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Craig Smalley • Jun. 26, 2017



## When You Show Your Value as a Tax Pro

By Craig W. Smalley, MST, EA

One of my clients is a doctor and the company he works for is split into two different entities. For one, he receives a W-2 and for the other he receives a K-1 form. Both companies are interrelated. What happened is that a number of doctors came together to form a surgical group. It was set up as a holding company that receives the money and then pays the related company that in turn gives my client a W-2

form. This is common in the medical field because it provides a higher negotiating

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and a better rate on malpractice insurance, which is very expensive for an OB/GYN. He does not work for that partnership; he is a limited partner and his income is passive.

A few emails went back and forth between myself and this accountant. I copied my client on each email. In my final message to the accountant, I summed everything up as I understood it and directed the accountant to US Tax Court Cases that prove my point.

My client then emailed me privately, outside of the other accountant's notice, to get an explanation. I broke it down for him and told him about the additional taxes that he would be paying if we went along with the K-1. I told him that I would follow up with the accountant in a few days.

My client thanked me over and over again. The point is, when you see something that may be out of whack, ask questions. Just because this K-1 was produced doesn't mean that it was correct. When your clients see your worth, they think of you as more than a person that fills out forms.

## **This Month's Top Tax Social Media Posts:**

SAMPLE, old one- Do not use. (Need 5.) Is Corporate Tax Planning Ethical? **Stuart Jehan** via LinkedIn: <http://bit.ly/2q2og7l>

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