

What to look for in a paid preparer

If you decide to use a professional tax service this season, you need to be careful. Here are some things to look at before you choose a service.

As 2010 winds to a close everyone is preparing to report their income for the year. While some Americans choose to prepare their own taxes, others choose to go to one of the many retail tax preparers available.

There's nothing wrong with choosing to get your taxes prepared by someone else, as long as you choose someone you can trust to do a good job. Choosing a tax preparer you trust and who will do their best to get you the maximum allowable refund can save you the money you spent. However, choosing the wrong tax preparer can cost you thousands of dollars.

In some ways choosing the right tax preparer is similar to choosing the right debt counselor. Anyone you trust with your money should be reliable, ethical, and knowledgeable.

The first thing you should look at is whether the tax preparer or debt counseling agency has the knowledge they need to handle your situation correctly. Many commercial tax services like H&R Block require their tax preparers to have a certain number of course work and update hours in order to be rehired. But if you go to an accountant or independent tax preparer you should make sure they have the 15 hour minimum the IRS requires. Similarly, you should make sure your debt counselor is knowledgeable about the most recent laws in your state.

Next you should never go to a paid tax preparer who charges fees based on the amount of your refund. Fees for preparation should be charged on the amount of work done by the tax preparer and be the same for every person. In addition, you should be able to calculate with a reasonable accuracy how much your tax preparation is going to cost you before your taxes are prepared.

Third, you should avoid a paid tax preparer who promises to get you the maximum refund. If your taxes are reported properly and honestly, then it should not matter which service you use. Your tax refund should be the same with any tax preparation service, provided you give the preparer the same information.

Fourth, you should choose a tax preparer you know will be there if you have any questions. Any tax preparer that looks like they may be a "fly-by-night" or says they can't be contacted before or after tax season has ended may not be the best person to go to.

Fifth, you should always know who is preparing your taxes. Any service that doesn't let you meet your tax preparer in person or states that your information is being transferred out of the country for preparation should be avoided, not only to make sure your return is accurate but to make sure your sensitive information is as secure as they can make it.

One thing you should keep in mind is that no service is full-proof. No matter how well a company protects their client's information, a determined thief can gain access to it. Last tax season one of the most reputable tax preparation services in the US was rocked by employee scandals. Some of their trusted employees lifted information from a prior year's return and used it to commit identity theft. While this did harm the company's reputation, those considering a commercial service should understand that no company can control and monitor all of its employees all the time.

No matter how you prepare your taxes for 2010, you share some of the burden of making sure your taxes are reported accurately. A commercial tax preparation service can only report what you tell them. So it is your responsibility to make sure that all the information sent to the IRS and your state taxing authority via the paid preparer is accurate and honest.