

Questions to Ask a Tax Professional

It's extremely important to hire a tax professional who understands the unique tax rules affecting the family child care business. You should not assume that every tax professional can prepare your tax return accurately.

- What kind of training does the tax professional have? Look for someone who is an enrolled agent (EA). This is a credential issued by the IRS after the person passes a test in tax preparation. A certified public accountant (CPA) is probably less likely to be familiar with family child care taxes than an EA. A tax attorney or tax professional who specializes in family child care taxes can be a good choice if the person is very familiar with this field and keeps up with the annual changes in tax laws. An EA, CPA, or lawyer can represent you before the IRS if you are audited. Tax professionals without these credentials usually cannot.
- Many commercial tax preparation agencies give their employees training that is focused on income tax returns for wage earners, not the self-employed. These professionals may know little about the business of family child care and may tend not to take advantage of all allowable deductions in preparing your return. Ask what ongoing tax training for home-based business tax returns the person is taking.
- How many family child care tax returns did the tax professional complete last year? Although experience is important, a less-experienced professional may be more motivated to learn about your business and keep up with changes in the law.
- Is the tax professional available all year or only during tax season? Do they do tax planning for the upcoming year? A tax professional who is in business year-round will probably be able to offer you better service.
- How many family child care tax returns that the tax professional signed have been audited over the years? Was the professional at fault in any of the audits? Although being audited is not necessarily a reflection on the tax professional, because many audits are chosen at random, you want to know if the person is doing returns correctly.
- How much does the person charge? Is the fee based on a flat amount per return, a charge per form, or an hourly rate? Some tax professionals may quote you a range for the fee before looking at your particular circumstances. Make sure you ask about all fees up front.
- Do you feel comfortable with the person? Is the person easy to reach and to talk to? You will probably maintain a better relationship with your tax professional if you share a similar philosophy about taxes. If you are very conservative in claiming deductions, look for a person who understands you and will follow your wishes. Likewise, if you are more assertive in claiming deductions, find someone who shares your views.
- Ask for references from other family child care providers who use the person. Ask them if the person returned their calls promptly, was easy to work with, and answered all their questions.