

How to Select a Tax Professional

Tamara Cushing, University of Florida

RURAL TAX
EDUCATION

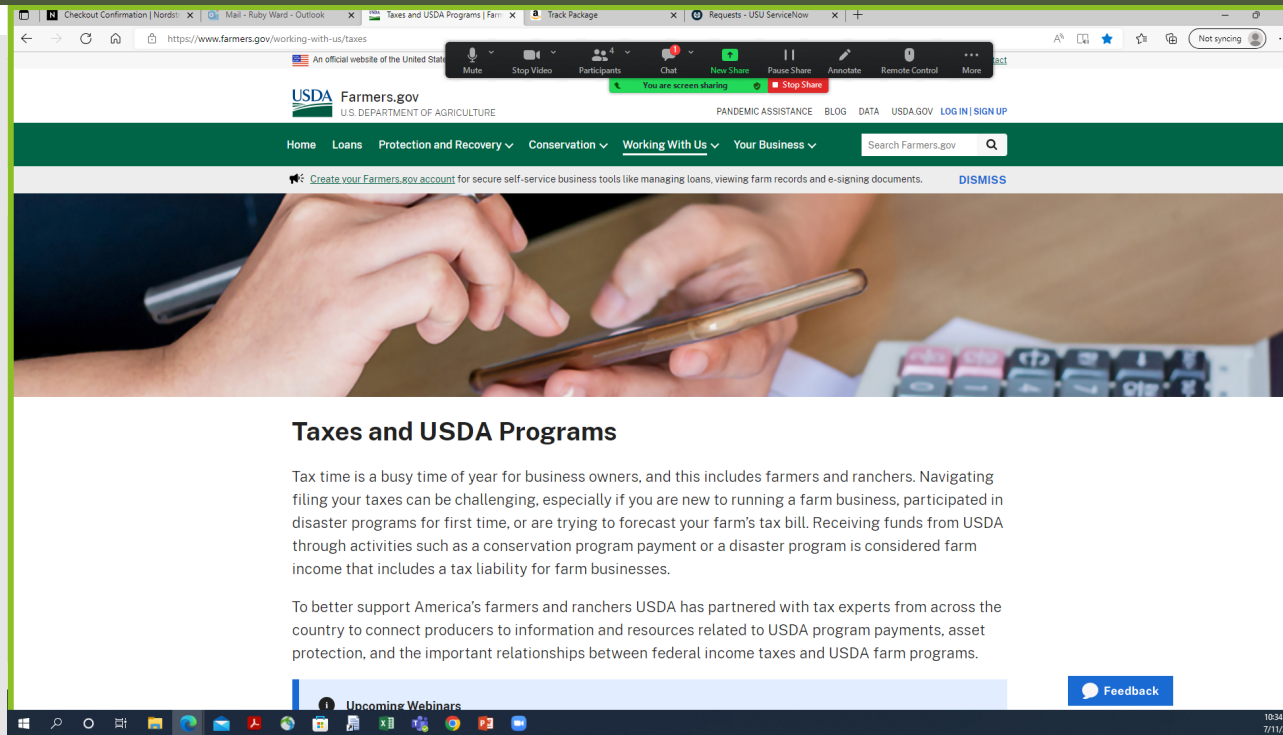
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Acknowledgment/Disclaimer

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Tax and Financial Education Project



The screenshot shows a web browser displaying the Farmers.gov website. The page title is "Taxes and USDA Programs". The content includes a paragraph about the challenges of tax filing for farmers and ranchers, and another paragraph about USDA's partnership with tax experts to provide resources. A "Feedback" button is visible at the bottom right of the content area. The browser's address bar shows the URL "https://www.farmers.gov/working-with-us/Taxes".

Taxes and USDA Programs

Tax time is a busy time of year for business owners, and this includes farmers and ranchers. Navigating filing your taxes can be challenging, especially if you are new to running a farm business, participated in disaster programs for first time, or are trying to forecast your farm's tax bill. Receiving funds from USDA through activities such as a conservation program payment or a disaster program is considered farm income that includes a tax liability for farm businesses.

