# UNLIMITED TAXES & MORE, INC.®

"THE AFFORDABLE PROFESSIONAL ALTERNATIVE"

# THE ROAD TO BECOMING A SUCCESSFUL TAX PREPARER AFFILIATE


THERE IS NO ELEVATOR IN **SUCCESS**;
YOU HAVE TO TAKE THE **STAIRS** !!!

## THE ROAD TO BECOMING A SUCCESSFUL TAX PREPARER AFFILIATE

### Introduction

**Unlimited Taxes & More, Inc.** is committed to teaching you how you can become a tax preparer affiliate. Below we have outlined some initiatives that you will be able to implement quickly and easily. Offered in this book are guidelines on becoming a tax preparer affiliate. Listed below are ideas, suggestions and recommendations to assist your continued efforts. It is said that two things in life are certain – Death and Taxes. Continue reading to learn how you can profit from the later!

### Getting Started

*Can I really have a successful tax preparation business?*

Most people can, and most people enjoy it. For most people, owning their own business is the American dream. Becoming a tax preparer affiliate can be a lucrative venture that can be operated part-time or full-time. Tax preparers are always in demand because the tax laws are constantly changing, the tax forms and rules are intimidating to most people, and the average taxpayer has a general subtle fear of the Internal Revenue Service (IRS). As the tax code becomes more complicated and difficult to understand, a growing number of people are seeking the services of professional tax preparers each year. Below are some of the traits of successful tax preparers:

- Desire to be independent;
- Desire to own a small business;
- Enthusiastic;
- Persistent;
- Positive Attitude;
- Willingness to learn;
- Willingness to sacrifice early on, for a better tomorrow; and
- Willingness to take small risks.

This business isn't for everybody. You need to feel comfortable working with numbers and people and be attentive to details. The ability to organize data and information is essential to being a successful tax preparer. Basic business math such as addition, subtraction, multiplication, division, and percentages - is all that's required to understand tax accounting. It's a great business for customer-focused individuals with strong personal skills.

Becoming a tax preparer affiliate is easier than most people think. You just need to become familiar with the basics of tax preparation, IRS rules and regulations, and the filing requirements. Tax preparation requires attention to detail, accuracy, integrity and yearly continuing education to stay current. From there it's all about your efforts at marketing and advertising.

Tax preparation software does all of the math calculations for you – but a good "sense" for numbers is helpful. You'll also need to know where to enter the data from the W-2's and 1099's, etc. That's where our income tax course comes in. Our software also makes this simple by asking interview questions. Just answer the questions and when you've provided all the answers the tax return is done.

If you don't get along well with people, you probably won't enjoy contact with your prospects and clients. And they probably won't enjoy contact with you. If that's the case, you may want to consider a different career. There are many careers in which you won't have to deal with people each day.

Some of the many benefits of a lucrative tax preparation business include:
- WORK FOUR MONTHS – OFF EIGHT MONTHS
- Make $100 or more per hour (when billing per form rather than per hour);
- Work wherever and however you want to; and
- Work full-time or part-time.

## THE ROAD TO BECOMING A SUCCESSFUL TAX PREPARER AFFILIATE

Successful tax preparers make more money January through April than most people make working all year long!

To get started owning a successful tax preparation business you'll need the following five things:

- Training to become a Certified Tax Preparer Affiliate (Online Course $299.00);
- UT 1040, UT 1040 ONLINE (Powered by Crosslink), UT PRO, UT PRO WEB (Powered by TaxSlayer);
- A Preparer Tax Identification Number (PTIN) from the IRS;
- The ability to provide tax related bank products, tax payer advances etc.
- An effective marketing campaign.

Many taxpayers assume that tax preparers are accountants or have business degrees, but this is not the case. The IRS has no formal testing, licensing or continuing education requirements for tax preparers.

Individual states set their own requirements for the licensure and registration of tax preparers. Some states require only that tax preparers have a valid PTIN, while others require education and testing. California, Maryland, New York, and Oregon require licensing of paid tax preparers. In 46 states and the District of Columbia, paid tax preparers are not required to have a state issued license.

You should never prepare tax returns for which you have not been trained, such as corporate tax returns, and that you are not certain you can prepare correctly and accurately. Doing so would be unfair to the taxpayer and you'll risk creating possible IRS and legal problems for yourself as well.

Nothing is worse than tax preparers who have no idea what they are doing. And the sad fact is that most independent tax preparers haven't even taken any income tax course. But you're different, because you made the effort on your own to learn tax preparation. The key to operating a successful tax preparation business is training - the tax preparation and tax law training in our income tax course and the operational, marketing, and advertising training contained in our books.

