

**Proposed Substitute  
Bill No. 5610**

LCO No. 3468

**AN ACT REQUIRING THE LICENSING OF COMMERCIAL TAX  
PREPARERS AND FACILITATORS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2016*) As used in this section  
2 and sections 2 to 16, inclusive, of this act:

3 (1) "Attorney" means an attorney admitted to practice law in this  
4 state or one or more of the other states or jurisdictions of the United  
5 States.

6 (2) "Board" means the State Board of Tax Practitioners established in  
7 section 2 of this act.

8 (3) "Certified public accountant" means an accountant licensed  
9 pursuant to chapter 389 of the general statutes or a similar law of one  
10 or more of the other states or jurisdictions of the United States.

11 (4) "Client" means an individual for whom a commercial tax  
12 preparer or facilitator performs or agrees to provide individual tax  
13 preparation services.

14 (5) "Commercial tax preparer" means a tax preparer who: (A)  
15 Prepared ten or more returns for compensation in the preceding  
16 calendar year and will prepare at least one return for compensation

17 during the current calendar year; or (B) prepared fewer than ten  
18 returns in the preceding calendar year but will prepare ten or more  
19 returns for the current calendar year.

20 (6) "Tax preparer" means an individual who prepares a substantial  
21 portion of any return for compensation, and includes an employee of a  
22 commercial tax preparer or tax preparer who prepares returns for  
23 clients of such preparer and does not include any person listed in  
24 section 13 of this act.

25 (7) "Commercial tax return preparation business" means an entity  
26 that employs commercial tax preparers.

27 (8) "Creditor" means any person who makes a refund anticipation  
28 loan or who takes an assignment of a refund anticipation loan.

29 (9) "Enrolled agent" means an agent enrolled to practice before the  
30 United States Internal Revenue Service pursuant to 31 CFR 10.4,  
31 subpart A.

32 (10) "Facilitator" means a person who individually or in conjunction  
33 or cooperation with another person: (A) Solicits the execution of,  
34 processes, receives or accepts an application or agreement for a refund  
35 anticipation loan or refund anticipation check; (B) serves or collects  
36 upon a refund anticipation loan or refund anticipation check; or (C) in  
37 any other manner, facilitates the making of a refund anticipation loan  
38 or refund anticipation check. "Facilitator" does not include any  
39 employees of a facilitator who provide only clerical or other  
40 comparable support services to such facilitator.

41 (11) "In good standing" means an individual has not engaged in  
42 conduct that would justify censure, suspension or disbarment from  
43 practice.

44 (12) "Provide individual tax preparation services" means to prepare,  
45 advise or assist in the preparation of, or to assume final responsibility  
46 for, another person's preparation of a federal or state income tax return  
47 of another person for valuable consideration.

48 (13) "Refund anticipation check" means a check, stored value card or  
49 other payment mechanism that: (A) Represents the proceeds of a tax  
50 refund; (B) is issued by a depository institution or other person that  
51 received a direct deposit of the tax refund or tax credits; and (C) is paid  
52 for by a fee or other consideration.

53 (14) "Refund anticipation loan" means a loan that is secured by or  
54 that the creditor arranges to be repaid directly or indirectly from the  
55 proceeds of an income tax refund or tax credits. "Refund anticipation  
56 loan" also includes any sale, assignment or purchase of tax refund at a  
57 discount or for a fee, whether or not the amount is required to be  
58 repaid to the buyer or assignee if the United States Internal Revenue  
59 Service or the Department of Revenue Services denies or reduces the  
60 amount of the tax refund.

61 (15) "License" means, unless the context requires otherwise, an  
62 authorization issued by the board to provide individual tax  
63 preparation services.

64 (16) "Return" means a return or report relating to a tax administered  
65 by the United States Internal Revenue Service or Department of  
66 Revenue Services.

67 Sec. 2. (NEW) (*Effective October 1, 2016*) (a) There is established a  
68 State Board of Tax Practitioners, within the Office of the Secretary of  
69 the State, which shall consist of eight members, to be appointed by the  
70 Governor in consultation with the Secretary of the State. All members  
71 of the board shall be residents of this state. The Governor shall select a  
72 chairperson for the board. The term of each member of the board shall  
73 be coterminous with that of the Governor. Vacancies occurring during  
74 a term shall be filled by appointment by the Governor for the  
75 unexpired portion of the term. Upon the expiration of a member's term  
76 of office, such member shall continue to serve until a successor has  
77 been appointed. Any member of the board whose professional license  
78 is revoked or suspended shall automatically cease to be a member of  
79 the board. No person who has served two successive complete terms  
80 shall be eligible for reappointment to the board. An appointment to fill

81 an unexpired term shall not be considered to be a complete term. Any  
82 member who, without just cause, fails to attend fifty per cent of all  
83 meetings held during any calendar year shall not be eligible for  
84 reappointment.

