

# How to Choose a Tax Preparer

The words “simple” and “tax code” do not go together. Trying to stay on top of ongoing changes to the tax code is extremely challenging and not too appealing for most. As a result, many people opt to visit a professional tax preparer when tax season is upon them (which is actually all the time!). For those who are choosing this avenue for the first time, here are some tips that may help with the search for a qualified professional.

## **Chain Service or Licensed Tax Professional**

If your return is simple and you place a high value on speed and affordability, then a franchise may fit the bill. However, be aware that because of potential turnover you may not be able to meet with the same individual every year.

If your return is a little more complex, and you value more personalized service, you may want to set up a meeting with a licensed tax professional. These include certified public accountants (CPAs) or enrolled agents. A CPA is required to pass an examination and keep abreast of tax planning through ongoing education. An enrolled agent is a federally licensed tax practitioner who has passed a comprehensive examination or has worked at the Internal Revenue Service for five years in a position that regularly interpreted and applied the tax code and its regulations. It is important to note that not all CPAs are tax specialists (enrolled agents are).

## **Ask for a Recommendation**

If you have a friend or a relative in a similar tax situation you find yourself in, ask if they can recommend a tax preparer. Ask why they chose this individual (or franchise) and why they continue to utilize their services. Can you contact this person after the return has been filed? Have they been responsive?

## **Questions to Ask**

Whether you get a recommendation or decide to conduct the search on your own, a few questions should be asked. This list is not exhaustive but covers some of the most important questions to present a tax preparer.

- How long have you been preparing taxes?
- Do you hold any professional licenses or designations?
- Do you participate in ongoing education?
- What is your experience with my type of return?
- Will you represent me if I am audited?
- Can you provide me with references?
- Have you ever been disciplined by any government authority (federal or state)?
- What is the cost?

Hopefully after getting your questions answered, you will get a sense as to whether or not you can work with this individual. If you don't get a good feel, it may be in your best interest to move on. Having a level of comfort and trust is important.

## **Other Items to Consider**

The IRS recommends that you avoid preparers who claim they can obtain larger refunds than other preparers. The IRS says that if your returns are prepared correctly, every preparer should derive substantially similar numbers.

The IRS also warns that one should be ware of a preparer who

guarantees results or who bases fees on a percentage of the amount of the refund. Additionally, a practitioner may not charge a contingent fee (percentage of your refund) for preparing an original tax return.

When your tax preparer finishes with your taxes, he or she should sign the return and include their appropriate identifying number. Make sure you are provided with a copy for your records. Review your return very carefully before you sign it. Be sure to ask questions that you may have – now is not the time to be shy. And, while it may be obvious, it is still worth mentioning that you should never, under any circumstances, sign a blank return.

### **Conclusion**

Whenever you are handling over your financial records, and other personal information for that matter, to anyone, a very high level of trust must exist. So, it would be wise to choose a tax preparer as carefully as you would choose a doctor, lawyer or financial advisor. Always remember that you are legally responsible for everything that is on your tax return even if someone else prepared it.

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