After spending thirty (30) days studying and successfully completing the Certified tax preparation training course and join our affiliates program at NO COST can earn you up to 100K in just four months. Can you think of anywhere else that you can start a truly legitimate business for ZERO upfront cost? All you'll need to know is how to prepare tax returns, set up your office, market yourself, and advertise.

Very few start-up businesses offer the income potential that a tax preparation business does. If you're the type of person that likes to work hard for short periods of time to make lots of money, then tax preparation could be the perfect business for you. Some independent tax preparers make over $100,000 net after expenses each tax season. A few extremely successful tax preparers are approaching $1,000,000 per year. However, there is no guarantee that you will experience the same success or earn the same money, if any, using the methods and ideas in this book. This book should not be interpreted as a promise or guarantee of earnings or success because earning potential and success is completely dependent on the person using these methods. Your level of success in attaining the results described in this book depends on the time you devote to your business and other personal factors. Since these factors differ from individual to individual, results will vary. Many factors will determine your actual results and no guarantees whatsoever are made that you will achieve results similar to these. Most of all, it's up to you. How much you apply yourself, and how hard you work. Those are the two biggest factors in determining your success (or failure) and income (or lack thereof).

### Should I quit my current job?

Another consideration is whether you should quit your current full-time job and go full-time with your tax preparation business from the beginning, or start your tax preparation business as a sideline business. Starting your tax practice on the side will give you time to learn the tax preparation business and build confidence and a client base. Some of the benefits of starting part-time are:

- You'll be able to take your time studying our income tax course.
  You'll learn at your leisure;

- You'll experience less pressure to make money immediately because your regular job offers a steady paycheck;
- You'll have a chance to test your tax preparation business and determine where the market is and the best way to approach it;
  and
- Starting part-time allows breathing room for mistakes - and an opportunity to shelve the tax practice if it doesn't pan out. Please note, however, that industry statistics show that very few tax practitioners ever shelve their practice. Nearly all leave through permanent retirement, incapacitating disability, or death. There's an old saying: "Old tax preparers never die, they just get an extension!"

### Your Own Home-Based Business

Is a home based business right for you? A home based business can be one of the most enjoyable and rewarding experiences you'll ever have.

Tax preparation lends itself well to being home-based and either full or part-time. You won't need a lot of equipment, initial investment or inventory to begin with.

Many new small businesses struggle with the question of whether they should be home-based or rent office or retail space.

Working from a home office definitely saves money and reduces the risk of being locked into a long-term lease. Most small businesses are started with limited funds and thus financial considerations are the most important. You have to pay the costs of your home regardless of whether or not you have a business there.

A home-based business will save you commuting time, and this is time that can be spent building your business. If you're a mom it will allow you to be home when the children get home from school, saving you child care expenses. If you have the right self-discipline a home office will let you structure your work around family needs.

When you work from an office outside your home you know when you are at the office and when it is time to work - and you know when you are home and it is time for family. That dividing line is not so clear-cut with a home-based office. Unless you have strong willpower you may find yourself lounging around the pool all day instead of working. Conversely, if you are a workaholic you might find yourself putting in 18-hour days regularly without even realizing it. Willpower and time management are critical traits for home-based business owners. More than half of all small businesses are started at home. In all likelihood, many of those entrepreneurs begin their business while working for others. Doing so certainly means that you'll have to pull double duty for a while. However, it also offers an added layer of security. Starting out slowly increases the chances for long term success because you'll have the luxury of working in a nearly risk free "laboratory". With a steady paycheck from your full-time job you can take the time to gauge demand, tinker with your marketing efforts, and even make some mistakes without risking your financial security.

Home-based businesses are certainly on the rise. Research shows that everyday nearly 8,000 people start their own home based business. How long it will take to get your business off the ground depends largely on you, and your marketing efforts. You have to allow yourself enough time to actually succeed. You'll really need to be persistent and realize that any real business will not just automatically become successful in a matter of days or weeks.

You should be prepared to give it your best sustained effort for at least three (3) tax seasons and possibly longer in order to build a solid client base and begin to see some good income. It takes time and perseverance to develop a lucrative practice and there will be ups and downs along the way.

Many successful tax preparers launched their tax preparation businesses part-time over three (3) or more years – then went full-time once their business was up and running. Don't forget, it takes a long time to become an overnight success!

Should you decide to start part-time, you should judge for yourself how much to tell your full-time employer. Some employers will be entirely supportive should you choose the full disclosure route. So long as you're careful to keep your two jobs separate and not pursue your tax practice on company time. Tax preparation is one of the few businesses that most employers do not see as a threat - probably because tens of thousands of employees do it while keeping their full time jobs.

