

# HOUSE BILL 452

C3, Q7

4r1796  
CF SB 675

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By: **The Speaker (By Request – Office of the Comptroller)**

Introduced and read first time: January 22, 2024

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 24, 2024

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Individual Tax Preparers – Code of Ethics, Notification of Actions, Enforcement,**  
3 **and Penalties**  
4 **(Stop Scam Tax Preparers Act)**

5 FOR the purpose of requiring the State Board of Individual Tax Preparers, on or before a  
6 certain date, to publish on the Board's website a certain code of ethics and certain  
7 rules of professional conduct; requiring the Board to notify the Comptroller within a  
8 certain period of time of certain actions for violations of provisions of law governing  
9 individual tax preparers; requiring the Board to notify the Field Enforcement  
10 Bureau of the Comptroller's Office of certain ~~alleged~~ violations within a certain  
11 period of time; granting certain employees of the Bureau certain powers, duties, and  
12 responsibilities for enforcing laws pertaining to income tax preparation; requiring  
13 the Comptroller to notify the Board within a certain period of time if the Comptroller  
14 prohibits an income tax return preparer from submitting income tax returns  
15 electronically; prohibiting an income tax return preparer from preparing, assisting  
16 in preparing, or causing the preparation of an income tax return or claim for refund  
17 in a certain manner; requiring certain fines imposed under this Act to be paid to the  
18 Tax Clinics for Low-Income Marylanders Fund; and generally relating to income tax  
19 preparation.

20 BY repealing and reenacting, without amendments,  
21 Article – Business Occupations and Professions  
22 Section 21–205(b)(1)  
23 Annotated Code of Maryland  
24 (2018 Replacement Volume and 2023 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
2 Article – Business Occupations and Professions  
3 Section 21–205(c)  
4 Annotated Code of Maryland  
5 (2018 Replacement Volume and 2023 Supplement)

6 BY repealing and reenacting, with amendments,  
7 Article – Business Occupations and Professions  
8 Section 21–206 and 21–401  
9 Annotated Code of Maryland  
10 (2018 Replacement Volume and 2023 Supplement)

11 BY repealing and reenacting, without amendments,  
12 Article – Tax – General  
13 Section 1–207(b) and (c)  
14 Annotated Code of Maryland  
15 (2022 Replacement Volume and 2023 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article – Tax – General  
18 Section 1–207(f), 2–107(a)(2)(ii), 10–824, and 13–1004  
19 Annotated Code of Maryland  
20 (2022 Replacement Volume and 2023 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
22 That the Laws of Maryland read as follows:

23 **Article – Business Occupations and Professions**

24 21–205.

25 (b) In addition to any duties set forth elsewhere, the Board shall:

26 (1) adopt rules of professional conduct as appropriate to establish a high  
27 standard of integrity and dignity for the practice of individual tax preparation;

28 **(C) ON OR BEFORE JANUARY 1, 2026, AFTER ALLOWING FOR PUBLIC INPUT**  
29 **BY THE TAX PREPARER COMMUNITY, THE BOARD SHALL PUBLISH ON THE BOARD’S**  
30 **WEBSITE A CODE OF ETHICS AND RULES OF PROFESSIONAL CONDUCT FOR**  
31 **ENGAGING IN THE PRACTICE OF INDIVIDUAL TAX PREPARATION.**

32 21–206.

33 (a) The Board may investigate a complaint that alleges a violation of this title.

1 (b) On receipt of the results of an investigation made under this section, the Board  
2 shall promptly take action that is appropriate under this title to ensure compliance with  
3 this title.

4 (c) (1) If the Board concludes that conduct alleged to be in violation of this title  
5 will result in harm to a resident of the State, the Board may seek a permanent or temporary  
6 injunction with respect to the conduct from the circuit court of the county in which the  
7 alleged violation occurs.

