

ASK THE EXPERT:

Should I hire an accountant to prepare my taxes, or buy tax software and do them myself?

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The Expert: Ron Arsenault, adjunct professor in the Division of Business, holds a degree in accounting and a master's in taxation; he's been preparing taxes since 1979.



Arsenault says both approaches have benefits and drawbacks. The biggest benefit of using tax software, such as TurboTax® or TaxCut®, is the initial price. “You’re spending \$34.95,” he says. CPA firms and franchises cost more—some even have minimum charges of \$750 to \$1,000.

Independent tax preparers offer a less expensive alternative to places like H&R Block, Liberty Tax Service, and Tax Man. “You want to find someone with knowledge, education, and experience who charges a reasonable fee,” says Arsenault.

While tax preparation software may cost less up front, it’s not for everyone. Arsenault says it depends on how much knowledge the person using the software has and how much time they’re willing to invest. The do-it-yourself approach works well for people with returns that only involve W-2 forms and interest statements. “Most programs ask the right questions and offer users help to clarify terms,” says Arsenault.

But hiring an expert can be worth the cost if something changed, according to Arsenault. “People come to me as a tax preparer when they get married or buy a house.” He also works with people who have sold a house, rented out property, or started a business. “It sounds simple, but in the tax world, there are a lot of rules.”

“There are a multitude of rules—you may not understand tax terms,” says Arsenault. He cites the difference between dividends and qualified dividends as an example. Some people may spend 10 to 12 hours reading and conducting research before they even start filling out their tax forms.

Sometimes, it’s not worthwhile. “I’ve had people make \$27,000 mistakes by putting the wrong thing on the wrong line,” Arsenault says.

“Any time you have to use a Schedule D, that’s a good time to use a professional.” In addition to capital gains tax, Arsenault says Schedules C, E and “the dreaded Form 1099 Miscellaneous” are good signs that you might want to consult a tax specialist. The same holds true for years in which tax laws change—a professional will understand the changes and how they affect your return.

So, which option do more people choose? Arsenault says it’s an even split—last year 22 million people went to H&R Block and 22 million used TurboTax®. ■

* **JENNIFER LISKOW** works as a Public Relations and Web Writer in the Office of Marketing and Communications and teaches in Rivier’s Professional Communications program. Jenn earned her bachelor’s in English and communications from Notre Dame College in Manchester, N.H. in 1996. In 2002, she completed her master’s in writing and literature at Rivier. She began writing in junior high school; since then, she has had poems, short stories, features, and essays published. In her free time, Jenn enjoys practicing yoga, ten-pin bowling, and listening to live music with her husband, Tim.