

## For tax preparation, small business should go with a professional

By the time you read this article you have either: filed and paid your taxes, filed your tax returns and not paid, or filed extensions. There may even be a few of you, and hopefully that is a very small group of my readers, that have done none of the above and are willing to throw the dice with the IRS.

Yes, it is tax time and it always seems that preparation of your tax returns and all of the fun activities associated with it never go as easy and smooth as we all want it to go.

Although the due date never changes, we never seem to take advantage of that useful head start needed to finish on time and without incident. Statistics show that small business owners are getting better compared to non-business owner taxpayers. However, I believe that is probably due to fact that more business owners use third party tax preparers such as accountants who try very hard to keep us on track and on time.

### Maximize deductions

Having a professional work with you to prepare your return and maximize your tax deductions is of tremendous benefit, especially economic benefit, to any business owner. Business owners have a vested and economic interest to get their return done and filed on time in order to take advantage of a possible refund. Business owners can easily find

ways to utilize that refund. Most often, refund money is infused back into the business as working capital or used as some extra cash to put away for a rainy day or an unforeseen situation.

Some recent statistics show interesting conclusions about all people and taxes. Business owners and non-business owners possess varied opinions when it comes to taxes. I have recently reviewed two polls taken by two distinct organizations on this subject and find the results to be thought provoking.

The first poll is an AP-AOL money and finance poll on public attitudes about taxes, electronic filing and tax deadlines. The poll was conducted by Ipsos, an international polling firm.

Overall the AP-AOL poll suggests that most American households, approximately 54 percent, will file their tax returns electronically or online this year. Interesting enough, only a fifth of those polled in early April were aware that this year's deadline is April 17, two days later than usual.

### Fair or unfair?

Also, just over half of Americans, 53 percent, say the taxes they pay are fair; compared to 45 percent who say the taxes they pay are unfair. The major point in this poll was that those people interviewed were mostly reliant on themselves to get the work done and complete their own tax

filings.

Small business owners see things very differently. In a poll conducted by Discover Card, out of 1,000 small business owners surveyed in March, 73 percent said they will hire a professional to do their taxes this year, compared to 54 percent of 4,000 non-business owners. Surprisingly, most small-business owners cited finding more deductions as a secondary reason for turning to a pro, the survey found. What led most of them to outsource the annual task was the paperwork.

It should not be surprising that business owners are more interested in the constant daily needs of the business. Time was a major factor for most business owners. Seventy-seven percent described tax preparation and documentation as a time-consuming process, while 74 percent said it distracted them from the day-to-day operations of running their business, the survey found.

Another 39 percent said just finding and organizing the right documents was a daunting chore. Nearly two out of five business owners struggle with finding and organizing tax documentation. Sound familiar?

Despite the growth of tax and accounting software in recent years, most small employers still value real-life tax experts. By hiring an accountant, 40 percent of small-business owners said they expected to pay lower taxes,



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compared to only 30 percent of the non-business owners, the survey found. As such, more than half of the employers polled said they felt accountants earned their often-exorbitant fees.

Business owners see this as a business decision. Most can hire an expert to keep track of tax documents at a cost on average of \$75 an hour. It should be no surprise that business owners feel that they should be running their business and let the experts take care of their taxes. As a business owner, ask yourself, How much is your time worth and what is the best use of your time?

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