

Tax Tips You Can Use



Choosing a Tax Preparer, Part 1
By Kathleen Crawford, EA LTC # 27851C
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In the next two articles, I would like to discuss choosing a tax preparer. This is a difficult subject for me since I am a tax preparer and this could be seen as self serving. So I apologize in advance for my bias, which is that I believe anyone who cannot use IRS free file should have a professional prepare his or her taxes. That said, anyone who is a confirmed consumer software user (like TurboTax TM) need not read further.

Picking a professional tax preparer is both easy and hard. In this article I can tell you why it is easy to choose a tax preparer. Next month I'll cover the hard part.

It is easy to pick a tax professional because all tax preparers in the state of Oregon are tested, licensed and must complete continuing education each year. Currently, only Oregon and California have licensing requirements. The IRS and Congress are considering a national licensing requirement, but that is years away.

There are four types of professionals who can prepare your taxes: Lawyers, CPA's, Enrolled Agents and Oregon Licensed Tax Consultants (LTC's). Lawyers and CPA's are licensed by their state boards, have continuing education requirements and may specialize in tax or other matters. Enrolled agents are tax specialists who "are enrolled to practice before the IRS". An enrolled agent must pass tests administered by the IRS in individual, corporate, partnership, payroll taxes and ethics to be admitted to practice. He or she is then governed by a federal ethics code and has continuing education requirements. An enrolled agent not only specializes in preparing taxes, but can represent a taxpayer in an audit or help taxpayers navigate through the federal and state collection efforts.

Oregon has an extensive licensing process for tax preparers. One must take a course in individual tax law and take a state test. Passing that test qualifies the individual as a "Licensed Tax Preparer". After several years of working as an apprentice, the individual can take another test and, if passed, become a "Licensed Tax Consultant". Oregon has a requirement of at least 30 hours of continuing education each year for all tax preparers and consultants. It turns out that it is easy to fill those 30 hours because the changes in the law require days of courses each year to keep up. So the

licensing laws in Oregon make it easy to find a competent tax preparer.

All of the professionals in Oregon who can legally sign your tax return have extensive testing, experience and continuing education requirements. But how do you choose between the three pages of names in the yellow pages? That is hard part that I will write about next month.

The Jacksonville Tax Lady LLC (OR License # 13695) is located in beautiful, historic Jacksonville at 610 N. Fifth Street across from the Pony Espresso. Kathleen and Angela can be reached at 541-899-7926.

The fine print: This article is for information only. Please see your tax professional for questions about your individual tax situation.