



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2007 Wisconsin Act 176
[2007 Senate Bill 69]

**Information Disclosures by Tax
Preparers**

Generally, *2007 Wisconsin Act 176* prohibits a tax preparer or entity that employs tax preparers from disclosing information obtained in the course of preparing a client's tax return unless the preparer or entity satisfies certain disclosure and authorization requirements.

Under Act 176, "tax preparer" means a person who, in exchange for compensation or expectation of compensation, prepares a tax return of another person."

However, the Act excludes the following from the definition of "tax preparer:"

- An individual who or firm that is licensed under s. 442.08.
- An individual who is licensed to practice law in this state.
- An individual who is employed by a corporate trustee, bank, or trust company and who is authorized to provide fiduciary services under state or federal law.

Prior to the disclosure of information, the Act requires that the tax preparer or entity provides the client with a separate document identifying all of the following:

- The persons to whom the tax preparer or entity intends to disclose the information.
- The specific information that the tax preparer or entity intends to disclose.
- The purpose of the disclosure.

The document presented to the client must inform the client of his or her right to revoke the consent to disclosure and must be signed by the client. The tax preparer or entity must also provide a copy of the signed document to the client within 30 days of completion of work on the client's return or the date on which the client signs the return, whichever is first. The document provided by the tax

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

preparer or entity is valid for one year from the date it is signed by the client or until the client revokes consent, whichever occurs first.

The tax preparer or entity receiving a disclosure document from a client must retain a copy of the document for as long as that tax preparer or entity retains the client's tax records for the tax year in which the client has consented to disclosure.

The Act specifies that the notice and authorizations provisions do not apply to the disclosure of information to:

- A federal, state, or local government entity authorized to collect fees.
- A federal, state, or local law enforcement agency.
- A court.

2007 Wisconsin Act 176 establishes a private right of action for pecuniary losses due to violations of the amendment's provisions. If a person prevails, he or she may recover twice the amount of the pecuniary loss or \$200 for each violation, whichever is greater, together with costs, including reasonable attorneys fees. The Department of Agriculture, Trade and Consumer Protection (DATCP) may commence an action to restrain any violation of the amendment's provisions and either DATCP or a district attorney may commence an action in the name of the state to recover a forfeiture of not less than \$100 nor more than \$10,000 for each violation of the amendment.

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