

Choosing the Right ACCOUNTANT or TAX PREPARER for Your Family Forest



Source: Pexels.com

How do you choose the right accountant or tax return preparer for your forest? Part of this important decision is based on personality, but there are some key questions you should ask potential (and maybe even your current) providers of these important services regarding their ability to handle your specific issues.

The questions below are certainly not the only questions you could ask and should not replace “gut feelings.” They are meant to help you think through what to ask and what the accountant’s or tax preparer’s responses mean.

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Questions to ask potential accountants or tax preparers

What are your qualifications?

Before you hire anyone to keep your financial records and/or complete your tax return, make sure they are qualified to do so. There can be several different qualifications. Here are some to look for:

- A degree in accounting and possibly in taxation; maybe a law degree
- Certification by a licensing body or the IRS. This may include CPA, Licensed Tax Consultant (LTC), Licensed Tax Preparer (LTP), or Enrolled Agent (EA). The state of Oregon requires paid preparers to be either a CPA, attorney, LTC, or LTP.

What services do you provide?

You should know and understand whether the accountant or tax preparer actually provides the services that you are looking for. Not all tax return preparers perform everyday accounting functions. Determine your needs, and then find out if the accountant or tax preparer can provide those particular services for you.

What percentage of your clients have forestland?

This is a big one! You want an accountant who is familiar with forest operations and finances. Ask about their experience with other landowners

and with properties of similar size. Also, it is important to know whether they have experience filing returns with timber sales, reforestation, and casualty losses, if those are issues you are facing.

How will I be charged for your services?

There can be several different answers to this question. Be sure to **determine up front whether you will be charged by the hour or by the form**. Will you be charged for phone calls?

How do you handle issues you are unfamiliar with?

You may not be able to find an accountant or tax preparer with lots of forest operations experience. By asking this question, you hope to learn how they handle situations that aren't within their normal operations. Are they willing to attend continuing education in forestry-related taxation or to dig into some of the printed material on the subject? The provider may have a more-experienced colleague who they look to for assistance.

Are you conservative or aggressive with “gray” tax matters?

Find an accountant who matches how aggressive you are willing to be on tax matters. If you are not willing to take risky positions on a deduction but your accountant is, you will be uncomfortable. If the accountant does not want to deduct items that you are willing to try, the accountant may “fire” you as a client.

Will you represent me if I am audited?

If you are audited, you might want to have the tax return preparer available to explain how to proceed and to defend your interpretation of a specific code section. You should also find out what you would be charged for help with an audit.

Are you available for consultation throughout the year?

There are many strategies to reduce taxes. Having access throughout the year to an accountant who is familiar with your situation may help you plan transactions with tax implications in mind.

Consulting a forester

Tax preparers and accountants may lack knowledge about specific forestry tax provisions. In that case, having a knowledgeable forester assist you and your accountant can be invaluable. A forester will not prepare your tax return, but they may know about specific provisions and can help you take advantage of these provisions on the ground.

Where to look for an accountant or tax preparer

The list of individuals and firms who can handle your forest accounting and tax needs is constantly changing. However, places where you can look to find a list of potential accountants and/or tax preparers include:

- Ask other landowners who they work with and trust.
 - ❑ Oregon Small Woodlands Association: www.oswa.org/
 - ❑ Oregon Tree Farm System: www.otfs.org/
- Ask a forester.
 - ❑ Society of American Foresters: www.safnet.org
 - ❑ Association of Consulting Foresters: www.acf-foresters.org/
 - ❑ Oregon Department of Forestry:
www.oregon.gov/ODF/Working/Pages/FindAForester.aspx
 - ❑ Oregon State University Extension Service:
extensionweb.forestry.oregonstate.edu/directory
- In many states, CPAs and CFPs are required to register with the state licensing board for accountants/tax preparers. In Oregon, those organizations are:
 - ❑ www.oregon.gov/BOA
 - ❑ www.oregon.gov/OBTP
 - ❑ www.osbar.org
- Internal Revenue Service directory of federal tax return preparers:
irs.treasury.gov/rpo/rpo.jsf

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