How to Start a Tax Preparation Business

30 Years of Tips, Tricks, and other Secrets

Second Edition
Ver. 2.1

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Introduction

WorldWideWeb Tax, Inc. is committed to assisting you build your business while generating continuous revenue and client stability. Below we have outlined some no and low cost marketing initiatives that you will be able to implement quickly and easily. This will enable you to become your very own Marketing Manager! Also offered in this book are guidelines on starting your own tax preparation business and a variety of advertising materials to assist with your retention and solicitation marketing efforts. To obtain these advertising materials go to MyCooopAdvertising.com. Listed below are ideas, suggestions and recommendations to assist your continued efforts. WorldWideWeb Tax, Inc. is dedicated to YOU and your business' growth!

It is said that two things in life are certain – Death and Taxes. Continue reading to learn how you can profit from the later!

"And of course the former often leads to the latter, and vice versa."
Getting Started

Can I really have a successful tax preparation business?
Most people can, and most people enjoy it. For most people, owning their own business is the American dream. A tax preparation business can be a lucrative venture that can be operated part-time or full-time. Tax preparers are always in demand because the tax laws are constantly changing, the tax forms and rules are intimidating to most people, and the average taxpayer has a general subtle fear of the IRS. As the tax code becomes more complicated and difficult to understand, a growing number of people are seeking the services of professional tax preparers each year.

Below are some of the traits of successful tax preparers:

√ Desire to be independent;
√ Desire to own a small business;
√ Enthusiastic;
√ Persistent;
√ Positive Attitude;
√ Willingness to learn;
√ Willingness to sacrifice early on, for a better tomorrow; and
√ Willingness to take small risks.

This business isn’t for everybody. You need to feel comfortable working with numbers and people and be attentive to details. The ability to organize data and information is essential to being a successful tax preparer. Basic business math - such as addition, subtraction, multiplication, division, and percentages - is all that’s required to understand accounting. It’s a great business for customer-focused individuals with strong personal skills.

Starting a tax preparation business is easier than most people think. You just need to become familiar with the basics of tax preparation, IRS rules and regulations, and the filing requirements. Tax preparation requires attention to detail, accuracy, integrity and yearly continuing education to stay current. From there it’s all about marketing and advertising.

Tax software does all of the math calculations for you – but a good “sense” for numbers is helpful. You'll also need to know where to enter the data from the W-2’s and 1099’s, etc. That’s where our income tax course comes in.

Our software also makes this simple by asking interview questions. Just answer the questions and when you’ve provided all the answers the tax return is done.
If you don’t get along well with people, you probably won’t enjoy contact with your prospects and clients. And they probably won’t enjoy contact with you. If that’s the case, you may want to consider a different career. There are many careers in which you won’t have to deal with people each day.

Some of the many benefits of a lucrative tax preparation business include:

- Make $100 or more per hour (when billing per form rather than per hour);
- Work wherever and however you want to; and
- Work full-time or part-time.

Successful tax preparers make more money in January and February than most people make working all year long!

To get started owning a successful tax preparation business you’ll need the following six things:
1. Training (such as The Tax College’s Income Tax Course);
2. Professional tax software (such as 1040 Valuepak);
3. An Electronic Filers Identification Number (EFIN) from the Internal Revenue Service;
4. A Preparer Tax Identification Number (PTIN) from the Internal Revenue Service;
5. The ability to provide tax related bank products (such as the ones we offer); and
6. An effective advertising and marketing campaign – which is laid out in this book.

Many taxpayers assume that tax preparers are accountants or have business degrees but this is not the case. The Internal Revenue Service has formal testing, licensing and continue professional education requirements for tax preparers. You should never prepare tax returns for which you have not been trained, such as corporate tax returns, and that you are not certain you can prepare correctly and accurately. Doing so would be unfair to the taxpayer and you’ll risk creating possible IRS and legal problems for yourself as well.

Amazing success stories...

- Beethoven's music teacher once said of him: "As a composer, he's hopeless."
- When Thomas Edison was a boy, his teachers told him he was too stupid to learn anything.
- A newspaper editor fired Walt Disney because he had "no good ideas".
- Caruso's music teacher told him: "You can't sing. You have no voice at all."

Nothing is worse than tax preparers who have no idea what they are doing. And the sad fact is that most independent tax preparers haven’t even taken any income tax course at all. But you’re different, because you made the effort on your own to learn tax preparation. The key to operating a successful tax preparation business is training - the tax preparation training in our income tax course and the operational, marketing, and advertising training contained in this book.
After spending thirty (30) days studying and successfully completing The Tax College’s Income Tax Course and investing less than $1,000.00 in start-up costs tax preparers can earn thousands of dollars a month during tax season. Can you think of anywhere else that you can start a truly legitimate business for less than $1,000.00? All you’ll need to know is how to prepare returns, set up your office, market yourself, and advertise.

Very few start-up businesses offer the income potential that a tax preparation business does. If you’re the type of person that likes to work hard for short periods of time to make lots of money, then tax preparation could be the perfect business for you. Some tax preparers make over $100,000 net after expenses each tax season. A few extremely successful tax preparers are approaching $1,000,000 per year. However, there is no guarantee that you will experience the same success or earn the same money, if any, using the methods and ideas in this book. This book should not be interpreted as a promise or guarantee of earnings or success because earning potential and success is completely dependent on the person using these methods. Your level of success in attaining the results described in this book depends on the time you devote to your business and other personal factors. Since these factors differ from individual to individual results will vary. Many factors will determine your actual results and no guarantees whatsoever are made that you will achieve results similar to these. Most of all, it’s up to you. How much you apply yourself, and how hard you work. Those are the two biggest factors in determining your success (or failure) and income (or lack thereof).

**Should I quit my current job?**

Another consideration is whether you should quit your current full-time job and go full-time with your tax preparation business from the beginning, or start your tax preparation business as a sideline business. Starting your tax practice on the side will give you time to learn the tax preparation business and build confidence and a client base. Some of the benefits of starting part-time are:

- You’ll be able to take your time studying our thirty (30) day electronic, instructor led Individual Income Tax Course. You’ll learn at your leisure;
- You’ll experience less pressure to make money immediately because your regular job offers a steady paycheck;
- You'll have a chance to test your tax preparation business and determine where the market is and the best way to approach it; and
- Starting part-time allows breathing room for mistakes - and an opportunity to shelve the tax practice if it doesn't pan out. Please note, however, that industry statistics show that very few tax practitioners ever shelve their practice. Nearly all leave through permanent retirement, incapacitating disability, or death. There’s an old saying: “Old tax preparers never die, they just get an extension!”

**Helpful Links:**

http://www.business.gov/
http://www.business.gov/start/start-a-business.html
http://www.sba.gov/smallbusinessplanner/index.html
http://www.toolkit.com/
Your Own Home-Based Business

Is a home based business right for you? A home based business can be one of the most enjoyable and rewarding experiences you'll ever have. Tax preparation lends itself well to being home-based and either full or part-time. You won't need a lot of equipment, initial investment or inventory to begin with.

Many new small businesses struggle with the question of whether they should be home-based or rent office or retail space.

Working from a home office definitely saves money and reduces the risk of being locked into a long-term lease. Most small businesses are started with limited funds and thus financial considerations are the most important. You have to pay the costs of your home regardless of whether or not you have a business there.

A home based business will save you commuting time, and this is time that can be spent building your business. If you’re a mom it will allow you to be home when the children get home from school, saving you child care expenses. If you have the right self-discipline a home office will let you structure your work around family needs.

More than half of all small businesses are started at home. In all likelihood, many of those entrepreneurs begin their business while working for others. Doing so certainly means that you'll have to pull double duty for a while. However, it also offers an added layer of security. Starting out slowly increases the chances for long term success because you'll have the luxury of working in a nearly risk free “laboratory”. With a steady paycheck from your full-time job you can take the time to gauge demand, tinker with your marketing efforts, and even make some mistakes without risking your financial security.

Home-based businesses are certainly on the rise. Research shows that everyday nearly 8,000 people start their own home-based business. How long it will take to get your business off the ground depends largely on you. You have to allow yourself enough time to actually succeed. You'll really need to be persistent and realize that any real business will not just automatically become successful in a matter of days or weeks.
You should be prepared to give it your best sustained effort for at least three (3) tax seasons and possibly longer in order to build a solid client base and begin to see some good income. It takes time and perseverance to develop a lucrative practice and there will be ups and downs along the way.

Many successful tax preparers launched their tax preparation businesses part-time over three (3) or more years – then went full-time once their business was up and running. Don't forget it takes a long time to become an overnight success!

Should you decide to start part-time, you should judge for yourself how much to tell your full-time employer. Some employers will be entirely supportive should you choose the full disclosure route. So long as you're careful to keep your two jobs separate and not pursue your tax practice on company time. Tax preparation is one of the few businesses that most employers do not see as a threat - probably because tens of thousands of employees do it while keeping their full-time jobs. However, not all employers will be receptive. Some fear that your work performance at your full-time job will suffer. There may also be concerns about competition - especially if your new business offers a perceived similar service to your employer's. So you'll need to give considerable thought to how much, if anything, you should disclose to your full-time employer.

**If you are still employed while starting your tax preparation business:**

- Always remember that, until you turn in your resignation, your primary job comes first.
- If your tax preparation business demands your attention during work hours, be sure to attend to it during your break(s) – not on company time.
- Never use your employer’s phones, computers, equipment, or supplies in pursuit of your own business interests.

Once your business becomes successful be prepared to quit your full-time job – at least between January 1st and February 28th. Why? Because most clients e-file and want their tax returns e-filed between those dates. That's when you'll do the bulk of your business each year. And that's when the heat will be on to get the returns finished and e-filed. If you haven't made enough money by February 28th to clearly see your way through financially to next tax season you should plan on staying with your full-time job one more year.

Even though a home based tax preparation business is relatively simple to operate, there are a number of things that should be considered if you would like to be a home based tax preparer. Working at home isn’t for everyone. If you are going to be a home-based business you'll need to locate a place in your home that is away from the main traffic path and has as much solitude as possible. Preferably a dedicated office space that is neat and orderly where you can meet with clients. If possible use a separate room. Stay away from the kitchen table if at all possible. That's the worst place to set up your business. The kitchen is, for most families, the busiest room in the house.
You will be constantly interrupted and you'll have to set your papers aside for meals. Then, when you want to get back into it, you will need to make sure all the milk, ketchup, and whatever else has been thoroughly cleaned, or you might be doing your work all over again. Consider buying Home-Based Business for Dummies at Amazon.com.

There's ample opportunity to enjoy all the benefits of being independent and working out of your home. Personal and financial freedom can be yours! You CAN do it!
Mobile Tax Preparation

Some tax preparers decide to prepare the tax returns in the client’s home or office. This allows you to advertise “in-home service” which will be attractive to many prospective clients, as everyone is very busy today. In some markets taxpayers will pay a higher fee for “in-home” service. You can keep your “base” in your home, which will save you the costs of commercial office space. However, there are several disadvantages to offering mobile tax preparation including:

- Setting appointments will be a problem as there are only three or four appointment times each evening. Even less if you have to travel long distances.
- You’ll spend a lot of valuable “production” time travelling between appointments during the short but busy tax season, when time is most valuable. You can prepare twice as many returns by having the client come to you.
- “No shows” are always a problem with any business that goes to the client’s home. If you are a busy tax preparer every “no show” will cost you $100-$200. And yes, even if you re-schedule the appointment there are people that will “no show” multiple times costing you even more money.
- You’ll need to have an Internet connection, and some client’s may not have one or may only have a dial-up connection. If you are using a WAN card it may not have a good connection in some locations.
- Gasoline and operating costs for an automobile can be expensive.

For the above reasons we strongly recommend **against** starting a mobile tax preparation service. Due to the above-mentioned pitfalls, very seldom are mobile tax preparation services successful.
Renting Office Space

Office Buildings
If you’re going to “take the plunge” and set up a regular business office, location is the most important factor to your success. Opening your office in a retail or commercial location can greatly increase profits. But it can also increase losses if you pick the wrong location. It’s important that you locate your office where the most prospective clients are. It might be nice to dream about having a penthouse office suite in a 50-story skyscraper downtown - but it’s unlikely that you’ll do much business there. The IRS Demographics Data provides taxpayer statistics for the prior tax season. It will help you find the right location for your office.

To view and download our IRS Demographics Data click here: http://www.wwwebtax.com/irsdemographics/index2.htm
Please note that the IRS hasn’t made the information available for a few years. The most recent year is available.

If your office is located in a high rise building be sure you can display a prominent sign or banners outside the building where they’ll be noticed by ongoing traffic. Also be sure to place a sign just inside the front door and outside the elevator providing directions to your office. For a further discussion of sign placement see “Banners” later under “Advertising”. Be sure any signage is clear and concise.

Executive Office Centers
Executive Office Centers are a relatively new concept. They provide a small office (100 – 150 square feet), a conference room for meetings, a cafeteria with coffee and soda, all office equipment, and a receptionist. You’ll be sharing the expenses for all of the aforementioned with many other businesses – in some cases 100 or more. Secretarial services may also be available for an additional fee. Be sure you can display a prominent sign or banners outside the building.

Retail Space
If your office is located in a high traffic area you’re far more likely to generate a lot of business that if your office is hidden “off the beaten path”. Even if the rent is double or triple the rent for a hidden office, you’ll almost always come out ahead with an office in a high traffic area. That’s why successful businesses rent space in malls instead of renting a free standing building 10 miles outside of town.

You should set up a store front office in a low to moderate income neighborhood on a busy street or intersection with a lot of drive-by and pedestrian traffic. Tax preparation businesses are the most successful when they are in high traffic areas.

Why a storefront? Because a storefront location can attract hundreds of walk-in clients. With a storefront you should also be able to hang a banner out and display neon signs, etc. See
“Advertising” below. Banners cost practically nothing and can bring in hundreds of clients from drive-by traffic. Make sure that you hang the banner (or two) where oncoming traffic will see them - two banners perpendicular to oncoming traffic if possible. Additionally, you may receive a lot of business from consumers who were actually visiting adjoining businesses.

You should consider signing a four-month (Jan.-Apr.) lease - possibly with an option to renew for the long term. That way if you find that you are in the perfect location you can exercise your option. On the other hand, if the location turns out to be terrible and you don't get any clients you're only on the hook for four months rent. Make sure you ask the landlord if you can display a banner or two. Also ask if you can display neon signs.

Why a low to moderate income neighborhood? Because that's where you're best prospects are. Millionaires don't need Preferred Electronic Refund Checks (PERCs) because they have plenty of money in savings and investments and can pay their tax return preparation fees up-front.

**Teaming Up with an Existing Business**

There are many existing businesses that already have storefront space and are completely compatible with a tax preparation business. If there's a compatible business in your area go in and speak to the owner about setting up a workstation inside his business. Some examples of compatible merchant businesses are:

- Check cashing stores
- Beauty salons
- Supermarkets
- Automobile dealerships
- Any business that receives a lot of customer traffic.

A beauty salon could benefit by meeting new customers if you advertise in the front of the salon with banners. An automobile dealership could benefit by selling more cars that taxpayers can purchase using their tax-related bank product checks.

Some professional businesses may also be compatible with your tax preparation business, such as:

- Attorneys
- Financial Planners
- Insurance Agents
- Mortgage Brokers
- Real Estate Agents
- Stockbrokers with independent offices

In most cases teaming up with another businessperson will work out to your mutual benefit. Not only will it bring more overall traffic into the office, but you can also exchange referrals, making the arrangement more than just a basic rent sharing agreement. In the case of the professionals listed
above you may even want to cut a deal whereby you can offer tax preparation to their existing clientele. You may have to split your fee, but it'll be well worth it.

Agree on a monthly rent to pay the business owner. Be sure to point out that, in some cases, the business owner can make a lot more money than just the rent you pay. For instance, a check-cashing store can cash the tax-related bank product checks that you print out and hand the taxpayer – usually for a fee of up to 3%. And because the checks are bank cashier’s checks the check-cashing store has no risk.
What equipment and supplies will I need?

**Equipment**

When setting up a tax preparation business one of your first concerns will be having the right equipment and office environment. One of the benefits of a home-based tax preparation business (if you decide to be a home-based business, like 40 million other American workers) is that the start-up costs are relatively low. That’s the beauty of a tax preparation business. It doesn’t take a big investment to get started. For the basic setup all you’ll need is a computer with an internet connection and a printer, which you already have, our tax preparation program, a copier or scanner, and a desk or table and chair.

A folding table works well and they cost less than a desk. Since most clients will never see your working environment, the choice is simply one of how much you want to spend on your surroundings. You can pick up an eight-foot folding table at your local Office Depot or Office Max for about $50. Once again keep in mind that, initially when starting your home-based business, how your work area is furnished usually won’t make a difference in how many clients you get (because in most cases they’ll never see it), but it will make a difference in whether you make a profit (due to spending too much money on furnishings) - and possibly whether you stay in business. Unless you have unlimited funds furnish your work area sparsely. That extra $1,000 spent on the fancy desk and chair could have bought $1,000 worth of advertising - and brought in 50 new clients!

**Your Business Card**

Business cards are important to all business professionals. To many prospects, your business card might be the only thing they have to judge you by. So don’t underestimate the value of a high quality, professional business card. A high quality business card should be an integral part of your marketing plan. For many tax preparers it is probably the most important part of their plan. Your business card should present a professional image that people will remember. It will make or break the prospective client’s first impression of you. It can make as much, or even more, of an impression as your personal appearance - the clothes you wear and your office setting.

**Basic Business Cards**

A basic business card is usually printed in black ink on plain white or cream card stock. This is a good style for businesses that only need “utility”. It’s a no-nonsense approach that can appeal to clients and prospects that would not be impressed by fancy design features - like people who want “just the facts”. The design is simple, and the information is clear and concise.

You can get 500 professional business cards at the local Office Depot or Office Max for about $20. They also have “stock” logos for you to choose from. Pick out the best logo that looks professional and fits you. The salesperson will then help you place your information into the format of the card.

Most people accumulate a stack of basic business cards in a drawer. Then when it is time to utilize services they don’t remember anyone that handed them a business card and instead look in the Yellow Pages, the local weekly newspaper, at coupons, or elsewhere. The business cards left no
impression with them at all. Some day when they move and clean out the drawer they’ll throw away all the old basic business cards that have been sitting there for years!

**Unique Business Cards**

You’re a business professional, not just someone providing a “utility” service such as car repairs or landscaping, and you’ll want your business card to reflect that image. Consider unique looking business cards. Some cards have unusual shapes, edges, folds or embossing. These cards tend to be considerably more expensive than regular business cards because they use nonstandard production processes such as special die cuts. But for some businesses, this more unusual card may be worth the price. There are business cards shaped like calculators and even ones that look like Form W-2.

A business card can do more than just identify your name and business. It can also act as a discount coupon by offering a discount on the front or back of the card. We discuss discount coupons later. It can provide valuable tax information that the average taxpayer needs to know. A card of any type can be made multipurpose by adding these features.

**Picture Business Cards**

Consider putting your picture on your business card. Having your picture on your business card helps a contact remember you the next time he or she is seeking your service. Which for tax preparation is once each year. Your image can help you communicate your business better than a thousand words. Full color is best on a picture business card.

Your picture helps prospects identify your name with your face and business, forming a lasting impression – and helping them remember you when it comes time to do business. It’s also very personal and will make prospects feel that they know you. People are more inclined to call a businessperson with their picture on their business card, even year’s later, because they see the picture and remember you. This gives them a sense that you too will remember them when they call – making that initial call a lot easier.

![Tip]

Tip - This may go without saying, but when a prospect calls even if five or ten years have elapsed since you’ve last spoken, always act as if you were just speaking together yesterday. Never say things like “Gee, I have no idea who you are…” or “What’s your name again?” or “Where (or when) did we meet?” Doing so will alienate the prospect and may even make him reluctant to stop by for an initial visit.

Realtors have been putting their picture on their business cards for almost fifty years because the “personal touch” works and gets the business.

