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# Choosing a Tax Preparer Without Feeling Taxed

Mar 2, 2011 Melanie Graysmith

If you need help with your federal tax return you are not alone. Most Americans hire tax specialists to get the job done right. Just ask the right questions

Tax season is stressful for most Americans, with an array of roller-coaster emotions from excitement to mild concern to downright anxiety. Preparing your own tax return may have been simple before life went fast forward or evolved to where you are now financially. Things change, and you have now decided to turn to someone else to prepare your tax returns. You'll be in good company; more than 60% of Americans pay someone else to prepare their taxes for them, and for good reason. Just use good sense and follow these smart guidelines.

## How to Choose

Choose wisely. Taxpayers (that's *you*) are legally responsible for everything on their tax returns, so be sure the tax preparer can do the job. While price alone should not be the deciding factor in hiring a tax preparer, do not go with the cheapest estimate; experience counts in a tax specialist, so be prepared to pay for it. Here are some tips to help you choose.

### 1. Check Credentials

Check the person's qualifications before starting. Your preparer should belong to a professional organization offering continuing education classes and a code of ethics that binds its members. Each paid tax preparer must register with the IRS and obtain a Preparer Tax Identification Number (PIN) before preparing federal tax returns in 2011. This includes preparers who already have a PIN. Don't be timid about asking for references; experienced preparers should have several to share.

### 2. Buyer Beware

Beware of a preparer who wants to base a percentage of the fee on your tax return. Charging a contingent fee (a percentage of the refund) is not allowed. Discuss fees in advance; an estimate is fine as a preparer may not know the exact fee until he or she sees your return. Steer clear of someone who says he can get you a larger return than another preparer. Check with the Better Business Bureau, the state's board of accountancy for CPA's, or the IRS Office of Professional Responsibility (OPR) for enrolled agents, to see if the preparer has any questionable history.

### 3. Bring Receipts

Bring every receipt of every eligible purchase and for every dollar you contributed to charity. Be cautious of a

preparer who does not ask good questions. You want someone who knows what the IRS will look for.

#### **4. Use Common Sense**

Never sign a blank tax return and never use a pencil. Check to see that your name, address, Social Security Number(s), and any other identifying information are correct. Do not leave any of these spaces blank. Be sure you understand everything the preparer has entered onto your return before you sign it. Don't forget to get a copy of your return too -- the preparer must give you one. Your paid preparer must also sign the return.

#### **5. Stability Counts**

Be sure your preparer will be around and accessible after April. If the IRS wants to question your tax information, you will need to get in touch with the preparer for answers.

#### **New Rules for Tax Preparers**

Beginning this year every paid tax preparer must apply for a Preparer Tax Identification Number – even if they already have one – before preparing any federal tax returns in 2011.

Next year the Internal Revenue Service will require all tax return preparers to register with the government, and take a test to prove their competency for the job. This is an important step; currently only three states – California, Oregon, and Maryland – actually regulate paid tax preparers.

With over 60% of Americans paying someone to do their taxes, and most of the country's tax preparers not regulated, the consequences of mistakes made can cost the taxpayer more than originally expected.

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