

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

**Authors:** Thissen

**Subject:** Tax preparer standards of conduct; refund anticipation loan (RAL) disclosure requirement

**Analyst:** Joel Michael (651) 296-5057  
Nina Manzi (651) 296-5204

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### Overview

Extends tax preparer standards of conduct to preparers who do not offer refund anticipation loans (RALs). Extends refund anticipation loan (RAL) disclosure requirements to individuals who prepare returns for fewer than six clients in a year, individuals who prepare returns for family members, and employees who provide tax preparation services to their employer. Exempts various professional tax preparers from standards of conduct that are comparable to requirements of their professions.

### Section

- 1**      **Exemptions.** Requires tax preparers who do not offer refund anticipation loans (RALs) to adhere to standards of conduct previously applied only to preparers who offer RALs. Requires all tax preparers, including those who are exempt from the standards of conduct for tax preparers, itemized statement requirements, penalties, and civil actions, to make required disclosures when offering refund anticipation loans (RALs). Licensed preparers (attorneys, CPAs, etc.) and fiduciaries are exempted from the requirement to provide itemized statements that applies under current law.

Under current law,

- tax preparers who do not offer RALs are not subject to the standards of conduct, to

## Section

disclosure and itemized bill requirements related to RALs, or to penalties and civil actions

- individuals who prepare returns for fewer than six clients in a year, individuals who prepare returns for family members, and employees who provide tax preparation services to their employer are exempt from the standards of conduct, RAL disclosure requirements, itemized statement requirements, and penalties and civil actions.
- attorneys, certain CPAs, registered accounting practitioners, IRS enrolled agents, and fiduciaries are subject to the standards of conduct, itemized statement requirements, and RAL disclosure requirements (if they make RALs), but are exempt from penalties and civil actions.

Under the proposal

- tax preparers who do not offer RALS would be subject to the standards of conduct and to penalties and civil actions for violations of the standards
- individuals who prepare returns for fewer than six clients in a year, individuals who prepare returns for family members, employees who provide tax preparation services to their employer, attorneys, certain CPAs, registered accounting practitioners, IRS enrolled agents, and fiduciaries would all be subject to the RAL disclosure requirements, and exempt from the standards of conduct, itemized statement requirements, penalties and civil actions. Tax preparers in a licensed profession (attorneys, CPAs, etc.) are generally already subject to professional standards of conduct comparable to those required for tax preparers under §270.30, subdivision 3.

- 2 Repealer.** Repeals the exemption of tax preparers who do not offer RALS and of individuals who prepare returns for fewer than six clients in a year, individuals who prepare returns for family members, and employees who provide tax preparation services to their employer from tax preparer standards of conduct, RAL disclosure requirements, itemized statement requirements, and penalties and civil actions. Section Oreplaces this with an exemption from all of these provisions for individuals who prepare returns for fewer than six clients in a year, individuals who prepare returns for family members, and employees who provide tax preparation services to their employer, except the required disclosures for RALs.