Here are a few tips about creating the right business card:

- If you are not sure what kind of business card you like, go to Office Depot or Office Max. They have books of sample business cards.
You may want to consider printing on both sides of the card. The reverse of most business cards is wasted “advertising” space. Consider adding some tax tips, a discount coupon or a list of the services that you offer. What you print on the reverse of the card may entice the prospect to hold onto your card instead of throwing it away.

**Signature Lines**
While this isn’t exactly about business cards, it’s very similar. Create a “Sig File” in your e-mail client software to use each time you send or reply to an e-mail. Include complete contact information and a brief sentence about what you do. If you have a logo (discussed later) you can even include your logo graphic.

**Summary**
With a business card you are looking for something to help you stand out from the crowd and using unique business cards is an excellent way to accomplish that goal. Be sure to pick a style that best supports the business image you wish to project. And be sure to include all of your contact information including your name, company name, complete street address, phone number (or numbers, if you want to include your cell phone), e-mail address and website. If someone wants to contact you after receiving your card you’ll surely want him or her to be able to do so with ease.

Be sure to attach your business card to everything, including any letters you send. Leave 50 at the offices of any professionals that you share referrals with. You can even pin 10-20 on the bulletin board at the supermarket. The trick: Try and hand them out as quickly as possible so that you’ll have to order more. They won’t do you any good sitting in your desk, right?

For a great book about business cards (they write a book about everything these days!) go to Amazon.com and in the search box type “It's in the Cards”.

**Letterhead and Envelopes**
Letterhead and envelopes really aren’t necessary because the client letter and invoice is generated by our program and printed on your printer along with the tax return. Tax preparer stationary and tax return jackets and envelopes are available at several supply companies - but they really aren't necessary and will just be an additional expense.

**Telephone**
If you’re a home-based business you may want to consider a separate phone line. You can get either another personal line or a business line.

There are two good reasons for a separate phone number for your business:

1. You’ll preserve your personal life. A separate number will allow you to screen your calls. If you are just sitting down for dinner and the business line rings you can let the answering machine or voice mail take a message. If you’re going to be a home based business and if you have children at
home it’s a good idea to instruct them not to pick up the business line. You want to appear professional, and most businesses don’t have children answering their phones.

2. With a business line your company’s name will be placed in the yellow pages. This will provide you with credibility, and enable your clients to find you if they need to. This does not necessarily mean you should buy a space ad in the yellow pages – although it could help bring in a lot of new clients. You’ll receive a standard yellow page listing with a business phone number. When selecting your business name (see “Naming Your Business” later) keep in mind that there’s a reason entrepreneurs pick company names like AAA Pest Control. It’s so that their standard yellow page listing will be first in the directory list for their category – as most prospects contact the space ads first, if any, and then proceed alphabetically from the beginning of the category list.

Be sure to get a toll free number along with your business phone number. They only cost a few dollars a month (about $5) and it’ll make you look much more professional to prospective clients. Use it on your business cards, and all of your advertising. Since your clients will be local most of them will call your local phone number anyway. But a toll free number looks very professional.

**Answering Machine or Voice Mail?**

If you have a separate phone line for your business you’ll want an answering machine or voice mail from the local Phone Company. You can get an answering machine for about $20 at the local Office Depot or Office Max.

The monthly charge for voice mail varies from Phone Company to Phone Company. Many large companies use voice mail. One big benefit of voice mail over an answering machine is that if someone calls while you are on the phone, voice mail will take a message instead of giving the caller a busy signal. Thus, you’ll never miss a call. This can be a big advantage during the hectic tax season when you may have multiple calls coming in at the same time.
If your voice mail system will allow it, you should set it up to:

- Take a message;
- Provide your office hours;
- Provide directions to your office;
- Provide information about your services;
- Provide what information/documentation client’s should bring to their appointment;
- Provide the answers to frequently asked questions;
- Provide different messages for different days, i.e. weekdays versus weekends; and
- Provide different messages for different times of the day.

**Facsimile Machine**

In years past a plain paper fax machine was helpful to communicate with clients as well as getting information to and from prospective clients. An inexpensive model for about $50 will probably handle your needs. It can also often be used in a pinch as a copier.

Another option would be to utilize one of the many online fax services. They provide you with your own fax number, receive the faxes, and forward them you as e-mail attachments. These services cost less than $10 per month.

**Copy Machine**

You should have either a copy machine or flatbed scanner for copying your client’s tax documentation (i.e. W-2’s, 1099’s). You’ll also want to copy your client’s identification (i.e. driver’s license, social security card, etc.). You’ll want that documentation in a file should the IRS ever question or audit a tax return that you prepare.

**Scanner**

While not required, you may also want to consider getting a scanner. With it, you can scan all of your client’s tax documentation into an Acrobat .pdf file and store it on your hard drive. This will be handy for future reference or in the event of an IRS audit.
Naming Your Business

What's in a name?
Plenty when it comes to the success of your business. Pick the right name and your company can become the talk of the town. Pick the wrong one and you may not get any business at all.

Your company name should be easy to say and remember, and should convey the expertise, value and uniqueness of your tax preparation service. Will your name stand out, or get lost in the crowd? Will your name communicate the right message, or will it inadvertently keep prospective clients from calling you at all?

In 1956 when brothers Henry and Richard Bloch (pronounced "block") of Kansas City, MO started H&R Block, now the nation's largest tax preparer with over 12,000 offices, they chose to spell the name "Block" with a K to ensure that their company's name would not be mispronounced as "blotch." This averted a potential marketing problem as they felt potential clients wouldn't want to have their tax and accounting work done by a company with "blotch' in its name.

What makes a good business name is controversial. Some experts believe that the best names are abstract while others think that names should be informative so that customers immediately know what business you're in. In reality, any type of name can be effective if it's backed by the appropriate marketing strategy. Think about it for a minute. Fifteen years ago who ever heard of Ebay? What is an Ebay anyway?

If you're like most small business owners the responsibility for thinking of a good name is yours. By following the same basic steps professional namers use you too can come up with a great name. Start by deciding what you want your name to communicate. To be effective your business name should reinforce the key elements of your tax preparation business. The first and most important step in choosing a business name is deciding what conveys your business image. The more your name communicates to taxpayers, the less time you'll spend explaining it – and what business you're in. Give priority to real words over fabricated words. Why? People prefer words they can understand and relate to.

Look in dictionaries, books and magazines to generate name ideas. Think of as many good names as you can. Think of names that are descriptive of your business and straightforward. Your firm name should not only indicate who you are, but also what you do. The name “Bob Smith & Sons” certainly tells everyone who you are but doesn’t tell anyone what you do. “Bob Smith & Sons” could be a moving company or a plumber. On the other hand, “Bob Smith Tax Service” gives the taxpayer both pieces of information. Try to come up with at least 10 names that you feel good about.

Your name should be:

- Descriptive of your business
- Distinctive from other names
- Easy to Pronounce
• Memorable for your clients
• Short and sweet
• Specific to your business
• Straightforward

Ask yourself these questions:

• Who are my target clients?
• What problems will I solve for them?
• What words or phrases, currently used in the industry, would appeal to them?
• What benefits will my clients receive from doing business with me?
• What names do my competitors use and what name would differentiate me in the marketplace?

When thinking up names try to avoid the following:

➢ Getting family and friends involved. Be sure to select the name yourself. Remember that too many chefs' spoil the soup.
➢ Adding two words together to create one new word. These names usually look and sound awful and they have no intrinsic or linguistic meaning whatsoever. They work great for multi-billion dollar corporations, but won't work for you. Why? Because you don't have $500 million to "brand" the new name, they do.
➢ Using plain words that'll never stand out against your competition. Your name needs to be different and memorable.
➢ Using overworked words such as First, Number 1, Summit, Pinnacle, Peak and so on. These names are overworked and taxpayers may become suspicious if it appears that you are making unwarranted claims. Who exactly rated you number 1? J.D. Power and Associates?
➢ Constructing purposefully misspelled names so that you can get a domain name to match. Resist the urge. Using these names makes spelling the name and locating you, and your website, much harder. Misspelling names makes you look uneducated at best, and at worst makes you look down right ignorant, in the eyes of potential clients.
➢ Using cute names. Avoid cute puns or phrases in your name, which may be confusing to prospective clients if they don't understand what you mean or don't have your sense of humor. To them the name will look stupid. This is especially important to avoid if you want to project a highly professional image.
➢ Using names that, at first impression, the IRS or state Department of Revenue would find offensive - such as “Screw the Tax Collector” or “Shaft the Tax Man”. Even if the name sounds humorous to you don’t forget that your company name will appear on the tax returns that you file. And if a single return is selected for audit by the tax authorities they will be much more inclined to audit ALL of the tax returns that you filed. Also, when the taxpayer sees such a company name on their tax return they probably will not be back next year for fear of being audited.
➢ Using hard to spell names. If it's not simple, people will be much less inclined to send you referrals or go to your website. Make it as easy as possible for clients to give you referrals.

Most naming experts will advise you not to include geography in your name, such as "Fort Lauderdale Tax Service". For a tax preparation business you’d do well to disregard that advice. The fact of the matter is that most taxpayers have their tax return prepared within 5 miles of their home. Consumers generally support businesses in their own community before utilizing the services of “outsiders”. This
is why the location you select for your office is so important. Why would an average taxpayer living in New York travel to Chicago to have his tax return prepared? One exception is some tax and financial planners actually do have national firms and taxpayers actually do travel cross-country (or send their papers) to have their tax returns prepared. Those are niche markets and you probably won’t be in that business for many years to come, if ever.

Most taxpayers selected the town in which they live because they like that town. Using your town in your name, provided nobody else already has it, will add credibility and professionalism to your name and indicate your strong commitment to the community in which you live. These are all attributes that will make taxpayers more comfortable doing business with you.

**Using Slogans**

If the name that you really want is very long then consider breaking it into two parts. The first part will be the actual name of your business. The second part will be the slogan that appears in quotation marks directly below your name. Instead of naming your firm “Bob Smith Tax Service, The Income Tax Experts” name your firm “Bob Smith Tax Service”. Use “The Income Tax Experts” for your slogan as shown here:

Bob Smith Tax Service
   *The Income Tax Experts*

Utilizing slogans can help you get the name you want while still conveying the remainder of your message in your slogan.

**Mistakes to Avoid**

Here’s one of the biggest traps to avoid, at all costs: As previously stated, avoid using any name that challenges the Internal Revenue Service or state Department of Revenue. Don’t forget how the system works. You’ll file tax returns for your clients on a “voluntary compliance” basis – which simply means returns are prepared and submitted by the taxpayer. Both you and the taxpayer attest to the truthfulness of the tax return when it is filed.

The IRS computers may flag a return for any number of reasons. At that point an IRS Audit Manager will examine the return to determine if it should be sent for audit. Now what do you think the Audit Manager will think if your company has a name like “Screw the IRS”, “Tax Protestors”, “Pay No Taxes”, or “Zero Taxes Now”? What would you think if you were he? Most taxpayers will avoid you like the plague if your name implies that you are doing something illegitimate or illegal. Why? Because the IRS can and will pull all of your tax returns and audit all of your clients even if they find a problem on just one return.

No taxpayer wants to be subjected to an IRS audit. They’re upsetting. So stay away from names that challenge the IRS or the Department of Revenue.

The IRS prohibits the use of the designation Registered Tax Return Preparer (RTRP) until such time as you have successfully completed their Competency Examination. Several states have laws
prohibiting the use of “Accountant”, “CPA”, or “Tax Consultant” in a business name unless you are actually licensed by the state as such. So avoid those words too. You won’t want to have to spend a lot of time defending your name in court before you even have your business off the ground. Lawyers are too expensive.

**Narrowing Down Your Picks**

Narrow the 10 names down. Your company name should be easy to pronounce by your clients. If taxpayers can’t pronounce your name, they will avoid saying it. That will hurt your word-of-mouth advertising. It’s that simple. This is the one instance where you may not want to even consider using your own name for your tax preparation business - if it’s difficult to pronounce.

Which company names best suit your objectives? Which names most accurately describe the business that you are in? Which names do you like the best? Do the names elicit your pride and enthusiasm? Choose a name that makes you glow with excitement and prospects will notice your enthusiasm and want to do business with you. Choose a name that you mumble under your breath, and they’ll avoid you.

If you’re in a multilingual market, be sure your name has no negative connotations in the other language(s). Unfortunately, prejudices do exist - and you want to get the most business that you can from everybody. This can be especially difficult if your market is split equally. Name your tax preparation business "Hispanic Tax Services" and Anglos may not want to do business with you. Name your tax preparation business "Anglo Tax Services" and hispanics may not want to do business with you. Best bet, pick a different name that will please everybody – such as “Main Street Tax Service”. You can always use “Hablamos español” as a quasi-slogan below your name.

If your primary means of advertising will be the Yellow Pages, and you don’t plan to purchase space advertising, which can be expensive, you might consider a name that starts with the beginning of the alphabet. Why? I’ll say it again: Because if you are going to rely on the regular Yellow Page listing your name will be first on the list. Most consumers look at the space ads first and if they don’t see anything they like they proceed to the beginning of the category listings and work their way down through the listings alphabetically. Look at all the company names that start with “AAA”.

**Logos**

Adding a logo can become a valuable asset to your business. Logos can help create an eye catching, memorable identity for your firm and enhance your company name. While it is not necessary your first year, eventually you may want to consider getting a logo. Your first year you may want to consider just a distinctive typeface, which often looks like a logo in the eyes of prospective clients. Alternatively, business card printers have stock logos that you can choose from. If you are going to use Picture Business Cards you may not need a logo at all as you’ll already have a graphic on your business card.

Should you have an actual logo? Ask yourself these questions:

- Will a logo benefit my firm?
- Will a logo enhance my overall purpose?
- Does it make sense for my company to have a logo? If you are operating out of your home it may not.
- Do my competitors have logos?
Logos can help make a generic name unique. If your firm name is simply descriptive or geographic, a logo can add a look of uniqueness to your firm - setting yourself apart from your competitors. Ask yourself will a logo get clients to remember me and come back year after year? Hopefully, clients will remember you by name. But images do stick in people's minds a lot better than words. Remember the old adage: “A picture says a thousand words”. By displaying your name and logo together, you may be much closer to getting clients to remember you.

Consider the above questions when deciding on a logo. If you decide to get one, it is not necessary to hire a local consultant. Local consultants often charge $3,000 - $7,500 for consultations, sketches, and the final logo itself. Hewlett Packard’s Logoworks can design your logo for as little as $299.00. They also offer reasonably priced business cards, stationary, brochures, and promo products. You can visit them at http://www.logoworks.com/.

If you do decide to get a logo be sure to use it on all of your printed materials. You may also want to consider registering it as a trademark. Many companies offer this service. Just type “register a trademark” into the search box at Google.

**It’s All About You!**

While thinking of a name for your new tax preparation business don’t forget to consider using your own name as your business name such as “John Doe’s Tax Service”.

You’re in a personal service business, and nothing is more important to a client than knowing that you personally are to be trusted - whether it’s a low or high net worth individual, a corporation, or even a local mom and pop business. Taxpayers do business with you because they have trust and confidence in you, not some faceless company or corporation. They're depending on you! They're buying you! Communicating trust and credibility is the primary goal of any tax preparer. A few years ago H&R Block spent over $500 million advertising the "You've got people" theme, promoting the fact that they are people doing business with people, not just a big corporation. It’s all about you!

You never see CPA’s combine the names of two Greek gods into one word for the name of their business. They always use their own name. So do attorneys. And they get plenty of business.
Avoiding Infringement Lawsuits
After you've narrowed down the field to four or five business names that are memorable you are ready to make sure that you won't infringe on another tax preparer's existing name. Check the local White and Yellow Pages. Enter the entire URL into the address bar of your Internet browser, such as http://www.SuperDuperTaxService.com. Try .net too. Does a web site come up? Do they do business in your market? Next, enter the name enclosed in quotes into the search box at Google, such as "Super Duper Tax Service". Is there a company already using that name? Also check the US Patent and Trademark Office at http://www.uspto.gov/main/profiles/acadres.htm.

There may be other steps that you should discuss with your attorney to avoid infringement lawsuits.

Summary
Each tax preparer arrives at a final decision on a name in his or her own way. Some tax preparers go with their gut feeling, while others have personal reasons for choosing one name over another. Take time to think through some of the issues mentioned above. By tapping into your creativity you'll be able to create a memorable name that works fantastic for both you and your client's!
Licenses and Permits

The information below is intended to give you a brief overview of what licenses and permits may be required. It is provided on a "best efforts" basis but is by no means exhaustive and we do not guaranty the information. It is not intended as legal advice. You should consult with an attorney to advise you in these matters.

Federal Licenses
All paid tax return preparers must register with the IRS - by obtaining a Preparer Tax Identification Number (PTIN). The IRS also requires all paid tax return preparers to complete a Competency Examination. The IRS will begin requiring new tax return preparers to take the exam after April 2012. Existing tax return preparers that hold a valid PTIN will not be required to take the exam until 2013.

Registered Tax Return Preparer
Upon passing the Competency Exam a tax preparer can represent him or herself to be a Registered Tax Return Preparer (RTRP). Tax preparers are prohibited from representing themselves as RTRPs until they have successfully completed the exam.

RTRPs must adhere to ethical standards and they must also complete 15 hours of continuing professional education each year. RTRPs have limited practice rights before the IRS, which means they can represent clients in only certain limited circumstances.

For further details contact us.

What is an Enrolled Agent?
An Enrolled Agent (EA) is a tax practitioner who has been authorized to practice before the Internal Revenue Service.

Enrolled Agents, like attorneys and Certified Public Accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can practice before. Enrolled Agents are authorized to represent taxpayers before all administrative levels of the IRS for audits, collections, and appeals. Enrolled Agents advise, represent, and prepare tax returns for individuals, partnerships, corporations, estates, trusts, and other entities with tax reporting requirements.

You are not required to become an enrolled agent to prepare tax returns. However, becoming an enrolled agent in the future is probably a good idea to bolster your professional image, enhance service to your clients, and broaden your client base.
According to the National Association of Enrolled Agents there are currently about 48,000 practicing Enrolled Agents in the United States.

**History of Enrolled Agents**
After the U.S. Civil War many citizens had problems collecting their claims from the government for horses and other property that was confiscated for use in the war effort. Additionally, the government had problems with many of the claims, as many were fraudulent. For instance, the Treasury Department received more claims for reimbursements for horses taken than there were horses in North America. In 1884 Congress required that all persons submitting claims to the Treasury Department submit them through an Enrolled Agent. When the federal income tax was passed in 1913 the role of Enrolled Agents expanded.

**How do you become an enrolled agent?**
There are two ways to become an enrolled agent - pass the IRS’s comprehensive Special Enrollment Examination; or have the required five years experience as a former IRS employee in a position which regularly interprets and applies the tax code and its regulations. Further details are contained in Treasury Department Circular 230 - *Regulations Governing the Practice of Attorneys, Certified Public Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers Before the Internal Revenue Service*.

Enrollment via the Special Enrollment Examination method requires the following:

- Pass a written examination. You must demonstrate special competence in tax matters by passing the written examination; and
- Pass a background check to ensure that you have not engaged in any un-permitted conduct.

Failure to timely file tax returns or pay tax due is un-permitted conduct and thus grounds for denial of enrollment.

**Continuing Professional Education (CPE)**
In addition to comprehensive testing the IRS requires Enrolled Agents to complete seventy-two (72) hours of continuing professional education every three (3) years to maintain their Enrolled Agent status.

**Ethical Standards**
Enrolled Agents must comply with the provisions of the Circular 230. Failure to do so results in suspension or disbarment.

**Practice before the United States Tax Court**
Enrolled Agents are not allowed to practice before the United States Tax Court unless they pass the Tax Court Examination for non-attorneys.