85 (b) The board shall consist of eight members, of which seven have at  
86 least five years of tax preparation experience and one of whom is a  
87 member of a nonprofit tax program or nonprofit consumer advocate  
88 program. The members of the board may also include, but need not be  
89 limited to, representatives of the following groups: (1) A member of a  
90 nonprofit tax program or nonprofit consumer advocate program; (2) a  
91 commercial tax preparer who has been in practice in the state for more  
92 than ten years and has at least two hundred employees; (3) a member  
93 of the Connecticut Association of Certified Public Accountants; (4) a  
94 member of the Connecticut Society of Public Accountants; (5) a  
95 member of the Connecticut Bar Association; and (6) a member of the  
96 National Association of Enrolled Agents.

97 (c) The board shall meet at such times and places as may be fixed by  
98 the board and shall meet at least once in every quarter of a calendar  
99 year. A majority of the board members then serving shall constitute a  
100 quorum at any meeting. The board shall have a seal which shall be  
101 judicially noticed. The board shall maintain a registry of the names and  
102 addresses of all licensees, and shall annually publish a directory of all  
103 licensees. The Board shall have responsibility for the administration  
104 and enforcement of the provisions of sections 3 to 16, inclusive, of this  
105 act.

106 (d) Each member of the board shall be reimbursed for his or her  
107 actual and necessary expenses incurred in the discharge of such  
108 member's official duties.

109 (e) The board may recommend and the Secretary of the State may  
110 employ, subject to the provisions of chapter 67 of the general statutes,  
111 such personnel as may be necessary to carry out the provisions of this  
112 section, section 1 of this act and sections 3 to 16, inclusive, of this act.  
113 The board may enter into such contractual agreements as may be

114 necessary for the discharge of its duties, within the limit of its  
115 appropriated funds and in accordance with established procedures, as  
116 it deems necessary in its administration and enforcement of said  
117 sections. It may appoint committees or persons to advise or assist the  
118 board in such administration and enforcement.

119 (f) The board shall issue licenses to commercial tax preparers and  
120 facilitators. The board may take any action that is necessary and  
121 proper to effectuate the purposes of this section, section 1 of this act  
122 and sections 3 to 16, inclusive of this act, including the power to issue  
123 subpoenas to compel the attendance of witnesses and the production  
124 of documents; to administer oaths; to take testimony and to receive  
125 evidence concerning all matters within its jurisdiction. In case of a  
126 refusal to comply with a subpoena, the board may apply to the  
127 Superior Court for an order requiring the attendance and testimony of  
128 witnesses and the production of documentary evidence. The board, its  
129 members, and its agents shall be immune from personal liability for  
130 actions taken in good faith in the discharge of the board's  
131 responsibilities, and the state shall indemnify and hold harmless the  
132 board, its members, and its agents from all costs, damages and  
133 attorneys' fees arising from claims and suits against them with respect  
134 to matters to which such immunity applies.

135 Sec. 3. (NEW) (*Effective October 1, 2016*) (a) The State Board of Tax  
136 Practitioners shall have the following powers and all associated  
137 powers necessary or proper to carry the granted powers into effect:

138 (1) To determine qualifications of applicants for licensing as a  
139 commercial tax preparer or facilitator in this state;

140 (2) To cause examinations to be prepared, conducted and graded;

141 (3) To issue licenses to qualified applicants upon their compliance  
142 with the rules of the board;

143 (4) To restore the license of any commercial tax preparer or  
144 facilitator whose license has been suspended or revoked, including:

145 (A) At a time certain; or (B) when the person subject to suspension  
146 fulfills any conditions for reissuance set by the board;

147 (5) To investigate alleged violations of this section and sections 4 to  
148 16, inclusive, of this act or any regulation or order adopted thereunder;

149 (6) To enforce the provisions of this section and sections 4 to 16,  
150 inclusive, of this act and to exercise general supervision over  
151 commercial tax preparer and facilitator practice;

152 (7) To issue a cease and desist order in accordance with section 15 of  
153 this act;

