

Tax Tips You Can Use



Choosing a Tax Preparer, Part 2
By Kathleen Crawford, EA
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Last month I wrote about the why it is easy to find a tax preparer. There are four types of professionals who can prepare your taxes: Lawyers, CPA's, Enrolled Agents and Oregon Licensed Tax Consultants (LTC's). Each of these professionals has extensive testing, experience and continuing education requirements. But how do you choose between the three pages of names in the yellow pages?

The hard part is finding someone you trust with the most intimate details of your life. There is the obvious trust issue of your preparer having your Social Security number, birth date and bank account numbers. But more than that, your preparer sees all of your medical receipts, how much money you make, your investment gains and losses, whether you are actually married, in short, every aspect of your financial life. Many people would sooner reveal their sex life than their salary. You want someone you trust. Ask a friend for a recommendation. Or call several tax preparers (before tax season) and interview them on the telephone. You should look at their office organization to observe that client's personal information is kept confidential and well protected.

You also want someone who has your best interest at heart. How can you discover if that is the case? There is a critical document that a new preparer of next years return would need from this year's return. A depreciation schedule is maintained year after year and is the listing of property that must be deducted over a number of years. Anyone who has a business, refinanced their home and paid points or has a rental house probably has a depreciation schedule. Although it is not a legal form that is required to be sent to the IRS, the taxpayer pays for the preparer to create it and a new preparer must have that history to do a proper return the next year. Ask your preparer for that document when you pick up your return. If the preparer opens your copy and points it out to you, then you know the she is not holding back. You could take your return to anyone and get a complete return next year. If the document is not provided cheerfully, you must ask yourself why you are

being help captive and not getting what you paid for.

My last point is for people moving to Oregon from another state. I would encourage every resident of Oregon to use an Oregon tax preparer. The reason is that Oregon has some unique deductions and credits that are easily missed by a preparer not trained in Oregon law. In addition, while many states have tax forms with a line for every special entry, Oregon has lines called 'other' where the special items must be manually entered with a code. Most of the Oregon returns that I review which were created by out of state preparers, have errors. If you have an out-of-state trusted professional that you have used for many years, you should pick up an Oregon form 40 with instructions (available at ODR.gov) and mail it to your preparer. Studying that will allow him or her to find any special items that affect your return.

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.