**Identification**
Taxpayers may ask an enrolled agent to show his or her enrollment card. Additionally, Enrolled Agents display their certificate evidencing Enrolled Agent status prominently in their offices. Taxpayers seeking to confirm a person’s enrollment status can also contact the Detroit Office of Practitioner Enrollment at (313) 234-1280 or by email at epp@irs.gov.
Enrolled Agent Educational Assistance Plan
1040 ValuePak users who have successfully completed our income tax course and have at least two years of experience in the tax preparation business can take advantage of our Enrolled Agent Educational Assistance Plan.

We'll pay 100% of your tuition at our approved educational institution for you to become enrolled to practice before the Internal Revenue Service. Your Enrolled Agent studies must be completed over years three and four, or later.

State Licenses
California and Oregon require you to have a license or registration to be a tax preparer. Maryland and New York require registration.

California
The California Tax Education Council (CTEC) is charged with registering and regulating all California tax return preparers. Registration costs very little. CPAs, enrolled agents and attorneys are exempt from registration. California requires all non-exempt tax preparers to complete a 60-hour course at one of the 125 CTEC licensed schools.

If the California Franchise Tax Board discovers that a tax preparer is not registered they automatically issue a penalty. The penalty is automatically waived if the tax preparer becomes compliant within 90 days.

Oregon
Oregon initiated its current program in 1974. CPAs and attorneys are exempt from registration. Educational requirements include an 80-hour tax course to prepare for the exam, with 30 hours of continuing education annually.

Oregon has implemented a two-tiered licensing process:

A Tax Preparer license enables a person to lawfully prepare personal income tax returns. A tax preparer must work under the supervision of a Licensed Tax Consultant, a Certified Public Accountant, a Public Accountant, or an Attorney who prepares tax returns for their clients.

A Tax Consultant license enables a person to lawfully prepare personal income tax returns for a fee as a self-employed or independent tax practitioner.

A licensed tax preparer may qualify to take the tax consultant examination after working a minimum of 780 hours during at least two of the last five years in the capacity of a tax preparer. Preparers and
employers should keep documentation of hours worked which are directly related to personal income tax preparation that may be counted toward meeting the work experience requirement to sit for the tax consultant examination.

A licensed Tax Preparer must pass an exam with a score of 75% or higher and complete the requirements mentioned above before taking the state-sponsored test.
A Tax Consultant must take a more rigorous state-sponsored closed book exam than that for a licensed Tax Preparer.

**Other State Requirements**
Some states require licensing and bonding to offer tax related bank products.

A few states, such as Minnesota and North Carolina, have disclosure laws regarding Refund Anticipation Loans. Most do not.

The states of Arkansas, Maine, Maryland, and New York have regulations to prevent preparers from charging extra fees to taxpayers opting to use a bank product to receive payment of their tax refund. No extra fees are allowed on any tax return.

Rules for tax preparers can vary from state to state, so it is important to check with your state and local authorities *annually* to be aware of their requirements.

Some states charge sales tax on tax preparation fees, others do not.

**Obtaining a Business License**
Some types of businesses require a business license from the state, city or county in which the business operates. You’ll need to take the necessary steps to register your business with the appropriate governmental authorities. This involves registering with the Secretary of State, your county, or your city, to obtain the business license.

**Fictitious Name Certificates**
Do you need to file a Fictitious Name or DBA Certificate? If you are doing business as a sole proprietorship under a fictitious name (a DBA or “Doing Business As” such as “City Tax Service”) you’ll probably need to register your fictitious name with one of the above authorities. A fictitious name allows you to legally do business under your new business name (rather than your own name). Procedures for filing the fictitious name certificate vary among states. In many states all you have to do is go to the county office and pay a registration fee to the county clerk. In other states you also have to place a fictitious name notice in a local newspaper for a certain amount of time.

In some states the newspaper that advertises your fictitious name notice will also file the necessary papers with the county. The cost of filing a fictitious name notice ranges from $15 to $125.

In most states and localities if you use your own name, either first or last, you will not have to register your fictitious name, as it is not fictitious. In most states corporations don’t have to file fictitious name certificates unless the corporation does business under a name other than its’ own.
**Zoning Laws and Deed Restrictions**

Municipal zoning laws or Subdivision deed restrictions sometimes regulate the type of business activities that are allowed to be transacted in a community – if any at all. Zoning laws and deed restrictions may effect home based tax preparers. There could be problems if you are regularly having many clients come to your home.

For offices and retail locations zoning laws definitely apply to your business. You may need a Zoning Permit from the Zoning Department of the town or city. Zoning laws may also regulate parking and the placement of signs.

These requirements vary from locality to locality so you’ll need to check on the requirements locally.
Opening a Business Bank Account

While not required to start a tax preparation business, opening a bank account for your business is a good idea because it will help you track business income and expenses and avoid co-mingling your business finances with your personal finances.

When sole proprietors pay themselves they simply write themselves a check or withdraw money from the bank. They don't have to issue a paycheck to themselves and withhold payroll taxes. When sole proprietors need to contribute some personal money to the business (capital) they simply deposit it into the checking account. They don't have to formally account for capital contributions as they would with a partnership or a corporation.

Most sole proprietors rely on their business checkbook as a recordkeeping device.

It's important that you have both a business checking account and a personal checking account. When you make a deposit into the business checking account you should note the source of the funds.

Once you’ve opened the business checking account you should deposit all business income and pay all business expenses, and only business expenses, from the business checking account. All personal income should be deposited into your personal checking account and all personal expenses should be paid from that account.

Should the IRS ever audit you the auditor will pay much less scrutiny to the income and expenses if only business income is deposited into the business checking account and only business expenses are paid from the business checking account.

You’ll need to select a bank in which you want to open your business bank account. The closest bank to you, or your office, is probably the best one. The reason that you’ll want your bank close is that in the event that client’s pay you by check you’ll want to deposit those checks daily. The longer that you hold a check the more likely it is that it won’t clear the client’s bank. By opening your business bank account at a close, convenient bank, you won’t have to drive clear across town, or further, during the busy tax season to deposit those checks. Alternatively, you can get pre-addressed envelopes from any bank and mail in the deposit each day.

You’ll need to complete the bank’s account application and provide, photo identification (your driver’s license), your Tax Identification Number (which for sole proprietors without employees is their Social Security Number), your Fictitious Name (Doing Business As) Certificate, and, where required, your government issued business license.

There are some variations in the documents required for opening a business bank account from state to state and bank to bank.
Should You Accept Credit Cards?

Accepting credit cards is not without its costs. There are equipment costs for the swipe terminal ($300-$500) and monthly merchant account fees. You can call your bank and ask about all the costs associated with accepting credit cards.

Very few taxpayers will ask if you accept credit cards. Why? Because it is customary in the tax preparation industry for you to have your fees withheld from a tax related bank product – such as an Electronic Refund Check. This way the taxpayer needs no money or credit card up front to pay for your services. For further information about Electronic Refund Checks see Lesson 28 of The Tax College’s Income Tax Course.

Clients that do not wish to receive their refund via a tax related bank product can pay you in cash or with a check. Those clients will need to pay you up front, before they leave your office with their completed tax return. Always be sure to discuss with the client how they are going to pay for your services BEFORE starting the tax return.

One thing that can happen with Electronic Refund Checks is that you won’t get paid at all. Occasionally if the government doesn’t remit the taxpayer’s refund to the tax refund processing bank then there will be no money from which to deduct your fees. However, losing your fees every now and then is probably still less expensive than the costs of accepting credit cards.

Your best bet is to start-up your tax preparation business without accepting credit cards. If you later find there is a big demand for credit cards you can add them later.
Who Will Your Clients Be?

Most Americans find tax preparation to be somewhat confusing and most people are uncomfortable preparing their own tax return. Tax laws change every year making tax preparation services always in demand.

It's important to understand your target market. Most upper class wealthy taxpayers already have a CPA, Enrolled Agent, or other professional that prepares their tax return. They'll be hard to get as a new client. Your target market will be lower class to middle class individuals with W-2's or small businesses. This is an important distinction when selecting a location for your office.

When first starting out your average client will probably be a lower to middle class “rank and file” wage earner with a W-2 with less than $40,000 of income. These clients usually don’t have a strong relationship with the tax preparer that they used last season.

You’ll want to direct your marketing and advertising efforts to these types of taxpayers.

Specializing Your Practice

Many tax preparers have become successful by specializing in certain groups of taxpayers – usually based on occupation. Many occupations, such as the clergy, military and free lance writers, etc… have unique tax deductions available to them. Provided you studied Lesson 9 – Self-Employment Income diligently and have a thorough understanding of Schedule C you may want to specialize in self-employed taxpayers.

There are four important points that you should be aware of before deciding to specialize in self-employed taxpayers:

1. Tax preparation fees are generally much higher for self-employed tax returns with Schedule C than they are for regular 1040 tax returns.
2. Schedule C returns are more complicated and take more time to prepare.
3. Some self-employed taxpayers will come to you with their books in order and all you’ll have to do is transfer their totals to Schedule C. Others will come to you with their receipts for the year in a shoe box or paper bag and you’ll need to do the compilations to arrive at the totals. This work can take many hours and is basically bookkeeping work. There is certainly nothing wrong with bookkeeping work - just be sure to quote a price including the bookkeeping. Otherwise you’ll spend many hours regretting having agreed to do all that work for a very low fee.
4. Self-employed taxpayers may already have a solid relationship with another tax preparer or an accountant, making it harder to get their business.

Where will you find self-employed taxpayers? They’re everywhere. Just look at all of the businesses on Main Street in your own town. Look in the Yellow Pages. Look in your local weekly newspaper(s). Just walk in, especially if you are patronizing that business, and ask for the owner and start talking. To avoid being rude always ask the owner if he has a minute. Cold calls are hard to do at first, but you’ll get the hang of it quickly. And if you know the owner and patronize his business it’s really not a cold call anyway. It should be a somewhat warm call! To learn how to do “cold calls” search Google for that search term, or buy a book at Amazon.com.
If you are going to specialize in self-employed taxpayers be sure to study J.K. Lasser’s Small Business Taxes, a top-selling small business tax guide. It’s filled with expert advice and guidance. J.K. Lasser’s Small Business Taxes is available at Amazon.com. In the search box select “Books” and search for “Small Business Taxes”. Be sure to purchase the most recent version.

Another group you could specialize in is retirees. You could become a specialist in retirement, pension, and elderly tax issues. Many retirees belong to small groups, like the book club, garden club, or knitting club - and they are always looking for speakers to come chat with them for an hour or two. You could center your discussion on this year’s changes in the tax laws. If you need an outline, download the most recent tax law changes in the Tax Law Changes section of Getting Started in the 1040 ValuePak Portal.

If you need a full-blown speech see Mostad & Christensen, Inc. later in this book.

Be aware that most retirees probably won’t need bank products.

We strongly recommend that you do not exclude preparing tax returns for any individual taxpayers that come your way, even if you are specializing in one type of taxpayer. When you are first starting out you need all of the business that you can get. If need be you can “thin out the herd” a few years down the road when you have more business than you can handle.

If you come from a particular occupation, specializing in that occupation can give you a leg up on launching your tax practice because you’ll have taxpayers in that occupation that you already know and it’ll be easy for you to talk the “lingo” with them.
Tax Return Processing and Operations

You’ll be the busiest between January 1st and February 28th - so be prepared to work long hours. Your hard work will be well rewarded as many tax preparers charge up to $300 for a single return when combining the tax preparation fee, electronic filing fee, and any bank product fees. Complex returns can bring in even more money. If you can prepare three to four returns per day, you’ll be making an impressive income.

How long does it take a taxpayer to prepare a tax return?
The average layman spends eighteen (18) hours preparing his tax return. No wonder that so many returns are prepared by tax professionals. Most taxpayers have an aversion to preparing their own returns. Keep in mind that as a trained professional tax preparer with good tax software you’ll be able to prepare returns in a fraction of the time that it takes a layman. The table below shows how long it takes the average taxpayer to prepare a tax return.

<table>
<thead>
<tr>
<th>Major Form Filed or Type of Taxpayer</th>
<th>Percentage of Returns</th>
<th>Average Time Burden (Hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Time</td>
<td>Record Keeping</td>
</tr>
<tr>
<td>All Taxpayers</td>
<td>100%</td>
<td>18</td>
</tr>
<tr>
<td><strong>Major forms filed:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1040</td>
<td>70%</td>
<td>23</td>
</tr>
<tr>
<td>1040A</td>
<td>19%</td>
<td>9</td>
</tr>
<tr>
<td>1040EZ</td>
<td>11%</td>
<td>7</td>
</tr>
<tr>
<td><strong>Type of Taxpayer:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonbusiness</td>
<td>69%</td>
<td>12</td>
</tr>
<tr>
<td>Business</td>
<td>31%</td>
<td>32</td>
</tr>
</tbody>
</table>

Over the last twenty years the number of taxpayers having their tax return prepared professionally has increased dramatically. 87 million taxpayers pay someone to prepare their tax return and that figure is expected to rise as the tax code gets more complicated.

Legal Responsibilities
There are procedural rules and standards of conduct for tax preparers – and penalties for non-compliance and the understatement of income tax liability. As a tax preparer you need to be familiar with the rules.

Who is an Income Tax Preparer?
An income tax preparer is anyone who, for compensation prepares, or employs another to prepare, a substantial part, or an entire income tax return or claim for a refund. A person who prepares an income tax return or claim for a refund for free for a friend or relative is not an income tax preparer.

What is a tax return or claim for a refund?
A tax return includes the following:
• Individual income tax returns
• Corporation income tax returns
• Fiduciary income tax returns
• Partnership returns
• S-Corporation returns
• Domestic International Sales Corporation (DISC) returns
• Regulated Investment Company undistributed capital gains returns
• Charitable Remainder Trust tax returns
• A return of a transferor of stock or securities to a foreign corporation, foreign trust, or foreign partnership

**Signature and Identification Required**
An income tax preparer must sign each tax return through the use of a Preparer’s PIN for electronically filed returns. If more than one preparer is involved then the one with primary responsibility for the accuracy of the return must sign. The return must be signed after completion, but before delivery, to the taxpayer.

Additionally, the return must include, in the Paid Preparer’s Box, your Preparer Tax Identification Number (PTIN).

The return must also include the preparer’s address and phone number if self-employed. If the preparer is employed by a partnership or corporation the name, address, phone number, and Employer Identification Number (EIN) of the employer must be provided. If the address is not maintained year-round then a year-round business address should be provided. If there is no year-round address then the preparer should provide his residence address.

**Copies Required**
A tax return preparer must furnish the taxpayer with a completed copy of the tax return no later than the time the return is presented to the taxpayer for his signature. The regulations also require the preparer to retain a copy of the return. The copies must be kept available for IRS inspection for three (3) years.

**Electronic Filing Rules and Regulations**
Electronic filing has its own set of rules and regulations. They’re contained in IRS Publication 1345, *Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns*. You can get a copy at the Getting Started Section of the 1040 ValuePak Portal. It’s in the Additional IRS & State Stuff Section. You should read this Handbook prior to the start of your first tax season as a professional tax preparer.

**What if a client asks a question and I don’t know the answer?**
This happens all the time. It’s OK. Don’t be a “know it all”. If a client asks a question and you don’t know the answer *do not* guess at the answer or claim that you know the answer when in fact you don’t. Tell the client you’ll research it and get back to him or her.
If you “wing it”, and the client later finds out that your answer was wrong (or worse yet, he made an important financial decision based upon your incorrect answer), he won’t be back next season. Legal problems could also develop. Once again: If a client asks you a question that you don’t know the answer to simply say “I don’t know the answer, but I’ll research it and get back to you”.

Clients will ask you all kinds of questions over the years. There are simply some questions that you should never answer, such as legal questions. Unless you are a member of the bar you should refer a client with legal questions to an attorney.

It’s ironic that a lot of tax preparers think it makes them look stupid to simply say, “I don’t know.” But in the client’s eyes it actually makes you look smarter – admitting that you don’t know something but knowing where to get the answer. Don’t forget, no matter how simple the questions is, in the client’s eyes it is a very difficult question because they don’t know the answer either.

After researching it, if it turns out that the question is clearly beyond your capabilities then you should refer your client to another professional, such as a CPA. This is a great opportunity to set up reciprocal referral arrangements with other professionals. Hopefully they’ll also refer clients with tax questions to you. Make sure that whoever you make referrals to is professional and competent because ultimately their actions will be a reflection on you, and your professionalism.

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Over the last 71 years more than 39 million Americans have trusted J.K. Lasser’s for their tax advice. Written by a team of tax specialists, J.K. Lasser’s Your Income Tax is the nation’s all-time top-selling tax guide. It's filled with expert advice and guidance—including over 2,500 easy-to-follow tax tips and strategies — that will help you plan and file your client’s tax return in the most efficient way possible. As an added value, you can gain direct access to dozens of bonuses through jklasser.com, including:

- up-to-the-minute tax law changes
- 365 day-a-year tax advice
- filing tips
- monthly e-mail tax law updates
- cautions and pitfalls
- tips on getting married (and divorced)
- home buying advice
- tax planning strategies and reminders
- retirement planning
- estate planning
- small business tax help
- US Tax Court decisions
- IRS alerts and announcements
- and much, much more

J.K. Lasser’s is available at bookstores, most office supply stores, and at Amazon.com.

IRS Audits
No matter how well you prepare a tax return, there is always the possibility that it will be audited. Be sure your client’s know how to contact you in case they receive an IRS or state letter questioning their return, or a notice of an audit.
If your client receives a letter questioning an item, these situations can usually be handled thru the mail. Meet with your client, review the letter, and respond to the taxing authority appropriately. They’re usually fairly simple situations questioning such things as unreported interest or dividends. But what about a real audit? Will you go with your client to the audit? You’ll need to decide whether you want to do audit work or if you would rather refer them to a CPA, attorney, or audit representation firm that does that kind of work. It’s is usually in the client’s best interest for them not to appear for the audit. Most taxpayers are better served by hiring a CPA, attorney, or audit representation firm. Why? Because most taxpayers only harm themselves by offering explanations or information that hasn’t even been asked for. Then the IRS expands the scope of the audit.

There’s another big reason that you may not want to handle audit work, even assuming that you are qualified. Audits can be a lot of work - sometimes even 100 hours or more of work not counting appeals that can require going to court and take many years.

If you agree to represent your client at the audit he will naturally feel that he shouldn’t have to pay you anything since you were already paid for preparing the tax return. Why should I pay twice, he’ll reason. You may find it difficult or impossible to collect your bill.

What are the penalties and can they be avoided?
In 1989 the IRS revamped its penalty system. Before the reform, more than 150 overlapping penalties existed. Consequently, a single infraction could result in multiple penalties. Below are the current penalties for various infractions.

<table>
<thead>
<tr>
<th>Infraction:</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late Filing (If the tax return is more than 60 days late, the minimum penalty is the smaller of $100 or 100% of the tax owed.)</td>
<td>5% per month of the net tax due (maximum 25%)</td>
</tr>
<tr>
<td>Late filing due to fraud</td>
<td>15% per month of the net tax due (maximum 75%)</td>
</tr>
<tr>
<td>Late tax payments</td>
<td>0.5% per month of the unpaid tax due (maximum 25%) The 0.5% rate increases to 1% after the IRS issues a notice of intent to levy.</td>
</tr>
<tr>
<td>Negligence or disregard of tax rules and regulations</td>
<td>20% of tax underpayment</td>
</tr>
<tr>
<td>Fraud</td>
<td>75% of tax underpayment</td>
</tr>
<tr>
<td>Substantial understatements of income tax (tax underpayments that exceed the greater of 10% of the correct tax liability or $5,000)</td>
<td>20% of tax underpayment</td>
</tr>
<tr>
<td>Over valuations of 200% or more but less than 400% of the correct amount</td>
<td>20% of tax underpayment</td>
</tr>
<tr>
<td>Over valuations of 400% or more of the correct amount</td>
<td>40% of tax underpayment</td>
</tr>
<tr>
<td>Estate tax and gift tax under valuations of 50% or more of the correct valuation and if the tax underpayment exceeds $5000</td>
<td>20% of tax underpayment</td>
</tr>
<tr>
<td>Estate tax and gift tax under valuations of 75% or more of the correct valuation and if the tax underpayment exceeds $5000</td>
<td>40% of tax underpayment</td>
</tr>
</tbody>
</table>
Interest
In addition to any penalties the IRS will charge the taxpayer interest on any tax deficiency for the period of time since the time that the tax was due and supposed to have been paid to the present. One important point to keep in mind is that the taxpayer had possession of the money and presumably earned some interest on it during that time.