154 (8) To assess civil penalties if the board has reason to believe that a  
155 person has been engaged or is engaging in any violation of this section  
156 or sections 4 to 16, inclusive, of this act or any regulation or order  
157 adopted thereunder;

158 (9) To formulate a code of professional conduct for commercial tax  
159 preparers and facilitators;

160 (10) To assess against the licensee or any other person found guilty  
161 of violating any of the provisions of this section or sections 4 to 16,  
162 inclusive, of this act or any regulation or order adopted thereunder, in  
163 addition to any other sanctions, the costs associated with the  
164 disciplinary or other action taken by the board;

165 (11) To order that any person who has engaged in or is engaging in  
166 any violation of this section or sections 4 to 16, inclusive, of this act or  
167 any regulation or order adopted thereunder, to rescind and pay  
168 restitution to anyone harmed by the violation who seeks rescission;  
169 and

170 (12) To adopt regulations, in accordance with the provisions of  
171 chapter 54 of the general statutes, to implement the provisions of this  
172 section, section 2 and sections 4 to 16, inclusive, of this act.

173 (b) The power of the board to restore a license under subdivision (4)

174 of subsection (a) of this section includes the power to restore a license  
175 suspended or revoked due to conviction of a crime. In making a  
176 determination to restore a license, the board shall consider the  
177 relationship of the facts that supported the conviction to the code of  
178 professional conduct, if any, and all intervening circumstances in  
179 determining the fitness of the person to receive or hold a commercial  
180 tax preparer's or facilitator's license.

181 (c) The board may keep personal financial information gathered  
182 pursuant to an investigation by the board confidential after a final  
183 order or determination by the board, unless disclosure is considered  
184 necessary by the board for the investigation or prosecution of an  
185 alleged violation of this section, section 2 and sections 4 to 16,  
186 inclusive, of this act, or any regulation or order adopted thereunder.  
187 For the purposes of this subsection, "personal financial information"  
188 includes, but is not limited to, tax returns.

189 Sec. 4. (NEW) (*Effective October 1, 2016*) (a) Except as provided in  
190 section 13 of this act, no person shall engage in the business of, solicit  
191 business as or make representations to be or advertise as providing  
192 individual tax preparation services without obtaining a commercial tax  
193 preparer or facilitator license from the board. Every applicant for a  
194 license as a commercial tax preparer or facilitator shall satisfy the  
195 following requirements in order to qualify for a license:

196 (1) Be eighteen years of age or older;

197 (2) Possess a high school diploma or have passed an equivalency  
198 examination; and

199 (3) Present evidence satisfactory to the State Board of Tax  
200 Practitioners that the applicant has successfully completed at least  
201 seventy hours in basic personal income tax law, theory and practice at  
202 a professional training session or educational institution approved by  
203 the board.

204 (b) In addition to the requirements of subsection (a) of this section,

205 every applicant for licensing as a commercial tax preparer or facilitator  
206 shall pass an examination to the satisfaction of the board. The  
207 examination shall be prepared in a manner that, in the judgment of the  
208 board, measures the applicant's knowledge of Connecticut and federal  
209 personal income tax law, theory and practice. In order to obtain a  
210 facilitator's license, the examination shall be of a more exacting nature  
211 and require higher standards of knowledge of Connecticut and federal  
212 personal income tax law, theory and practice than the examination for  
213 a commercial tax preparer's license.

214 (c) In addition to the requirements of subsections (a) and (b) of this  
215 section, every applicant for licensing as a commercial tax preparer or  
216 facilitator shall present evidence satisfactory to the board of active  
217 employment, as a commercial tax preparer or facilitator or  
218 employment in this or another state in a capacity that is, in the  
219 judgment of the board, equivalent to that of a commercial tax preparer  
220 or facilitator, for not less than a cumulative total of one thousand one  
221 hundred hours during at least two of the last five years. The board  
222 may accept evidence that the applicant was employed as a commercial  
223 tax preparer under supervision for the period indicated in a certificate  
224 issued by another state to be satisfactory evidence of the applicant's  
225 employment as a commercial tax preparer for the period indicated. If  
226 an applicant has worked less than a cumulative total of one thousand  
227 one hundred hours in at least two of the last five years, the board may  
228 consider the number of hours employed, the number of years  
229 employed, the number of tax returns prepared and whether the work  
230 involved contributed directly to the professional competence of the  
231 individual in determining if a commercial tax preparer or facilitator  
232 has met the work experience requirement.

