

## How Tax Preparers Can Make Money Year-Round

By ROGER RUSSELL

**B**eyond opening a lemonade stand, many tax preparers who haven't yet grown their business into a full-service accounting practice are used to seeing their income dry up during the hot summer months.

Unfortunately, tax season isn't year round. While you can still bank on the fact that some people missed the deadline and will still need your help filing returns, filing for an extension or amending returns, this most likely won't carry you through to next year, observed Chuck McCabe, president and chief executive of Peoples Income Tax and The Income Tax School, Inc.

How do other tax professionals generate revenue during the "off" months? The answer is diversification, he said.

"Diversification means you need to learn how to do more than just taxes," McCabe said. "There are a good number of options out there for tax preparers. The most common include bookkeeping services. They are a natural for preparers to add because they are a year-round necessity. If you are already preparing taxes for the business, this could be an easy add-on. Conversely you may acquire clients for your bookkeeping services that become tax preparation clients as well."

Becoming a bookkeeper requires certification and bookkeeping knowledge, which may be acquired by taking a course such as the one offered by the National Association of Certified Public Bookkeepers, McCabe said.

Bookkeeping software will also be needed such as Intuit's QuickBooks, which is the standard used by most bookkeepers.

Another great service to add for business clients is payroll. There are a number of good payroll solutions to consider that will aid in leveraging your time in this area.

Chances are your clients are already asking you financial questions that go beyond taxes, McCabe added. "Adding



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financial planning to your list of services will help deepen the relationship with your clients and generate more revenue. Unless you provide only fee-based financial services, you will need to obtain securities licenses and have a relationship with a broker-dealer such as HD Vest that specializes in working with tax preparers."

If you are not a CPA or an attorney, becoming an Enrolled Agent (EA) grants you unlimited representation rights before the IRS and the ability to represent your clients on any matter.

"Without the EA certification, tax preparers have limited representation rights," McCabe observed. "This means that tax preparers who are not EAs (called "unenrolled preparers") can only represent clients whose returns they prepared and signed. You can become educated in the taxpayer representation process by taking courses such as those offered by the National Association of Enrolled Agents."

Some less common areas of diversification are in outsourcing, McCabe noted. "There are many accounting firms looking to outsource tax preparation for their clients," he said.

Real estate can be another way to diversify and add a revenue stream. "Real estate brokers are educated beyond the agent level as required by state laws and have passed a broker's license exam. Brokers can work alone or they can hire agents to work for them," McCabe said. "Similar to becoming a real estate broker, selling insurance on behalf of the major insurance agencies is another option, and is a natural area for tax preparer."

With the Affordable Care Act in full swing, there is now the option for individuals to become brokers or agents for the Affordable Care Act Health Insurance Exchange, in addition to becoming knowledge experts able to explain the ins and outs of the Act to businesses and individuals.

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