Acting on Bad Advice from the IRS
There is no tax penalty imposed if you relied on erroneous written advice from an IRS official. You must show that you provided accurate tax information to the IRS when you asked the IRS for the tax advice.

Honest Mistakes
You may be able to get the IRS to drop the penalty if you can show that the mistake was an honest error. Have the taxpayer send the IRS a check for payment of the tax and any interest along with a letter explaining how the mistake was made and a request to eliminate the penalty.

Disputing Assessed Tax Penalties
Penalties can be avoided if the relevant facts affecting the items tax treatment are adequately disclosed in the tax return. However, disclosure cannot be used to avoid incorrect valuation penalties.

Another way to dispute a penalty is to show that substantial authority exists for your tax treatment of an item. To establish substantial authority for a position look to Internal Revenue Bulletins, tax court cases, private letter rulings issued by the IRS, and some congressional reports. Authority supporting your tax position should be substantial in relation to the weight of authority supporting contrary tax treatment.

If the IRS assesses a penalty, the taxpayer can appeal. While the appeal is under consideration, payment of the penalty is suspended. The taxpayer also has a right to representation and can ask to have a meeting with the IRS.

The tax penalty for filing a frivolous tax return is not based on tax liability and will be assessed immediately and added to any other penalties.

For more details on penalties and interest refer to IRS Publication 594, Understanding the Collection Process.

Buying Professional Liability Insurance
In most states you are not required to carry professional liability insurance, although you might want it if you prepare tax returns with large tax liabilities (especially estate tax returns). Generally, you won’t be preparing those types of returns until you have been in the business for several years. Provided you’ve prepared the tax return honestly, the worst that would usually happen if you make an honest mistake is that you’d have to pay a preparer penalty to the IRS. The taxpayer himself is responsible for any tax liability and any taxpayer penalties and interest.
Most tax preparers do not carry professional liability insurance. Many CPAs do. The foregoing is provided in the event that you would like to carry such insurance.

EZ Insurance Solutions provides tax, accounting, and bookkeeping services with professional liability insurance. Most of their insureds are sole practitioners and small to mid-sized businesses. EZ Insurance Solutions specializes in offering business insurance products designed especially for tax preparers.

The basic policy includes coverage for the following services:

- Tax return preparation
- Client representation before the IRS or any governmental taxing authority
- Tax advice
- Bookkeeping
- Payroll processing
- Notary Public
- Data processing
- Computer hardware/software recommendation, installation, client training.

They offer a range of liability limits that provide both a per claim limit and a higher annual aggregate limit. Liability limits available are:

- $100,000/$250,000
- $250,000/$500,000
- $500,000/$1,000,000
- $1,000,000/$2,000,000

Two annual aggregate deductibles are available: $500 and $1,000.

One or more of the CNA Insurance Companies provides the underlying coverage.

For further information visit: http://www.ezinssolutions.com/

Four Things That You Should Never Do
Doing any of the following will get you in a lot of trouble with the IRS, including possibly being civilly enjoined by a Federal Court, or worse, arrested and prosecuted.

1. Never cash a client’s refund check or receive any taxpayer funds, as it is a violation of the Rules promulgated by Treasury Department Circular 230. This is true even if the client owes you money. If so, accompany the taxpayer to the bank, have them cash the check, and the client can then give you the cash. Why? Because if later your relationship sours, disgruntled taxpayers (including friends, relatives, and even estranged spouses) have been known to file complaints with the IRS that they never received their income tax refund. Then when the IRS looks at the check, the taxpayer’s signature will not be on the back of it. Your’s will – and then your licenses will be revoked.
2. Never understate a taxpayer’s tax liability, or prepare or assist in the preparation of a false or fraudulent tax return. If asked to do so by a prospective client, and you will be, refuse. Just tell the prospective client that you can’t prepare his return. It simply isn’t worth making $100 or $200 and then having to hire a lawyer to defend yourself.

3. Never take a tax deduction for which the client doesn’t have proof, such as a receipt. We suggest that you scan all of the client’s tax documentation each season and store the Acrobat .pdf file in a folder on your hard drive in the client’s name. That way you’ll have copies of the proof. Don’t forget to back up your data regularly.

4. Never claim a credit, especially a refundable credit like the Earned Income Tax Credit, for which the client is not entitled.
Employment Agreements

Like all businesses, you should have a written agreement with any employees. We do not furnish legal advice, as that is a matter of state and local law, and will not attempt to do so here. However, what you will want to have in place is an Employment Agreement detailing the rights and responsibilities of both you and the employee, including confidentiality.

You will also want some sort of a Non-Compete Agreement detailing any restrictions imposed upon the former employee after they leave your employment. Can your former employee start his own tax preparation business across the street from you? Can he solicit your clients – or even take them “wholesale” when he leaves? Those are the kinds of things you will want to have in writing. For Non-Compete agreements to be legally enforceable under state law they must be reasonable in duration, scope, and distance. That’s the kind of thing you’ll need to ask a local attorney about.

Be sure to clearly point out to each new employee the Non-Compete Agreement. Whenever an employee mentions leaving your employ be sure to bring it up again, in no uncertain terms. You’ll save yourself a lot of time, trouble, and money in the long run by not having to fight with lawyers (maybe even in court) over your Non-Compete Agreement after you catch a former employee stealing your clients. And the best way to do that is to let the employee know, in polite, friendly, but certain terms, that you intend to enforce your agreement to the fullest extent allowed by law, if necessary.

A local attorney is in the best position to advise you regarding these matters. However, if you want to "go it alone" consider buying the Socrates employee legal forms CD-ROM at Office Depot or Office Max.

The CD forms library costs between $25 and $50 and the forms can be imported into Microsoft Word and modified to your choosing.
Client Confidentiality

Clients will confide in you personal and business matters that they would never tell anyone else. Strict confidentiality is of the utmost importance. There are many reasons you’ll want to adhere to the highest professional standards regarding client confidentiality, including:

- Your client expects professionalism;
- You could be sued for negligence; and
- IRS Regulations require that you keep taxpayer information confidential.

The revised Internal Revenue Code § 7216, *Disclosure or Use of Tax Information by Preparers of Returns*, became effective January 1, 2009. IRC § 7216 applies to all tax preparers. There are severe civil and criminal penalties for failure to comply with Internal Revenue Code § 7216 so be sure to keep all taxpayer information confidential.

Here’s some tips on keeping taxpayer information confidential:

- Always store taxpayer information away from client accessible areas;
- Have only one client’s file open on your desk at any one time;
- Keep your client list in a secure place;
- Always use your cell phone when calling another client from a client’s home or business;
- Never discuss the identity of a client with others, including other clients; and
- Never discuss the personal or financial information of clients with others, even spouses, including the client’s and yours. If ever questioned by an individual about the personal or financial matters of a client, tell that person that it is none of their business. Nobody is going to want you to prepare their tax return if they think you are going to blab their financial information all around town. Any suspicion in your community that you violated a confidence can mean the end of your business.
Tax Return Pricing

Generally, you'll be charging three fees. A tax preparation fee, an electronic filing fee, and, when a bank product is present a bank product fee. Whenever there is a bank product present your fee can be conveniently deducted from the taxpayer's Electronic Refund Check. Your fees will be direct deposited into your bank account daily.

Most taxpayers don’t really understand the intricacies of the tax preparation business. Consequently, most people only ask one or two questions - "How much to prepare my tax return?" and "Do you have quick refunds?" That's pretty much it.

The most successful e-file shops in the U.S. use only simple profile based pricing and they "lowball" their tax preparation charges to get the clients in the door. (Note: In some markets it’s customary to throw in free e-file and charge a higher price for the tax return preparation). They then charge more for e-filing and bank products to make up for the "lowball" price. For instance, if the going price for 1040EZ’s in you area is $69 you might want to charge $49. Advertise a $49 price with a note at the bottom that says, "1040EZ's Only". Get the client in the door. Then charge more for the e-file and bank products to make up for the discounted $49 price.

Most taxpayers have a "thought process" that anything that is coming out of the refund, which often includes an Earned Income Credit that doesn't affect their refund from withholding, is being paid by the government. Or at least it's not coming out of their pocket. Maybe they're right! So when price shopping they concentrate on the price of preparing the tax return and how quickly they can get their money. It seems like all that they care about in the end is how much they are getting for the net refund in their pocket the next week - but they rarely ask how that figure was arrived at. They will receive an itemized bill produced by the 1040 ValuePak software. Nobody can tell them the actual net refund amount until after the actual tax return is prepared - and at that point the price shopping is already done.

Tip - Your business may set its own fees, however, it is illegal to charge a fee based on a percentage of the taxpayers refund. Additionally, your fees must be consistent throughout the tax season.

In a tax preparation business you’re selling your knowledge and experience, so you should be able to command higher rates as your experience and knowledge increase.

Who will be my competitors?
To answer this question you must first determine who your competitors actually are. The answer to this question changes with your experience in the business. Why? Because when you first start your business all other tax professionals are your competitors. That’s because, when you first start your business, you are trying to entice clients away from other tax preparers. The one they used last tax
season. Your competition, when first starting out, are not CPAs. They have an established client base that probably pays them more than $1,000 per year.

Your competition the first few years will be the other independent part-time tax preparers and the national tax preparation franchises. You can compete against the other independent tax preparers easily because you graduated The Tax College’s Income Tax Course. Your education and training gives you an edge over them. You can compete against the national tax preparation franchises with your high level of personal service – which they often can’t provide because they are too busy.

Now let’s move forward five years. You now have 300 clients that come back to you year after year. Are your competitors the same? Probably not. The small independent tax preparers are probably not your competition anymore because after five years you are much more advanced than they are. The national tax preparation franchises are somewhat of a competitor, but they still don’t spend a lot of time with the client like you do. Your clients have come to expect and appreciate your friendly, personal service, and attention to detail.

Because you raised your fees in prior years you are now starting to be the CPA’s competitor, as he is yours. You may even be an Enrolled Agent by now. New tax preparers entering the business are probably not your real competitor, although they may try to woo away some of your clients with lower fees. Promote your knowledge, training, and experience to retain your clients.

**How Much Do My Competitors Charge?**

H&R Block Inc., the largest U.S. tax preparer says the average fee per client in company-owned and franchised offices is $159.82.

In a separate study, several hundred tax preparers recently responded to a survey asking what rates they were charging for different types of returns.
Below are their rates:

<table>
<thead>
<tr>
<th>Response</th>
<th>Federal and State Individual</th>
<th>Federal and State Individual with heavy business</th>
<th>Federal and State Corporate</th>
<th>Federal and State Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Responses</td>
<td>448</td>
<td>415</td>
<td>391</td>
<td>381</td>
</tr>
<tr>
<td>Average Fee</td>
<td>$180</td>
<td>$330</td>
<td>$572</td>
<td>$540</td>
</tr>
<tr>
<td>Low Fee</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>High Fee</td>
<td>$1250</td>
<td>$2000</td>
<td>$3500</td>
<td>$3250</td>
</tr>
</tbody>
</table>

**Learning About The Competition**

Sales and marketing are not as important if you are the only tax preparer in town. But for most preparers that is not the case. You'll have to compete with existing tax preparers. In order to do that you'll need to learn about them – and keep a file on each competing tax preparer.

Finding out who your competitors are and what they are doing is called competitive intelligence. It is something every smart entrepreneur does continually. It's the process of uncovering and analyzing publicly available information on your competitors to give you a competitive edge.

You'll want to start by researching and writing down the answers to these seven questions:

1. Who are my competitors?
2. How much do they charge?
3. What do they do right?
4. What do they do wrong?
5. How are they marketing their business?
6. Do they offer more than just tax preparation?
7. Where are they located?

Look in the Yellow Pages and local weekly newspapers. Ask friends and neighbors who prepared their tax return last year. Were they happy with the service provided? How much did it cost? This is a great way for you to learn and to let your friends and neighbors know you’ll be starting a tax preparation business.

The best way to set your pricing is to call around to other tax preparation shops in your area, such as H&R Block, Jackson Hewett, and Liberty Tax Service. Act like a prospective client and find out how much they charge. But don't put 100% faith in competitor's prices when setting your prices because most taxpayers pick whoever is closest and most convenient to prepare their tax return.

**Setting Your Fees**

Most tax preparers work too hard for what they get paid because they set their fees incorrectly. As a professional you should be charging professional rates. You'll need to consider what your education, expertise, time, and experience are truly worth. Since your experience and expertise increase each year your fees should reflect your greater value to your clients each year.
You’ll want to set your prices so that they are “in line” with your competition, and so that they will provide you with enough income to cover your expenses and labor. Many tax preparers charge a flat rate fee based on the type of tax return – i.e. 1040-EZ, 1040-A, or 1040 – or based on the “profile” of the taxpayer. Others set their fees based on a set price for the forms and schedules. Still others set their fees based on the number of pages that they have to fill out. For instance, for a 1040-A with no supplemental forms or schedules the fee would be 2 pages X $45, or $90.

While many CPAs charge by the hour, it is usually a bad idea for tax preparers to do so. Have you ever hired a professional by the hour? What goes through your mind when you call them on the phone? How do you feel when you give them work to do? Most clients have a fear of being billed for even casual conversations with professionals billing by the hour.

There are many different pricing strategies, including:

- Setting a price based on what the competition charges;
- Cost-plus pricing;
- Profile based pricing;
- Forms based pricing;
- Job based pricing;
- Setting a price based on what the market will bear; and
- Setting a price based on the client’s perceived value of the service that you provide.

Most tax preparers either charge a flat fee ("profile" based pricing), or use forms based pricing. If you are going to charge based on the forms you are preparing, your fee may look like this:

<table>
<thead>
<tr>
<th>Form</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 1040</td>
<td>$90</td>
</tr>
<tr>
<td>Schedule A</td>
<td>$25</td>
</tr>
<tr>
<td>Schedule B</td>
<td>$20</td>
</tr>
<tr>
<td>Form 2441</td>
<td>$20</td>
</tr>
<tr>
<td>Schedule EIC</td>
<td>$25</td>
</tr>
<tr>
<td>Total:</td>
<td>$180</td>
</tr>
</tbody>
</table>

If you are preparing a relatively simple Schedule C you’ll want to charge an additional $100.

Here’s the challenge: If you set your fees too high, you won’t get any business. If you set your fees too low, you’ll wish you didn’t get the business!

Consider this - You need open heart surgery and you decide to call a few surgeons to get prices. The first doctor quotes a price of $1.8 million. The second quotes a price of $99.95. Would you schedule the surgery with either, or would you keep calling?

A big disadvantage of setting your fees too low is that you’ll attract mostly price-sensitive clients. You’ll never instill any loyalty in these clients no matter how hard you try. Then, the minute a competitor advertises a lower price, and someone always does, they’ll be gone.

**Profile Based Pricing**

Since determining your fees for every single individual client would take an enormous amount of time we strongly recommend that you come up with a few basic "profiles" that most clients will fit into. You don’t want pricing every single prospective client’s tax return to become so time consuming that it detracts from your ability to prepare returns and obtain new clients. Additionally, prospective clients will like your ability to give them an immediate price.
Consider these two scenarios... You are a taxpayer and you’ve asked two tax preparers to give you a price. The first one immediately says “Just $125”.

The second tax preparer spends 10 minutes asking you questions “’till the cows come home” and another 5 minutes fumbling around with fee schedules and his calculator – and then he says “Just $125”. What’s your impression? Who do you think you are getting the better deal from? Would you be concerned that when the return is completed by the second tax preparer he may try to charge you more than the quoted price because he “found” additional forms that needed to be prepared? Or he “accidentally” miscalculated something?

After you work up a few profiles based on the price that you want to charge compare it against competitors in your area. You may want to adjust your fees based on your local market.

There will be some taxpayers that have situations that won’t fit into your profiles. Some of these situations are:

- Capital gains and losses
- Divorce during the current tax year
- Income from self-employment
- Gambling winnings
- Home office expenses
- More than two (2) W-2’s
- More than two (2) work related expenses
- Moving expenses
- Rental property
- Moving expenses
- Rental property

You’ll want to decide in advance how much you’ll charge for these situations. It’s best not to discuss these additional charges separately for the above situations unless you have already quoted your client a lower price before learning of the situation. When providing an initial quote, just add the charge for any of the above situations to your quote for that profile. There are many other situations that will arise. You’ll need to handle those on an individual basis.

The trick in setting your fees is to be a little lower than your competition, but not too much lower. Overprice your services, and prospective clients just won’t be willing to pay for them. Under price your services, and you’ll get a lot of business, but you won’t make any real profit. You’ll need to find that perfect balance, which only you can do because tax preparation pricing is set locally. Many new tax preparers charge around $90 per return. More experienced tax preparers charge $150 per return. In time, as their practices grow, some even charge $200-$300 per return. In order to entice clients away from their existing tax preparer, some new tax preparers charge only half of the average tax preparation rate in their area.

However, discounting prices by a lot, as a means of attracting new business, is usually not a good idea. It can make you look cheap, and make it harder for you to increase your prices down the road.
Keep It Simple Stupid!

When people ask you what time it is, are they asking you for the time, or are they asking you to tell them how to build a watch?

In the first few years of your tax preparation business you’ll be completing mostly simple tax returns. Therefore, the pricing method you use should be simple and straightforward – such as profile based pricing. The time will come in the years ahead that you’ll find that you are preparing more and more complex tax returns. At that time you may want to consider adding forms based pricing, or job based pricing (charging an individually calculated price for the whole job, which may take several days), to your profile based pricing to insure that you are appropriately compensated for those complex tax returns.

New tax preparers often incorrectly try to use forms based pricing. They feel that providing the taxpayer a schedule of forms and prices justifies their fee and shows what a great price they are offering. However, they are misguided. There are two problems with their thinking:

1. Most taxpayers have absolutely no idea what all the forms are, other than Form 1040. Think about it - if the taxpayer knew what all the forms were and what they did, then what would he need you for?
2. The average taxpayer is trying to think of what they paid last year and compare it to your price – which they cannot do by looking at a list of forms and prices.

The last time you asked the salesman for the price of that television, refrigerator, or automobile, did you really want to be handed the parts list with a price for each part – or were you asking for a total price for the product? We suspect it was the later. So keep it simple and come up with three profiles and what you’ll charge for each of those profiles.

Consider the following important points when setting your fees:

- If your clientele is made up of primarily lower income 1040-A’s and 1040-EZ’s the returns are fairly simple and most taxpayers know that. They just don’t want to deal with IRS forms, and they may not have a computer on which they could do the return themselves. You’ll be able to “mass produce” these simple returns but you won’t be able to charge as much for them. These taxpayers tend to be price sensitive and they shop around. To offset the lower fees however, you can charge for providing tax related bank products. Plus all fees can be deducted from the tax refund, which often will include an Earned Income Tax Credit.
- If your clientele is made up mostly of professionals (1040’s plus several schedules) you’ll be expected to provide a more professional service and this should be reflected in your fees. This group may expect special jackets for tax returns, and PDF copies on CD.
• As you gain experience in the business, and you are less hungry, your fees for new clients should increase.
• Raise fees for returning clients a few dollars each year to keep pace with inflation and the rising costs of payroll, rent, etc. If a client complains just tell them that the cost of living went up. That’s what all businesses do, so it should be no surprise to your client. Your costs went up, why shouldn’t your fees? Over the years your existing clients will probably still be paying less than the “street rate” anyway.
• Failing to raise your fees by say $10, even for just one year, can be very costly over the long run. If you prepare 300 tax returns per year you’ll be losing $3,000 per year for as long as you are in business.
• Taxpayers are aware that if their tax situation changes your fees will probably go up, at least for this year’s tax return. So don’t be afraid to charge more for clients with special needs.
• Tax preparation fees are generally much higher in metropolitan and affluent areas.
• Only give discounts for special reasons, like referrals. Once you give someone a discount for no special reason at all you’ll have a hard time raising his or her fee back up next year.
• The best time to raise fees across the board is when a much publicized tax law change goes into effect. Clients probably heard of the change on TV, radio, or the newspaper and won’t be shocked by the fee increase. Just be prepared to inform them of the extra work you’ll be doing in case they ask.
• Always be reasonable in your fees. Be prepared to explain the work that you do - to justify your fees, if asked.
• If a client questions your fees tell him you appreciate his concern as it’s his money. Inform him that you needed to raise your prices to offset the new additional costs of IRS examination, licensing, and Continuing Professional education.
• Don’t forget the amount of time the client is saving by not doing the tax return himself.

