How to Select a Tax Professional

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Acknowledgment/Disclaimer

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Tax and Financial Education Project

• 3-Year USDA-FSA Funded Project

• Tax related educational materials:
  • Beginning Farmers/Ranchers
  • Commercial Farmers/Ranchers
  • Socially Disadvantaged Farmers/Ranchers
  • Landowners
  • Others
• Website hosted by Utah State University
• Material developed, managed, and owned by the National Farm Income Tax Committee
• Informational Material on Ag, Timber, and Rural tax topics include but not limited to:
  • Disaster/Weather Losses
  • Treatment of Government Payments
  • Farm Losses and Hobby Rules
  • Self-Employment Taxes
  • Estate and Gift Taxes
  • Like Kind Exchanges
  • Depreciation
  • Etc...
Program Agenda

• Selecting a tax professional

Note: Fact sheets on tax topics are available on RuralTax.org/newfarmertax
Not just anyone with a calculator will do!
1. Check the Preparer’s Qualifications

- CPA, EA, LTP, LTC, CFP, PTIN – many types of qualifications

- Use the IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications.
2. Check the Preparer’s History

- Ask the Better Business Bureau about the preparer.

- Check for disciplinary actions and the license status
  - CPA -- State Board of Accountancy
  - Attorney -- State Bar Association
  - Enrolled Agents -- verify enrolled agent status page on IRS.gov
3. Ask about experience

- Specialized tax rules

- Prefer they have range of experiences similar to your return
  - Small vs large
  - Specific issues/operations

RURAL TAX EDUCATION
ruraltax.org
4. Ask about Service Fees

- Fees often by the hour or by the form
- Ask about charges for phone calls and emails
- Avoid preparers who base fees on a percentage of the refund or who boast bigger refunds than their competition.
- When asking about a preparer’s services and fees, don’t give them tax documents, Social Security numbers or other information.
5. Check availability

- Taxpayers may want to contact potential preparer early summer
- Avoid fly-by-night preparers
6. Ask about “grey” areas

• How they handle ambiguity

• Best if on same page

• Risk tolerance
7. Find out limits on representation

- Not all preparers can represent you or are willing
- Audit situation
Tax Season Tips -- Choosing a tax preparer

- **Provide Records and Receipts.** Good preparers will ask to see a taxpayer’s records and receipts. They’ll ask questions to figure things like the total income, tax deductions and credits.
Tax Season Tips – Choosing a tax preparer

• **Never Sign a Blank Return.** Don’t use a tax preparer who asks a taxpayer to sign a blank tax form.
Tax Season Tips -- Choosing a tax preparer

• **Review Before Signing.**
  • Ask questions
  • Refund should go directly to taxpayer
  • Get a copy of the completed tax return.
Tax Season Tips – Choosing a tax preparer

• **Ensure the Preparer Signs and Includes Their PTIN.**
  • All paid tax preparers must have a Preparer Tax Identification Number.
  
  • By law, paid preparers must sign returns and include their PTIN.
Most tax return preparers are honest and provide great service to their clients.

Report abusive tax preparers and suspected tax fraud to the IRS. Use Form 14157, Complaint: Tax Return Preparer. If a taxpayer suspects a tax preparer filed or changed their return without the taxpayer’s consent, they should file Form 14157-A, Return Preparer Fraud or Misconduct Affidavit.
Resource Links

- Rural Tax.org
  - http://www.ruraltax.org
  - http://ruraltax.org/beginningfarmertax
- USDA Farmers Website
  - https://www.farmers.gov/taxes
- IRS Publication 225: Farmers Tax Guide
- Land Grant University Tax Education Foundation
  - https://taxworkbook.com
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Questions??

RuralTax.org/newfarmertax

New Farmer Tax Topics

ruraltax.org