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'Mystery Shopper' Study Finds Numerous Errors, Lack of Transparency and Arbitrary Fees for Paid Tax Prep Services in Atlanta

April 5, 2016 – ATLANTA, GA – Today, Georgia Watch [released preliminary results](#) from a mystery shopper study that examined the paid tax preparation market in Southwest Atlanta. "The study results cause us great concern around the lack of regulation of paid tax preparers and the absence of protections for consumers," observed Elise Blasingame, Georgia Watch's Director of Community Education and Financial Protection, primary investigator for the study.

Today, anyone in Georgia, regardless of education or training level, is allowed to charge consumers for the preparation of income taxes. The study assessed the transparency and variance of fees, error rates on returns and the prevalence of outright fraudulent activity affecting consumers in the region. The study was conducted in three parts: a phone survey of tax preparation firms that were actively hiring new preparers; a preliminary survey of residents in six southwest Atlanta neighborhoods; and finally, sending mystery shoppers into paid tax preparation firms commonly used by residents of those neighborhoods.

During the phone poll of tax preparation services hiring in advance of the tax season, Georgia Watch researchers found troubling evidence of the lack of training required. "In one case their online advertisement claimed '2 weeks of training', but when we called, they explained it was one day per week, over a 2-week time period, so 2 days total," explained Blasingame.

Notably, the preliminary survey of southwest Atlanta residents found that only 5.6% of total respondents, who used a tax preparation firm, knew their most recent tax preparer was not licensed.

"There is broad public support for consumer protections in the paid tax preparer industry," stated Michael Best, Senior Policy Advocate at the Consumer Federation of America. "Our recent [national poll](#) found that four out of five respondents believe paid tax preparers should have to pass a competency test, be licensed and provide a list of fees before completing a tax return."

Researchers conducted 20 mystery shopper tests, 10 tests for each of two scenarios. "Overall, our researchers encountered a stunning lack of knowledge and professionalism from preparers, vast inconsistencies in preparation fees, and a wide range of outcomes given the exact inputs at each site," Blasingame noted.



Georgia Watch [released a summary of preliminary findings](#) today. “With ten days left in the tax season, we wanted to alert consumers to the findings immediately,” says Liz Coyle, Executive Director of Georgia Watch. The final study report will be published in May, 2016.

These findings echo the same concerns highlighted in similar studies in North Carolina, Florida and Ohio. “These high error rates and questionable preparer tactics are disturbing, but not surprising, given similar test results from other states,” says Chi Chi Wu, staff attorney at the National Consumer Law Center. “Georgia Watch’s study reinforces the dire need for minimum competency and education requirements for paid preparers.” Wu’s organization has issued a [model law](#) to help states develop legislation.

Georgia does not currently have a statute that provides a minimum standard of education, training or licensure for those providing paid tax preparation services in the state. Consumers looking for free and reliable tax preparation services can visit Georgia Watch’s map of AARP and IRS VITA sites across Georgia at: www.georgiawatch.org/taxmap. For more complex returns, Georgia Watch recommends finding an experienced Certified Public Accountant or enrolled agent.

Founded in 2002, Georgia Watch is a statewide consumer advocacy organization whose mission is to empower and protect Georgia consumers on matters that impact their wallets and quality of life. Through education, advocacy and policy development, Georgia Watch works to influence public policies that positively impact consumers, safeguard consumer protections in the area of personal finance, promote access to safe and affordable healthcare, encourage fair utility rates and renewable energy options, protect the right to trial by jury and promote access to the courts.