**Printed Schedules**

Your fees should be fair and consistent between taxpayers. If they are not it’ll backfire when two clients start “comparing notes”. This will definitely happen if you have received referrals. You should also have a printed schedule of your profile-based fees if they are anything other than simple. The reason? It will add credibility to the price you quote when you hand them the schedule in writing. You can prepare your fee schedule in Microsoft Word using the templates we provide.

**Special Situations**

Some prospective clients will minimize the complexity of their tax situation in an effort to get you to quote them a lower price than they are currently paying. The best prospective clients are those who make an appointment without asking about your price. You should base your bill on the complexity of the tax return. New tax preparers have a tendency to under price their fees in order to attract new clients. This practice is usually a mistake in the long run.

Your business is tax preparation, not bookkeeping. Always ask self-employed taxpayers with a real business (not just a single 1099-MISC) whether or not they have a bookkeeper. There is a big difference between a small business client that comes to his appointment with financial statements prepared by his or her bookkeeper and clients that show up with all their receipts for the year in a shoebox or brown paper bag. It could take you 20-40 hours or longer to do the annual bookkeeping for a small business – if you even want to do it. This could present an opportunity to team-up with a local bookkeeper that doesn’t prepare tax returns so you can make referrals to each other.
Also be aware that some clients will show up for their appointment year after year unprepared. Those returns may take you twice as long to complete because they’ll have to keep running home for W-2’s and other documentation they forgot. You should charge those clients more to cover your additional time. For that reason some tax preparers quote a price range, rather than an exact price. By quoting a range, you can charge at either the high or low end of the range. It’s up to you.

Occasionally a client will call you after you’ve completed and delivered the tax return with an additional W-2 (from a part-time job they forgot) or a 1099. If the tax return has not been filed with the IRS and state you may want to charge a simple re-run charge. However, if the returns have already been filed you’ll need to file Form 1040X (and the state equivalent) and you’ll definitely want to charge for that work as it may take several hours.

Tax preparers can earn a high hourly rate, especially with repeat clients. However, it is a bad idea to charge hourly. Your client will not like the fact that you make a lot more per hour than they do. You’ll seem overpriced and they may not come back next season.

**Discounting**

Discounting is one of the most common forms of promotion in any business. Discounts can be a set price discount or a percentage of price discount. Which ever you use, keep in mind that it has to be enough of a discount to attract new clients, but not so deep that it damages your bottom line. In other words, the reduction of income that you experience from the discount should at a very minimum be offset by the increased business that you receive.

**When should I raise my fees?**

There is no perfect answer to this question, but you should certainly consider raising your fees if no clients are complaining about being overcharged. You’re probably not charging enough. Conversely, if a lot of clients are complaining about your fees you are probably charging too much or you didn’t properly explain all the work that you did.

If you follow all of the marketing ideas in this book eventually you’ll have more business than you know what to do with. It means that, because of your great image and how taxpayers perceive you, you are a high demand tax preparer – and taxpayers are more than willing to pay you for your services. That’s the perfect time to raise your fees. You may lose a few clients, but the increased fees from the remainder of your clientele will more than offset the small loss.
Your Image and Appearance

Taxpayers who consider you to do their tax return will look at how professional you appear. People like to do business with successful people. They may want to know about your training too. You are the business. While you don’t need to wear a three-piece suit all the time you do need to appear professional, or taxpayers may not want to do business with you. Dress the part, and always maintain your business-like image. It’s almost impossible for a client to judge you based on your knowledge and skills because to be able to do so they would have to know everything that you know about tax preparation. If they did, why would they be talking to you about preparing their tax return? So people will largely judge you by your appearance and attention to detail. It’s human nature. First impressions are best impressions – and you’ll want to make sure that your prospective clients have a positive first impression of you.

Every interaction with a client affects your image. When a client meets you at a social event, on the street, or at your office they absorb details about you (and form impressions) without even realizing it. For instance, if your cloths are torn and dirty, they may think you are broke. If your office is a mess with papers lying all over the place they may think you are a slob. Empty beer cans may make you look like a drunkard – even if the client doesn’t say anything about it.

Would you want to share your personal financial information and have your tax return prepared by a penniless drunken slob?

Dress for Success

Your clothing should always be neat, clean, pressed, and professional – and your shoes should be shined. Women will always notice your shoes, men never will. What constitutes “professional” dress in your community you’ll need to decide, as the standards vary widely from location to location. Clothing in the financial industry is usually conservative. In the big city a three-piece suit including a tie constitutes professional clothing. In mid-size towns wearing just a blazer and a dress shirt may be fine. In a small town slacks and a sport shirt may be appropriate. If your clients are college student’s designer jeans may even suffice.

Always use cologne and deodorant. In fact, bring some to the office as you’ll be working long days during tax season and you’ll want to freshen-up before the evening appointments begin. Always be well groomed. Never meet a client looking unkempt or disheveled.

You’ll be sitting close to your client during the appointment. Don’t have bad breath. Drinking alcohol or eating stinky foods before your appointment always proves to be a bad idea. Your client won’t be back.

Marketing yourself will play a big role in acquiring new clients. You’ll want to interact with your clients in a positive and friendly way. You have to like working with the public.
Your Certificate(s) of Completion

Your Tax College Certificate(s) of Completion will certainly make you appear more professional in your client’s eyes. Be sure to tell your prospects and clients that you completed a comprehensive income tax course. Because the tax laws change each year many of our students take our course as a refresher course every year. This gives them several Certificates of Completion to hang on their wall.

Developing a Telephone Script for Live Calls

How you and your staff handle telephone calls will directly impact the success or failure of your business. Your presentation on the telephone is critical because in many cases that will be the point of first contact with your prospects. For many it will be the first and only way that they have of judging you and your practice – and they will! Taxpayers expect the telephone to be answered in a timely and professional manner, and if they aren’t you’ll lose the business. It’s that simple.

Many prospects will call before ever having a face-to-face meeting, so they haven’t really made any commitment to you yet. Always remember the old saying: “First impressions are best impressions!” You won’t get a second chance to make a first impression. So take the time now to think about what you’ll do when the phone rings. A little forethought now can go a long way in building your professional image and bringing the prospect through the “front door”. It’s certainly better to spend the time now than to “wing it” - and lose the prospect to one of the national tax franchises!

You should practice what you are going to say and take the time to train every member of your staff. Your staff is probably not going to be as astute as you are at handling telephone conversations. They may lack business etiquette. That’s why they’ll need the training and practice. They’ll also need to be reminded if and when they deviate from the script. From the prospective client’s point of view, when they call your phone number they are talking to you. They aren’t going to make the distinction that it’s not really you, but a staff member who may be untrained. What will their first impression of you be?

When answering the phone you and your staff should be sincere, confident, and business-like – but also relaxed and friendly. Which of the greetings below sounds warmer and more professional?

- “Hello”;
- “Who is this?”;
- “Good morning, you’ve reached John Doe’s Tax Service, this is Jane, how may I help you this morning?”

Many callers will automatically ask for you. This is especially true if you used your name as the business name. If you are in an appointment, or simply don’t want to field a lot of phone calls, have your staff member say “I’m sorry, he’s in an appointment right now. How may I help you?”

Most clients in an appointment will be annoyed if you keep taking phone calls when you are supposed to be giving them your undivided attention. They may even think “the clock” is running while you are talking to the other person. So tell your staff to take messages.
If the caller refuses to allow your staff member to help them then be sure the staff member takes a **detailed** message of exactly what the call is about, and at what times and phone numbers the call can be returned, and the callers **e-mail address**. During the busy tax season you’ll get real frustrated if you have to keep wasting your time returning salesman’s calls.

The most common complaint about all professionals is that they do not return phone calls in a timely fashion - or at all. All calls should be returned the same day. Clients aren’t going to wait around forever. Some people are practically impossible to get on the phone. That’s when you’ll send them an e-mail to let them know you called and were unable to reach them. Encourage them to call or e-mail you back.

Also furnish your staff with a list of callers that you want them to put through regardless of what you are doing. This list may contain the names of:

- Your spouse, children, and other family members
- Professionals with whom you partner or share referrals
- Your best clients; and
- Centers of Influence

You’ll want your script to include answers for all of the basic questions you’ll receive. Consider answers to the following seven questions:

1. Do you offer fast tax refunds?
2. Do you offer electronic filing?
3. How much do you charge?
4. Can my tax return be prepared while I wait?
5. What are your hours?
6. Where are you located?
7. How do I get to your office?

These are just a few of the questions that you and your staff should be prepared to answer. Add to this list as prospects call and ask more questions.

Don’t forget to ask the most important question that you and your staff should ask just before hanging up after speaking to a new client: “Do you need directions to our office?” Prepare the directions in advance and include where parking is available. You can also email the directions.

Be sure to write down your scripts and distribute them to all of you staff. This will also be a valuable training tool for new employees that may be hired in peak season when there simply isn’t a lot of extra time for you to spend on training.

**Some Thoughts on Phone Etiquette…**

- Always listen attentively, and express a sincere interest;
- Be patient. Don’t rush the caller;
√ Be sincere and business-like, but friendly;
√ Do not allow any background music, conversations, or noise to drown out the conversation;
√ During business hours, always answer the phone within 3 rings;
√ Never hang up first - always be last;
√ Never leave a caller on hold for more than 30 seconds, unless absolutely necessary; and
√ Speak slowly and distinctly directly into the microphone.

What should your voice mail or answering machine message say?
Every interaction with a prospect is an opportunity to project your desired image and promote your tax service. And every time you fail to project your desired image and promote your tax service you have wasted that opportunity. You’ve failed!

What happens when a prospective client calls your phone number and you are not there? Most tax preparers never give this opportunity even a little bit of thought. They just have a message that says, “Hi, this is Bob. I’m not here now. Please leave a message at the beep, Bye”. Why do it that way? Why not use this opportunity to furnish the prospect with some Information about you, your company, any special discounts that you are currently offering, tax tips, or an offer to discuss any new tax legislation with the prospect, for no charge? Make your message professional, but always be warm and personal. Don’t forget this may be the prospect’s initial call, and first impressions are EVERYTHING!

How should your office look?
The cleanliness and the way your office (or work area) looks will form a first impression for any prospects that just stop by instead of calling first. Of course, it will also form an important impression even if the prospect called first. How your office (or work area) looks says a lot about you and how you run your business to most prospective clients.

You’ll always be friendly and behave professionally with your clients. But you’re not the only one dealing with your clients. How every member of your staff interacts with your clients is a direct reflection on you and your business.

You’ll want to make sure that your staff is well trained and that they do not deviate from your scripts and instructions. Be sure to teach your staff to make visitors feel welcome and comfortable.

It’s always a good idea to offer your client a soda or a coffee, so have them on hand

How to Avoid Appearing Unemployed
When setting appointments with new clients you should never tell them to “come right over”, even if you aren’t doing anything. Set an appointment for tomorrow or the next day at the earliest – unless it’s truly an urgent matter. You don’t want it to appear like you were sitting around playing solitaire because there was nothing else to do! You want it to appear to your new client that you are a busy, in high demand, professional. People like to do business with successful people. Nobody wants to do business with an unemployed tax preparer!
Avoid Appearing Tired
You’re very likely to get tired and even cranky at some point during the tax season – because a full year’s worth of work is being crunched into just two months. Something as simple as how you answer the phone can give away your mood, so be aware of this at all times. Most clients would rather not do business with a person who sounds mean, cranky, bothered by the phone call, or just too busy for them. Get in the habit of spending five (5) seconds critiquing yourself after each phone call. Ask yourself, if you were the prospective client, based on the conversation that you just had, would you do business with yourself?

Unfortunately, for some tax preparers, the answer to that question is no. Those tax preparers usually fail in the business due to lack of clients.

Introducing Yourself
When first meeting a new client you’ll want to do the following:

- Firmly shake the new client’s hand, but don’t be so forceful as to cause pain. A firm handshake displays confidence.
- Be sure to make eye contact and smile while shaking hands. You might feel that your smile doesn’t look good, but unless you are actually missing front teeth, others don’t see it that way. Everybody likes a new acquaintance that smiles.
- Immediately repeat the new client’s name. Say, “well it’s very nice meeting you, Bob”. That will help you to memorize Bob’s name.
- If you are unsure of the pronunciation of your client’s first or last name repeat it aloud and ask if you are pronouncing it correctly. Nothing is more insulting than to be repeatedly spoken to by someone mis-pronouncing your name.
- Be sure to use their name as often as possible when talking with them. Psychologically, people love to hear their own name. Everyone likes to feel special!

Never forget the Golden Rule: “Do unto others as you would want others to do unto you”.

Whatever you decide your image should be, you’ll want to always be diligent to ensure that you are conveying that image to your prospects and clients. If you fail to convey the image that you desire your clients will be left on their own to form an image of you and that could have undesirable results.

What should I do if I’m running late for an appointment?
Always be on time for appointments. Call the client and let them know, even if you are only going to be 5 minutes late. It’s polite, courteous, and shows that you respect their time as much as you would like them to respect your time. Never fail to show up for an appointment. If you can’t make the appointment, call your client as soon as possible in advance and reschedule. Time is money – both yours and theirs!
**Professional Office Etiquette**

When a client comes in to your office, don’t just sit behind your desk in the other room and wait for them to yell, “Is anybody here?” Always be a professional host. If you are at the door when they arrive then open and hold the door for them. Once they are inside hang up their hat and coat. If it’s raining, place their umbrella in the umbrella stand for them. Then shake their hand and thank them for coming in. Seat the client at your desk first. Then take your seat.

It never hurts to pay your client a sincere compliment. Their appointment with you should be the highlight of their day – not something that they’ve been dreading for two weeks.

When the appointment is over escort your client to the door. Help them assemble their things. Shake their hand and thank them for the business. Then hold the door open for them as they leave.

It’s called being a gentleman - and everybody likes a gentleman!

**One Big Mistake Many Tax Preparers Make That Permanently Damages Their Reputation**

As with any business, customer service is critical to keeping your clients happy and thus critical to your long-term success. Most business will fail without repeat customers. Why? Because those are customers that you don’t have to depend on advertising to get. To ensure that your client comes back next year you must:

- be courteous and professional;
- return phone calls and emails as quickly as possible;
- be dependable and file your client’s tax return in a timely manner;
- provide copies of tax returns that appear professional, neat, and accurate;
- be responsive to the needs of your client; and
- be available for questions throughout the year.

There’s nothing more disappointing and frustrating for a taxpayer than to receive an unexpected letter from the IRS or the state, only to find that they cannot locate their tax preparer when they need him the most. Nothing will damage your reputation in the community more, and destroy your plans for a big tax season next year more, than closing up shop (especially a storefront) and not informing your clients of your new address and contact information. We’re well aware of the financial reasons for not keeping a seasonal business open all year long. But you need to be aware that becoming known in the community as a “fly by night” tax preparer will ruin your possibilities for success.

Later we’ll discuss the power of “word-of-mouth” marketing. Don’t forget: “word-of-mouth” works in reverse too. If just one client is unable to locate you after they receive an IRS or state notice, even if it’s a notice for something that is simple for you to resolve, the negative word-of-mouth publicity can be devastating to your business. Would you do business again with someone that apparently vanished in the dark of the night last time?

If you move please don’t forget to keep your contact information current with us, the IRS (and your state), the tax refund processing bank, and of course your clients. Be sure to leave your new address and phone number with your former landlord in case taxpayers ask him if he knows where you are. Give him a stack of your new business cards. He may even let you tape a notice to the front door until a new tenant leases the space. If he wants a couple of dollars a month for doing so, pay him. It’s money well spent!
Consider leaving your new business cards with adjoining businesses in case taxpayers ask them if they know where you went. When a new tenant leases the space stop by and say hello, and let them know how you can be contacted. Give him a stack of your new business cards.

Sending your clients an email and postal letter letting them know how you can be contacted is also a great idea.

If you fail to let the IRS know your new contact information, and they attempt to contact you either by phone or mail and cannot, you will be suspended from the IRS e-file Program. Same for your tax refund processing bank.

Letting us know your new contact information at any time throughout the year is as simple as clicking the Support button in the 1040 ValuePak Portal, and then clicking Change Your Contact Information.

Changing your contact information with us does NOT change your contact information with the IRS (and your state) or your tax refund processing Bank. You must contact them separately. Their phone numbers are at the top of the Support page.

**Projecting the Right Attitude**

What’s more important to your business success, your aptitude or your attitude? It’s your attitude! You’ll need to have a professional, positive, can-do attitude and project that attitude to your client’s at all times. Any business can experience minor setbacks from day to day but don’t let a small setback ruin your day or your long term plans to succeed. There are negative things that can happen in any business. But don’t forget, in every adversity there is the seed of an equivalent or greater benefit. You just have to look hard to see it. Don’t be defeated by the first obstacle you encounter.

The number one trait that successful business owners possess is the ability to overcome all of the obstacles that occur every day. Clients will gauge you based on the confidence you exhibit. Always keep progressing toward your goal of having a successful tax preparation business. That’s what you’ll want to concentrate on.
**Customer Relationship Manager (CRM) Software**

Clients like to believe that you are looking out for them. Knowing a lot about them personally and contacting them frequently will build a stronger relationship. The more you know about your clients, and talk to them, the more special they will feel. The problem is handling all of this information as your clientele grows. You’ll want to keep information on spouses, children, hobbies, etc…

It’s probably not necessary your first year in the business, but consider at some point buying Customer Relationship Manager software. With a program like Act or Goldmine you can store all of your client information and it will be readily available with just a mouse click when your client calls. Then ask about their recent fishing trip of their child’s wedding.

Another benefit of Customer Relationship Manager software is that you can create groups of clients, such as those that must file estimated payments, and email them a reminder two weeks before the payment is due. Upon setting an appointment e-mail the client a confirmation. Emailing a reminder the day before the appointment will help avoid “no shows”. You can also e-mail a “Thank You for Your Business” note the day after you deliver the tax return. You can also send happy birthday emails to everyone with a birthday in the same week at once. If you are aware of them you can also send congratulatory notes for anniversaries, graduations, weddings, and births. Happy Thanksgiving, Happy Holiday, and Happy New Year emails will keep your name in front of your clients at just the right time – just before tax season – without actually asking for their business. If it’s too much work for you, then have a staff member do it – with your name in the signature line of the e-mail.

You’ll also be able to let your clients know via e-mail of changes in the tax law that effect their tax situation. They don’t get that kind of service from the national tax preparation franchises or small independent tax preparers. It puts you a notch above the competition and builds a professional and personal relationship with your client.

The more you know about your client the more special they will feel - and the closer your relationship will be.

One final note: Never mix up clients. It’s an insult to ask a client that thinks he’s the world’s best golfer and only plays golf how his fishing trip to Mexico went. You’ll look insincere, and quite possibly will lose a client.

