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## Tax Planning More Important Than Ever

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You know the value of effective tax planning. You know that it can directly, and often dramatically, lead to decreased tax liabilities or better preparation for anticipated liabilities. The alternative, a person not knowing what to expect, is akin to sticking one's head in the sand and hoping April 15 won't come.

While there is challenge in providing planning services for higher net-worth individuals with complex and diversified assets and incomes, those persons generally already utilize a professional to help them develop strategies to offset or defer the bill from the IRS. The underserved market is in the middle and upper middle classes,

where individuals are still likely to have investment portfolios and may be liquefying some in this economy, possibly facing daunting tax debt as a result.

Even more so, taxpayers in any bracket and complexity level are subject to the changes in their taxation brought about by life events, such as marriage, new children, selling a house, or changes in employment and income level. While few people would be likely to make a decision on one of these life changes based on the tax implications, they can greatly benefit from knowing how these events will affect credits, deductions, phase-outs and other factors.

This is what you should be marketing to your client base: Among the many differentiators between full-service tax and accounting practices and retail firms, strategic tax planning can help them decrease, defer and prepare for their future liabilities. To offer these services, however, it is essential to have the right tools. Many preparation systems, even those designed for tax and accounting professionals, aren't designed for planning. Yes, they can be used to perform basic scenario testing for a specific tax year, but there are often financial issues that have taxation implications over several years. Tax planning systems also offer advanced ratio analysis functions, quick access to multiple scenario comparisons, anticipated phase-out limits, options for inflation-pegged factors, state planning capabilities and other functions.

Despite the old axiom about only two things being certain in life — death and taxes — there is a lot to be uncertain about as professionals prepare their clients for the 2010 tax season. As of the writing of this article, Congress has yet to act on the AMT patch, the extension of the Bush tax cuts, the estate tax and other issues. That only makes it more critical that professionals provide sound planning for each of the scenarios that face an individual client and that they plan with the potential for passage or non-passage of the above legislation.

All of the programs in this review section are designed for professional firms, and all offer multiple years of planning for clients with the ability to customize projections based on various factors. A few also offer advanced tools and features for more complex client income planning. Find one that fits the needs of your clients, and help develop a new service that adds a revenue channel to your practice while also giving a very tangible value that your clients can directly see, attribute to your engagement, and thereby strengthen those client relationships.

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