

New Ways to Get Help on Your Taxes

Some formerly resolute do-it-yourselfers are giving up their calculators and turning to professional tax preparers for help with their returns, following the flood of tax changes that were enacted as part of the fiscal cliff deal at the beginning of 2013.

Aaron Shepherd, a 38-year-old Minneapolis editor of a personal finance site, has been doing his own taxes since he was a teen, but now he thinks “it’s just too complicated” so he’s hiring a pro—at a cost approaching \$400—to do it for him. And he’s sort of an expert who follows tax developments for a living.

About 40 percent of taxpayers typically file their own returns, according to the National Taxpayer Advocate’s 2012 Annual Report to Congress. That’s been the case for years and probably will continue in the future, say experts.

But that number may temporarily shrink as Americans try to make sense of the new tax code that emerged from the fiscal cliff deal at the beginning of 2013. Some tax breaks slipped away, others were resurrected and still others were modified. Nothing got simplified.

Now taxpayers, even those who use programs like Intuit Inc’s TurboTax software, seem to want at least a little extra expert guidance. Services that catered to do-it-yourselfers are rushing to provide advice in a way that might win them new clients.

“Over time, we’ve mostly acquired customers from people who were preparing their taxes manually. Now the opportunity is to attract customers from the national franchises,” says TurboTax spokeswoman Julie Miller.

But those national franchises are fighting for market share too. H&R Block Inc spokesman Gene King says its strategy is to win over customers who usually like to use other companies' online software with some new inexpensive and automated tax services.

As a result, there are more low-cost advice options on the menu this year. Most cost far less than the \$246 average that the National Society of Accountants says it costs for a personal preparer to do a return including itemized deductions.

Video Returns and Your Own CPA

TurboTax has launched a new remote paid-preparer option called CPA Select that matches users with certified public accountants. Clients upload their documents and communicate with the preparer via phone, video chat or email. Costs vary depending on the complexity of the return, starting at \$.

Customer Tatum Vitale, a 29-year-old organ transplant coordinator from Belmar, New Jersey, used the service for her 2012 taxes after trying to do them herself first. "This was the first year we owed money, and I didn't want to pay more than we had to," she says. She communicated by email with the CPA, and in the end owed less than she had originally calculated – and all for the same \$125 she paid last year to file her federal and state returns using software on her own.

TurboTax, which processed 25 million returns last year, also provides free phone support for tax questions and live chat for customers of its CD, online or mobile products, which range from a free 1040EZ to a \$ Home and Business federal edition.

H&R Block, the largest professional tax preparation company, is expanding its "Block Live" offering to iPads, provides a list of CPAs who can complete a return remotely via a video interface and uploaded documents. Costs start at \$ to complete

a 1040EZ and go past \$219 for complex returns, with exact costs determined by the tax professional.

The company, which had 14.9 million retail clients and 7.4 million software users last year, also offers a “best of both” package, which allows customers to start with a standard software package – which ranges from \$ to \$ – and then get their returns reviewed remotely by an H&R Block professional for \$.

Customers can get live chat and unlimited email support with software packages but only one free phone session with a tax pro; additional chats cost \$.

“We have found consumers would rather do quick chat. They are on a computer already,” says King.

The other major storefront tax preparer, Jackson Hewitt Tax Service Inc, also markets self-prep products ranging from free for a basic federal return to \$, along with extra support. Its DIY products come with unlimited email and live chat support, but only the highest level and small business packages come with unlimited phone support.

Free Help

There are other ways to get help, including going directly to the Internal Revenue Service; the phone hotline is 800-829-1040. The IRS also offers a free Volunteer Income Tax Assistance (VITA) program for people who make less than \$51,000 and a Tax Counseling for the Elderly (TCE) program ([click here to find a program near you](#)).

For taxpayers earning less than \$57,000, there is also free tax help available at , a partnership of the United Way Worldwide, Goodwill Industries International, the National Disability Institute and the Walmart Foundation in collaboration with the IRS.

While the 2012 filing season may push do-it-yourself filers

into the arms of paid providers, says Michael Millman, of Millman Research Associates, a research firm based in Short Hills, New Jersey, “they tend to then go back to their traditional ways once they have a feel for how it’s done.”

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