**One Last Word… saying Thank You!**

Everybody likes to be appreciated. It is a customary business practice for all businesses to express appreciation to those with whom they do business. Because it is commonly practiced, most people expect to be thanked for their business. The absence of a "thank you" is sometimes misunderstood - even if you accidentally forgot - to mean the client’s business is not appreciated or wanted. Don’t let that happen. There are a variety of ways to express gratitude, but using the simplest way, saying “Thank you for your business” with a firm handshake always works great! Never deliver a tax return without saying thank you for your business. It also never hurts to do the same at the end of conversations and in e-mail too.
What is the Biggest Mistake New Tax Preparers Make?

Remember Ralph Waldo Emerson's famous saying: “Build a better mouse trap and the world will beat a path to your door”?

While that old adage may work for new inventions, tax preparation is not a new invention. It’s been around since shortly after the U.S. Civil War. That’s when the Enrolled Agent program began – to submit claims for war reparations to the U.S. Treasury.

The tax preparation business never worked Mr. Emerson’s way because it’s a professional service.

The biggest mistake new tax preparers make is not being proactive and going out and getting the business. Sitting in your office waiting for prospective clients to come to you always proves to be a big mistake. We can’t emphasize this enough as this is the number one mistake that new tax preparers make their first year. Then, by the time they realize their error in early March, much of the tax season is already over. Tax preparation is not like banking or a barbershop. You have to be proactive and go out and get the business. Don’t feel awkward about asking for business, even if it means making a few cold calls or knocking on a few doors without an appointment. Most successful tax preparers started with friends and family and built their business by word-of-mouth. Of course, word-of-mouth works lots better if you actually open your mouth and tell people about your business. You have to tell them. If you don’t blow your own horn, who will?

Successful marketing is critical to any business – especially tax preparation that has less of a margin for error in marketing campaigns due to the short nature of the tax season. This makes it very important that your marketing campaign delivers the necessary clients the first time around, in January and February.

If you find that your business is slow at first, be sure to take corrective action by following these three simple but important rules:

1. **DO NOT** just sit around and hope things will change for the better as time passes, because they won’t;
2. **DO NOT** get discouraged; and
3. **DO** get up off your seat and go out and promote your business using the methods in this book. You have to go out and get the business! It’s not going to automatically come to you.
Marketing - Getting the Word Out!

If you follow our marketing methods they will make your tax practice a thriving success. The biggest problem confronting most new business owners is "Getting the Word Out". Because if you don't "Get the Word Out" you won’t do any business. This is especially true in seasonal businesses like tax preparation. Just like the holidays, once tax season is gone, it’s gone. There are no second chances - at least until next year.

With our marketing methods your client base will increase each year. That's called "leverage". And that's what "Getting the Word Out" is all about.

Leveraging your time and efforts to reach a multitude of people that you never would have been able to reach without spending an enormous amount of hard earned money on mass advertising.

Our marketing methods generate a constant stream of new clients using proven low-cost marketing strategies that keep on working, year after year. And that's exactly what you need. It will save you time, energy, and a lot of money. Every idea consists of a systematic process that works every time, over and over again. They'll keep new clients walking into your business again and again.

Word-of-mouth
Word-of-mouth advertising is more important today than ever before. People are inundated with several hundred advertisements every single day. Not a day goes by that we aren’t exposed to banners, billboards, blimps, brochures, bulletin boards, bus bench signs, car top signs, car door signs, coupons, direct mail, door hangers, internet banner ads, newsletters, newspaper ads, postcards, posters, radio ads, statement stuffers, street signs, telemarketers, television ads, window signs, and yellow pages.

People simply don’t have time to sort through all of this information. That’s what makes word-of-mouth so powerful. When someone tells a friend about you, it’s a testimonial to your honesty, integrity, and professionalism. Consequently, most successful businesses have become increasingly dependent on word-of-mouth advertising.

Word-of-mouth is the most powerful advertising force in the marketplace. It’s thousands of times more powerful than conventional advertising.

Marketing is a fundamental part of your practice and will demand your ongoing efforts. It’s not enough to be a good tax preparer. You must communicate that to your prospective clients.

Generating Buzz
Finding clients is the biggest obstacle facing tax preparers during their first tax season. To attract clients away from other tax preparers you’ll need to be creative and you’ll need to use a variety of different methods including a website, coupons, yellow pages, flyers, and possibly newspaper advertisements.
Word-of-mouth advertising is a very effective and consistent marketing method for a tax preparation business. It’s inexpensive, it’s the most direct approach, and it produces results.

Social Networking with family, friends, and associates is a great place to start promoting your new tax preparation business and increase your client base. Offering referral bonuses to people already in your social circle can also bring in new clients. People tend to trust business professionals recommended by someone they know and respect.

Start with your friends, relatives, and neighbors - let them know you are opening a tax preparation business. Research shows that the average person knows 250 people. This will get the word out, and very often result in your first clients.

You can start your advertising campaign before the tax season begins in order to generate buzz about your new tax preparation business. Post discount coupons on grocery store bulletin boards, leave them with businesses and with your employer, at your place of worship, and hand them out to your family and friends. Offer special discounts to people who refer clients to you.

**Referral Prospecting Means Business**

Many people are surprised to learn that being a tax preparer involves selling - selling yourself and your skills in order to build your client base and business. You have to let people know you are out there, and that you are trustworthy, qualified, and ready to work. In other words, you have to get the word out!

In the tax preparation business most new clients come from referrals from existing clients. Word-of-mouth advertising will get you many new clients.

Prospective clients feel more comfortable knowing someone who used your service in the past and is happy with your work. There is automatic trust and no competition. Yet some tax preparers only get a handful of referrals each season.

You should also consider conventional advertising for your new business, at least for the first couple of years.

**Ask and You Shall Receive!**

Every small business owner knows that referrals are the best way to get customers. Referrals from customers come to you predisposed to do business with you because a friend or someone they trust referred them. In a recent survey of some of our most successful tax preparation offices over 80% of the tax preparers said referrals were their primary form of advertising. It’s impossible to tell whether the response means that the tax preparers actually had methods and processes in place to ask for referrals - or if it means that they did absolutely no asking whatsoever, and if somebody happened to stumble into the tax office who knew another client that qualified as a "referral". ;-) Unfortunately, the second scenario may be true in more cases than the first scenario.

So why don’t all business people ask for referrals? Probably fear. Fear of rejection. Fear of damaging their image (it’s in their imagination). Fear of looking "hungry". Laziness. Forgetfulness. The list of
reasons goes on and on... Yet no matter how much your client likes you I can guarantee you that he or she did not roll out of bed this morning wondering what they could do to help you today. You have to ask for referrals.

So how do you ask for referrals? First off, don't be afraid to request referrals before, during, and after working with a satisfied client. A few clients give referrals without prompting. Unfortunately, most won't think to do so, even if they loved your service. The fundamental rule of sales is - you have to ask to receive - and that's definitely true for referrals.

Here are some scripts to help you become more comfortable with asking for referrals. You can use any of these scripts to plant the seeds of future business. Once the tax return is complete, it's easy to ask for referrals by saying:

"I appreciate your business, and I look forward to doing business with you again. I also would like to help any of your friends or acquaintances that may need to have their tax return prepared. Would you please tell your friends about me? Do you know of anyone I should be talking to right now?"

"Working with you was a pleasure, and it's important to me to make sure that you have been happy with my service. I have built my business on customer satisfaction. How would you rate my service to
you? If you have friends, relatives, or associates who need to have their tax return prepared, would you feel comfortable referring me? Do you know of anyone I should be talking to right now?"

"Your friends are looking for the best tax preparation service. I hope you will help them find it by recommending me. Would you please tell your friends about me? Do you know of anyone I should be talking to right now?"

**There are a number of other opportunities to request referrals. Some of these include:**

- Asking for referrals on your marketing materials. Add the following to your brochures, letters, and on the back of business cards: "The highest compliment our clients can give us is to recommend us to a friend. We appreciate your referrals!"
- Don't forget that people love to be appreciated. When you get a referral, thank the person who gave it to you. Call up and say, "I really appreciate your referring John Smith to me". Continue to show interest in people who send you business, and they'll send you even more business just because you showed you care!
- Never fail to follow-up with a referral – or you'll never get another one from that client.
- When you happen to run in to clients during the "off season" don't forget to ask for referrals by saying "I know we did a great job for you, and I'm hoping you will refer us to your neighbors and co-workers. Do you know of anyone who could use our service?"

The idea is simple: ask and you shall receive. We can't emphasize enough the importance of asking for referrals. Even though it is one of the easier prospecting methods, it is sorely neglected. Reap what you sow by keeping in touch with everyone you have helped and asking from time to time if they know of others that you might help. That follow-through will pay dividends for years to come.

**Overall Rating:** Asking personally for referrals gets a solid five (5) star rating because referrals are the Number 1 most effective business building method of all time. Too bad there aren't more stars to award asking for referrals!

**Commercial Location/Zoning Required:** No

**Total Cost:** $0.00

**Potential Return/Results:** The potential return from asking for referrals is too high to measure!

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**Tip** - WorldWideWeb Tax, Inc. offers all of the advertising materials in this publication at MyCoopeAdvertising.com. For further information contact our Sales Department at 1(866) 236-7513.

**Discount Coupons - Tax Bucks**

Coupons have proven themselves to be a highly effective sales tool for businesses. They are a popular component of marketing among local businesses wanting to promote themselves successfully - and are one of the most commonly used ways that consumers save money. Many businesses offer coupons as a way to drive customer traffic into the establishment. Advertising Age reports that 87% of all shoppers use coupons. A.C. Nielson Co. reports that 95% of all shoppers like coupons. And 60% actively look for coupons. It's easy to see why coupon advertising is popular. Regular use of a good coupon strategy will provide a steady flow of new clients and referrals.

Experts cite the following reasons for heavy reliance on coupons:
- They have the effect of increasing your market area. Consumers will travel farther with a valuable coupon.
They will gain the attention of new customers. Statistics prove consumers will break routine shopping patterns to benefit from a good coupon offer.

They attract new customers when they are actively seeking products and services.

They will gain notice from old customers. Often those customers that have been lured away by your competitor will start buying from you again when you offer a strong incentive.

They build traffic around your business setting.

Finally, they are measurable and accountable. Don't overlook that coupons are the most measurable form of promotion. It's simply a matter of counting the number of coupons returned to judge the results of the offer.

The method of coupon delivery to the consumer has very little impact regarding response rates.

What are Tax Bucks? Tax Bucks are discount coupons offering prospects $5 or $10 off tax preparation or electronic filing. They come three (3) to an 8 1/2" by 11" page. We provide you with a Microsoft Word .doc. You’ll enter your contact information in the three (3) text boxes. Then simply print multiple pages from it, print one page and photocopy it, or take the .doc file to a printer. Consider using bright green paper for the Referral Coupons and a color printer for the green Tax Bucks.

Hand them out to anyone, especially clients when handing them their tax return. Give them ten. Hire a kid to place them on car windshields at the local mall or supermarket (restrictions may apply in your community). Always keep some extras in your pocket to hand out as you meet people. They have many more uses than we can detail here.

Your promotional efforts can be as simple as tucking a Tax Buck under the windshield wipers in a nearby parking lot or passing them out at the fair. It takes some legwork, but this can be an effective way to get a lot of business. Tax Bucks and Referral Coupons are one of your most effective advertising methods.

**Discount Coupons – Referral Coupons**

Referral Coupons are like Tax Bucks but your client hands them out to friends, associates, and co-workers and they both receive a $5.00 or $10.00 discount on their tax preparation. You might say “Oh no, I can’t afford that”, but let’s look at the numbers. Assuming that you charge Client #1 a $180 fee you’ve made $180 and nothing more unless he makes a referral. But if Client #1 makes one referral you’ll make $170 x 2 = $340. What if Client #1 refers 18 taxpayers? You’ll make nothing on Client #1 but you’ll make $3,060 on the other 18 taxpayers!

**Overall Rating:** Because of their extremely low cost and high potential Tax Bucks and Referral Coupons get a five (5) star rating.

**Commercial Location/Zoning Required:** No

**Basic Cost:** Because they come three to a page Tax Bucks and Referral Coupons only cost about $0.01-$0.02 cents each. $0.02
**Additional Costs:** None, unless you hire a kid to place Tax Bucks on car windshields.

**Total Cost:** $0.02

**Potential Return/Results:** Unlimited

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**Prospecting Letters**

**Professionals**
The tax preparation business relies heavily on word-of-mouth advertising and referrals. You’ll want to let everyone know about your new business. Be sure to send a letter to all of your business acquaintances announcing your new business and don’t forget to network with other professionals that you know to open a goldmine of referrals. They can be good sources of referrals so be sure to follow up on your letter a few days later and invite them to be your guest for a business lunch. Keep in mind that referrals from other professionals aren’t a one-way street. Be prepared to make referrals to these professionals.

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Be sure to form relationships with:

- Bankers
- Stockbrokers
- Attorneys
- Insurance Agents
- Financial Planners
- Real Estate Agents
- Mortgage Brokers
- Escrow Officers

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Want to become the local expert on income taxes? Download, *read*, and forward as an email attachment to all of the aforementioned professionals the most recent tax law changes in the Tax Law Changes section of Getting Started in the 1040 ValuePak Portal. They’ll appreciate being kept abreast of important tax law changes.

Consumers and businesses usually support businesses in their own neighborhood before utilizing the services of “outsiders”. When “networking” be sure to start in your own neighborhood. Then work your way outward.

**Family and Friends**
Also send a letter to all of your friends. Tell everyone that you have completed an income tax course and are launching your own tax preparation business. If you do a good job on your family and friends tax returns they’ll help you spread the word. They know you best and can attest to your honesty, integrity, and professionalism.

**Referral Cards**
How do you define the success of your business? R-E-F-E-R-R-A-L-S! That's how! There's nothing more important to the success of your business than referrals. As you know, the key to getting more referrals is to develop relationships of trust and appreciation with your clients. Unfortunately, meeting a client for a few minutes once each tax season does NOT build a relationship of trust and appreciation.
Your best source for new clients isn’t advertising. It’s your existing pool of happy clients. Referrals from satisfied clients will be the Number 1 way that you’ll grow your business. In order for your clients to recommend you to others, they have to be satisfied with your service. Over the years some tax preparers spent all their time trying to find new clients and no effort at all servicing their existing clients. They went out of business long ago.

How do you get more referrals than you could possibly imagine without personally asking for them? How do you manage 500 or 1,000 relationships with clients and get all the referrals you can handle? Referral Cards, that’s how!

There’s no easier way to develop relationships of trust and appreciation than with Referral Cards. Referral Cards are a revolutionary new way to get a ton of referrals with little or no effort, and without personally asking for them! Referral cards look like greeting cards. Every single tax preparer, regardless of whether you are home based or have a retail store or commercial office should be building relationships with their clients - and getting referrals!

Instead of saying Happy Holidays or Happy Birthday, Referral cards say things like:
- This One's For YOU!
- Without YOU I am NOTHING... and I Realize That!
- Hi, My Name Is George. I Wondered If You Could Do Me A Favor?
- Who Do You Know?
- I'm Expanding My Business And I'm Looking For People Just Like YOU!
- We Love Referrals!
- Thank you!
- Announcing A Unique Way To Get $10 Off!
- I'm Firing My Advertising Agency! ...and Giving My Money To YOU Instead!

After uploading your client list they will be sent Referral Cards automatically on the schedule of your choosing. With personal handwriting fonts you can really personalize every one of your referral cards by having your own handwriting printed on your cards and envelopes. You can even choose to include your signature!

The Referral Card system, when coupled with Happy Birthday and Season’s Greetings cards:
- Is brain dead easy to use.
- Gets clients to fall in love with you.
- Can be put on 100% AUTOPILOT!
- Is extremely inexpensive.
Can be completely personalized and customized.

If you're tired of asking for referrals, afraid to ask, forget to ask, or just frustrated that you're not getting all the referrals that you deserve then it's time that you did something about it. The time to act is NOW!

**Overall Rating:** Referral Cards get a solid five (5) star rating because they are the same as Number 1, asking for Referrals, which is the most effective business building method of all time. Too bad there aren't more stars to award Referral Cards!

**Commercial Location/Zoning Required:** No

**Basic Cost:** Referral Postcards cost about $0.75. Referral Greeting Cards cost >>> $1.25

**Additional Costs:** There is a $99 charge to open an account. There is a $50 setup charge for your personal handwriting font. Postage is included in the basic cost. $0.00

**Total Cost:** $1.25

**Potential Return/Results:** The potential return from asking for referrals is too high to measure!

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**Centers of Influence**

Occasionally you may find that one client sends you prospects regularly. When somebody does this they become a “Center of Influence”. One of the most important concepts in networking is “Centers of Influence.” A Center of Influence is a person who is in a position that tends to have great influence with prospects in your target market. These people have great potential to be your best referral sources.

**Developing Centers of Influence**

For the long-term success of your business you absolutely must try to have centers of influence. Clients will have you prepare their tax return and some clients will send you referrals, but a true center of influence is a client who continually sends you referrals on a regular basis. You need centers of influence to help you build your business consistently. The purpose of attracting centers of influence is to find clients who will continue to send you referrals as the years go by. These individuals are willing to use their influence to help you build your business. A center of influence is sold on you and your professional competence.

To develop centers of influence consider sending them tickets to their favorite sporting event, or tickets to dinner at a fine restaurant.

**What is the best type of advertising?**

Nothing compares to the power of word-of-mouth. When a client tells another person about your tax preparation service, the very fact that they are speaking about you constitutes an endorsement. People might not trust advertising, but they do trust people they know.

How can you develop a powerful word-of-mouth campaign for your tax preparation businesses? By recognizing, developing, and rewarding those clients who can become a center of influence.
To do so, follow these three steps:

1. **Recognition**
   In order to become a true center of influence a client needs to be in close contact with the type of people who can benefit from your tax preparation service.

   Do you know what your ideal client looks like? Re-read the section “Who Will My Clients Be?”

   Once you know, do the following:
   - List the type of clients that you would like to have more of.
   - Find common characteristics. Do these clients go to fishing, to the races, play golf, etc…? Be where they are as often as you can.
   - Get to know them. Let them see you at events they attend. Volunteer to help their favorite charity. Make yourself visible. Before people will recommend you they need to trust you.

2. **Development**
   You are not at the top of people’s minds. They have kids, jobs, and other commitments that consume their daily lives, just like you do.

   You need to position yourself at the top of people’s minds by seeing them or talking to them often. Do the following:
   - Phone or email them regularly to let them know about something new in your business.
   - A personal note works very well for developing this type of relationship. Have you written a new article or been in the newspaper? Have you seen your prospect or client in the newspaper? Have you seen a story that you know they’d be interested in? Write a brief note and send it with the clipping. Personal notes take time, which shows that you value the relationship.

3. **Reward**
   Take the time to LISTEN to their needs. When you can fulfill one of their needs, do it immediately. This person is important to your business, so let them know it.

   People like to help people, especially those they know and trust. Develop that trusting relationship with people who are in the position to help you. You must earn their trust. The referrals will follow. Your marketing will become supercharged with the best form of advertising... word-of-mouth.

**Bumping Into People**

Bumping into people happens all the time – in elevators, at bus stops, in church, while golfing, on trains, when standing in line waiting to check out at the market... Then a casual non-sales like conversion develops and the next thing you know you’re telling your new-found friend all about what you do. Saving taxpayers money on their returns. Counseling taxpayers on the new tax law changes, etc... These random encounters can lead to a ton of new business if you handle them correctly.
When is the last time you walked up to a complete stranger and initiated a conversation? The truth of the matter is that we all have conversations with strangers every day. But because these chance encounters take place without any planning we don’t even think about them. Remember the bus driver, butcher, delicatessen person, taxi driver, supermarket checkout clerk, neighbor, mailman?