233 (d) If, in the judgment of the board, an applicant has, in  
234 combination, the education and experience to qualify for a commercial  
235 tax preparer's or facilitator's license, but does not meet or cannot  
236 present evidence of strict compliance with the requirements of  
237 subdivision (3) of subsection (a) of this section or subsection (c) of this  
238 section, the board may allow some of the applicant's education or

239 experience to substitute one for the other. The provisions of this  
240 subsection shall not be construed to allow a waiver of, or substitution  
241 for, any qualifications needed for a commercial tax preparer's or  
242 facilitator's license.

243 (e) The initial application fee for a facilitator's license shall be fifty  
244 dollars and such license shall be renewable annually for a fee of one  
245 hundred dollars. The initial application fee for a commercial tax  
246 preparer's license shall be one hundred dollars, and such license shall  
247 be renewable annually for a fee of one hundred dollars. Any licensing  
248 fee shall be paid by a means to be determined by the board.

249 Sec. 5. (NEW) (*Effective October 1, 2016*) The State Board of Tax  
250 Practitioners may issue a license to an applicant for a license as a  
251 commercial tax preparer or facilitator who: (1) Presents evidence  
252 satisfactory to the board that the applicant is licensed as a commercial  
253 tax preparer or facilitator in a state that has requirements for licensing  
254 substantially similar to the requirements for licensing in this state; and  
255 (2) has passed to the satisfaction of the board an examination covering  
256 Connecticut personal income tax law, theory and practice.

257 Sec. 6. (NEW) (*Effective October 1, 2016*) (a) Each commercial tax  
258 preparer or facilitator, who will provide individual tax preparation  
259 services in a calendar year, shall apply electronically for a license for  
260 that calendar year, in accordance with instructions prescribed by the  
261 board.

262 (b) Upon completion of the licensing process, as set forth in section 4  
263 of this act, each qualified commercial tax preparer and facilitator shall  
264 be issued a commercial tax preparer or facilitator license. If an  
265 individual acts as both a commercial tax preparer and a facilitator, one  
266 license shall indicate both activities.

267 (c) In accordance with instructions prescribed by the board, each  
268 commercial tax preparer and facilitator shall be assigned a unique  
269 identification number that shall be used by the commercial tax  
270 preparer and facilitator on each return that the commercial tax

271 preparer is required to sign and each refund anticipation loan and  
272 refund anticipation check the facilitator is required to sign.

273 (d) If a commercial tax preparer or facilitator is an employee or  
274 prospective employee of a commercial tax return preparation business  
275 or a facilitator, the commercial tax return preparation business or  
276 facilitator shall ensure that the employee or prospective employee is  
277 properly licensed with the board and possesses a valid commercial tax  
278 preparer or facilitator license.

279 (e) Each licensed commercial tax preparer and facilitator shall  
280 electronically renew his or her license with the board annually, in  
281 accordance with instructions prescribed by the board. If, at any time  
282 during the year following licensing or renewal, as applicable, any  
283 information provided by the commercial tax preparer or facilitator  
284 upon licensing or renewal is no longer correct, the commercial tax  
285 preparer or facilitator shall update his or her information in  
286 accordance with instructions prescribed by the State Board of Tax  
287 Practitioners.

288 (f) Each commercial tax preparer preparing any return shall sign the  
289 document and include the unique identification number referenced in  
290 subsection (c) of this section, in accordance with instructions  
291 prescribed by the State Board of Tax Practitioners.

292 (g) The issuance of a commercial tax preparer or facilitator license to  
293 provide tax preparation services or refund anticipation loan services is  
294 not, and shall not be advertised as, an endorsement by the board, or  
295 his or her qualifications or the services rendered by him or her.

296 (h) A commercial tax preparer who has not applied for a license  
297 with the board or who has not paid the required licensing fee shall not  
298 represent his or her clients before the Department of Revenue Services.

299 (i) If a commercial tax preparer or facilitator is required to apply for  
300 a license or license renewal with the board pursuant to this section and  
301 fails to comply with the requirements of this section, the commercial

302 tax preparer or facilitator shall pay a penalty of twenty-five dollars for  
303 each month without a license for a maximum of three hundred dollars  
304 per calendar year. The board may waive such penalty for good cause  
305 shown by the commercial tax preparer or facilitator.

