

STRAUSS TAX SERVICE
624 62ND STREET
DOWNERS GROVE, IL 60516
(630) 964 - 4018
(630) 241 - 4191
judi@strausstax.com

When You Should Call a Tax Pro

by Erin Burt

Taxes aren't fun, but they needn't be a nightmare either. Thanks to tax-preparation software such as TurboTax, most young adults can file with ease for much less than they'd spend to call in an accountant.

But as you progress through your 20s and 30s, your life and your finances tend to get more complicated. Is this the year you need professional help?

That help doesn't come cheap, though. Tax-prep software runs between \$15 and \$75 (you may even qualify for [free filing](#)) whereas a real-life person will typically charge you between \$150 and \$500 -- and possibly as high as \$1,000 -- depending on the complexity of your return and the services rendered.

To help you make your decision, we've come up with five situations in which you might want to turn to the expertise of a professional. You may decide one of the points is a big enough deal to hand over the reins, or it may take a combination of them. Only you can weigh the costs versus the benefits for your personal situation.

Five Signs It's Time to Call a Pro

1. Numbers and forms give you a brain freeze. Tax software will do all the actual number crunching for you. But if you aren't comfortable sorting through documents, typing in numbers and proofreading your forms, a professional may put your mind at ease. Though, for \$500 you may decide this is a problem worth tackling yourself.

2. You have a complicated return. For most young adults just starting out, computer software is the way to go because it's inexpensive and simple to use, yet thorough. It's best suited for people whose finances are fairly basic.

So your computer may be all you need if your income comes mainly from salaries, you contribute to tax-sheltered retirement accounts and you typically claim the standard deduction (a no-questions asked write-off that reduces your taxable income) or have some simple deductions to itemize, such as charitable contributions and mortgage interest.

But as you get older, your finances get more complicated. If you or your partner have become self employed, bought or sold a home, are new to investing, day-trade stocks, own a rental property or have a lot of itemized deductions to claim, you may appreciate some tax expertise.

3. You have no clue what you're doing. Admittedly, this is most of us. After all, we're talking about the U.S. tax code here. But when it comes right down to it, no matter how you prepare your tax return -- or who prepares it -- you are responsible for the information on it.

With a little patience and a willingness to learn, most people can gain an understanding of the basics through the step-by-step guidance of their tax software. And the new [Kiplinger.com Tax Center](#) is also a great resource to educate yourself and make sure you are getting as much money back from the government as possible.

But if you don't feel up to taking on the IRS, you might appreciate the peace of mind a professional can bring. You don't have to know the ins and outs of the tax rules if you hire someone who does.

Can't afford a pro despite your misgivings? You can often find free help to double-check your own work. Look for free community tax help through your local library or check out [AARP's Tax-Aide program](#), where IRS-trained volunteers in your neighborhood complete your taxes for you. The service is available to middle- and lower-income taxpayers of all ages, and operates from local community centers between February 1 and April 15. (See the [IRS Web site](#) for more ways to get free help.)

You can also hire a CPA or a tax prep chain to review your self-completed return for less money than you'd pay to have someone hold your hand from the beginning.

4. Your life has changed in the past year. If you've gotten married, divorced, started your own business received an inheritance or started investing, you might consider enlisting the help of a pro to make sure you know how to file under your new circumstances.

This isn't to say you need to resign yourself to a lifetime of paying for help, though. Consider hiring an accountant this year, ask him or her tons of questions throughout the process to make sure you understand everything. Then use this year's return as a guide in filing next year's return.

You will, of course, have to factor in small changes to your personal situation and tax law, but it could serve as a good blueprint for future years.

5. You don't have time. Even if you're comfortable with numbers, don't have a return that's too complicated and you have a good understanding of how to prepare your taxes, you could still spend hours pulling it off. If you simply have better things to do or you

can't handle the stress right now, you may decide that your time is more important than your money.

If this is your only problem, try to plan ahead -- I'm sure you can think of better ways to spend your hard-earned cash. Procrastinate, though, and you may find yourself running to a pro at the last minute whether you really need the help or not.

Finding the Right Pro

Deciding whether to hire a tax professional is only the beginning -- now you need to find a good one.

Your options range from commercial preparers (such as [H&R Block](#) and [Jackson Hewitt](#)) who charge about \$150 for a basic itemized return, to [certified public accountants](#), who offer year-round tax advice and charge anywhere from several hundred dollars to more than \$1,000 depending on the level of service you desire and the complexity of your tax situation.

Enrolled agents (E.A.) -- who must pass an IRS test to earn their designation -- are also usually available for year-round tax advice and filing but are often less expensive than CPAs. Many financial planners now offer tax preparation, too, although they may not have any specific professional designation.

Start by asking friends and family for their recommendations. There is no licensing requirement to prepare tax returns, so question any prospective preparers carefully and be aware that the accuracy of your tax return is ultimately your responsibility.

Ask about credentials, experience, fees and whether any of their clients has been audited - - and how the audit was resolved. Don't assume a preparer who has never had a client audited is doing a great job. He or she may be overly conservative and make all the close calls in favor of the IRS.

Save money on hiring a pro by getting your papers organized now. Well-organized documentation will reduce your preparer's billable hours. Set up folders to gather all the tax-related documents that arrive in the mail from your employer, bank, broker, mortgage lender and charities acknowledging donations. (See [our checklist](#) of what documents you'll need to file your taxes.) If your tax preparer sends you a questionnaire to complete, tackle that chore as soon as possible.

Copyrighted, Kiplinger Washington Editors, Inc. 2007