Most people don’t plan to fail; they just fail to plan! The trick is letting these chance encounters be random for the other person, but not so random for you. Plan in advance exactly what you’ll say. Practice the “small talk” you’ll use each time you bump into somebody by “chance”. Have a roadmap and know exactly where you are going. But always make the encounter seem like a random event to the other person. Always keep the conversation light and casual. Avoid seeming too smooth, too aggressive, or too practiced. But that doesn’t mean you shouldn’t practice at all, as we are all more comfortable doing something we’ve done many times in the past. That holds especially true for reaching out to others and saying “Hello”.

**Breaking the Silence Barrier**

Closed-ended questions are questions that usually have a one-word answer, such as either yes or no, up or down, left or right, etc. Open-ended questions, on the other hand, allow any number of answers phrased in any number of ways. One sure way to strike up a conversation is to ask an open-ended question such as “How do you feel about _________?” or “What do you think of _________?”

Another way – start with some levity. If you’re from up north and standing outside on a sunny day with the temperature in the seventies, look up in the sky and say “Looks like snow!”

After the laughter stops don’t just hand them your business card and ask for their business! You’re a lot smarter than that, right? Plus, you won’t want to look like you are starving for business!

Casually ask what they do for a living. Say “What kind of work are you in?” Why? Because then you’ll talk about their work for a minute or two. When the conversation goes silent they’ll automatically ask what kind of work you’re in! They usually say “How ‘bout you?” That’s what everybody does - and that way they asked you!

When responding to their question don’t just say “tax”, “income taxes”, or “tax returns”, leaving it at that. You need to say something intriguing that encourages them to want to get to know you better. **Sell the sizzle, not the steak!** Say something like “I help people save money on their income tax returns. Sometimes thousands of dollars”. Often, especially during the tax season, people will say, “boy, do I need you”. That’s your lead in. Give them your card and tell them you’d love to continue the conversation another time. Tell them you hope they’ll call. In some cases it may be possible to set an appointment right then and there. But don’t be too pushy. Go with the flow.
Keep these seven important points in mind:

1. Every client relationship in every business started with a simple “Hello”;
2. Inane and humorous remarks, pleasantly phrased, are good conversation starters;
3. Open ended questions make people open up;
4. Be complimentary when appropriate;
5. Don’t brag about yourself;
6. Never be sarcastic or judgmental;
7. God gave you two ears, but only one mouth, for a reason!

Try to “bump into” five new people each and every day. Be sure to have plenty of business cards or Tax Bucks right in your pocket where they are easy to get to. Not at the bottom of your purse, briefcase, or in a business card pocket holder. You’ll want it to be easy to just pull out a business card or Tax Buck and hand it to them.

So the next time you’re taking the elevator to the 40th floor, why not skip staring at the elevator buttons for the entire trip. Instead, talk to the person standing next to you. You’ve got nothing to lose. You never know he might turn out to be your best client in the years ahead!

**Marketing with Visa Cards**

If you are using 1040 ValuePak Professional you’ll be able to offer prospects the MasterCard or Visa Prepaid Debit Card. This program lets you offer your clients another disbursement option for their refund or bank product. This customizable program works directly with 1040 ValuePak Professional.

**What are the benefits?**

The benefits for your clients are:

- No credit check
- No card activation fee
- No overdraft fees
- Avoid check cashing fees
- User fees are among the lowest in the industry
- Reloadable, so it can be used year round
- 24/7 customer service and online account management
- Use everywhere debit cards are accepted - stores, ATMs, banks and online purchases
- Online Bill Payment
- FREE user training

The benefits for you are:

- Offer your clients a powerful and secure product;
- The process is fully integrated in our tax software;
- Saves you time – clients don’t need to come back to your office to pick up a check;
- Customer training and service are provided and available 24/7; and
- Provides a great marketing advantage? Your clients will thank you!
You might wonder “What does a debit card have to do with marketing my tax preparation business?” The answer is simple. Instead of offering to prepare the taxpayers return, promote that you have debit cards available. Sell the sizzle – not the steak! Then, after getting their attention and interest, explain to the taxpayer that they can have their tax refund deposited into the prepaid debit card.

They can refill the card through Payroll Direct deposit, Western Union, MoneyGram, and Green Dot MoneyPak Universal Reload - and use the card all year long. Your client will be automatically sent a personal card after they reload it with funds from outside of the tax event.

**Marketing to Groups**
Offering group discounts to employees of local businesses or organizations is a great way to find new clients. Many clients who may not have heard of your business will hear about you through their employer or organization. Offering a discount to selected businesses and organizations encourages taxpayers to try your business while bringing in new clients at lower cost than traditional advertising.

Do you know any business owners with employees? A great way to market with Tax Bucks coupons is to offer the employer the opportunity to establish a group discount for his employees. Here’s how it works:

1. Agree with the employer on the amount of the discount that you will offer his employees;
2. Have Tax Bucks coupons printed with the amount of the discount and the employers name printed below words such as “A benefit of”;
3. Have the employer insert the Tax Buck coupons into the employee’s Form W-2 envelope when mailing the employee his Form W-2.

**Promotions**
Another great way to get clients is to sponsor community **events**. There are high school games, fairs and carnivals and they are usually filled with people. There are many charitable and community events that are looking for sponsors to help fund or promote their projects. Consider sponsoring your local Little League or Relay for Life team. This can give your business a good name and the sponsorships are usually inexpensive. You can also buy a small space ad on a local restaurant menu, or in a newsletter at a local church.

Also consider sponsoring local **organizations**. Local organizations, especially those involving kids, are always looking for ways to raise funds for their projects or events. The next time you are asked to help sponsor a softball team or place an ad in the high school basketball tournament program for the season, consider it! Teams need sponsors to defray their costs. Potential new clients, perceiving your involvement as a gesture of good will, will see your advertising.

**Public Relations & Community Service**
Joining organizations is one of the best ways to get your name and yourself in front of potential new clients. Join local business organizations and committees. Join your local Chamber of Commerce, Rotary Club, Lions’ Club or Kiwanis. Not only will you be part of an excellent professional network, but you will also be giving back to your community.
The Chambers of Commerce are operated by local businesses with a goal of stimulating the local economy. It’s an excellent place to meet other businesspersons and let them know what you have to offer. This is a great opportunity to network with other professionals such as bankers, stockbrokers and attorneys – and both give and get referrals.

Donating your services is another way to help your community and local organizations. Offer one or several free tax preparation coupons for your local Rotary Club to auction off. Not only will you have a new client walk in your door; you will receive free publicity for your donation.

Also consider serving on church, political, PTA, and homeowner and condominium committees. By becoming involved in your community you’ll be increasing your visibility and enhancing your professional image. In the end it will result in many new clients and referrals. And remember that actual out of pocket expenses and mileage may be tax deductible if incurred for charities!

Some communities have Welcome Wagons. A member visits people who move to town to greet them and provide them with information (and discounts) from local businesses. Consider advertising with the Welcome Wagon, or even joining and greeting the new people in town yourself. These taxpayers can be great prospects because they are new in town and probably do not have an existing relationship with a tax preparer in your local community.

Most people never become involved in their community. If you do you’ll have a much better chance of expanding your business. Think about it. If someone needs a tax preparer who are they going to think of first? The tax preparer that they see every month at the community meeting, or somebody who they have hardly ever heard of? You’ll be in the best position possible, as your name and reputation will have preceded your first business contact.

**Public Speaking**

One great way to meet a lot of prospective clients is to speak at the meetings of the Chamber of Commerce, Rotary Club, Lions’ Club or Kiwanis. They’re always looking for speakers for their monthly meetings. Speaking to these groups will both increase your visibility in the community and give you added credibility.

Don’t forget to offer to hold a seminar on any new tax laws at the local library, community center, senior center, and churches.

What should you speak about? Create your speech around this year’s changes in the tax laws. If you need an outline, download the most recent tax law changes in the Tax Law Changes section of Getting Started in the 1040 ValuePak Portal. You can also buy a tax planning speech from Mostad & Christensen, Inc.
Four tips for giving a great speech:

- Be familiar with the tax law changes;
- Practice your speech in front of a mirror;
- Make your speech thorough, but brief. No more than 10-15 minutes; and
- If an attendee asks a question that you don’t know the answer to, ask the attendee to see you afterwards.

Don’t forget to leave plenty of business cards on each of the tables before you begin. Encourage the audience to contact you if they have any questions. Alternatively, you can have “Comment Cards” printed and place one and a pencil at each seat prior to the event. A 5 ½” by 8 ½” Comment Card has a space for the attendee to fill in his contact information, several check boxes of items relating to the speech that the attendee may be interested in, and a few lines for questions. You can let attendees know there is a slotted box at the exit for them to deposit the cards into when leaving.

**Newspaper Articles**

Does the very thought of speaking in front of large groups terrify you? Welcome to the club. It scares everybody! If you’re afraid of public speaking and don’t have time to take a public speaking course at the community college consider putting what would have been your speech into a newspaper article. This will increase your visibility and enhance your professional image in the community.

The average taxpayer knows very little about the tax code. Probably because it’s so complex and Congress keeps changing it all the time. The average taxpayer is very busy and simply doesn’t have the time to learn about taxes and stay up to date. That’s what you get paid for.

Write newspaper articles and distribute them to the local newspaper and other organizations that publish local newsletters, such as the Chamber of Commerce newsletter. Avoid the big publications because it’s unlikely that you’ll get published. You’ll just be wasting your time because they purchase their stories from professional free-lance writers.

No matter how good you think your article is it is unlikely that it would compare favorably to someone with a four-year degree in journalism and 20 years of experience writing articles.

Use the following steps to write great newspaper articles:

- Always make sure you write about current tax topics, not outdated ones;
- Write about only one topic per week. Any more than that will be confusing;
- Use simple, non-technical language that the average reader can understand;
- Write about tax issues that will effect the largest number of readers;
- Use examples of hypothetical taxpayers, like “Johnny Taxpayer”; and
- Always keep in mind that the editor is looking to inform his readers - not to provide you with a lot of free publicity. If you write a self-serving article it won’t get published!
Once your first story is written you’ll want to call the editor of your local newspaper. The editor will be deciding whether or not your story gets published. Editors often need stories to fill space, so don’t be afraid to call. Don’t forget to offer to write a weekly column – and an assortment of tax tips that he can use as space fillers “in season”. Later, the editor will be the one calling to ask you tax questions and solicit your opinion. Don’t act surprised when he calls.

Be sure that your biography is included at the end of each article. Include your contact information – at least an email address and phone number. You don’t want readers to have to track you down to find you. Many won’t bother. Don’t forget to include a picture at the top of the story next to the headline.

Still don’t think that you could write an effective newspaper article? No problem. For over 30 years Mostad & Christensen, Inc. has provided the accounting profession with professionally written newspaper articles. The Tax & Business Column is two marketing tools in one. You can email the articles to existing clients and also have them published in the local newspaper. You get 52 weekly articles on current tax and business issues for an Annual Subscription of $492. A four-month subscription is also available for just $246 if you’d like to try them out and see how they work. You can visit Mostad & Christensen, Inc. at http://www.mostad.com/.

**Promoting Your Business with Your Published Newspaper Articles**

When an article you wrote is published make copies. Include the newspaper’s masthead at the top of the first page and your article below it. Attach a business card and send it to all of your clients and prospects. They may want to give your business card to someone. Then get some inexpensive frames at Wal-Mart and frame each story and hang them on your office wall. They make great décor for your waiting area. And don’t forget to have extra reprints available for clients in your waiting area.

Alternatively, you could either email your clients with a link to the newspaper article (if the newspaper posts their articles online) or scan the above article into a .pdf file and email it as an attachment with a brief note to all of you clients. This is simple to do en masse with Customer Relationship Manager software such as Act or Goldmine.

When you see a newspaper article that mentions one of your clients, don’t forget to cut out the article and send it to him with a congratulatory note. And when you see a newspaper article that applies to him or mentions a topic that you discussed with him, don’t forget to cut out the article and send it to him with a note.

**Staff Marketing Efforts**

Wouldn’t it be great if you could hire employees to do all of your marketing for you so you’ll never have to worry about marketing again? Most of the marketing responsibilities will fall on you because it’s your business. But you can, and should, get your staff involved in marketing. In fact, if you select the right people to hire, you can hire them primarily as marketers for your business and pay them a commission for each taxpayer they bring in. That’s what the national tax franchises do. Who do you know that would be good at this kind of marketing work?

All of the national tax preparation franchises hire preparers that appear, at the time of the interview, to have the ability to bring in new clients. Candidates with accounting degrees are usually not the best individuals to hire simply because, while they tend to be good with numbers, they tend not to be very good with people. Thus, they won’t add to your marketing efforts at all. Look for candidates that have the ability to market and bring in clients.
Some of your best candidates will be:

- College students
- Retirees
- Former military personnel
- Housewives
- Professionals that need a second job

It’s not necessary that they know anything about tax preparation because they can take The Tax College’s Income Tax Course and learn. What is important is that they are popular, friendly, intelligent, looked up to by their peers, and not afraid to market and sell.

Clients like to see the same face each year, so be sure to focus your hiring on candidates that can return next tax season. Avoid candidates that are subsequently moving out of state or are between career jobs and just looking for something to tide them over until the next big job comes along. It takes a lot of time and money to find, hire, and train a new employee. These costs will be avoided by hiring candidates that can return next tax season.

Where can you find good candidates? In addition to the obvious places (i.e. classified ads) consider contacting Post-secondary Technical and Career schools, and local colleges. Don’t forget your clients, and referrals from existing employees.

**Other Marketing Ideas**

Here are three other marketing ideas:

1. Offering FREE tax estimates;
2. Hold a drawing for a prize, such as a color TV. Award the TV at the end of the tax season and send all of your clients a letter letting them know who won. Include with the letter a discount coupon for next year; and
3. Send out ten (10) business cards to each of your current clients. Have them write their name on the back of the cards and give the cards to friends, relatives, neighbors and co-workers. For every new referred client that comes to your office with a card send the referring client a fresh, crisp $5 or $10 bill.
Advertising

Advertising is important for the success of any business. How your company is perceived by the community directly effects your ability to retain current clients and to attract potential new ones. Community involvement will add to the credibility of the services that you provide. Advertising allows you the freedom of selecting the method in which your message is communicated. It provides you with the flexibility of tailoring a campaign to suit your needs. Promotion is the key to your success during tax season. Good promotion invites clients to take advantage of the special offers and services that you provide. As with any advertising campaign, frequency drives results.

The more that you get your name in front of people the more business you will generate. If your marketing and advertising efforts are utilized effectively your business will show substantial growth.

There are many places to advertise a tax preparation business. The yellow pages are a source most people rely on. Many communities have local coupon mailers where you can offer coupons for your service and reach a broad market. Small local newspapers that people turn to when they need a tax preparer are a great place to advertise.

Always be aware of how your competition is advertising - but don't be a copycat. Always be professional and respectful of the tax preparation industry and your competition in any type of advertising that you do. Trying to knock down a competitor with negative statements or advertising is always a big mistake – both professionally, and sometimes legally. Remember the old saying: “If you don’t have anything good to say, then don’t say anything at all”.

Tip - An Electronic Return Originator must comply with the advertising and solicitation provisions of U.S. Treasury Department Circular No. 230. For further information see IRS Publication 1345 - Handbook for Electronic Filers. All WorldWideWeb Tax, Inc. Advertising and Marketing materials comply with Treasury Department Regulations.

The largest percentage of your returns will be prepared between January 1st and February 28th. That's when you'll want to spend the most on advertising. Locate your office in, and advertise in, neighborhoods with a high potential for bank products.

The beauty of the tax preparation business is that with a relatively small amount of marketing and advertising, clients will find you. There are 146 million taxpayers in the U.S. and many have their tax returns prepared professionally. The IRS, through their National Public Service Campaign, will make nearly all U.S. taxpayers familiar with IRS e-file. However, no business will be successful, with any product or service, without at least some form of marketing to "get the word out".

Each method of advertising has it's own advantages and disadvantages. Below we discuss each method and provide ratings for each type of advertising.
Co-op Advertising Program
At WorldWideWeb Tax, Inc. we’re dedicated to helping our tax preparers succeed! Our ongoing success is due, in large part, to our growing group of independent tax preparers. A key factor in our growth and achievements is the emphasis we place on supporting our tax preparers to make sure THEY succeed. WorldWideWeb Tax, Inc. provides not just one of the top professional tax software programs in the industry, but also a complete Co-op Advertising System designed to catapult your tax preparation business into the top 5% of all tax preparation firms nationally. Ever wonder why tax preparers at the national franchises do 1,000 to 3,000 tax returns or more per season, while many independent tax preparers only do 100 returns? Is there a reason that franchisees pay $100,000 or more for their franchise? What do the tax preparers at national franchises have that you don’t have? A comprehensive advertising and marketing system, that’s what!

UNTIL NOW!

With our National Co-op Advertising Program we make it easy for you to solicit new clients, increase revenue, and maintain existing client loyalty - which all play an important role in your business success. Even if you are new to tax preparation our Co-op Advertising Program will help you not only successfully launch your tax preparation business, but hopefully launch it into the stratosphere!

Finding new clients is one of the most critical, yet challenging aspects of the tax preparation business. You can't rely on taxpayers to just come knocking on your door.

Instead, you must do an ever-efficient job of tracking down potential new clients and convincing them that you are the one they should have prepare their tax return. One successful way to do that is with our Co-op Advertising Program.

WorldWideWeb Tax, Inc. is pleased to offer the ONLY co-operative advertising program for independently owned tax preparation offices. None of our competitors offer co-op advertising. We’ll reimburse you up to 50% of your advertising costs for the following approved advertising:

<table>
<thead>
<tr>
<th>Appointment Letters/Cards</th>
<th>Client Retention Postcards</th>
<th>Pennants and Flags</th>
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<tr>
<td>Balloons and Blimps</td>
<td>Discount Coupons - Tax Bucks</td>
<td>Post Cards</td>
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<td>Banners</td>
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<td>Billboards</td>
<td>Greeting Cards - Self Send</td>
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<td>Bulletin Boards</td>
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<td>Referral Cards</td>
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<td>Bus Benches</td>
<td>Magnetic Car Door Signs</td>
<td>Television</td>
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<td>Cabbie Top Signs</td>
<td>Money Mailer</td>
<td>Valpak</td>
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<tr>
<td>Client Newsletters</td>
<td>Neon Window Signs</td>
<td>Yellow Pages</td>
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<td>Client Retention Mailings</td>
<td>Newspaper Ads</td>
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Part of our "legendary service" is helping tax professionals promote their business. You’ll effectively market your income tax business with our Co-op Advertising and promotional materials. You’ll
increase your client base and generate more revenue than other independent tax preparers. Our Co-op Advertising has proven to bring in hundreds of new clients each season.

Our Co-op Advertising program is more than just an expense sharing agreement. With our program you'll learn advertising secrets and "tricks of the trade" developed by tax preparers with more than 30 years experience. For instance, you'll learn why advertising with the free banners provided by the tax refund processing banks and other software companies in their free "marketing kits" is a BIG MISTAKE. And why our banner will draw at least twice as many taxpayers into your office! If you’re going to display a banner in front of your business, why not display the one that will draw the most taxpayers?

You’ll learn why the response rate on our post cards is over twice the response rate of the free tax refund processing bank post cards. If you’re going to spend thousands of dollars on postage don’t you think you should mail the post card with the highest response rate?

You'll also learn time proven techniques, such as which of the many Yellow Pages books is the best one to advertise in. And how to save up to 50% on your yellow page advertisements just by handling the Yellow Pages salesman the right way.

With our Co-op Advertising Program we make it easy for you to solicit new clients, increase revenue, and maintain existing client loyalty - which all play an important role in your business success.

Join our Co-op Advertising Program and receive up to 50% reimbursement for your advertising expenses. For complete information, including the Reimbursement Amounts, click the Co-op Advertising link in Marketing and Advertising Section of the 1040 ValuePak Getting Started page.

**Appointment Letters/Cards**

Discussion/Considerations: Appointment letters and cards are sent to last year’s clients inviting them back to have their tax return prepared again this year. The letter or card includes a date and time for their appointment - which you have already filled in WITHOUT speaking to the client first. Ordinarily, you'll want to use the same day and time as last season.