306 Sec. 7. (NEW) (*Effective October 1, 2016*) The State Board of Tax  
307 Practitioners shall adopt regulations, in accordance with the provisions  
308 of chapter 54 of the general statutes, to establish reasonable fees for:

309 (1) Application for examination for a facilitator's license;

310 (2) Application for examination for a commercial tax preparer's  
311 license;

312 (3) Issuance or renewal of a facilitator's inactive license;

313 (4) Issuance or renewal of a commercial tax preparer's inactive  
314 license;

315 (5) Reactivation of a facilitator's inactive license or reactivation of a  
316 commercial tax preparer's inactive license;

317 (6) Restoration of lapsed licenses;

318 (7) Issuance or replacement of a duplicate license; and

319 (8) Issuance or renewal of a combined facilitator's or commercial tax  
320 preparer's license for a sole proprietorship, partnership, corporation or  
321 other legal entity. The board shall determine eligibility for a combined  
322 license under regulations adopted by the board in accordance with  
323 chapter 54 of the general statutes.

324 Sec. 8. (NEW) (*Effective October 1, 2016*) Prior to providing any  
325 individual tax preparation services, a licensed commercial tax preparer  
326 shall provide the client with a written disclosure consisting of:

327 (1) The commercial tax preparer's name, address and telephone  
328 number;

329 (2) A statement that the commercial tax preparer is not a certified  
330 public accountant, an enrolled agent or a tax attorney;

331 (3) A list or description of the services that the commercial tax  
332 preparer is qualified to provide;

333 (4) The commercial tax preparer's education and training, including  
334 examinations taken and successfully passed; and

335 (5) The fees charged for individual tax preparation services that  
336 contains the following information: (A) A list of, description of, and  
337 the fee for each tax preparation service offered by the commercial tax  
338 preparer, including fees for the preparation of individual forms; (B) a  
339 list of, a description of, and the price of all miscellaneous fees  
340 associated with the commercial tax preparer's tax preparation services,  
341 including filing fees and processing fees; and (C) an estimate of the  
342 total charge to the client based upon the tax preparation services the  
343 client has selected to purchase.

344 Sec. 9. (NEW) (*Effective October 1, 2016*) (a) A commercial tax  
345 preparer or facilitator shall not:

346 (1) Charge or impose any fee, charge or other consideration in the  
347 making or facilitating of a refund anticipation loan or refund  
348 anticipation check apart from the fee charged by the creditor or bank  
349 that provided the loan or check;

350 (2) Engage in unfair or deceptive acts or practices in the facilitating  
351 of a refund anticipation check or a refund anticipation loan, including  
352 making any oral statements contradicting any of the information  
353 required to be disclosed under the Taxpayer Bill of Rights, as set forth  
354 in the Internal Revenue Code of 1986, or any subsequent  
355 corresponding internal revenue code of the United States, as amended  
356 from time to time;

357 (3) Directly or indirectly arrange for a third party to charge any  
358 interest, fee or charge related to a refund anticipation loan or refund  
359 anticipation check;

360 (4) Include any of the following provisions in any documents  
361 provided or signed to obtain a refund anticipation loan or refund  
362 anticipation check, including the loan application or agreement: (A) A  
363 hold harmless clause; (B) a confession of judgment clause; (C) a waiver  
364 of the right to a jury trial; (D) any assignment of or order for payment  
365 of wages or other compensation for services; (E) a waiver of any  
366 provision of the Taxpayer Bill of Rights, as set forth in the Internal  
367 Revenue Code of 1986, or any subsequent corresponding internal  
368 revenue code of the United States, as amended from time to time; or  
369 (F) a waiver of the right to injunctive, declaratory, other equitable  
370 relief, or relief on a class-wide basis. Any such provisions shall be  
371 deemed void;

372 (5) Take or arrange for a creditor to take a security interest in any  
373 property interest of the taxpayer other than the proceeds of the tax  
374 refund to secure payment of a refund anticipation loan;

375 (6) Directly or indirectly, individually or in conjunction or  
376 cooperation with another person, engage in the collection of an  
377 outstanding or delinquent refund anticipation loan for any creditor or  
378 assignee;

379 (7) Make a misrepresentation of fact in obtaining or attempting to  
380 obtain a license;

381 (8) Fail or refuse to give a client, for the client's own records, a copy  
382 of any document requiring the client's signature, within a reasonable  
383 time after the client signs the document;

384 (9) Fail to maintain a copy of any tax return prepared for a client for  
385 four years from the date of completion or the due date of the return,  
386 whichever is later;

387 (10) Knowingly give false or misleading information to a client,  
388 surety company or the board; or

389 (11) Engage in any other action prohibited by regulations adopted  
390 by the State Board of Tax Practitioners, in accordance with the

391 provisions of chapter 54 of the general statutes.

