

Why Not Tax Proz?

If your return is not very complicated and you meet certain qualifications, there are a number of IRS sponsored programs that will allow you to have your return prepared free of charge. One of the best in my mind is the Tax Counseling for the Elderly Program (TCE). This program is focused on seniors over the age of 60 and provided by various non-profit organizations. Probably the best known and well managed TCE program is the Tax-Aide program organized by the American Association of Retired People (AARP). The AARP has over 7400 sites nationwide that open during the tax season. To learn more about this program and locate a site near you, click AARP TCE.

<http://www.aarp.org/money/taxaide/>

If you are not lucky enough to have senior status, another option for a no cost return is the Volunteer Income Tax Assistance Program (VITA). This program focuses on low to moderate income households, generally with income of \$39,000 and below. To locate the closest VITA site to you, call 1-800-829-1040.

Both the TCE and VITA programs are sponsored by the IRS and the tax preparation services are provided by local volunteers. While the volunteers all receive some tax law training and must pass an IRS exam at one of the Basic, Intermediate, or Advanced levels, as a volunteer for both programs I can attest to the fact that there is often a vast difference in the quality of service and accuracy provided by different programs. The AARP Tax-Aide program is nationally managed and volunteers are provided with much more training than some of the VITA programs. All AARP volunteers must pass the "Advanced" level IRS exam in order to participate in the program. In addition, a standard software package is used at all Tax-Aide sites, and there are quality checks done on every return by either a second volunteer or site coordinator before it is transmitted or printed. By contrast, the VITA program is provided by various local government or non-profit agencies, and the quality of the services provided varies with the commitment of the organization providing the service and the hardware and software they are able to provide.

One other thing to keep in mind with these programs is that the volunteers are only permitted to complete tax forms for which they have been trained on, which is where the Basic, Intermediate, and Advanced levels of training come in.. The Tax-Aide volunteers are able to complete all of the basic forms plus some complicated credits. For example all 1040 versions, Itemized Deductions, Interest, Dividends, Capital Gains, and normal, although often complicated, credits such as the Child Care and Earned Income Credits are within the realm of the Tax-Aide volunteers. If however you have business income or rental property, you will be referred to a paid preparer.

The final free preparation option is to use one of the IRS Taxpayer Assistance Centers (TAC) located in your area. They provide face to face answers to tax questions by appointment and will even prepare returns for individuals who qualify for the Earned Income Credit or are low income (again the \$39000 limit). To find the closest location to you, you can refer to the IRS site <http://www.irs.gov/localcontacts/>. You should consider

all your options first however, as the latest figures indicate that over 50% of the returns completed by the IRS TAC offices are incorrect! It seems even the IRS doesn't understand the complicated Tax Code.

Another option, although not free, is available to almost everyone with a computer regardless of income. Simply purchase one of the retail tax preparation packages that are usually advertised for sale around Black Friday each year. These packages are very accurate if you input the correct information in the correct places. While these packages try to make it simple with an interview process, if you have multiple sources of income and numerous expenses or deductions, you may not answer all the questions correctly and thereby miss out on some possible tax savings. Worse, you could later find yourself owing more tax along with the penalties and interest that go along with not paying it when originally due.

Finally, if your return is fairly straight forward, your records are organized, and you are comfortable using a computer and the internet, you can file your return on-line yourself at a lower cost than any of the tax packages sold at retail stores. The cost is \$19.95 for a return requiring Form 1040 or 1040A, \$12.95 for returns using Form 1040EZ, and an additional \$5.00 for any state return. In addition, the price includes electronic filing with the IRS and your state, so you will receive your refund quicker and your return will be automatically checked for errors before it is processed. The retail tax packages normally charge extra for electronic filing, so if you want to do it yourself this option can save you some money over the retail packages. There is a link from my Pricing page to access the on-line filing system.

The final reason you should not choose Tax Proz is if you want to cheat on your taxes. My objective is to reduce the tax you pay to the absolute minimum allowed by law, and I will strive to find you every legal deduction and credit to minimize your tax burden. I will not however jeopardize my license by knowingly falsifying any documents. I have no obligation to the IRS to turn in tax cheats, but I do have a professional obligation to inform anyone contemplating filing an inaccurate return of the proper handling of known misrepresentations and the dire consequences of not correcting them.