



Making the best of busy season

By Roger Russell

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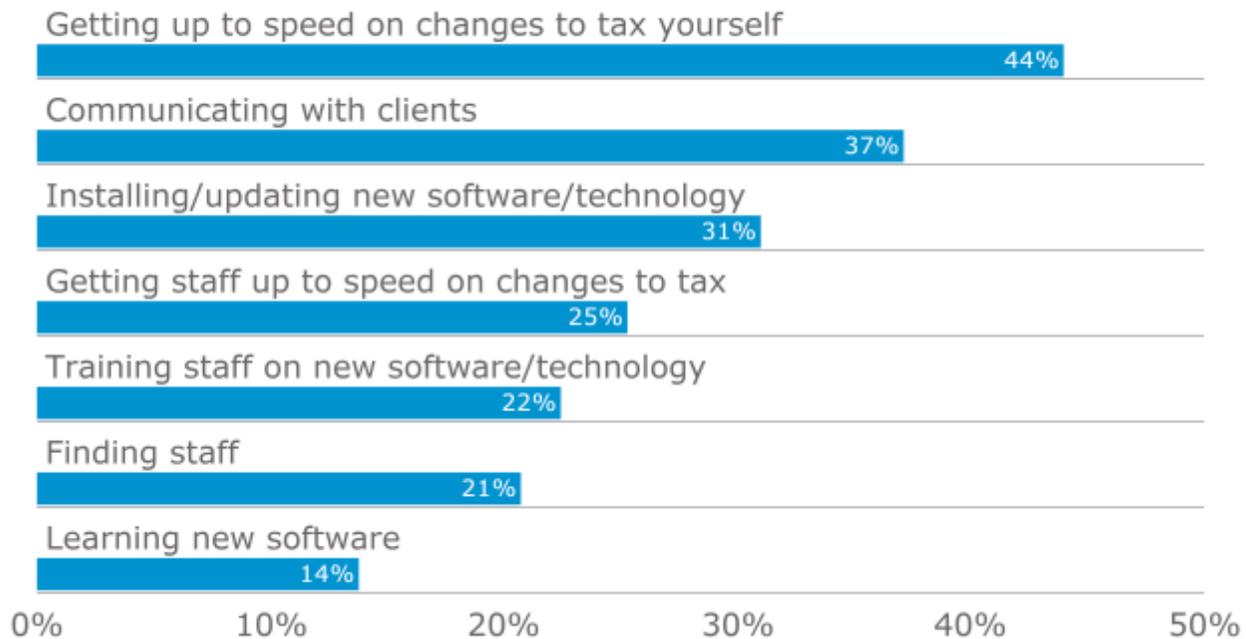
Tax season is the most stress-inducing time for most accountants and tax professionals. However, if you prepare beforehand and adopt certain practices, life can be easier during this time of year.

"Everyone should step back and be happy we don't have any last-minute changes in the tax law," said Dean Zerbe, national managing director for alliantgroup and former senior counsel to the Senate Finance Committee. "At least this year we don't have to understand what Congress did at midnight before the end of the year."

Don't be distracted by the questions most clients will have as a result of the election, he advised: "We'll see the outlines of tax reform by the end of spring, but it's not anything to be concerned about right now."

Hurdles on the way to April 15

Which are hardest for you in getting ready for tax season?



Source: Accounting Today Research

Annie Schwab, tax manager at Padgett Business Services, agreed. "There will definitely be changes, not only in the Affordable Care Act but taxes in general," she said. "Practitioners will have to stay abreast of those changes and will have to spend extra time with clients just to address their concerns. But they need to manage their time and stay focused on what's going on."

"This season is unique in that the changing tax laws require all preparers to stay up on the news, as we are likely to have significant changes in our tax laws in 2017," said Mike Campbell, tax partner at Top 6 Firm BDO USA LLP.

"We've already had many conversations with clients regarding what will happen in the new administration," said Michael Thrasher, a partner at Top 100 Firm Bennett Thrasher LLP. "We anticipate fielding a lot more of these questions during tax season."

"I'm amazed at how many questions I'm getting about what's going to happen," said Don Dismuke, regional managing partner of tax for the south region and head of international tax

for Top 100 Firm Dixon Hughes Goodman LLP. "Everybody is anxious, from tax directors to CFOs and board members."

STAY COOL

"This year, one of the biggest stress points will be the fact that there is still pending tax law with extenders that could be approved and retroactively applied," observed Padgett's Schwab. "There will always be stress as deadlines approach. At some point every practitioner will have to have a 'drop dead' date, beyond which a return will have to go on extension. You want to make the client happy, but you don't want to take in more work than you can get out. As much as you want to get work out of your staff, you also don't want to put too much pressure on them because that increases the likelihood of errors."

