

# Better Business Bureau: Tip: How to choose a tax preparer

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*Milwaukee, Wis.* – This year, United States taxpayers must file their income tax forms before the April 18, 2023 deadline. For many people, major life changes, business ownership, or simply a lack of knowledge about the ever-changing tax laws make finding a trustworthy tax preparer a good idea. That said, not all tax preparers have the same level of experience and training. Here are tips for finding someone you can trust with your finances and sensitive personal information.

## ***Which type of tax preparer is right for you?***

First, it's important to understand the different types of tax preparers and their qualifications. Only enrolled agents, certified public accounts, and attorneys may represent their clients to the IRS on matters such as audits, collection issues, and appeals.

**Enrolled Agent (EA):** An EA is a tax preparer that has been approved by the IRS to represent taxpayers. An EA must either have prior qualifying employment with the IRS or pass an intensive two-day exam on federal taxation and complete a background check. To maintain EA status, they must complete a specified number of credit hours each year of continuing education in accounting methods and tax regulations. An EA may work independently or as part of a firm and specialize in specific areas of tax law.

An EA is a good option if you have a more complex tax situation. However, you'll want to make sure their area of expertise applies to your personal situation. Fees and availability may vary, but you can expect an EA to charge less than a CPA. An EA is also qualified to help you with financial planning and give you tips that could help you reduce your taxes in the future.

**Certified Public Accountants (CPA):** CPAs have a college degree (or the equivalent in work experience). They are licensed after passing a state professional qualifying exam. They are highly skilled in accounting. This makes them good candidates for complex tax planning and preparation *if* they are experienced in handling tax matters and enrolled in continuing education programs that keep them abreast of the constant changes to tax laws. If your return is quite complex, a CPA may be your best choice for tax preparation, but keep in mind they will charge much more than basic tax preparers.

**Attorneys:** Tax attorneys often charge the highest fees as tax preparers. For taxpayers looking to shelter part of their income legally or for those who need specialized advice on municipal bonds, estate planning, and the like, hiring a tax attorney is a good option.

**Non-Credentialed tax preparers:** There are about 700,000 people who work as non-credentialed tax preparers in the United States. They often work part-time or only during the tax season. These preparers must have an active [preparer tax identification number](#) (PTIN) through the IRS, but beyond that, regulating tax preparers is done at the state level. In the vast majority of states, anyone can prepare tax returns for others without having to take an exam, get a license, or comply with other government regulations. Learn more about [your state's requirements here](#). [Read more about "ghost tax preparers" here](#).

Most tax preparers are legitimate and competent, but keep in mind that without a national license requirement, they may be working off of their own personal research and experience. Because of this, it is important you conduct a thorough interview with the tax preparer before you hire them.

### ***How to choose the right tax preparer:***

When it comes to choosing the right kind of tax preparer for you personally, much will depend on the complexity of your tax situation. After you've decided what qualifications your tax preparer needs, the following tips will help you choose someone who is trustworthy and competent:

- **Review the tax preparer's credentials.** EAs, CPAs, and tax attorneys are all qualified to represent their clients to the IRS on all matters. Other preparers can help you with forms and basic matters but cannot represent you in case of

an audit. Don't be afraid to ask about these or other qualifications before you hire someone.

- **Be wary of spectacular promises.** If a tax preparer promises you larger refunds than the competition, this is a red flag. Many such tax preparers base their fees on the amount of your return and may be likely to use shady tax preparation tactics. In addition, it's wise to avoid tax preparers who offer "refund anticipation loans" as you'll probably lose a large percentage of your return to commission fees.
- **Get referrals from friends and family.** One of the best ways to find a trustworthy tax preparer is to ask your loved ones for recommendations. Once you have a few options, check [BBB.org](https://www.bbb.org), paying careful attention to other consumers' reviews or complaint details. This will give you a clear view of what you can expect.
- **Think about availability.** If the IRS finds errors in your tax forms or decides to perform an audit, will your tax preparer be available to help you with the details? Find out whether you can contact the tax preparer all year long or only during tax season.
- **Ask about fees ahead of time.** Before you agree to any services, read the contracts carefully and understand how much the tax preparer charges for their services. Ask about extra fees for e-filing state, federal, and local returns, as well as fees for any unexpected complications.
- **If things don't add up, find someone else.** If a tax preparer can't verify their credentials, has a record of bad reviews from previous clients, or their business practices don't seem convincing, don't do business with them. Remember that if you hire them, this individual will handle your sensitive personal information – information you need to keep safe from corrupt or fraudulent tax preparers.

## For more information

Read more about protecting yourself from [tax ID scams](#).

Check out [BBB's Tax Tips and Resources](#).

[Read more about "ghost tax preparers" here.](#)

Hire a [BBB Accredited tax preparer near you](#).

Read more about [BBB Accreditation Standards](#) and [BBB Standards for](#)

## **Trust.**

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