However, not all employers will be receptive. Some fear that your work performance at your full-time job will suffer. There may also be concerns about competition - especially if your new business offers a perceived similar service to your employer's. So you'll need to give considerable thought to how much, if anything, you should disclose to your full-time employer.

Keep in mind though, that if you don't inform your employer that you are preparing taxes on the side, you will be limited as to how much you can market your tax preparation business to your co-workers - even if those marketing efforts are performed outside your employer's place of business. If you market your business to your co-workers without telling your employer, in the end he'll find out anyway. They always do.

If you are still employed while starting your tax preparation business:

- Always remember that, until you turn in your resignation, your primary job comes first.
- If your tax preparation business demands your attention during work hours, be sure to attend to it during your break(s) - not on company time.
- Never use your employer's phones, computers, equipment, or supplies in pursuit of your own business interests.

Once your business becomes successful be prepared to quit your fulltime job - at least between January 1st and April 15th. Why? Because most clients want their tax returns filed between those dates. That's when you'll do the bulk of your business each year. And that's when the heat will be on to get the returns finished and e-filed. If you haven't made enough money by the end of February (the end of the first "Peak Season") to clearly see your way through financially to next tax season you should plan on staying with your full-time job one more year.

Even though a home based tax preparation business is relatively simple to operate, there are a number of things that should be considered if you would like to be a home based tax preparer. Working at home isn't for everyone. If you are going to be a home-based business you'll need to locate a place in your home that is away from the main traffic path and has as much solitude as possible. Preferably a dedicated office space that is neat and orderly where you can meet with clients. If possible use a separate room. Stay away from the kitchen table if at all possible. That's the worst place to set up your business. The kitchen is, for most families, the busiest room in the house.

There's ample opportunity to enjoy all the benefits of being independent and working out of your home. Personal and financial freedom can be yours! You CAN do it!

### Mobile Tax Preparation

Some tax preparers decide to prepare the tax returns in the client's home or office. This allows you to advertise "in-home service" which will be attractive to many prospective clients, as everyone is very busy today. This also happens because some tax preparers don't have a proper place to work in their home. In some markets taxpayers will pay a higher fee for "in-home" service. You can keep your "base" in your home, which will save you the costs of commercial office space. However, there are several disadvantages to offering mobile tax preparation including:

- Setting appointments will be a problem as there are only three or four appointment times each evening. Even less if you have to travel long distances.
- You'll spend a lot of valuable "production" time travelling between appointments during the short but busy tax season, when time is most valuable. You can prepare twice as many returns by having the client come to you.

- “No shows” are always a problem with any business that goes to the client’s home. If you are a busy tax preparer every “no show” will cost you $100-$200. And yes, even if you re-schedule the appointment there are people that will “no show” multiple times costing you even more money.
- You’ll need to have an Internet connection, and some client’s may not have one or may only have a dial-up connection. If you are using a wireless connection it may not have a good connection in some locations.
- Gasoline and operating costs for an automobile can be expensive.

For the above reasons we strongly recommend against starting a mobile tax preparation service. Due to the above mentioned pitfalls, very seldom are mobile tax preparation services successful.

## Renting Office Space

### Office Buildings

If you're going to "take the plunge" and set up a regular business office, location is the most important factor to your success. Opening your office in a retail or commercial location can greatly increase profits. But it can also increase losses if you pick the wrong location. It's important that you locate your office where the most prospective clients are. It might be nice to dream about having a penthouse office suite in a 50-story skyscraper downtown - but it's unlikely that you'll do much tax preparation business there.

If your office is located in an office building or high-rise building be sure you can display a prominent sign or banners outside the building where they’ll be noticed by ongoing traffic. Also be sure to place a sign just inside the front door and outside the elevator providing directions to your office. Be sure any signage is clear and concise.

## Executive Office Centers

Executive Office Centers are a relatively new concept. They provide a small office (100 – 150 square feet), a conference room for meetings, a cafeteria with coffee and soda, all office equipment, and a receptionist. You’ll be sharing the expenses for all of the aforementioned with many other businesses – in some cases 100 or more. Secretarial services may also be available for an additional fee. Be sure you can display a prominent sign or banners outside the building.

### Retail Space

If your office is located in a high traffic area you’re far more likely to generate a lot of business that if your office is hidden “off the beaten path”. Even if the rent is double or triple the rent for a hidden office, you’ll almost always come out ahead with an office in a high traffic area. That’s why successful businesses rent space in malls instead of renting a free standing building 10 miles outside of town. Successful businesses locate themselves where the prospective customers are.

