

**Kelly Phillips Erb** Contributor*I cover tax: paying tax is painful but reading about it shouldn't be.*

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11 Questions To Ask When Hiring A Tax Preparer

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I'm constantly asked if I can recommend the perfect tax preparer. The truth is that I can't. You're the only one who can find the perfect tax preparer for your taxes: there's no one size fits all in this business. I can, however, offer you a few tips to help you figure out how to find the best tax preparer for you. The key, as with hiring any professional, is to ask questions. Lots of questions. And not just about pricing. Here's a list of 11 questions that I recommend you ask a potential tax preparer:

- 1. Do you have a PTIN (preparer tax identification number)?** This should be your first question. Anyone who prepares federal tax returns for compensation must have a valid 2014 PTIN before preparing returns. Without a PTIN, the preparer is not allowed to prepare your return – this isn't something you want to find out at the end.
- 2. What is your tax background?** A slew of letters following a name on a business card doesn't necessarily mean more qualified. It *can* mean that the person has passed certain tests or has specific tax training. So ask what those letters mean – and how they would relate to the preparation of your return. Don't be blinded by the alphabet soup. Here's a quick guide to help you sort it out in advance:
 - A certified financial planner (CFP®) is a designation for financial planners given by the [Certified Financial Planner Board of Standards](#). A CFP must meet certain education requirements, pass an exam, have experience in the field, pass fitness standards and pay a certification fee: the coursework and exam do have tax and tax planning components as determined by the Board. A CFP may have tax experience but tax may not necessarily be the focus of their practice. (*Author's note:* Updated to reflect some additional licensing criteria. H/T to [@BasonAsset](#) and [@michaelrpiiper](#).)
 - A certified public accountants (CPA) is certified by the state to act as a public accountant. A CPA is the only licensed qualification in accounting. To be certified, candidates are required to [pass an exam](#). Most states also require an ethics exam or course as well as continuing education credits. A CPA may specialize in tax but not necessarily: there's a wide range of CPA

services including accounting, auditing, financial planning, technology consulting and business valuation.

- An [enrolled agent \(EA\)](#) has earned the privilege of representing taxpayers before the Internal Revenue Service by either passing a three-part comprehensive IRS test or through experience as a former IRS employee. EA status is the highest credential the IRS awards. EAs must adhere to ethical standards and complete 72 hours of continuing education courses every three years.
- A JD is a law degree. An LLM is a Masters in Law – it could be in taxation but other areas of the law also offer an LLM. As with a CPA, candidates are required to pass an exam, an ethics exam or course and take continuing education credits. Having a law degree or two doesn't necessarily mean that an attorney prepares returns. For example, I have a J.D. and an LL.M. Taxation but I no longer prepare returns: I do planning and focus on areas of tax compliance. Other lawyers might have very little in the way of tax experience (you don't have to demonstrate competence in tax law to pass the bar in most states). Avoid a lawyer who promises to do your taxes, get you out of that DUI and help you with your divorce: it's all too much.
- A [Volunteer Income Tax Assistance \(VITA\)](#) volunteer is trained by the IRS to prepare basic returns.
- Other accountants, bookkeepers and tax preparers may be able to demonstrate competence but may not have formal credentials. That doesn't mean you shouldn't give them a look. Ask about what they do and why they're qualified to do it.

3. **Have you prepared a tax return before for (fill in the blank)?**

Remember when I said that there's no one size fits all in this business? That's because tax returns are not all the same. Some tax preparers can do forms 1040-EZ in their sleep. Others are fluent in Schedules C (business) and/or E (rentals). Some may focus on pass-through entities, tax exempt organizations or fiduciary returns. Tax preparers may focus on international taxpayers or small businesses. There are as many variations as there are schedules and forms. It's not uncommon for tax preparers – especially those that have been around for awhile – to have a pretty wide scope of knowledge. But nobody can do it all and don't trust anyone who tells you otherwise. If you have special circumstances because of your investments, occupation or residency status, find a tax preparer who has experience with your specific situation.

