

Best Tax Practices - Why Fill Out Your Forms?

“Can’t I just give you my stuff?”

or

“Why can’t you just use the information from last year; nothing has changed?”

101 NOVICE:

In the tax preparation business, the form(s) your preparer gives you to fill out in advance of your tax return being prepared is called the Organizer.

- **Filling out the Organizer/forms** minimizes the chance that information will be missed
 - This includes the most routine and mundane things as your name, address, Social Security number, birthdate, contact information (phone number, email address) and other stuff that “has not changed from last year”
- **Filling out the Organizer/forms** helps to keep your tax preparation fees (invoice) low
- **Filling out the Organizer/forms** shows the preparer did their *due diligence* - ***that is required by the IRS***
- **Filling out the Organizer/forms** has you translating your own work rather than the preparer having to know a different language for every client - all that speak *their own language*

EXAMPLE: If 50 different clients gave their own recordkeeping or their own spreadsheets to a tax preparer, the tax preparer would likely get 48 different versions of recordkeeping. In trying to read all of these different versions of recordkeeping, the statistics are greater that something could be missed when translated by the preparer. It’s amazing what one client considers “equipment” and what another client calls “equipment” - something about which the IRS is very particular!

201 INTERMEDIATE:

For a fee, most tax prep firms will translate “your stuff.” The firm’s fee for this work is usually quite prohibitive for most clients. For firms that do not charge “extra” for this, they have calculated this into their fee - very common for CPA’s, attorneys and high-fee preparers who have to justify the rate they charge to prepare the return.

301 ADVANCED:

Schedule and budget your time to do your own recordkeeping throughout the year or hire a bookkeeper. Though *some* tax preparation firms may offer to translate your recordkeeping as part of their *regular* tax preparation, this translation really falls under the category of *bookkeeping* for which the time may have come for you to consider.

BEST PRACTICE: Fill out - legibly, the Organizer/forms that your preparer asks of you.

Postscript: Think of it like brushing and flossing your teeth. If you brush and floss, you keep your fees low when you visit your dentist. If you don’t brush and floss, you’re going to have to spend way more money at the dentist!