You should set up a store front office in a low to moderate income neighborhood on a busy street or intersection with a lot of drive-by and pedestrian traffic. Tax preparation businesses are the most successful when they are in high traffic areas.

Why a low to moderate income neighborhood? Because that's where you’re best prospects are. Low to moderate income taxpayers have less complicated tax returns, and they are less likely to have an existing long term relationship with another tax preparer.

Why a storefront? Because a storefront location can attract hundreds of walk-in clients. With a storefront you should also be able to hang a banner out and display neon signs, etc. Banners cost practically nothing and can bring in hundreds of clients from drive-by traffic. Make sure that you hang the banner (or two) where oncoming traffic will see them – two banners perpendicular to oncoming traffic if possible. Additionally, you may receive a lot of business from consumers who were actually visiting adjoining businesses.

You should consider signing a four-month (January - April) lease – possibly with an option to renew for the long term. That way if you find that you are in the perfect location you can exercise your option. On the other hand, if the location turns out to be terrible and you don't get any clients you're only on the hook for four months of rent. Make sure you ask the landlord if you can display a banner or two. Also ask if you can display neon signs.

### Teaming Up with an Existing Business

There are many existing businesses that already have storefront space and are completely compatible with a tax preparation business. If there's a compatible business in your area go in and speak to the owner about setting up a workstation inside his business. Some examples of compatible merchant businesses are:

- Dealerships (New & Used Cars)
- Barber Shops
- Beauty Salons
- Check Cashing Stores
- Convenience Stores
- Day Care Centers
- Grocery Stores
- Laundromats
- Nail Spas
- Insurance Offices
- Real Estate Offices
- Retail Stores
- Supermarkets
- Any business that receives a lot of customer traffic.

The above businesses could benefit by meeting new customers if you advertise in the front of the business with banners. Automobile dealerships could benefit by selling more cars that taxpayers can purchase using their tax refund checks.

Some professional businesses may also be compatible with your tax preparation business, such as:

- Attorneys
- Financial Planners
- Insurance Agents
- Mortgage Brokers

In most cases teaming up with another businessperson will work out to your mutual benefit. Not only will it bring more overall traffic into the business, but you can also exchange referrals, making the arrangement more than just a basic rent sharing agreement. In the case of the professionals listed above you may even want to cut a deal whereby you can offer tax preparation to their existing clientele. You may have to split your fee, but it'll be well worth it.

Agree on a monthly rent to pay the business owner. Be sure to point out that, in some cases, the business owner can make a lot more money than just the rent you pay. For instance, a check-cashing store can cash any tax-related bank product checks that you print out and hand the taxpayer - usually for a fee of up to 3%. And because the checks are bank cashier's checks the check-cashing store has no risk.

### What equipment and supplies will I need?

#### Equipment

When setting up a tax preparation business one of your first concerns will be having the right office environment. One of the benefits of a home-based tax preparation business (if you decide to be a homebased business, like 40 million other American workers) is that the startup costs are relatively low. That's the beauty of a tax preparation business. It doesn't take a big investment to get started. For the basic setup all you'll need is a computer with an internet connection and a multi-function printer (which you probably already have), our tax preparation software, a signature pad, desk or table and a chair.

### Your Business Card

Business cards are important to all business professionals. To many prospects, your business card might be the only thing they have to judge you by. So don't underestimate the value of a high quality, professional business card. A high quality business card should be an integral part of your marketing plan. For many tax preparers it is probably the most important part of their plan. Your business card should present a professional image that people will remember. It will make or break the prospective client's first impression of you. It can make as much, or even more, of an impression as your personal appearance - the cloths you wear and your office setting.

### Basic Business Cards

A basic business card is usually printed in black ink on plain white or cream card stock. This is a good style for businesses that only need "utility". It's a no-nonsense approach that can appeal to clients and prospects that would not be impressed by fancy design features - like people who want "just the facts". The design is simple, and the information is clear and concise.

You can order 500 professional business cards through **Unlimited Taxes & More, Inc.** for $49.99.
We make all business cards custom to fit your business model.

### Unique Business Cards

You're a business professional, not just someone providing a "utility" service such as home repairs, car repairs, or landscaping, and you'll want your business card to reflect that image. Consider unique looking business cards. Some cards have unusual shapes, edges, folds or embossing. These cards tend to be considerably more expensive than regular business cards because they use nonstandard production processes such as special die cuts. But for some businesses, this more unusual card may be worth the price. There are business cards shaped like calculators and even ones that look like Form W-2.

