

How to Pick the Right Tax Professional

It takes a certain kind of person to understand complex tax codes and breeze through credits and deductions without chewing a fingernail or two. The rest of us call a tax professional and heave a sigh of relief as the weight is lifted for another year.

Hiring a tax preparer is a solid investment, but first you should know what to look for. Unlike attorneys, CPAs or part-time professionals, enrolled agents specialize in taxation year round. In fact, enrolled agents are the only federally-licensed tax practitioners who specialize in taxes and also have unlimited rights to represent taxpayers before the IRS -- which is especially pertinent since audits have jumped exponentially.

Enrolled agents, America's tax experts, make sure their clients take advantage of all the credits and deductions they're entitled to, and minimize their tax burdens, and, with IRS's increased emphasis on enforcement, it's more critical than ever to have an EA making sure your taxes are done right. It should also be pointed out that the status of enrolled agent is the highest credential awarded by the IRS.

For adults who are at the beginning of their career, expenses are relatively straightforward and filing taxes is simple. But, as adults have children, start their own businesses, buy homes and make investments, tax codes get much harder to decipher.

Even if you manage to get a handle on your state's tax code, next year is bound to bring a wave of changes. Or, what if you relocate to a different state? That's another perk of working with an EA.

Enrolled agents are federally licensed so they can practice anywhere in the country. Other tax specialists like CPAs and attorneys are licensed by the states. EAs are also required to take continuing education courses every three years.

One last tip about hiring the right tax professional – someone who specializes solely in taxes has the best chance of saving you money and preparing your finances for next year. Let this year's April 15, 2014 deadline start percolating now so you'll be better prepared.