8 (2) In seeking an injunction under this subsection, the Board is not  
9 required to:

10 (i) post bond;

11 (ii) allege or prove that an adequate remedy at law does not exist; or

12 (iii) allege or prove that substantial or irreparable damage would  
13 result from the continued violation.

14 **(3) IF THE BOARD SEEKS AN INJUNCTION OR TAKES A DISCIPLINARY**  
15 **ACTION AGAINST AN INDIVIDUAL FOR A VIOLATION OF THIS TITLE, THE BOARD**  
16 **SHALL NOTIFY THE COMPTROLLER WITHIN 5 BUSINESS DAYS AFTER TAKING THE**  
17 **ACTION.**

18 ~~[(3)]~~ (4) A member of the Board may not be held personally liable for  
19 action taken under this subsection in good faith with reasonable grounds.

20 (d) The Board, or a hearing officer designated by the Board, may administer  
21 oaths, hold hearings, and take testimony about all matters within the jurisdiction of the  
22 Board.

23 (e) (1) The Board or its designee may issue a subpoena for the attendance of a  
24 witness to testify or the production of evidence in connection with:

25 (i) a disciplinary action brought under this title; or

26 (ii) a proceeding brought for an alleged violation of this title.

27 (2) If an individual fails to comply with a subpoena issued under this  
28 subsection, on petition of the Board, a court of competent jurisdiction may compel  
29 compliance with the subpoena.

30 21-401.

31 (a) Except as otherwise provided in this title, an individual may not provide,  
32 attempt to provide, or offer to provide individual tax preparation services in the State  
33 unless registered by the Board.

1 (b) Except as otherwise provided in this title, a person may not employ an  
 2 individual to provide, attempt to provide, or offer to provide individual tax preparation  
 3 services in the State unless the individual is registered by the Board.

4 (c) **THE BOARD SHALL NOTIFY THE FIELD ENFORCEMENT BUREAU OF THE**  
 5 **COMPTROLLER'S OFFICE OF ~~AN ALLEGED~~ A VIOLATION OF THIS SECTION WITHIN 5**  
 6 **BUSINESS DAYS AFTER ~~RECEIPT OF THE ALLEGATION~~ THE BOARD DETERMINES**  
 7 **THAT THE VIOLATION HAS OCCURRED.**

#### 8 Article – Tax – General

9 1–207.

10 (b) There is a Tax Clinics for Low–Income Marylanders Fund.

11 (c) The purpose of the Fund is to provide grants to the University of Maryland  
 12 School of Law, the University of Baltimore School of Law, and the Maryland Volunteer  
 13 Lawyers Service to operate tax clinics for low–income Maryland residents.

14 (f) The Fund consists of:

15 (1) proceeds distributed to the Fund under § 17–317 of the Commercial  
 16 Law Article;

17 (2) **FINES DISTRIBUTED TO THE FUND UNDER § 13–1004(C) OF THIS**  
 18 **ARTICLE;**

19 (3) money appropriated in the State budget for the Fund; and

20 [(3)] (4) any other money from any other source accepted for the benefit  
 21 of the Fund.

22 2–107.

23 (a) Authorized employees of the Field Enforcement Bureau of the Comptroller's  
 24 Office:

25 (2) have all the powers, duties, and responsibilities of a peace officer for the  
 26 purpose of enforcing the laws pertaining to:

27 (ii) income tax **AND INCOME TAX PREPARATION;**

28 10–824.

29 (a) (1) In this section the following words have the meanings indicated.

1           (2) (i) “Income tax return preparer” means a person who for  
2 compensation prepares a substantial portion or more of a qualified return or employs one  
3 or more persons to prepare for compensation a substantial portion or more of a qualified  
4 return.

5           (ii) “Income tax return preparer” does not include a person who  
6 merely performs those acts described under § 7701(a)(36)(B) of the Internal Revenue Code.

7           (3) “Qualified return” means any original return of individual income tax  
8 imposed by this title, regardless of whether a tax is due or a refund is claimed.

