

## ***“5 Questions To Ask Any Tax Resolution Firm Before Paying Them A Dime”***

When it comes to something as important as resolving your tax liabilities, it is important to conduct research on the tax resolution firm(s) you are considering before agreeing to purchase their services.

What sort of things should somebody do as part of conducting their "due diligence"?

### **Question #1: Are you licensed to be providing me tax advice?**

Many tax resolution firms use unlicensed sales personnel to sell their services. These sales people do not possess the professional knowledge to be advising you on your tax matters, nor are they legally allowed to do so. The only people that can advise you on tax matters are Enrolled Agents (EA), Certified Public Accountants (CPA), and attorneys. Ask the person you're speaking to whether they are licensed. If they say anything other than EA, CPA, or attorney, then they are not licensed.

Some sales people have even been known to make up something or just give you their title at their firm ("Senior Tax Analyst"). Several people have received criminal convictions for this misrepresentation, but it still occurs.

Check the credentials of the tax preparer. All tax preparers, whether an Enrolled Agent, CPA or un-enrolled preparer must be registered with the IRS. The Internal Revenue Service (IRS) requires all paid tax preparers to have a Preparer Tax Identification Number (PTIN), so make sure your tax preparer has one and enters it on your return. IRS credentials can be checked at: [Understanding Tax Return Preparer Credentials](#) .

### **Question #2: What is your BBB rating?**

Ask the company what their BBB rating is, and then verify it. Do a Google search for the name of the company plus the words "better business bureau". This should take you directly to their BBB record in most cases, and you can see the rating, plus how long they've been in business and how many complaints they have had.

### **Question #3: Are you the actual person that will be representing me?**

Third, before signing a contract for taxpayer representation, be sure to confirm that the firm that will provide your representation will assign your case to a licensed representative. You should be guaranteed that your representative is a licensed EA, CPA, or attorney, even if it's somebody else in the firm other than the licensed person you're already speaking to. The IRS will not allow non-licensed representatives to negotiate for a taxpayer, but you would be surprised at how often large firms have unlicensed assistants doing the actual IRS negotiation. Before you sign a contract or send money, make sure you see the IRS Form 2848, Power of Attorney, which lists the name(s) of the people actually representing you.

#### **Question #4: Have you ever actually been involved in negotiating tax resolutions?**

In other words, has the person you are speaking to actually worked on tax cases as a representative. It's one thing to be licensed, quite another to have actual case experience or not. Because the government is cracking down on sales practices, some sales closers have actually taken the Enrolled Agent exam and become licensed. This is better than not being licensed, of course, but it still does not make them qualified to offer tax advice regarding your IRS debt if they have no actual case experience. Any case-experienced, licensed salesperson should be able to walk you through the case proceedings from start to finish.

#### **Question #5: What precisely does the fee you are quoting me include?**

The tax resolution is notorious for rebilling clients for work that either doesn't need to be done, was excessively overbilled for originally, or that should have been included in the your original fee quote.

Many tax resolution firms operate on a "flat fee" basis. In theory, the fee they quote you should include EVERYTHING necessary to resolve your case. Make sure that fee includes some of these necessary actions:

- All Appeals files
- Full negotiation of resolution
- Preparation of any missing tax returns
- Removal of any existing levies or wage garnishments
- Representation for all tax types, including state taxes if needed
- For business owners, make sure you are covered for Trust Fund Recovery Penalty representation. This is critical to prevent getting personally stuck with your business tax bill.
- Application for a penalty abatement if you meet "reasonable cause criteria".

If the tax firm you are speaking to works on a retainer basis with hourly fees, rather than a flat fee, be sure to see a schedule of service fees, and get a copy of their billing policy. Ask for an estimate of what the total charges will be, and get that in writing.

Understand that hiring a representative to negotiate on your behalf is not a guarantee that your case will be resolved. You will need to work closely with your representative to ensure that your best interests are always held in high regard. Although your representative should do nearly all of the interaction with the taxing authorities, your participation with your representative is vital to the resolution process, so be sure you select somebody that you are going to be able to work with without personality conflicts.

Lastly, be sure that anything and everything you discuss with a tax resolution firm, such as fees, covered services, responsibilities, deadlines, etc., are all in WRITING. Don't sign a contract, and definitely don't give them your credit card number without seeing everything in writing first.

Armed with these tips, you should be better positioned to make a wise decision regarding hiring professional tax services.

## **ABOUT TAX SAMARITAN**

Tax Samaritan is a boutique firm of Enrolled Agents providing tax solutions for U.S. taxpayers. We bring the convenience and accessibility of a local office into your home or office, wherever you are located in the world, whether abroad or in the U.S.

We strive to make U.S. tax preparation both accessible and easy for you, our clients. If you're a U.S. taxpayer and whether you live abroad or in the United States, we can help make this an easy process for you.

Our tax and financial services are very straightforward. We want to help solve your tax and financial issues and enhance your financial situation.

For any taxpayer, a key question is always along the lines of tax impact and how to lessen or save taxes.

This publication and others that we have published will answer many of these questions and other pressing questions that the vast majority of taxpayers have asked us about over the years.