A business card can do more than just identify your name and business. It can also act as a discount coupon by offering a discount on the front or back of the card. It can provide valuable tax information that the average taxpayer needs to now. A card of any type can be made multipurpose by adding these features.

### Picture Business Cards

Consider putting your picture on your business card. Having your picture on your business card helps a contact remember you the next time he or she is seeking your service. Which for tax preparation is once each year. Your image can help you communicate your business better than a thousand words. Full color is best on a picture business card.

Your picture helps prospects identify your name with your face and business, forming a lasting impression – and helping them remember you when it comes time to do business. It's also very personal and will make prospects feel that they know you. People are more inclined to call a businessperson with their picture on their business card, even year's later, because they see the picture and remember him. This gives them a sense that you too will remember them when they call - making that initial call a lot easier.

### Summary

With a business card you are looking for something to help you stand out from the crowd and using unique business cards is an excellent way to accomplish that goal. Be sure to pick a style that best supports the business image you wish to project. And be sure to include all of your contact information including your name, company name, complete street address, phone number (or numbers, if you want to include your cell phone), e-mail address and website. If someone wants to contact, you after receiving your card you'll surely want him or her to be able to do so with ease.

Be sure to attach your business card to everything, including any letters you send. Leave 50 at the offices of any professionals that you share referrals with.

### Telephone

If you're a home-based business you may want to consider a separate phone line. You can get either another personal line or a business line.

There are two good reasons for a separate phone number for your business:

1. You'll preserve your personal life. A separate number will allow you to screen your calls. If you are just sitting down for dinner and the business line rings you can let the answering machine or voice mail take a message. If you're going to be a home based business and if you have children at home it's a good idea to instruct them not to pick up the business line. You want to appear professional, and most businesses don't have children answering their phones.

2. With a business line your company's name will be placed in the yellow pages. This will provide you with credibility, and enable your clients to find you if they need to. This does not necessarily mean you should buy a space ad in the yellow pages - although it could help bring in a lot of new clients. You'll receive a standard yellow page listing with a business phone number.

Be sure to get a toll free number along with your business phone number. They only cost a few dollars a month (about $5) and it'll make you look much more professional to prospective clients. Use it on your business cards, and all of your advertising. Since your clients will be local most of them will call your local phone number anyway. But a toll free number looks very professional.

### Answering Machine or Voice Mail?

If you have a separate phone line for your business you'll want an answering machine or voice mail from the local phone company.

The monthly charge for voice mail varies from phone company to phone company. Many large companies use voice mail. One big benefit of voice mail over an answering machine is that if someone calls while you are on the phone, voice mail will take a message instead of giving the caller a busy signal. Thus, you'll never miss a call. This can be a big advantage during the hectic tax season when you may have multiple calls coming in at the same time.

If your voice mail system will allow it, you should set it up to:

- Take a message;
- Provide your office hours;
- Provide directions to your office;
- Provide information about your services;
- Provide what information/documentation client's should bring to their appointment;
- Provide the answers to frequently asked questions;
- Provide different messages for different days, i.e. weekdays versus weekends; and
- Provide different messages for different times of the day.

### Facsimile Machine

In years past a plain paper fax machine was helpful to communicate with clients as well as for getting tax information to and from prospective clients. An inexpensive model for about $50 will probably handle your needs. It can also often be used in a pinch as a copier.

Another option would be to utilize one of the many online fax services. They provide you with your own fax number, receive the faxes, and forward them you as e-mail attachments. These services cost less than $10 per month (smartfax.com, rapidfax.com).

### Copy Machine

You should have either a copy machine or flatbed scanner for copying your client's tax documentation (i.e. W-2's, 1099's). You'll also want to copy your client's identification (i.e. driver's license, social security card, etc.). You'll want that documentation in a file should the IRS ever question or audit a tax return that you prepare.

A copy machine will not be necessary if you have a multi-function printer, like most people.

### Scanner

While not required, you may also consider getting a Motorola scanner; which is compatible with our tax preparation software. You make your office totally paperless and scan all of your tax client's documents into the tax software document archive. This is be a great tool to prepare you in case of an IRS DUE DILIGENCE AUDIT.

### Topaz Signature Pad

Electronic signature pads provide a quick return on investment through significant time savings, copying of documents, and filing for future access on each tax return. Additionally, electronic signature pads allow you to save money by reducing paper usage & storage and minimizing tax return errors, helping you to meet government disclosure requirements and move towards a paperless office. Significantly Reduce Time Spent on Every Tax Return.

