

Why do you need a professional to prepare your taxes?

By Annie Fischer

“I already am paying a bunch in for taxes. Why do I want to pay an additional fee to have a professional prepare them? Why don’t I just do it myself?”

One of the most significant benefits of using a professional is convenience and accuracy. Some tax returns are very simple, and you may only have a W-2, but many returns can be very complicated. Trying to navigate through a complicated return with a lot of moving parts is very time consuming on your part and the risk for error increases with every additional form you need.

Here are a few of the many reasons why you should have your taxes prepared by a professional:

Missed Deductions & Tax Savings

- a. The tax laws are very complicated and change all the time. Professionals are continually attending seminars and researching the new tax laws to stay up to date. There are a lot of deductions and credits you may not even be aware you are eligible for and which you may not know the best way to use them to save the most tax. A professional can help you avoid overpaying taxes by properly identifying these.

Reduced Errors

- a. No tax professional is perfect, but the chances of making a mistake on a return can be significantly reduced when you use a professional. An error on your return can delay refunds or cost you interest and penalty.

Tax Planning

- a. Tax planning is very key in avoiding taxes by taking advantage of tax-law provisions and making maximum use of all applicable breaks. By using a professional to prepare your taxes, they can look at planning areas like:
 - i. Could you have taken more out of your IRA tax-free because your income was down, and you left zero bracket tax money on the table?
 - ii. Should you be selling some of your investments to take the capital gains if you are in the low bracket and have them taxed at 0%?
 - iii. If you are thinking of selling more cattle or grain, what is the best way to do that to avoid the most taxes?

- iv. If you are going to transition your farm or ranch to your son or daughter, what are the best strategies to do that and avoid the most tax for both of you?

Audit Representation

- a. If you prepare your taxes on your own, you will also have to be prepared to represent yourself in case of an audit. When hiring a professional for your tax preparation you will have the peace of mind that they will represent you in an audit and work directly with the auditor.

There are some key things to ask yourself when deciding if you should prepare your taxes on your own or seek professional help:

1. Do you own a farm or business?
2. Do you have rental property or invest in real estate?
3. Do you have a lot of investments or assets?
4. Has your tax situation changed? Did you get married? Change jobs? Buy a house?
5. Do you file any out of state returns?

If you can answer yes to any of these questions, you should take advantage of the benefits of a professional tax preparer. Give us a call or stop by and let our tax team help you minimize taxes owed and lay the groundwork for 2018's new tax rules.

Thanks,

Annie Fischer

Income Tax Preparer