

How Much Tax Help Do You Need?

A Checklist for Seeking the Help of a Tax Professional

Ask yourself the following 10 questions to determine whether it's in your best interest to do your taxes yourself or whether you should seek the help of a professional.

- ❑ **Are you a salaried employee who takes the standard deduction?**
 - If so, your return is likely to be simple, and you may be able to do the work on your own or by using tax preparation software.
- ❑ **Are you technology savvy?**
 - If you're comfortable using computer software programs, tax preparation software might be right for you. Most tax programs use a question-and-answer interview format that prompts you through the filing process, determines your eligibility for deductions and credits, and helps you enter information on the forms. Beware, though, that you must enter the correct information to ensure that your taxes will be calculated correctly.
- ❑ **Have you kept abreast of changing tax laws?**
 - Tax law is constantly changing and getting more complex. If you plan on doing your own taxes, it's important that you keep up to date on the latest changes and how they affect your situation.
- ❑ **Are you itemizing your deductions on Schedule A?**
 - Owning a home is often the factor that enables taxpayers to itemize their deductions. If you own a home, your mortgage interest and real estate taxes are deductible on Schedule A. Most taxpayers can complete Schedule A on their own.
- ❑ **Have you had a major life change such as marriage or divorce?**
 - Lifestyle changes often call for specialized help, both in terms of taxes and financial planning opportunities.
- ❑ **Have you exercised incentive stock options or actively traded stocks?**
 - Complex returns have more gray areas where judgment calls and expert advice can make a significant difference.
- ❑ **Do you own a vacation home or rental property?**
 - Owning a second home, particularly one that you rent out, can complicate your tax situation. CPAs can explain the impact of ownership and rental income on your tax liability so you pay the correct amount of tax.
- ❑ **Are you self-employed or own a small business?**
 - Self-employed individuals and small business owners are frequently the targets of IRS audits. Working with a CPA can help your business minimize audit risk.
- ❑ **Do you have high income?**
 - Watch out! You may be subject to the Alternative Minimum Tax or AMT. The AMT, which eliminates many itemized deductions, was created to ensure that the wealthy pay their share of taxes. But because the thresholds have not been adjusted regularly for inflation, more filers are finding themselves subject to this tax. If you think you might be affected, consult a CPA.
- ❑ **Are you seeking tax planning help for 2010?**

- If you're interested in taking steps now to lower your tax bill in 2010, consulting a CPA is a good first step. A CPA can explain the tax law changes to you and help you understand how these changes will affect your tax situation.

FOR MORE INFORMATION:

Internal Revenue Service | www.irs.gov

Texas State Board of Public Accountancy | www.tsbpa.state.tx.us

Texas Society of CPAs | www.tscpa.org