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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Madam Chairperson and Members of the Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: January 26, 2021
Subject: Senate Bill No. 47

Summary

Senate Bill No. 47 creates the Kansas taxpayer protection act relating to actions of paid tax return preparers who assist taxpayers filing income tax returns or refund claims in Kansas. Senate Bill No. 47 provides:

- Requirements for paid tax return preparers to include on any income tax return or claim for refund on or after January 1, 2022: (1) a signature of the paid tax return preparer and (2) the preparer's federal internal revenue service preparer tax identification number;
- A civil penalty of \$50 imposed on a paid tax return preparer who fails to do so; and
- Authorization to the secretary of revenue to bring actions to enjoin paid tax return preparers from engaging in prohibited conduct.

Section 1 provides the name of the act, the Kansas taxpayer protection act.

Section 2 provides definitions for purposes of the act and defines "paid tax return preparer" as "any person who prepares or substantially prepares for compensation, or who employs one or more persons who prepare or substantially prepare for compensation, any income tax return or claim for refund, required to be filed" pursuant to the Kansas income tax act. "Paid tax return preparer" does not include a person regulated under chapter 1 of the Kansas Statutes Annotated, certified public accountants.

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Section 3 requires that, on and after January 1, 2022, any income tax return or claim for refund prepared by a paid tax return preparer shall: (1) be signed by the paid tax return preparer and (2) bear the paid tax return preparer's federal internal revenue service preparer tax identification number. Section 3 also provides for a civil penalty of \$50 for each failure, a maximum penalty of \$25,000 per preparer per calendar year and a mechanism for notice and review of the penalty.

Sections 4 and 5 authorize the secretary of revenue to commence actions to enjoin paid tax return preparers from engaging in prohibited conduct described in Section 4(b) or from action as a paid tax return preparer in this state and set forth the process for such actions. The secretary shall provide a summary annual report of actions on the department's website.

Section 6 authorizes the secretary of revenue to adopt rules and regulations necessary to carry out the provisions of the Kansas taxpayer protection act.

Section 7 provides that the act shall take effect from and after its publication in the statute book.