preparer and employees of a commercial tax return  
4 preparation business who provide only clerical, administration or other similar services.

5 ~~(b)~~(c) "Preparer Tax Identification Number" or "PTIN" means the number issued by the  
6 Internal Revenue Service (IRS) to paid preparers ~~to use~~ that must be included on all the returns  
7 they prepare.

8 ~~(e)~~(d) "Return" shall mean any tax report, return, claim for refund or attachment to any  
9 report, return and/or claim for ~~return~~ refund filed with the tax administrator pursuant to the tax laws  
10 of this state.

11 **44-68-3. Duties and responsibilities.**

12 (a) A tax return preparer who prepares any return that is submitted to the tax administrator  
13 must comply with all state laws and all applicable regulations promulgated by the tax administrator.

14 (b) A tax return preparer must sign and include his/her preparer tax identification number  
15 on all returns prepared and filed with the division of taxation.

16 (c) A tax return preparer shall not be a ghost preparer or engage in any activity with the  
17 intent to facilitate the use of a ghost preparer.

18 **44-68-4. Civil penalties.**

19 (a) Failure to be diligent in determining eligibility for or amount of earned-income credit.  
20 Upon a determination by the tax administrator that a tax return preparer prepared a return(s) and  
21 failed to comply with due diligence requirements imposed by regulations issued by the tax  
22 administrator with respect to determining eligibility for, or the amount of, the credit allowable by  
23 § 44-30-2.6(c)(2)(N), the tax return preparer shall pay a penalty of five hundred dollars (\$500) for  
24 each such return and/or claim.

25 (b) Failure to be diligent in determining eligibility for property tax relief credit. Upon a  
26 determination by the tax administrator that a tax return preparer prepared a return(s) and failed to  
27 comply with due diligence requirements imposed by regulations issued by the tax administrator  
28 with respect to determining eligibility for, or the amount of, the property tax relief credit allowable  
29 by § 44-33-1 et seq., the tax return preparer shall pay a penalty of five hundred dollars (\$500) for  
30 each such return.

31 (c) Tax return preparer civil penalties.

32 (1) Upon a determination by the tax administrator that a tax return preparer willfully  
33 prepared, assisted in preparing, or caused the preparation of a return(s) filed with the division of  
34 taxation with intent to wrongfully obtain a property tax relief credit or with the intent to evade or

1 reduce a tax obligation, the tax return preparer shall be liable for a penalty of one thousand dollars  
2 (\$1,000), or five hundred (\$500) for each return so filed during any calendar year, whichever is  
3 greater.

4 (2) Upon a determination by the tax administrator that a tax return preparer willfully misled  
5 or committed fraud against a taxpayer, or purposefully circumvented tax laws administered by the  
6 tax administrator, or violated any provision of § 44-68-3, the tax return preparer shall be liable for  
7 a penalty of not more than one thousand dollars (\$1,000) for each return so filed during any calendar  
8 year.

9 (d) The tax administrator may suspend or revoke the privilege of a tax return preparer to  
10 prepare and/or file returns with the division of taxation upon a determination that the tax return  
11 preparer has failed to comply with or violated any provision of this section, any regulations issued  
12 by the tax administrator, or with any provision of any other laws relative to the preparation of tax  
13 returns. Any tax return preparer receiving a notice of intent to suspend or revoke the privilege to  
14 file tax returns with the division of taxation may request a hearing on the notice of intent to suspend  
15 or revoke; provided that said request for a hearing must be made within thirty (30) days of such  
16 notice to suspend or revoke. If, after hearing, the tax return preparer is aggrieved by a decision of  
17 the tax administrator (or his or her designated hearing officer), the tax return preparer may, within  
18 thirty (30) days after notice of the decision is sent to the tax return preparer by certified or registered  
19 mail, directed to their last known address, petition the sixth division of the district court pursuant  
20 to chapter 8 of title 8, setting forth the reasons why the decision is alleged to be erroneous and  
21 praying for relief therefrom. The tax administrator may, on a periodic basis, prepare and publish a  
22 list of tax return preparers whose privileges as a tax return preparer have been suspended or  
23 revoked.

24 (e) Upon a determination by the tax administrator that a tax return preparer has committed  
25 a violation of this section subsequent to a suspension or revocation of that tax return preparer's  
26 privilege to prepare and/or file returns with the division of taxation, the tax return preparer shall be  
27 liable for a penalty of not more than five thousand dollars (\$5,000) if suspended, or ten thousand  
28 dollars (\$10,000) if revoked, per violation.

29 SECTION 3. This act shall take effect upon passage.

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LC004981/SUB A/3  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO TAXATION -- TAX PREPARERS ACT OF 2013

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1           This act would provide for penalties for tax preparers that purposefully mislead their clients  
2 or act as ghost preparers of tax returns and would require the tax administrator to publish a list of  
3 tax preparers who have had their privileges to prepare returns revoked or suspended.

4           This act would take effect upon passage.

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LC004981/SUB A/3  
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