

BBB Offers Tips on Choosing a Tax Preparer!

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The IRS recently announced that they will begin accepting 2024 tax returns on Monday, January 27th and the filing deadline will be Tuesday, April 15th. If you need help with your tax preparation, now is an ideal time to ensure you've secured the services of a trustworthy tax professional.

For many people, major life changes, business ownership, or simply a lack of knowledge about the ever-changing tax laws make finding a reliable tax preparer a good idea. That said, not all tax preparers have the same level of experience and training. BBB offers tips for finding someone you can trust with your finances and sensitive personal information.

First, it's important to understand the different types of tax preparers and their qualifications. Only enrolled agents, certified public accounts, and attorneys may represent their clients to the IRS on matters such as audits, collection issues, and appeals.

Enrolled Agent (EA): An EA is a tax preparer that has been approved by the IRS to represent taxpayers. An EA must either have prior qualifying employment with the IRS or pass an intensive two-day exam on federal taxation and complete a background check. To maintain EA status, they must complete a specified number of credit hours each year of continuing education in accounting methods and tax regulations. An EA may work independently or as part of a firm and specialize in specific areas of tax law.

An EA is a good option if you have a more complex tax situation. However, you'll want to make sure their area of expertise applies to your personal situation. Fees and availability may vary, but you can expect an EA to charge less than a CPA. An EA is also qualified to help you with financial planning and give you tips that could help you reduce your taxes in the future.

Certified Public Accountants (CPA): CPAs have a college degree (or the equivalent in work experience). They are licensed after passing a state professional qualifying exam. They are highly skilled in accounting. This makes them good candidates for complex tax planning and preparation if they are experienced in handling tax matters and enrolled in continuing education programs that keep them abreast of the constant changes to tax laws. If your return is quite complex, a CPA may be your best choice for tax preparation, but keep in mind they will charge much more than basic tax preparers.

Attorneys: Tax attorneys often charge the highest fees as tax preparers. For taxpayers looking to shelter part of their income legally or for those who need specialized advice on municipal bonds, estate planning, and similar items, hiring a tax attorney is a good option.

Non-Credentialed tax preparers: There are about 700,000 people who work as non-credentialed tax preparers in the United States. They often work part-time or only during the tax season. These preparers must have an active preparer tax identification number (PTIN) through the IRS, but beyond that, regulating tax preparers is done at the state level.

Most tax preparers are legitimate and competent, but it's important to conduct a thorough interview with a tax preparer before you hire them. When it comes to choosing the right kind of tax preparer for you personally, much will depend on the complexity of your tax situation.

After you've decided what qualifications your tax preparer needs, the following tips will help you choose someone who is trustworthy and competent:

Review the tax preparer's credentials. EAs, CPAs, and tax attorneys are all qualified to represent their clients to the IRS on all matters. Other preparers can help you with forms and basic matters but cannot represent you in case of an audit. Don't be afraid to ask about these or other qualifications before you hire someone.

Be wary of spectacular promises. If a tax preparer promises you larger refunds than the competition, this is a red flag. Many such tax preparers base their fees on the amount of your return and may be likely to use questionable tax preparation tactics. In addition, it's wise to avoid tax preparers who offer "refund anticipation loans" as you'll probably lose a large percentage of your return to commission fees.

Get referrals from friends and family. One of the best ways to find a trustworthy tax preparer is to ask your family and friends for recommendations. Once you have a few options, check BBB.org, paying careful attention to other consumers' reviews or complaint details. This will give you a clear view of what you can expect. You can also find a BBB Accredited tax preparer near you on bbb.org.

Think about availability. If the IRS finds errors in your tax forms or decides to perform an audit, will your tax preparer be available to help you with the details? Find out whether you can contact the tax preparer all year long or only during tax season.

Ask about fees ahead of time. Before you agree to any services, read the contracts carefully and understand how much the tax preparer charges for their services. Ask about extra fees for e-filing state, federal, and local returns, as well as fees for any unexpected complications.

For additional information, please check BBB's Tax Tips and Resources.

Kelvin Collins is president & CEO of the Better Business Bureau serving the Fall Line Corridor, serving 77 counties in East Alabama, West Georgia, Southwest Georgia, Central Georgia, East Georgia, and Western South Carolina. This tips column is provided through the local BBB and the International Association of Better Business Bureaus (IABBB). The Better Business Bureau sets standards for ethical business behavior, monitors compliance and helps consumers identify trustworthy businesses. Questions or complaints about a specific company or charity should be referred directly to the BBB at Phone: 1-800-763-4222, Web site: BBB.org or Email: info@centralgeorgia.bbb.org.