392 (b) Any commercial tax preparer or facilitator who violates any of  
393 the provisions of subsection (a) of this section shall be subject to a civil  
394 penalty of not more than two thousand five hundred dollars for each  
395 such violation.

396 (c) If a commercial tax preparer fails to sign his or her name to any  
397 return that requires the commercial tax preparer's signature, or a  
398 facilitator fails to sign his or her name to any refund anticipation loan  
399 or refund anticipation check facilitation documentation, such  
400 commercial tax preparer or facilitator shall be subject to a civil penalty  
401 of two hundred twenty-five dollars for each failure to so sign, up to a  
402 maximum of two thousand five hundred dollars per calendar year. For  
403 any such violation in a subsequent calendar year, the commercial tax  
404 preparer or facilitator shall be subject to a civil penalty of five hundred  
405 dollars for each failure to so sign, with no maximum penalty.

406 (d) Any commercial tax preparer or facilitator who fails to include  
407 the unique identification number assigned by the board on any return,  
408 or on any return anticipation loan or return anticipation check  
409 facilitation documentation that requires his or her signature, shall be  
410 subject to a penalty of one hundred dollars for each such failure, up to  
411 a maximum of two thousand five hundred dollars per calendar year.  
412 For any violation in a subsequent calendar year, the commercial tax  
413 preparer or facilitator shall be subject to a civil penalty of two hundred  
414 twenty-five dollars, with no maximum penalty.

415 (e) Any commercial tax preparer, facilitator or commercial tax  
416 return preparation business that employs an individual to prepare tax  
417 returns who is not licensed by the board shall be subject to a civil  
418 penalty of five hundred dollars per violation.

419 (f) The board may waive any penalty imposed under this section for  
420 good cause shown by the commercial tax preparer, facilitator or  
421 commercial tax return preparation business.

422 Sec. 10. (NEW) (*Effective October 1, 2016*) (a) It shall constitute a  
423 violation of sections 1 to 9, inclusive, of this act, this section and  
424 sections 11 to 16, inclusive, of this act for a commercial tax preparer or  
425 facilitator to do or commit, and the State Board of Tax Practitioners  
426 may deny an application for a license or discipline a licensee for, any of  
427 the following:

428 (1) Unprofessional conduct, including, but not limited to, denial of  
429 licensure, certificate, permit, or registration, or revocation, suspension,  
430 restriction, or any other disciplinary action against an applicant or  
431 licensee by the federal government or another state or territory of the  
432 United States, by any other government agency, or by another  
433 professional licensing board or organization. A certified copy of the  
434 decision, order or judgment shall be conclusive evidence of such  
435 conduct.

436 (2) Procuring or attempting to procure a license by fraud,  
437 misrepresentation or mistake.

438 (3) Violating or attempting to violate, directly or indirectly, or  
439 assisting in or abetting the violation of, or conspiring to violate, any  
440 provision or term of this section, sections 1 to 9, inclusive, of this act  
441 and sections 11 to 16, inclusive, of this act or any regulation adopted  
442 by the State Board of Tax Practitioners.

443 (4) Conviction of any felony or misdemeanor that is substantially  
444 related to the qualifications, functions or duties of a licensee, in which  
445 event the record of the conviction shall be conclusive evidence of the  
446 crime.

447 (5) Impersonating an applicant or acting as a proxy for an applicant  
448 in any situation or examination referred to under this section, sections  
449 1 to 9, inclusive, of this act and sections 11 to 16, inclusive, of this act  
450 for the issuance of a license.

451 (6) Impersonating a licensee, or permitting or allowing an  
452 unlicensed person to use a license.

453 (7) Committing any fraudulent, dishonest or corrupt act that is  
454 substantially related to the qualifications, functions or duties of a  
455 licensee.

456 (b) Each violation of subsection (a) of this section shall be a separate  
457 and distinct offense.

458 (c) In addition to the powers set forth in section 3 of this act, the  
459 State Board of Tax Practitioners may discipline a licensee by any, or a  
460 combination, of the following methods:

461 (1) Placing the license on probation.

462 (2) Suspending the license and the rights conferred by this section,  
463 sections 1 to 9, inclusive, of this act and sections 11 to 16, inclusive, of  
464 this act on a licensee for a period not to exceed one year.

465 (3) Revoking the license.

466 (4) Suspending or staying the disciplinary order, or portions of it,  
467 with or without conditions.