**Fully Integrated with CrossLink Professional Tax Software**

- Built-in support for tax preparation software for certified electronic signature pads
- Taxpayer's digital signature is securely bound to the document for which it was intended
- Five electronic signature pad models to choose from

**Improve Tax Preparation Office Efficiency**

- Meet IRS and government disclosure requirements
- Prepare more returns in less time by reducing tax preparation time by up to seven minutes per tax return
- Quick return on investment

You can purchase one through **UNLIMITED TAXES & MORE, INC.** for $299.00

### Licenses and Permits

The information below is intended to give you a brief overview of what licenses and permits may be required. It is provided on a "best efforts" basis but is by no means exhaustive and we do not guaranty the information. It is not intended as legal advice. You should consult with an attorney to advise you in these matters.

**Federal Licenses**

All paid tax return preparers must register with the IRS - by obtaining a Preparer Tax Identification Number (PTIN).

**State Licenses**

Individual states set their own requirements for the licensure and registration of tax preparers. Some states require only that tax preparers have a valid PTIN, while others require education and testing. California, Maryland, New York, and Oregon require licensing of paid tax preparers. In 46 states and the District of Columbia, paid tax preparers are not required to have a state issued license. Preparers who are CPAs, attorneys, or Enrolled Agents may be exempt from some or all state tax preparer registration requirements.

*California*

The California Tax Education Council (CTEC) is charged with registering and regulating all California tax return preparers. Registration costs very little. CPAs, enrolled agents and attorneys are exempt from registration. California requires all non-exempt tax preparers to complete a 60-hour course at one of the 125 CTEC licensed schools.

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If the California Franchise Tax Board discovers that a tax preparer is not registered they automatically issue a penalty. The penalty is automatically waived if the tax preparer becomes compliant within 90 days.

*Oregon*
Oregon initiated its current program in 1974. CPAs and attorneys are exempt from registration. Educational requirements include an 80-hour tax course to prepare for the exam, with 30 hours of continuing education annually.

Oregon has implemented a two-tiered licensing process:

A Tax Preparer license enables a person to lawfully prepare personal income tax returns. A tax preparer must work under the supervision of a Licensed Tax Consultant, a Certified Public Accountant, a Public Accountant, or an Attorney who prepares tax returns for their clients.

A Tax Consultant license enables a person to lawfully prepare personal income tax returns for a fee as a self-employed or independent tax practitioner. A licensed tax preparer may qualify to take the tax consultant examination after working a minimum of 780 hours during at least two of the last five years in the capacity of a tax preparer. Preparers and employers should keep documentation of hours worked which are directly related to personal income tax preparation that may be counted toward meeting the work experience requirement to sit for the tax consultant examination.

A licensed Tax Preparer must pass an exam with a score of 75% or higher and complete the requirements mentioned above before taking the state-sponsored test.

A Tax Consultant must take a more rigorous state-sponsored closed book exam than that for a licensed Tax Preparer.

Below are links to the web sites of the four states mentioned above.

California Tax Education Council:
http://www.ctec.org/Preparer/

Maryland Division of Occupational and Professional Licensing:
http://www.dllr.state.md.us/license/taxprep/taxpreplic.shtml

New York State Department of Taxation and Finance:
http://www.tax.ny.gov/tp/reg/tpreg.htm

Oregon Board of Tax Practitioners:
https://www.oregon.gov/OBTP/pages/becoming_licensed.aspx

Regardless of which state you are in, be sure to visit your state's website to confirm your state's current licensing and registration requirements for tax preparers by clicking here:
https://www.irs.gov/businesses/smallbusinesses-self-employed/state-links-1

**Other State Requirements**
Some states require licensing and bonding to offer tax related bank products.

A few states, such as Minnesota and North Carolina, have disclosure laws regarding Refund Anticipation Loans. Most do not.

The states of Arkansas, Illinois, Maine, Maryland, and New York have regulations to prevent preparers from charging extra fees to taxpayers opting to use a tax related bank product to receive payment of their tax refund. No extra fees are allowed on any tax return.

Rules for tax preparers can vary from state to state, so it is important to check with your state and local authorities annually to be aware of their requirements.

Some states charge sales tax on tax preparation fees, others do not.

### Obtaining a Business License

Some types of businesses require a business license from the state, county, or city in which the business operates. You'll need to take the necessary steps to register your business with the appropriate governmental authorities. This involves registering with the Secretary of State, your county, or your city, to obtain the business license.

### Fictitious Name Certificates

*Do you need to file a Fictitious Name or DBA Certificate?*

If you are doing business as a sole proprietorship under a fictitious name (a DBA or "Doing Business As" such as "**Unlimited Taxes & More, Inc.**") you'll probably need to register your fictitious name with one of the above authorities. A fictitious name allows you to legally do business under your new business name (rather than your own actual name). Procedures for filing the fictitious name certificate vary among states. In many states all you have to do is go to the county office and pay a registration fee to the county clerk. In other states you also have to place a fictitious name notice in a local newspaper for a certain amount of time.

