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PRODUCT & SERVICE GUIDE

Oct. 15 is Almost Here: Tips for Managing Your Last Minute Tax Clients

October tax filers have a tendency to fall into one of three categories: Either they are disorganized, owe lots of money, or have complicated tax situations. Often they will fit into more than one of these groups, and chances are they've been procrastinat

Dave DuVal, EA • Oct. 09, 2014

Take Care

With all the requirements we now have as preparers, you should not and cannot do an interview by organizer. You must be able to document certain questions and answers in order to meet due diligence requirements for certain tax breaks, such as the Earned Income Credit. With all of the exceptions and rules involved, carefully review all facts to make sure requirements are met for each credit, deduction or exclusion claimed.

Take Time

Encourage your clients to come in for a face-to-face appointment and take the time necessary to learn about any life changes or major transactions that occurred during the year.

- Review last year's tax return before they come in. This will assist you in making sure you ask the right questions about their families, jobs, businesses, purchases and assets.
- Remember to ask if they have any foreign bank accounts. Even if they have signature authority only and the money is not really theirs, they are required to disclose it if their name is on the account.
- Remind your clients that in the coming year they should contact you before, not after, a major event. Do they anticipate selling a rental in the coming year? Is there a marriage or new baby on the horizon? Is a family member going to college for the first time or a spouse considering going back to school? Make it clear that it's okay to contact you any time of year for guidance on the tax consequences of their actions.
- Emphasize the importance of recordkeeping, and confirm that they have records to support each item on their tax return.

Take Advantage

Even at this late date, there may still be some last minute opportunities available to save your clients money.

- Your business clients may still be able to contribute to a SEP IRA at this point.
- Were any new assets purchased for a business or rental home?
- Did they purchase energy saving equipment for their home that may qualify them for an energy tax credit?

- If there were Roth contributions during the tax year, evaluate whether or not there is a need to recharacterize them. Your clients have until October 15th to reverse or undo a conversion. This would make sense if the value of the Roth account has dropped significantly since the date of the conversion.
- Compare options when taking a credit or deduction to ensure the best outcome for your clients, especially when it comes to education benefits and foreign tax credits and deductions.
- Review last year's tax return one more time to make sure you didn't miss anything.

Don't let your clients leave your office without reminding them about the importance of contacting you right away if they receive any communication at all from the IRS or state taxing agency. Stress the idea that, should they receive one, ignoring an audit or notice letter is likely to only make things worse.

Finally, when you have filed the last of your returns, put your feet up and *take it easy*. With next tax season right around the corner, this may be your only opportunity to relax before everything starts up again!

Dave Du Val is vice president of Customer Advocacy for [TaxAudit.com](https://www.TaxAudit.com). He is an Enrolled Agent and federally authorized tax practitioner, who has prepared thousands of returns during his career and has trained and mentored hundreds of tax professionals. He is a member of the National Association of Tax Professionals, the National Association of Enrolled Agents and the California Society of Enrolled Agents. As Vice President of Customer Advocacy at TaxAudit.com, Dave ensures that the entire team is on the forefront of tax education and research. Dave also holds a Master of Arts in Education and has been educating people since 1972 and is a frequent guest speaker for the California Society of Tax Consultants, the California Society of Enrolled Agents and the National Association of Tax Professionals.

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