468 (5) Taking other action as the State Board of Tax Practitioners deems  
469 proper, as authorized by this section, sections 1 to 9, inclusive, of this  
470 act, and sections 11 to 16, inclusive, of this act or any regulations  
471 adopted under said sections.

472 (d) The State Board of Tax Practitioners may issue an initial license  
473 on probation, with specific terms and conditions, to any applicant.

474 (e) If a license is suspended or revoked, the State Board of Tax  
475 Practitioners shall notify the Department of Revenue Services and the  
476 federal Internal Revenue Service.

477 Sec. 11. (NEW) (*Effective October 1, 2016*) (a) Except as provided in  
478 subsection (b) of this section, upon the annual renewal of a commercial  
479 tax preparer's or facilitator's license, each licensee shall submit  
480 evidence satisfactory to the State Board of Tax Practitioners that the  
481 person has completed at least twenty hours of instruction or seminars

482 in subjects related to income tax preparation since the granting of the  
483 initial license or the preceding license renewal date, as applicable. If  
484 the board does not receive evidence that the continuing education  
485 requirement has been completed by the applicant, the board shall not  
486 renew the applicant's active license.

487 (b) The board may exempt a commercial tax preparer or facilitator  
488 from the continuing education required by this section upon  
489 application showing evidence satisfactory to the board of an inability  
490 to comply because of unusual or extenuating circumstances, including  
491 medical reason, military duty or other good cause to be approved by  
492 the board.

493 Sec. 12. (NEW) (*Effective October 1, 2016*) (a) Whenever a commercial  
494 tax preparer or facilitator ceases to engage in the preparation of or in  
495 advising or assisting in the preparation of personal income tax returns,  
496 such commercial tax preparer or facilitator may apply to the State  
497 Board of Tax Practitioners for inactive status. A license that is granted  
498 inactive status may be renewed upon payment of the applicable license  
499 fee. The continuing education required by section 11 of this act shall  
500 not be applicable for the renewal of an inactive license.

501 (b) A license in inactive status may be reactivated upon payment of  
502 a reactivation fee, that shall be provided upon proof of compliance  
503 with such continuing education requirements as may be adopted by  
504 the board by regulations adopted in accordance with chapter 54 of the  
505 general statutes.

506 (c) A license in inactive status may be revoked or suspended by the  
507 board when conditions exist under which the board would have been  
508 authorized to revoke or suspend the license if it were active.

509 (d) No person whose license is inactive shall act as a commercial tax  
510 preparer or facilitator.

511 Sec. 13. (NEW) (*Effective October 1, 2016*) The following individuals  
512 are exempt from the requirements of sections 1 to 12, inclusive, of this

513 act and sections 14 to 16, inclusive, of this act:

514 (1) An individual in good standing with an active license issued by  
515 the Connecticut State Board of Accountancy;

516 (2) An individual in good standing and admitted to practice law in  
517 the state of Connecticut or in another state, and employees of  
518 attorneys, or firms thereof preparing returns under the supervision of  
519 such attorneys;

520 (3) An individual employed by a local, state or federal  
521 governmental agency but only in performance of his or her official  
522 duties;

523 (4) An individual enrolled to practice before the Internal Revenue  
524 Service who is governed under Circular 230;

525 (5) An individual serving as an employee of or assistant to a  
526 commercial tax preparer or an individual exempted under this section  
527 in the performance of official duties for the commercial tax preparer or  
528 the individual exempted under this section;

529 (6) Any full-time or part-time employee hired to fill a permanent  
530 position, in connection with the duties as an employee who has the  
531 incidental duty of preparing income tax returns for the business of the  
532 employer only;

533 (7) While acting as such, any fiduciary, or the regular employees  
534 thereof, acting on behalf of the fiduciary estate, the testator, grantor or  
535 beneficiaries thereof;

536 (8) A certified public accountant that holds an active firm permit or  
537 license issued by any state, a public accountant holding a valid permit  
538 issued under a public accounting firm registered in any state and  
539 employees of any such public accountant or firms thereof preparing  
540 returns under the supervision of such accountants; and

541 (9) Internal Revenue Services qualified tax preparers, including, but

542 not limited to, tax preparers of the Volunteer Income Tax Association  
543 and Tax Counseling for the Elderly.

