

A paid tax preparer may catch costly mistakes

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"\$800 back when you file your taxes, you are getting more money each paycheck."

Because of the payroll tax holiday, which also applies to self-employed taxpayers, self-employed taxpayers may find the filing process a little more confusing than usual.

"Self-employment tax is going to look a little different this year because of the payroll tax holiday," Schmitt said. "Since the self-employed do not have anyone to withhold taxes on their income, they include payroll taxes on their income tax return. That computation is going to look a little different and may be a little intimidating to them."

Though taxpayers have received a slight increase in the money they earn per paycheck, the lack of these funds on this year's tax return may be a contention



Ed Ruppel/The Chronicle

SIGNED, SEALED, DELIVERED: Dan Wilder, of Wilder Accounting in Oviedo.

for stress.

Julie Emmer, Supervisor of Outpatient Services of the Seminole County Behavioral Center, works with lower income families who typically look forward to tax season.

"That's the one time a year they can get caught up on their bills or buy that one extra something they want to buy," Emmer said.

"In the past, when the economy is good, people who need our services are

people who are used to needing the system," she said. "Now we are seeing people who thought they would never need these services. People who were comfortably middle class are no longer the comfort-

ably middle class and they are probably the most overwhelmed in trying to get their needs met."

She continued.

"As more and more people are reliant on government programs to get by, these programs are under threat of budget cuts because of the economic issues that we are facing. People who receive these benefits would rather be independent and able to take care of themselves."

She explained that those who are unable to maintain their financial independence due to loss of income and foreclosure are unable to seek financial advice from professionals and may be the most affected by more changes expected in 2013 due to a multitude of expiring tax provisions.

"For the past few years, forgiveness of debt income for principle residences, such as mortgage short sales and foreclosures, has been excluded from taxable income; however, this is a good year to wrap up these transactions," Schmitt said.

"Unless congress extends this provision, foreclosures and short sale debt forgiveness will be treated as taxable income even though taxpayers in this situation likely will not have the money to pay the taxes. This issue is specific to Central Florida because there are so many houses under water right now."

Other issues taxpayers may notice is a change to the 1099 form, as well as a completely new form that also needs to be filed—the

8949. Wilder said individual taxpayers should be careful when filing sale of stocks on their tax return on [1099-B] Schedule D. Form 8949 is a completely new form required to be filed alongside the Schedule D and cost basis needs to be determined if it is covered or non-covered. The IRS is requiring credit card processors to report income to merchants on a 1099K. This income will be required to be separately recoded next filing season, he said.

If this at all seems confusing or over the taxpayer's head, then the professionals highly recommend an accountant's expertise.

"Not only can a tax professional help you get every deduction on your tax return that you are entitled to, but they also help ensure that your return is filed properly to avoid costly mistakes or even audits," Wilder said.

In addition to being a tax professor, Schmitt helps her children and many of her friends file their taxes each year. Although she does tend to use the software available, she knows what to look for and how to resolve the issues she encounters.

"I know what it is supposed to look like and I can go back and figure out what went wrong, but that is not something most taxpayers will catch. You get what you pay for. So if you have any kind of complicated tax return, the tax law has gotten so complicated that most people need the extra help of a paid preparer."