In some states the newspaper that advertises your fictitious name notice will also file the necessary papers with the county. The cost of filing a fictitious name notice ranges from $15 to $125.

In most states and localities if you use your own name, either first or last, you will not have to register a fictitious name, as it is not fictitious. In most states corporations don't have to file fictitious name certificates unless the corporation does business under a name other than its' own.

### Zoning Laws and Deed Restrictions

Municipal zoning laws or Subdivision deed restrictions sometimes regulate the type of business activities that are allowed to be transacted in a community - if any at all. Zoning laws and deed restrictions may affect home based tax preparers. There could be problems if you are regularly having many clients come to your home.

For offices and retail locations zoning laws definitely apply to your business. You may need a Zoning Permit from the Zoning Department of the town or city. Zoning laws may also regulate parking and the placement of signs.

These requirements vary from locality to locality so you'll need to check on the requirements locally.

### Opening a Business Bank Account

While not required to start a tax preparation business, opening a bank account for your business is a good idea because it will help you track business income and expenses and avoid co-mingling your business finances with your personal finances.

When sole proprietors pay themselves they simply write themselves a check or withdraw money from the bank. They don't have to issue a paycheck to themselves and withhold payroll taxes. When sole proprietors need to contribute some personal money to the business (capital) they simply deposit it into the checking account. They don't have to formally account for capital contributions as they would with a partnership or a corporation. However, you may need that information should you ever sell the business.

Most sole proprietors rely on their business checkbook as a recordkeeping device.

It's important that you have both a business checking account and a personal checking account. When you make a deposit into the business checking account you should note the source of the funds.

Once you've opened the business checking account you should deposit all business income and pay all business expenses, and only business expenses, from the business checking account. All personal income should be deposited into your personal checking account and all personal expenses should be paid from that account.

Should the IRS ever audit you the auditor will pay much less scrutiny to the income and expenses if only business income is deposited into the business checking account and only business expenses are paid from the business checking account.

You'll need to select a bank in which you want to open your business bank account. The closest bank to you, or your office, is probably the best one. The reason that you'll want your bank close is that in the event that client's pay you by check you'll want to deposit those checks daily. The longer that you hold a check the more likely it is that it won't clear the client's bank. By opening your business bank account at a close, convenient bank, you won't have to drive clear across town, or further, during the busy tax season to deposit those checks. Alternatively, you can get pre-addressed envelopes from any bank and mail in the deposit each day.

You'll need to complete the bank's account application and provide, photo identification (your driver's license), your Tax Identification Number (which for sole proprietors without employees is their Social Security Number), your Fictitious Name (Doing Business As) Certificate, and, where required, your government issued business license.

There are some variations in the documents required for opening a business bank account from state to state and bank to bank.

### Should You Accept Credit Cards?

Accepting credit cards is not without its costs. There are equipment costs for the swipe terminal ($300-$500) and monthly merchant account fees. You can call your bank and ask about all the costs associated with accepting credit cards.

Very few taxpayers will ask if you accept credit cards. Why? Because it is customary in the tax preparation industry for you to have your fees withheld from a tax related bank product – such as an Electronic Refund Check. This way the taxpayer needs no money or credit card up front to pay for your services. For further information about Electronic Refund Checks see Lesson 28 of The Tax College's Income Tax Course.

Clients that do not wish to receive their refund via a tax related bank product can pay you in cash or with a check. Those clients will need to pay you up front, before they leave your office with their completed tax return. Always be sure to discuss with the client how they are going to pay for your services BEFORE starting the tax return.

One thing that can happen with Electronic Refund Checks is that you won't get paid at all. Occasionally if the government doesn't remit the taxpayer's refund to the tax refund processing bank then there will be no money from which to deduct your fees. However, losing your fees every now and then is probably still less expensive than the costs of accepting credit cards, or dealing with bounced checks.

Your best bet is to start-up your tax preparation business without accepting credit cards. If you later find there is a big demand for credit cards you can add them then.

### Who Will Your Clients Be?

Most Americans find tax preparation to be somewhat confusing and most people are uncomfortable preparing their own tax return. Tax laws change every year making tax preparers always in demand.

It's important to understand your target market. Most upper class wealthy taxpayers already have a CPA, Enrolled Agent, or other professional that prepares their tax return. They'll be hard to get as a new client. Your target market will be lower class to middle class individuals with W-2's or small businesses. This is an important distinction when selecting a location for your office.

