



Step-by-Step Guide for Starting a Tax Preparer Business

<i>Activity</i>	✓
<p>1) Search for local community college or adult school classes that teach tax preparation. You might even be able to take classes online.</p> <p>Even though formal education in tax preparation is not required, it helps to get trained by an expert to avoid any errors and issues in the future.</p>	
<p>2) Search online for your state's requirements for being a certified tax preparer. For example, in California, you search "How to become a tax preparer in California." You'll get the state licensing information.</p>	
<p>3) You are probably going to need to get a bond. Tax prepare bonds are very inexpensive and can be purchased online, or by calling a local insurance broker.</p>	
<p>4) There is a registration required in most states for being tax preparers. They will most likely do a background check, have you pay a fee, and the renewal of fees will probably be done each year to continue to be a tax preparer.</p>	
<p>5) Figure out if you want to work for a large tax filing company, like H&R Block, or if you want to be independent. Being independent will help you earn more money, but you have to truly hustle to find clients.</p> <p>Being with a large organization will be easier because the clients are readily available, but the organization will take a large cut out of each filing you do. The other advantage of working for an organization is the training and professional development you receive.</p>	
<p>6) Since tax preparation is seasonal, you have to prepare for how you would budget and live on a smaller amount of income the remainder of the year after tax season is over in April.</p>	
<p>7) If you are going independent, you have to have a registered business with the city in which you are going to operate the business, as well as the county. If you call the City Hall, you'll find out what is needed to establish a fictitious business name and get fully registered by the county and the city.</p>	
<p>8) You can work out of your home, but it is probably prohibited to have people come into your home for business purposes. The City Hall can tell you how that works because rules differ city by city.</p>	

<p>If you have to rent a place, call some local offices to see what it would cost to rent a desk. It may be too difficult to find an office to rent for just 3 months. Most commercial buildings require a 1-year lease.</p> <p>You could get away working from home as long as you are willing to do most of the work remotely and meet the clients at a public location to collect signatures and provide copies.</p>	
<p>9) You might need to have professional liability so that way if you make a mistake, you are covered by an insurance policy. Unfortunately, this type of insurance is one of the costliest so look into it and see if it's worth purchasing it.</p>	
<p>10) You have to establish a marketing plan if you are going to be an independent tax preparer. You can get away with free or very low cost marketing to get clients – especially now with social media. The main difficulty is going to be getting people to trust you with their personal information. It takes time for them to establish trust, especially with something as sensitive as taxes.</p>	
<p>11) To file electronically (which is the most common way to file taxes now), you need an E-file number. You can search this online to see what it takes to obtain it.</p>	
<p>12) To file taxes, you also need a PTIN number with the IRS. This is a preparer tax ID number. If you go on the IRS.gov website you can search to see what is needed to become a preparer.</p>	
<p>13) Another very costly item to consider if you are becoming an independent tax preparer is the software program you are going to use. There are programs out there for professional tax preparers. It typically costs \$1,000 to \$2,000 for a smaller-sized tax preparation business to purchase such a program.</p>	
<p>14) As mentioned earlier, tax season only lasts for a few months. It may be difficult especially in the first few years to start and grow the business because it takes time to establish trust and build a book of business. You might experience a loss instead of profit, and not have any other revenue coming in the rest of the year.</p> <p>If you do not want to work for a larger tax filing organization and would prefer to be independent, start doing tax preparation as a side business until you grow in size enough to be able to sustain enough revenues to</p>	

not only pay for the costs of doing business, but living on that income for the remainder of the year after the season is over.	
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Marketing and Getting Clients

- ✓ To get ideas on how to market your business as a tax preparer, please visit <https://efficiencyandorganization.com/small-business-owners> to get ideas and plans. There are downloadable documents that can help.
- ✓ Marketing is one of the most time-consuming parts of owning a business because it takes time and energy to grow clientele. It's best to search online for ideas on how to grow a business on a low budget.
- ✓ Because marketing is difficult and time-consuming, it's best to think of it as a game. Train your brain to think of it as fun because there are days when despite many efforts, no clients are reaching out or coming in. It's difficult to be patient but tricking our brain into having a positive mindset will help tremendously.