



OFFICE OF THE MAYOR
CITY OF CHICAGO

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**MAYOR RAHM EMANUEL INTRODUCES MEASURE THAT WILL PROTECT CHICAGOANS
AS THEY RECEIVE HELP PREPARING TAXES**

*New Ordinance Installs Safeguards Against Predatory Tax Preparers
Empowers City to Investigate and Prosecute Tax Preparation Businesses for Deceptive
Practices*

CHICAGO – Mayor Rahm Emanuel today introduced a new ordinance to protect Chicago taxpayers from bad business practices by unscrupulous tax preparers. The ordinance focuses on businesses that take advantage of taxpayers unfamiliar with the filing process and saddles them with hidden charges, unfair repayment rules and misleading information that forces consumers to use alternative, more expensive products. The ordinance was co-sponsored with Alderman Carrie Austin.

“These businesses prey on taxpayers with promises of fast cash and rapid refunds that ultimately cost families hard-earned income they need to pay their bills and provide for their families,” said Mayor Emanuel. “These practices should be illegal. In Chicago, we are sending a clear message that commercial tax preparers must be honest and upfront with consumers about their choices and rights.”

The businesses being targeted by the new ordinance primarily prey on taxpayers eligible for the Earned-Income Tax Credit (EITC), a critical economic support that allows hardworking low-income families to keep more of what they earn. Nearly 70 percent of these families use commercial tax preparers to claim the EITC. Predatory commercial tax preparers use misleading practices and fine print to drive families into costly and unnecessary refund products like Refund Anticipation Loans and Refund Anticipation



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Checks (RALs/RACs) without full disclosure.

Every year commercial tax services drain \$47.2 million out of the pockets of Chicago's working families and nearly \$75.6 million from the local economy. On average, commercial tax preparers charge low-income families \$189 for every return. More than half of these families are sold costly refund settlement products with fine print, hidden fees that can add up to \$289.

The ordinance will dramatically expand consumer awareness about commonly offered predatory tax products by forcing commercial tax preparers to disclose all fees and costs associated with their services before the return is performed.

- The ordinance mandates that tax preparers inform taxpayers of their rights and disclose any hidden fees, eliminate surprise costs and hard to find fine print during tax preparation. The City of Chicago's Department of Business Affairs and Consumer Protection (BACP) will require businesses to use easy-to-understand disclosure forms that clearly lay out all costs before the return is prepared.
- Every tax preparer will be required to provide consumers with a bill of rights, so customers know exactly what to expect from high-quality tax preparation services and how to seek help if they believe they are victims of unscrupulous tax services.
- The ordinance will ban tax preparers from steering customers towards high-cost refund products. Additionally, a tax preparer can no longer force customers to use a Refund Anticipation Loan or a Refund Anticipation Check if they seek general tax returns services.
- Immigrant families who play by the rules and pay their taxes will be given the protection they deserve – tax preparers will be required to disclose all costs and fees in the native language of the customer.

The ordinance would be enforced by BACP.

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