

Get Tax Prepared

by vcmorris - Thursday, March 11, 2010

<http://thethinpinkline.com/2010/03/11/get-tax-prepared/>

What happens if the IRS comes calling, wagging a finger at you for a mistake on your tax return – but the error was made by your tax preparer? Tax specialists say it totally depends on the mistake and the person who made it.

The rule of thumb is if (regardless whose fault) you have short-changed Uncle Sam, you're probably going to be responsible for the taxes you owe. Your preparer, however, might/should offer to pay whatever penalties and interest you incur. The best suggestion I can give you on this: always ask. Some companies like H&R Block, cover those costs and will even pay the difference in your tax bill up to \$5000 if you want to ante up upfront an extra \$30 to \$50 for protection.

How do you find a qualified professional tax preparer? There are only two states – California and Oregon – that regulate them. Ask for referrals from people you know and trust. Look for members of the National Association of Tax Professionals (<http://www.natptax.com/>) or the American Institute of Certified Public Accountants (<http://www.aicpa.org/>) in your area.

Remember my mantra? It's your money so take it personally. You're getting ready to hire someone to assist you in verifying to the government what your income is and what your tax responsibilities are. It's your money so be sure the preparer is experienced with returns like yours and that you ask good questions.

- **How many years has the preparer been in business?** Your comfort level increases when you know the person has extended experience in the tax law.
- **Is the preparer a CPA (certified public accountant)?** Different states have different requirements.
- **What's the focus of the preparer's practice?** If you have specialized needs, such as real estate or small business, you'll want to find a preparer who is familiar with your industry's specific tax protocols.
- **How does the preparer stay current?** There are 500 to 1000 changes to the tax code every year.
- **How aggressive is the preparer regarding claiming deductions?** You'll want someone whose philosophy is similar to your own.
- **How available is the preparer to assist you?** In the event there's a question or if you get a call from the IRS, you'll want to know the preparer is available to help you year round.
- **Has the preparer successfully negotiated with the IRS?** You'll want to know the preparer has experience in the trenches in the event of an audit.
- **Cost?** A simple return will be relatively inexpensive but more involved taxes take more time and cost more but could ultimately save you money down the line.

When speaking with a tax preparer whose services you might be considering, never hire a paid preparer who:

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- won't sign your return (which they're required to do by law);
- sets a fee for services depending on the amount of your anticipated return; or
- guarantees you a refund before even learning of your specific tax situation.

Thursday, April 15th is Tax Day this year. Remember, even if you don't have all the paperwork gathered and plan to file for an extension – *you must pay whatever you owe* on or before this date in order to avoid penalties.

Here's to your health and wealth.

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