4. **Do you know the requirements of the states and localities where I am required to file?**

Yes, federal income taxes know no boundaries – those rules don't change from one state to the next. But that's not true when it comes to states and localities. Your state or locality may have quirky filing requirements, especially for business owners. It can get even more complicated if you've moved from state to state during the year or if you live in one state and work in another. You may also need special guidance if you own a business or real estate in a state outside of your residency or if you are the beneficiary of a trust or estate in another state. Make sure that your preparer knows – and can handle – all of those filing requirements.

5. What records and other documentation will you need from me?

While you shouldn't be expected to haul in the contents of your entire home office, a reputable preparer should insist that you provide your forms W-2, 1099, 1098 and other verification of income and expenses in order to prepare a proper return. You shouldn't use a preparer willing to e-file your return just by using a pay stub ([that's against IRS rules](#)). A tax preparer should be able to explain what will be needed for special schedules, forms or circumstances. If a preparer isn't inclined to do the necessary due diligence (especially for something like the Earned Income Tax Credit) in the beginning, it should give you pause about what other corners the preparer might be willing to cut later – at your expense.

6. How do you determine your fees? Note the wording on this one. I didn't say ask *how much* the fees would be, rather I said ask how the fees are determined. Prices may vary based on the complexity of your return, whether you require additional schedules (such as dividend and interest on Schedule B, business information on Schedule C, capital gains and losses on Schedule D and/or rental income and losses on Schedule E); supporting forms (such as those for the child tax credit or additional charitable donation information); or whether your return has "out of the ordinary" line items (like Roth IRA conversions or homebuyer credit repayment). Avoid preparers who base their fee on a percentage of your anticipated refund: they have a financial incentive to encourage inappropriate credits and deductions.

7. Can I file electronically? More than 1 billion individual tax returns have been processed since the debut of electronic filing in 1990. It's the fastest way to get your refund and tends to result in fewer math errors. It may also be required: a paid preparer who prepares and files more than ten client returns must file electronically unless the client opts out.

8. Who will sign my return? This is a biggie. Remember that your preparer must have a PTIN (see again #1). The PTIN and the preparer's signature need to appear on your tax return. Don't trust a preparer who refuses to sign a return. And be wary of any preparer or service who won't tell you in advance who will actually be preparing the return.

9. When will I receive a copy of my return? It's not unreasonable to leave your preparer's office without a copy of your completed return; assembly may be required. However, you should receive a complete copy of your return within a reasonable amount of time following your appointment. If your preparer can't offer a window of time to expect the copy, it might be indicative of a time management problem. If your preparer can't promise you a copy at all, run, don't walk away: you will need a copy for your own records.

10. How do I find you if I have a question or a problem after tax season is over? I'm not a fan of those tax preparation shops that pop up on street corners during tax season and then go missing for half the year. Clients often receive requests from taxing authorities for additional information in October or November and can no longer locate their tax preparer. Make sure that you know how to contact the tax preparer after your return has been filed. If your tax preparer won't be around, consider taking your business elsewhere.

11. What happens if I get audited? Nobody wants to think about an audit when filing a return. But you need to ask about it now so that you don't end up in a pickle later. Find out how the tax preparer handles audits or examinations from IRS: will he or she respond to those questions? Represent you in front of IRS or Tax Court? (Remember that not all tax preparers are allowed to represent clients before the IRS or in court.) And what about the cost to fix any mistakes? How is that calculated?

I know. It looks like a long list. But most of these questions require pretty simple answers. And better to ask now than later, right? Choosing a good tax preparer does require a little bit of research and effort on your part but it's worth it. And admit it: you asked at least these many questions when finding a hair dresser or a pediatrician. Just as you stick with other professionals from year to year, the goal here isn't just to fill out a form but to create a relationship. A good tax preparer won't mind answering your questions.

Follows are a few more tips on choosing a tax pro:

Any tips you'd like to add?

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