9           (b) Except as otherwise provided in this section, an income tax return preparer  
10 shall file all qualified returns that the income tax return preparer prepares by electronic  
11 means as prescribed by the Comptroller if:

12           (1) for a taxable year beginning after December 31, 2008, but before  
13 January 1, 2010, the income tax return preparer has prepared more than 300 qualified  
14 returns in the prior taxable year;

15           (2) for a taxable year beginning after December 31, 2009, but before  
16 January 1, 2011, the income tax return preparer has prepared more than 200 qualified  
17 returns in the prior taxable year; and

18           (3) for any taxable year beginning after December 31, 2010, the income tax  
19 return preparer has prepared more than 100 qualified tax returns in the prior taxable year.

20           (c) Subsection (b) of this section does not apply to a qualified return if:

21           (1) the taxpayer has indicated on the qualified return that the taxpayer  
22 does not want the return filed by electronic means; or

23           (2) the income tax return preparer preparing the qualified return has  
24 requested and received a waiver from the Comptroller.

25           (d) On written request for a waiver by an income tax return preparer who is  
26 subject to subsection (b) of this section, the Comptroller may grant the income tax return  
27 preparer a waiver of the requirements of this section if the income tax return preparer is  
28 able to establish to the satisfaction of the Comptroller either reasonable cause for not filing  
29 the return by electronic means or that there is no feasible means of filing the return by  
30 electronic means without undue hardship.

31           **(E) IF THE COMPTROLLER PROHIBITS AN INCOME TAX RETURN PREPARER**  
32 **FROM SUBMITTING INCOME TAX RETURNS ELECTRONICALLY, THE COMPTROLLER**  
33 **SHALL NOTIFY THE STATE BOARD OF INDIVIDUAL TAX PREPARERS ESTABLISHED**  
34 **UNDER TITLE 21 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE**  
35 **WITHIN 5 BUSINESS DAYS AFTER TAKING THAT ACTION.**

1 13-1004.

2 (a) An income tax return preparer who willfully prepares, assists in preparing, or  
3 causes the preparation of a false income tax return or claim for refund with fraudulent  
4 intent or the intent to evade income tax is guilty of a misdemeanor and, on conviction, is  
5 subject to a fine not exceeding \$10,000 or imprisonment not exceeding 5 years or both.

6 (b) An income tax return preparer who willfully attempts to evade any tax  
7 imposed under this article or the payment thereof is guilty of a misdemeanor and, on  
8 conviction, is subject to a fine not exceeding \$10,000 or imprisonment not exceeding 5 years  
9 or both.

10 (c) (1) AN INCOME TAX RETURN PREPARER MAY NOT WILLFULLY  
11 PREPARE, ASSIST IN PREPARING, OR CAUSE THE PREPARATION OF AN INCOME TAX  
12 RETURN OR CLAIM FOR REFUND WITHOUT BEING PROPERLY LICENSED OR  
13 REGISTERED TO PROVIDE INCOME TAX PREPARATION SERVICES IN THE STATE.

14 (2) A PERSON WHO VIOLATES PARAGRAPH (1) OF THIS SUBSECTION  
15 IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT  
16 EXCEEDING \$5,000 FOR EACH VIOLATION.

17 (3) EACH INCOME TAX RETURN OR CLAIM FOR REFUND THAT AN  
18 INCOME TAX PREPARER PREPARES, ASSISTS IN PREPARING, OR CAUSES THE  
19 PREPARATION OF IN VIOLATION OF PARAGRAPH (1) OF THIS SUBSECTION IS A  
20 SEPARATE VIOLATION.

21 (4) EACH FINE IMPOSED UNDER THIS SUBSECTION SHALL BE PAID  
22 INTO THE TAX CLINICS FOR LOW-INCOME MARYLANDERS FUND ESTABLISHED  
23 UNDER § 1-207 OF THIS ARTICLE.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 October 1, 2024.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.