"Other pressure points are maintaining collections and billings during busy season," Schwab observed. "A lot of practitioners file and deliver the return and bill later, but it's better to have collections when the product is delivered. And the refunds on returns that claim an Earned Income Tax Credit or Additional Child Tax Credit won't be processed until February 15, so taxpayers claiming those credits on their returns might be disappointed — it's a matter of managing client expectations," she said. "And there are a number of steps that preparers have to take to ensure security and combat identity theft."

The switch in filing dates for corporations and partnerships poses another challenge this filing season, Schwab observed. Partnership and S corporation returns are now due in March instead of April, while C corporation returns are due in April instead of March. "Preparers have to make sure their clients are aware of the different due dates," she said.

Dismuke agreed: "The change in due dates is significant, especially from the international standpoint. Most companies have international activities in some form or fashion. Given the change in due dates, people should be laser-focused on meeting those deadlines. For companies with an international activity, a missed deadline can result in substantial penalties. We have software that tracks these for ourselves, and we like to provide tax calendars to our clients so they can monitor themselves to avoid missing a deadline."

For Thrasher, the due date change likewise presents problems. "There's less time to file the partnership return with the due date now in March. But the biggest stress point for me is Form 1099. It seems like every year the information comes out later and later. It makes for a compression of tax season, with fewer days to get the same amount of work done."

STRESS RELIEVERS

"The bigger discussion is what can be done to alleviate the stress points," Thrasher said. "It's important that you rely on whatever project management tool you have. I spent a day or two the past two weeks reviewing our project logs. I make sure that all the due dates were accurate and assign out all the work for the tax season as to who is preparing and who is reviewing and setting the budget. It's not perfect — there will be changes — but it's easier to think about now rather than during the second week in March. It's nice for me to know that whenever the work comes in, I've already addressed the budget. Then I meet with each of the reviewers and walk through the work each person will be responsible for, so they will know what to look out for as well."

"Then we review projects to see what work can be completed before busy season heats up," he continued. "We don't get really busy until the end of February, so I look at the weeks before that as preparing to make it more manageable. We spend time on a lot of things that I know can be completed or addressed now, before busy season begins."

"I create a game with myself as to how many projects can be completed before then," Thrasher said. "Last summer we set the goal of completing 300 projects before August 1 [the beginning of the summer busy season]. It forced people to think about using their time wisely, and gets everybody working together as a team on a common goal. When we met the goal, we had a team outing."

Thrasher emphasizes being open with clients: "Discuss what expectations they have with you and let them know what you expect from them. If they wait until April 1 to get their information in, we'll extend their return because there's no way we can do the work on it that we need to do. We can better serve them if we spend time understanding each other and are all working

toward the same goal — the sooner they provide us with information, the more value we can provide to them.”

STARTING ALL OVER AGAIN

“Getting started is always stressful for independent tax preparers,” observed Chuck McCabe, president of Peoples Income Tax and The Income Tax School. “It’s like starting up a new business every year. You have to deal with people issues and client issues.”

“Staffing is always a challenge,” he said. “Not knowing if you will have enough preparers on board to take care of clients is stressful. And if you need additional people, they’re hard to find. Usually, when tax preparers are looking for work they don’t come out of the woodwork until the last minute. We always have ‘woodwork’ people — they wait until after the holidays and then decide whether and who to work for this season.”

For John Karaffa of ProSport CPA, filing season is the chance to put into play all the preparation he worked on during the “off-season.” Karaffa, who played pro basketball in Germany for 12 years while he worked for Price Waterhouse, limits his practice to the representation of professional athletes. “We have a 12-person accounting team,” he explained. “It’s vital that you have buy-in from your staff and their families as to their expectations regarding the season. Everyone knows the biggest part is from February to May, and they’re ready.”

White Paper LP and LLC Taxation Variances

Taxation of LPs and LLCs - Variances Among States (A Chart from Bloomberg BNA)

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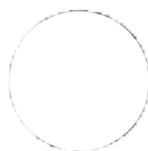
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"Tax season is when we're at our best," he said. "We prepare for it the entire off-season. I played at Butler 25 years ago, and always hated preseason conditioning and early season drills, but when we got to the real games, we know that this is a tough time but our mentality is that this is our time to shine. This is when we have the most contact with our athletes."

Many of the 500 professional athletes that Karaffa and his team service play basketball, football and soccer. "The rest are scattered among all major sports, including Olympic sports and video gamers. The latter have very complex tax needs because most are from overseas and compete globally, with a lot of events held in the U.S. — similar to golfers and tennis players. We also handle participants in mixed martial arts and boxing, professional volleyball players and water skiers."

"Stress is not a word we use here," he said. "To us, busy season is fun season."



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