

Published in: Financial Finesse website

## **When Your 1040EZ is Too Hard: Help From the Tax Pros**

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*Should you hire a CPA for your 1040EZ? Should you trust a non-certified tax preparer the year you cash in stock options, get divorced, and sell the family farm? Here's a guide to choosing a tax professional.*

If you're ready to pull your hair out over your taxes, or if you simply don't have the time, know-how or inclination to do them yourself, you'll want to call on a pro. There are many types of tax professionals, all having varying levels of education and training, and charging a wide range of fees. Hiring the right pro means knowing your needs.

### **Tax Preparers**

If someone identifies himself or herself as a tax preparer, ask about their qualifications. Some states, such as California, require tax preparers to be registered.

- **Tax Preparers:** For a routine return, a tax preparer from a storefront service like H&R Block may do the trick. The convenience of extended hours and immediate tax preparation, along with the relatively low cost are what attracts many customers. These preparers usually charge by the form, averaging \$100 to \$200 per return. While some preparers must pass employer-administered examinations, they may not be as rigorous as those required to gain certain designations or certifications. Staff turnover can be high, so you may not have the opportunity to develop a business relationship with a single preparer over the years.
- **Accountants:** Someone who practices accounting, but hasn't taken or passed the CPA examination may not be a bad choice for a basic return. Seek someone with a personal tax emphasis. Rates can run \$40 to \$75 or more per hour.

### **Professionals with Special Designations or Certifications**

These professionals usually must pass a qualifying exam and take continuing education courses, and they may be monitored by an agency. Tax attorneys must also hold a law degree.

- **Enrolled Agents:** Only enrolled agents are required to demonstrate to the Internal Revenue Service their competence in matters of taxation before they may represent a taxpayer before the IRS. Unlike attorneys and CPAs, who may or may not choose to specialize in taxes, all EAs

specialize in taxation. EAs are the only taxpayer representatives who receive their right to practice from the United States government (CPAs and attorneys are licensed by the states). Agents have either worked for the IRS for five continuous years, or have passed a two-day exam. Billing may be hourly (usually \$100 to \$200 per hour), or by the tax return, which can run \$100 (for a 1040EZ) on up, depending on the complexity.

- **Certified Public Accountants:** A CPA earns the title by passing the Uniform CPA examination, graded by the American Institute of Certified Public Accountants, and completing a certain amount of on-the-job training in audit and taxes (the amount varies by state). Some CPAs specialize in corporate work, and are not the best choice for personal taxes. Budget around \$250 to several thousand dollars for the work, depending on the complexity of your taxes and your CPA's experience.
- **Tax Attorneys:** If your tax situation is very complex, or you're in deep trouble with the IRS, you may want to consider a tax attorney. Of course, a tax attorney is generally the most expensive of the tax pros, with rates typically running from \$150 to \$600 an hour.

## **Finding a Tax Preparer**

You can always find a tax professional by looking in the phone book, but the best place to start your search is with trusted friends and colleagues. You can also contact the national or state associations and societies for tax professionals on tips for finding and hiring a tax pro. The National Association of Tax Preparer has listings with certifications noted.

Interviewing a preparer before handing over your W-2 can prevent problems later. Make sure you're comfortable with their answers to your questions:

- What's your education and experience?
- Are you licensed or registered? By what agency? How long have you been licensed or registered?
- What's your specialty (personal taxes, corporate taxes, audit)?
- What continuing education courses have you taken recently?
- Who from your office would work on my taxes?
- In the event I'm audited, could you represent me?
- What are your rates, and how much do you expect the return to be?
- When would the return be finished?

Find a preparer who is comfortable answering your questions, since you may need explanations once the return is complete. Also call the Better Business Bureau or certifying agency to be sure the professional is in good standing, with no disciplinary actions.

## **After the Return is Prepared**

Read the return before signing it. I've found simple mistakes made by a CPA even though I've never taken an accounting class. A call to the preparer should be enough to get the correction done quickly.

If you're not happy with the work, explain your concerns to the preparer. The Better Business Bureau and certifying agency may also be able to handle disputes.

Whatever your needs, there's a tax pro out there ready to make your life easier. Choose the right one, and you'll more than likely get your money's worth.