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application and renewal fees to become registered as a document preparation service, as well as...

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Nevada tax preparers have been required to comply with a number of new requirements as of July of last year. These requirements include the necessity to pay application and renewal fees to become registered as a document preparation service, as well as to [obtain and maintain a surety bond](#).

Read on for a full overview of the new registration requirements.

## Requirements of Assembly Bill No. 324

[AB 324](#) introduced a series of new registration requirements for document preparation services in the state of Nevada. To begin with, the bill expanded the definition of such service to also include:

- Anyone who receives payment to assist other persons in preparing all or most of their federal or state tax returns as well as claims for tax refunds (i.e. tax preparers)
- Paralegals who perform such services, unless they work under the direction and supervision of an authorized attorney
- Bankruptcy petition preparers
- Enrolled agents authorized to practice before the IRS

Along with the expanded definition, the Bill also amends the requirements for being allowed to practice as document preparation service in the state. Previously, licensees were not required to pay application or renewal fees which has now changed.

Beginning July 2017, applicants for a document preparation service registration are required to pay a \$50 nonrefundable application fee and a \$25 renewal fee.

Registrations expire on a yearly basis, and must be renewed prior to running out.

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and its purpose. The bond is required in order to provide compensation to any person who suffers a loss or damage due to a tax preparer's actions, as they are specified in the Chapter. Such actions include fraud, dishonesty, and negligence. But they also include any acts or omissions that violate any other provision of the chapter, but also federal and state law.

In any of the above instances, if a complaint is brought against a tax preparer by a customer to request indemnification, a claim can be filed against the bond. When a claim is filed against a surety bond, the surety usually extends compensation to claimants which can be as high as the full amount of the bond. In return, the bonded tax preparer must then reimburse the surety for any such compensation in full.

An important point here is that the cost of the bond is not the same as the bond amount!

## Cost of Your Bond

First-time applicants for a bond often wonder if they need to pay the full bond amount to get bonded. Bond amount and bond cost are different! The amount of your bond, also known as the penal sum, is the full amount of compensation that can be made available by the surety in case of one or several claims.

The cost of your bond, or the premium, is the sum you need to pay to obtain the bond from the surety company. This cost is typically a small fraction of the full bond amount. It is determined by the surety when you apply. In determining the cost of your bond, the surety will review your personal credit score and possibly a number of other items, such as your financial statements, your assets, and even your industry experience.

Applicants with high credit scores are typically offered low rates on their bond,

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What do you think about this? Will the new regulations improve the services of tax preparers in the state or do they impede them? Let us know in the comments!

*Vic Lance is the founder and president of [Lance Surety Bond Associates](#). He is a surety bond expert who helps business owners get licensed and bonded. Vic graduated from Villanova University with a degree in Business Administration and holds a Masters in Business Administration (MBA) from the University of Michigan's Ross School of Business.*

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