Money Management

Money Management is a weekly column on personal finance prepared and distributed by certified public accountants.

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QUESTIONS TO ASK YOUR CPA AT TAX TIME

Tackling your tax return can be a challenging task. That's why it's a good idea to arrive at your tax return preparation appointment ready with questions that will help clarify the issues that concern you most. The New Hampshire Society of CPAs offers these tips on what to ask your tax preparer at tax time.

WHAT ARE YOUR QUALIFICATIONS?

There are many different types of tax preparers out there, so it's good to find out who you're working with so you're sure your return is handled correctly. To begin with, ask about the preparer's education and licensing, and what steps were necessary to achieve them. A CPA, for example, is a tax and finance expert who must pass a rigorous examination and qualify for state licensing, which means these professionals have the most comprehensive and up-to-date knowledge of tax laws and filing procedures. In addition to asking about licensing and

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education, find out how long the person has been preparing returns and whether he or she usually works with clients whose financial situations are similar to your own.

WHAT WILL I HAVE TO PAY IN TAXES THIS YEAR?

Your CPA will discuss your total tax payment and whether you will owe additional taxes this year or get a refund. Most important, he or she can also explain how your income and expenses affected the taxes you will pay so that you can better understand the steps necessary to minimize your taxes if possible in the future.

HOW CAN I LOWER MY TAXES?

Ask your tax preparer if you are eligible to make contributions to an individual retirement account. If you are, taking that step before April 15 can help lower your taxable income-—and your taxes. Otherwise, there's not much you can do to reduce the taxes on the return you are preparing now. However, your CPA can discuss your opportunities for cutting your 2010 taxes. There are many strategies you can use to reduce some of your tax burden, ranging from small adjustments to more serious steps. Your CPA can describe which ones apply in your situation.

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WHAT TAX LAW CHANGES WILL AFFECT MY RETURN THIS YEAR?

Congress has been very active in passing new tax and economic stimulus and recovery legislation during the last year. In particular, the American Recovery and Reinvestment Act of 2009 made numerous changes for taxpayers. That means there may be new rules that will have an impact on people such as first-time homebuyers, new car purchasers, those who are paying or saving for higher education and anyone receiving unemployment benefits, among other taxpayers. There are also important new credits and subsidies for small business owners. Your CPA can explain the new regulations and discuss how to take advantage of any tax saving opportunities now and in the future.

WHAT IF I THINK I MADE A MISTAKE ON LAST YEAR’S RETURN?

The IRS will often catch math errors and alert you to them. They may also get in touch with you if they believe there is information missing from your return. If you left out income or didn’t claim a credit or deduction, it’s also possible to file an amended return correcting the mistake. Your CPA can discuss your options if you find yourself in this situation.

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TURN TO YOUR LOCAL CPA

The CPA profession's 360 Degrees of Financial Literacy offers free information to consumers on many taxpayer questions at www.360financialliteracy.org. And remember that your local CPA can offer advice on the best steps to take when dealing with taxes or any other financial issue.