544 Sec. 14. (NEW) (*Effective October 1, 2016*) (a) Any person who  
545 violates any provision of this section, sections 1 to 13, inclusive, of this  
546 act and sections 15 and 16 of this act, in addition to any other penalty  
547 provided by said sections, may be subject to a civil penalty of not more  
548 than two thousand five hundred dollars for each violation. The  
549 amount of the penalty shall be determined by the State Board of Tax  
550 Practitioners after taking into consideration the gravity of the violation,  
551 the previous record of the violator in complying, or in failing to  
552 comply, with the regulations adopted by the board and other  
553 considerations as the board considers appropriate. Any penalty under  
554 this section or sections 1 to 13, inclusive, of this act and sections 15 and  
555 16 of this act shall be assessed after notice and hearing in accordance  
556 with chapter 54 of the general statutes.

557 (b) All penalties recovered under this section shall be paid into the  
558 General Fund. Under appropriate circumstances, as a further remedy  
559 in a proceeding which may or may not result in imposition of a civil  
560 penalty or in cancellation, suspension, revocation or refusal to renew a  
561 commercial tax preparer's or facilitator's license, the State Board of Tax  
562 Practitioners may impose the requirement of successful participation  
563 and completion of an educational program specified by the board as a  
564 correction or as a condition to reissuance, restoration, retention or  
565 renewal of the license.

566 Sec. 15. (NEW) (*Effective October 1, 2016*) (a) The Board of State Tax  
567 Practitioners may issue an order requiring a person to cease and desist  
568 from any violation or threatened violation of this section or sections 1  
569 to 14, inclusive, of this act or section 16 of this act, or any regulation or  
570 order adopted thereunder, if the board has reason to believe that such  
571 person has been engaged, is engaging or is about to engage in any  
572 violation of said sections, or any regulation or order adopted  
573 thereunder. Upon issuance of a cease and desist order, the board shall  
574 promptly serve notice of the cease and desist order upon the person

575 engaging in or about to engage in such violation. Such notice shall  
576 state that a hearing will be held on the cease and desist order if the  
577 recipient of the order files a written demand for a hearing with the  
578 board not later than twenty days after the date of service of the cease  
579 and desist order.

580 (b) If timely demand for a hearing is filed under subsection (a) of  
581 this section, the board shall hold a contested case hearing, in  
582 accordance with the provisions of chapter 54 of the general statutes, on  
583 such cease and desist order. If a contested case hearing is held, the civil  
584 penalties assessed in the cease and desist order shall be suspended  
585 until issuance of a final order, but the remaining provisions of the  
586 cease and desist order shall remain in full force and effect until  
587 issuance of the final order.

588 (c) After the hearing, the board shall enter a final order vacating,  
589 modifying or affirming the cease and desist order. Any person  
590 aggrieved by the decision of the board in a contested case hearing may  
591 appeal such decision in accordance with the provisions of section 4-183  
592 of the general statutes.

593 (d) Any judicial review of a cease and desist order under subsection  
594 (c) of this section shall not bar the board from thereafter vacating or  
595 modifying a cease and desist order involved in the proceeding for  
596 review, or entering any new order, for a proper cause that was not  
597 decided by the reviewing court.

598 (e) The board may apply to the Superior Court for injunctive relief if  
599 a person fails to comply with a cease and desist order.

600 Sec. 16. (NEW) (*Effective October 1, 2016*) A violation of the  
601 provisions of sections 1 to 15, inclusive, of this act shall be deemed to  
602 be an unfair trade practice within the provisions of chapter 735a of the  
603 general statutes.

This act shall take effect as follows and shall amend the following sections:
---

**Proposed Substitute Bill No. 5610**

---

Section 1	<i>October 1, 2016</i>	New section
Sec. 2	<i>October 1, 2016</i>	New section
Sec. 3	<i>October 1, 2016</i>	New section
Sec. 4	<i>October 1, 2016</i>	New section
Sec. 5	<i>October 1, 2016</i>	New section
Sec. 6	<i>October 1, 2016</i>	New section
Sec. 7	<i>October 1, 2016</i>	New section
Sec. 8	<i>October 1, 2016</i>	New section
Sec. 9	<i>October 1, 2016</i>	New section
Sec. 10	<i>October 1, 2016</i>	New section
Sec. 11	<i>October 1, 2016</i>	New section
Sec. 12	<i>October 1, 2016</i>	New section
Sec. 13	<i>October 1, 2016</i>	New section
Sec. 14	<i>October 1, 2016</i>	New section
Sec. 15	<i>October 1, 2016</i>	New section
Sec. 16	<i>October 1, 2016</i>	New section