To better support America's farmers and ranchers USDA has partnered with tax experts from across the country to connect producers to information and resources related to USDA program payments, asset protection, and the important relationships between federal income taxes and USDA farm programs.

**RURAL TAX
EDUCATION**

- 3-Year USDA-FSA Funded Project
- Tax related educational materials:
 - Beginning Farmers/Ranchers
 - Commercial Farmers/Ranchers
 - Socially Disadvantaged Farmers/Ranchers
 - Landowners
 - Others

RURAL TAX EDUCATION

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- Website hosted by Utah State University
- Material developed, managed, and owned by the **National Farm Income Tax Committee**
- Informational Material on Ag, Timber, and Rural tax topics include but not limited to:
 - Disaster/Weather Losses
 - Treatment of Government Payments
 - Farm Losses and Hobby Rules
 - Self-Employment Taxes
 - Estate and Gift Taxes
 - Like Kind Exchanges
 - Depreciation
 - Etc...

Program Agenda

- Selecting a tax professional



New Farmer Tax Topics

ruraltax.org

Note: Fact sheets on tax topics are available on RuralTax.org/newfarmertax



Not just anyone with a calculator will do!

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1. Check the Preparer's Qualifications

- CPA, EA, LTP, LTC, CFP, PTIN – many types of qualifications
- Use the [IRS Directory of Federal Tax Return Preparers with Credentials and Select Qualifications](#).

2. Check the Preparer's History

- Ask the Better Business Bureau about the preparer.
- Check for disciplinary actions and the license status
 - CPA -- State Board of Accountancy
 - Attorney -- State Bar Association
 - Enrolled Agents -- [verify enrolled agent status](#) page on IRS.gov

3. Ask about experience

- Specialized tax rules
- Prefer they have range of experiences similar to your return
 - Small vs large
 - Specific issues/operations

4. Ask about Service Fees

- Fees often by the hour or by the form
- Ask about charges for phone calls and emails
- Avoid preparers who base fees on a percentage of the refund or who boast bigger refunds than their competition.
- When asking about a preparer's services and fees, don't give them tax documents, Social Security numbers or other information.

5. Check availability

- Taxpayers may want to contact potential preparer early summer
- Avoid fly-by-night preparers

6. Ask about “grey” areas

- How they handle ambiguity
- Best if on same page
- Risk tolerance

7. Find out limits on representation

- Not all preparers can represent you or are willing
- Audit situation

Tax Season Tips -- Choosing a tax preparer

- **Provide Records and Receipts.** Good preparers will ask to see a taxpayer's records and receipts. They'll ask questions to figure things like the total income, tax deductions and credits.

Tax Season Tips – Choosing a tax preparer

- **Never Sign a Blank Return.** Don't use a tax preparer who asks a taxpayer to sign a blank tax form.

Tax Season Tips -- Choosing a tax preparer

- **Review Before Signing.**
 - Ask questions
 - Refund should go directly to taxpayer
 - Get a copy of the completed tax return.

Tax Season Tips – Choosing a tax preparer

- **Ensure the Preparer Signs and Includes Their PTIN.**
 - All paid tax preparers must have a Preparer Tax Identification Number.
 - By law, paid preparers must sign returns and include their PTIN.

Report Abusive Tax Preparers to the IRS

- Most tax return preparers are honest and provide great service to their clients.
- Report abusive tax preparers and suspected tax fraud to the IRS. Use [Form 14157](#), Complaint: Tax Return Preparer. If a taxpayer suspects a tax preparer filed or changed their return without the taxpayer's consent, they should file [Form 14157-A](#), Return Preparer Fraud or Misconduct Affidavit.

Resource Links



New Farmer Tax Topics

ruraltax.org

- Rural Tax.org
 - <http://www.ruraltax.org>
 - <http://ruraltax.org/beginningfarmertax>
- USDA Farmers Website
 - <https://www.farmers.gov/taxes>
- IRS Publication 225: Farmers Tax Guide
 - <https://www.irs.gov/pub/irs-pdf/p225.pdf>
- Land Grant University Tax Education Foundation
 - <https://taxworkbook.com>

Contact Information

Tamara Cushing
tcushing@ufl.edu

Questions??

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