When first starting out your average client will probably be a lower to middle class “rank and file” wage earner with a W 2 with less than $40,000 of income. These clients usually don’t have a strong relationship with the tax preparer that they used last season.

You’ll want to direct your marketing and advertising efforts to these types of taxpayers.

## Specializing Your Practice

Many tax preparers have become successful by specializing in certain groups of taxpayers - usually based on occupation. Many occupations, such as the clergy, military and freelance writers, etc… have unique tax deductions available to them.

There are four important points that you should be aware of before deciding to specialize in self-employed taxpayers:

1. Tax preparation fees are generally much higher for self-employed tax returns with Schedule C than they are for regular 1040 tax returns.
2. Schedule C returns are more complicated and take more time to prepare.
3. Some self-employed taxpayers will come to you with their books in order and all you’ll have to do is transfer their totals to Schedule C. Others will come to you with their receipts for the year in a shoe box or paper bag and you’ll need to do the compilations to arrive at the totals. This work can take many hours and is basically bookkeeping work. There is certainly nothing wrong with bookkeeping work - just be sure to quote a price including the bookkeeping. Otherwise you’ll spend many hours regretting having agreed to do all that work for a very low fee.
4. Self-employed taxpayers may already have a solid relationship with another tax preparer or an accountant, making it harder to get their business.

Where will you find self-employed taxpayers? They’re everywhere. Just look at all of the businesses on Main Street in your own town. Look in the Yellow Pages. Look in your local weekly newspaper(s). Just walk in, especially if you are patronizing that business, and ask for the owner and start talking. To avoid being rude always ask the owner if he has a minute. Cold calls are hard to do at first, but you’ll get the hang of it quickly. And if you know the owner and patronize his business it’s really not a cold call anyway. It should be a somewhat warm call!

Another group you could specialize in is retirees. You could become a specialist in retirement, pension, and elderly tax issues. Many retiree’s belong to small groups, like the book club, garden club, or knitting club - and they are always looking for speakers to come chat with them for an hour or two. You could center your discussion on this year’s changes in the tax laws.

Be aware that most retirees probably won’t need tax related bank products.

We strongly recommend that you do not exclude preparing tax returns for any individual taxpayers that come your way, even if you are specializing in one type of taxpayer. When you are first starting out you need all of the business that you can get. If need be you can “thin out the herd” a few years down the road when you have more business than you can handle.

If you come from a particular occupation, specializing in that occupation can give you a leg up on launching your tax practice because you’ll have taxpayers in that occupation that you already know and it’ll be easy for you to talk the “lingo” with them.

## Conclusion

As long as governments exist they must collect revenue to survive. Many industries may come and go, but you can be assured that not only are tax preparers needed today, but as long as people have to file tax returns and the tax laws are as complex as they are, they will be needed in the future.

## THE ROAD TO BECOMING A SUCCESSFUL TAX PREPARER AFFILIATE

If you have always dreamed of owning your own business now is the time to take the plunge. Starting a tax preparation business is a great way to work for yourself.

You'll set your own hours and work as much or as little as you want - either full-time or part-time. If you already have a full-time job but would like to earn more money, starting a part-time tax preparation business can be very profitable. Being a professional tax preparer gives you the opportunity to work with people and get to know them, while providing them a valuable service. Your income potential will be exceptional and you'll be able to enjoy a great deal of time off to pursue other interests during the off season. You'll decide the hours you work and you'll never have to face a crowded highway during rush hour again.

Tax preparation is an ideal business with little downside risk. If you don't land too many clients at first you only have a minimal investment at stake. However, if you start you should commit to sticking with the business for three (3) full tax seasons to give the business time to grow. Persevere.

We hope you've enjoyed our book. Our book gives you the strategies to open your business, but now it is up to you to implement them. The most difficult part of starting any business is finding new clients and you will need to have a strong game plan to tackle that issue.

We hope that The Road To Becoming A Successful Tax Preparer Affiliate has put the pieces of the puzzle together for you. However, while it is extensive, there are many other ideas that we are sure you will think of to enhance your marketing and advertising efforts. If they are successful, please share them with us. If you have any questions call us.



**Thanks For Being a Part of**

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***EMAIL: INFO@UNLIMITEDTAXES.COM***

***Corporate Location:***
***804 Jay Street***
***Hinesville, Georgia 31313***
***Office: (912) 368-2962 ~ Fax: (877) 328-8544***

***Satellite Corporation Location:***
***241-A West General Screven Way***
***Hinesville, Georgia 31313***
***Office: (912) 369-9592 or 9593***