The letter or card says, "If this time is not convenient for you, please call us at... to reschedule your appointment." Appointment letters and cards are a great compliment to our Client Checklist.

Appointment Cards are 3 1/2" X 5 1/2". The back of card is left blank for the return address, mailing address and postage if sent separately.

**Overall Rating:** Appointment letters and cards get a four (4) star rating because of their relatively low cost and because it is imperative that you have a high "client return" rate to be successful in the tax preparation business. You should shoot for a target client return rate of 90%. Count your numbers. How many taxpayers returned to you last season from the season before?
**Commercial Location/Zoning Required:** No  
**Basic Cost:** Printing/Cards Per Card or Letter $0.10-$0.12  
**Additional Costs:** Postage Per Card or Letter $0.26  
**Total Cost:** Per Card or Letter $0.38  
**Potential Return/Results:** It is imperative that you have a high "client return" rate. It's extremely expensive to find new clients every year. High

**Balloons and Blimps**  
**Discussion/Considerations:** High visibility means high impact! Imagine the attention a giant advertising balloon standing three stories tall will generate! Advertising balloons are great for grand openings and are constant reminders about sales events, new products and promotions. Advertising balloons bring traffic, which results in more sales! You can customize your balloon with your company logo, graphics or message on a detachable banner that can be mounted on the balloon with Velcro. Many inflatables may be illuminated at night so you can get 24 hours of exposure.

Balloons and blimps are ordinarily used for Grand Openings. However, one big advantage the tax preparation business has, due to its seasonal nature, is that you can have a "Grand Opening" every January. If your office is in a high traffic area balloons and blimps may be the way to attract a large number of taxpayers. Rental companies only allow roof top installations, which may limit exposure. You must also own the building the balloon or blimp will be installed on top of. There can be no stucco or metal on the top of the building. Be aware of city or town ordinances and guidelines.

Many balloons are available in 10 ft, 15 ft, 20 ft, 25 ft, and 30 ft sizes.

**Overall Rating:** Balloons and blimps get a three (3) star rating because of their high cost  
**Commercial Location/Zoning Required:** Yes  
**Basic Cost:** 25' Uncle Sam Balloon - 30 day rental - $775 first 3 days. $75 per day after that.  
   Blimps - purchase pricing varies.  
   Air Dancers - Purchase only - 15' - $175, 25' - $224, 35' - $274, 50' - $324 plus S&H  
**Additional Costs:** There is a trip charge, which varies by location, for delivery and pick-up of the balloon.  
**Total Cost:** $2,800  
**Potential Return/Results:** If you are in a high traffic area balloons and blimps can have a high return.

**Banners**  
**Discussion/Considerations:** Say more in a matter of seconds and set yourself apart from the competition with full color, high impact, affordable banners! Banners are highly visible and, if designed correctly, attract customer attention even at great distances. Tax preparation businesses across the country have been using attention-getting banners for over 30 years. Everyone agrees that they are one of the most cost-efficient and attractive forms of advertising available. Banners are very effective as semi-permanent signage.
Just about everybody in the electronic filing business is familiar with outdoor banners which are offered by some tax refund processing banks for a low cost (just pay the $20.00 shipping). A sample bank banner is shown below. While it is very kind and generous for the bank to offer low cost banners, beware. There are several things wrong with the banner:

To begin with, the text on the banner does not successfully convey an appropriate marketing message. For instance the banner shown has only the word "FAST" on it when viewed from a distance. How many people do you know of woke up this morning looking to buy a "FAST"? Shouldn't the banner say something like "FAST TAX REFUNDS"? It doesn't. Distance viewing is important because remember, people that you expect to see your banner may be driving by at up to 40 miles per hour. Or they may be in extremely heavy traffic, with little time to really stare at your banner. They need to be able to see your marketing message from a distance immediately, with just a glance. The sample banner does not feature HIGHLY contrasting colors for the words "GET YOUR MONEY BACK" and it's background, which would make the message stand out. In fact, because the font used for the words "GET YOUR MONEY BACK" is too small, the lettering blends in to the light blue background from a distance. And the font used for the word "FAST" is too narrow.

Additionally, the sample banners are only available in 6 feet by 3 feet. Our banners are available in sizes up to 50 feet wide. You should get the maximum size banner that your space will allow. Measure it. The larger the banner, the more people will see it, and the more customers you'll get. It's that simple! If you're going to fly a banner why not fly the one that will bring the most business through your front door?

Also consider not only placing a banner above the front door of your business but if your location allows it, consider placing two banners street side, perpendicular to traffic. Just one tax return will cover the cost of your banners, and you'll have them for years to come. And don't forget, since the prime electronic filing months are January and February when it is dark out after 5PM, illuminate the banners with a spot light if at all possible. This is a big attention getter, especially if you leave the spotlight on until very late at night, or overnight. It'll cost you some money for an electrician to set up the spotlight, but it will be money well spent!
**Overall Rating:** Because of their low one time cost and high potential return banners get a solid five (5) star rating.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** Depends on size. Available in sizes up to 50 feet wide. $90 and up.

**Additional Costs:** Shipping - depends on size.

**Potential Return/Results:** The potential return from banners is extremely high.

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**Billboards**

**Discussion/Considerations:** Billboards make a statement and reach to many people. However, billboards are not a practical way for most tax preparation businesses to advertise, but there is one exception. If your tax preparation business is located near a billboard, then this may prove to be an incredible advertising opportunity.

You can put your advertising message on the billboard (if you don't have one let us know, we do) and also on the billboard in bold type put "500 feet on the right".

**Overall Rating:** Billboards only get a two (2) star rating because of their limited applicability and high cost. But remember, if your tax preparation business is located near a billboard this may prove to be an incredible advertising opportunity.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** 14' by 48'- average cost $2500 - $8000 per month. However, in certain metropolitan areas such as Los Angeles and New York City billboards can cost up to $50,000 per month.

**Additional Costs:** $1,200 one-time charge for design and production.

**Total Cost:** $5,950.00

**Potential Return/Results:** The potential return from billboards is high if you are in the right location.

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**Bulletin Boards**

**Discussion/Considerations:** Believe it or not bulletin boards actually work as customer builders for any small business. People use these “business provided” bulletin boards to advertise things they want to sell, home-based businesses and whatever they might want to trade for or buy. Everyone has seen bulletin boards. Instead of tacking your business card on the bulletin board have you ever considered tacking a package of tear off discount coupons? Like "$10 Off" your tax preparation fee. If you are going to place bulletin board advertising coupons in a commercial location, such as a supermarket, there are several things to consider. First, you'll need permission of the supermarket. Second, "vandalism" is an issue as these coupons tend to get taken off the bulletin board and thrown away - probably by competitors. Third is maintenance, as you, or a person that you hire, will need to check the bulletin board regularly (possibly daily) to make sure your coupons are still there and to replace any dwindling stock. There may be a business that offers this service in your area. Beware of locked bulletin boards, as potential customers will not be able to tear off a discount coupon.

Under the proper conditions (like you have a special relationship with the supermarket or place where the bulletin board is located), bulletin board advertising may be just right for you.

**Overall Rating:** Because of the aforementioned difficulties of bulleting board advertising, it only gets three (3) stars.

**Commercial Location/Zoning Required:** No

**Basic Cost:** We do not currently have pricing information for bulletin board coupons. But if you are interested we can get you additional information.

**Potential Return/Results:** We do not currently have performance information for bulletin board coupons.
**Bus Benches**

**Discussion/Considerations:** What is a bus bench? A bus bench is the seat that people sit on while waiting for the bus. Ever notice that the front of the seats, the part where you lean your back up against, has an advertising billboard on it? That's where your ad will go if you advertise on bus benches.

Advertising on benches -- whether at bus stops, parks, boardwalks or shopping malls -- is among the fastest growing forms of outdoor advertising. The main reason for their popularity is "location, location, location." Depending on a bench’s location, you can target your message to reach specific audiences - upscale, ethnic, leisure-time, seniors, students, etc. You can choose to saturate an entire geographic area or select individual sites - including point-of-sale destinations. You can reach a mass market by choosing bench signs in high-traffic areas such as apartment complexes. Hundreds or even thousands of people see the bench signs every day on their way to and from home, work, school, and shopping. The signs are easily visible to motorists and, in the case of park benches, strollers and joggers who take several glances at a bench before sitting down or moving by. Bus bench signs are visible every day, 24 hours a day, and lead to high recall among those who pass by day after day. All this visibility comes at a very affordable cost; a full year's visibility on one bench is significantly lower than the price of one full-page newspaper ad.

When deciding which benches to advertise on keep one important point in mind. When people are sitting on the bench no one will see your ad. For this reason you should select benches which are not occupied all the time. That's the challenge – to find benches that are in high traffic areas but that people don’t sit on regularly.

Why would a tax preparation business want to advertise on a bus bench? Because, generally speaking, people who ride on busses don't have cars. Which usually means they do not have enough money to buy a car. Which means, in many cases, that they need their tax refund fast. Bus bench advertising offers an incredible place to "hyper-target" your advertising. There's additional exposure from passing cars, but passing drivers generally won't notice your advertisement unless they are stopped at a traffic light. Some EROs report using bus bench advertising very successfully.

**Overall Rating:** Bus bench advertising gets five (5) stars for its ability to "hyper-target" your market.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** The pricing depends on the local market.

**Additional Costs:** Most bus benches are 24" by 84" long. The printing charge is $18.00 for each bench. $75.00 per hour for graphic and design work. The printed advertisement can be shipped anywhere.

**Potential Return/Results:** High

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**Cabbie Top Signs**

**Discussion/Considerations:** Turn your car into a moving lighted billboard in a matter of seconds! What's a "Cabbie Top Sign"? The term "cabbie top" is kind of a misnomer because of the way this form of advertising is used. You've seen the tops of taxicabs. On the top there is a small-lighted sign indicating whether or not the cab driver is on duty and ready to pick up passengers, or off duty. You may recall there is nowhere to place an advertisement on that small-lit sign.
A "cabbie top" is a larger lit sign that goes on the top of the automobile. You've probably seen them on cars making pizza deliveries. Because of their wide popularity with pizza houses they should probably be called "pizza tops" not "cabbie tops". These very same car top signs can be made for tax preparers too!

Cabbie top signs are great for promoting any business. They mount to car using soft-shoe magnets or window mounts. They offer visibility and usability and are quickly becoming an industry standard with not just pizza delivery, but with glass repair, retailers, airport shuttles and many, many more businesses! Restaurant operator’s report 3-10 orders per day per cabbie top sign. With the average vehicle receiving over 750,000 impressions per month. It’s easy to see why the cabbie top signs are spreading fast around the world. Businesses are realizing the impact and results of portable vehicle advertising.

**Overall Rating:** Cabbie Top Signs get a five (5) star rating because of their low one time cost and their high potential return.

**Commercial Location/Zoning Required:** No

**Basic Cost:** $120.95

**Additional Costs:** Setup & Shipping $80.00

**Total Cost:** $200.95

**Potential Return/Results:** The potential return from "cabbie top signs" is extremely high.

**Client Newsletters - Email**

Discussion/Considerations: Advertising guru David Olgilvy (1911-1999) said, “There is no need for advertisements to look like advertisements. If you make them look like editorial pages, you will attract about 50 percent more readers.”

E-newsletters that are informative, convenient and timely are often preferred over other media. Email newsletters continue to be one of the most important ways to communicate with clients. Newsletters build relationships with clients and also offer an added benefit in that the client can forward the newsletter to friends, relatives and colleagues.

There are three main reasons why newsletters work so well. The main focus of the newsletter is usually the field within which the business owner operates. When it offers quality help, advice and tips then the owner’s position as an expert in his field is the silent message communicated to customers. The primary advantage from a marketing viewpoint is that newsletters demonstrate expertise. Second, because a newsletter is an unsuitable medium for a fly-by-night operator, it follows that the more firmly it becomes established the greater the credibility of the business owner. Third, a quality newsletter containing meaningful content can engender loyalty by discussing issues that the customer identifies as important and pertinent.

These three things are what make newsletters so powerful because they are the main factors that lead to a favorable sales climate.

**EXPERTISE + CREDIBILITY + LOYALTY = TRUST**

Without trust there’s no hope of building a relationship. But with trust the sky’s the limit! Providing a newsletter is used as an opportunity to gain your client’s respect by establishing your organization as a credible authority in its field. This approach effectively builds firmer bonds with existing clients.
One of the reasons many newsletters work is that people read them because they think they might find something useful or interesting - not just a blatant sales pitch. People love chatty, informal, no-hype style newsletters. No other marketing tool can offer these advantages. Dollar for dollar no other marketing method even comes close.

**Will they buy from you this tax season?**

So they had you prepare their tax return last tax season, but will they have you prepare their tax return this tax season? In many markets the substantive differences between tax preparers have narrowed to the point of insignificance. Hence, your ability to build a relationship with your clients is more critical than ever. And newsletters can help build relationships.

You want clients to know as much about your service and firm as they possibly can. And you want to keep your firm fresh in their minds. If you can do this they are going to be much more likely to do business with you again, even if a competitor is offering the same product or service at the same or even a lower price.

Newsletters help build a bond with your clients. You may also want to send your newsletter to "centers of influence" - people who are in an unusually good position to be able to recommend you to many others.

It is imperative that you have a high "client return" rate to be successful in the tax preparation business, and a newsletter will help you get there! Each issue is co-branded; i.e. it will look as though you wrote it. Best of all you don’t have to do anything to produce the newsletter. You can purchase professionally ghost written newsletters from Mostad & Christensen, Inc.

**Overall Rating:** Newsletters get five (5) stars because they have the ability to further solidify your relationships with your clients.

**Commercial Location/Zoning Required:** No

**Total Cost:** Varies – check with Mostad & Christensen, Inc.

**Potential Return/Results:** High

### Client Retention Postcards

**Discussion/Considerations:** Client Retention Postcards are sent to last year's clients offering them a $10 discount and inviting them back to have their tax return prepared again this year. You'll send these Client Retention Postcards to all of your clients from last tax season. We can't emphasize enough how important it is to get last tax season's clients to return this season.

You'll need a fast dry rubber stamp with your contact information to stamp the back of the postcards. We'll furnish you the dimensions.

**Overall Rating:** Self send Client Retention Postcards get a four (4) star rating because there is some expense involved for the cards and postage. It'll also take some time (labor) to send them. But they're well worth it.

**Commercial Location/Zoning Required:** No

**Basic Cost:** 4" by 6", 14pt. card stock, 4 color (4/4), UV coated $0.15

**Additional Costs:** Postage $0.28
Door Hangers
Discussion/Considerations: Want to get your foot in the door? Meet and greet your customers at their front door with full-color door hangers! Conquer that valuable doorknob real estate! Door hangers offer a high impact and low cost marketing solution to any business. Door Hangers are a simple marketing tool that many companies do not use to their full potential. Door hanger advertising can help announce to everyone in your area that you’re looking for business. Think of all the great promotional possibilities that door hanger advertising can offer tax preparation businesses. The potential benefits of door hanger advertising cannot be overstated.

By hand-delivering your company’s message from door to door, door hanger advertising eliminates postage and mailing costs. You eliminate the costs and middlemen involved in mailing lists, stamping, addressing, and shipping conventional direct mail. Incredibly, door hangers are one of the most under utilized forms of advertising. Which is odd since door hangers are one of the cheapest, most effective forms of direct marketing you can hope to take advantage of.

Why are these advertising gems so under utilized? Maybe because we automatically associate them with the plain, boring “Do Not Disturb/Maid, please clean up the room” door hangers at hotels. But you’ll be taking advantage of glossy, durable, full-color door hangers that are anything but boring. The fact that door hangers aren’t used as often as they should be just makes them that much more effective. Because every second piece of print advertising isn’t a door hanger, it means that they stand out from the crowd and draw consumer interest more easily than the rest of the direct marketing barrage.

Door hangers are perfect when you want to target residential customers for pennies each. This form of marketing allows you to pinpoint your audience. For example, you can target a specific residential neighborhood, condominium or apartment complex. Door hangers are perfect anywhere your target customers are close together.

Yes, they have to be hand-delivered, but instead of mail carriers, you can hire a flyer delivery service for pennies per drop-off. Or do it yourself if you’re short on cash yet high on enthusiasm. Another option... if you have newspaper delivery boys and girls in your area you may be able to hire them to do it, either while they are delivering the newspaper of afterward.

Eye catching door hangars are a great way to advertise your business by connecting with potential clients where they live. Get the word out with this simple and cost effective marketing method.

Door hanger etiquette:
Door hanger advertising is much like conventional door-to-door sales. In the first moments of a face-to-face sale - the time it takes to greet a prospect, shake their hand and speak a few words - they have already begun to form an impression. DO NOT hire a delivery service that will place your door hangers on the doorknob with 10 other advertisements or bags of stuff. Nobody likes to come home and find a pile of trash hanging on his or her doorknob! Your door hangers will be thrown in the garbage before ever being seen!
This probably goes without saying, but also be sure to instruct the delivery person to hang the hanger face out so the prospect will be sure to see the ad when approaching the door.

There is always the possibility that someone will view your efforts as an intrusion. An unsolicited approach on some else’s turf must be handled with great sensitivity. Always ask for permission to distribute marketing materials on private property, such as apartment buildings or enclosed condominiums. Check local ordinances about door-to-door sales. Don’t be defensive if someone rebuffs you. Always be apologetic and polite. And be sure your materials are used in situations where they cannot blow away, as litter is bad public relations. You don’t want people to see "your company" laying in the gutter of the roadway!

**Overall Rating:** Door hangars get a four (4) star rating because of their low cost and high potential.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** 100 lb. gloss cover / 4.25" x 11" / 4/4 Full color both sides $0.25

**Additional Costs:** Shipping & Distribution (estimate - you must secure distribution locally) / a rubber stamp. $0.30

**Total Cost:** $0.55

**Potential Return/Results:** High

**Greeting Cards**

**Discussion/Considerations:** Sending greeting cards to friends and family is a tradition that goes back about 200 years. Is there a future for greeting cards in this age of e-mail and instant messaging? Definitely! A greeting card in the mailbox not only brightens our day, but also instantly connects us emotionally to friends, family and people we do business with.

That special hand written envelope stands out among our piles of bills and junk mail and serves as a reminder that someone has taken the time from their day to reach out to us and show us they care.

Whether because of an annual holiday, birthday, or an unexpected gesture, greeting cards keep people connected benefiting both the sender and receiver. An annual birthday and holiday card sent to clients allows you to keep in touch and reminds them that you are thinking of them. The next time you are debating shooting off a quick e-mail or sending an actual card you may want to ask yourself which one conveys the kind of message you wish to send.

The holiday season is the perfect time of year to extend feelings of gratitude and appreciation to clients. A small gesture of thoughtfulness can work wonders helping to create and maintain positive business relationships. Sending a high quality, tastefully designed season’s greeting card can be a very important step to achieving this result. Personalizing these cards with a business name or logo, individual name, or both can prove to be an outstanding way of reminding clients how important their business is to your success while reinforcing that positive image you want to project. The more times your individual name, company name or logo is seen by your clients the greater the chances of it being remembered regularly.

When your business offers products or services that leave the client with a good feeling about having done business with you it is a safe guess that this “good feeling” will be associated with your company. Any positive association with your company is an asset that cannot be defined in dollars and cents. A high quality, finely detailed holiday greeting card will not only display your good taste but
also show your clients that they truly matter to you. It is sure to leave a lasting impression on all those who receive it.

Positive business relationships are nurtured over time and must be tended to occasionally. What better occasion than the holidays to address this aspect of ongoing customer relationships? Consider sending an impressive, high quality season's greeting card to those who mean so much to your success. And don’t forget the personalization.

Sending Season's Greetings cards are great way to keep your name in front of last season's tax clients at a critical time - right before they decide who to have prepare their tax return this season. Bulk greeting cards are available at most office supply stores. You can hire a high school student to hand address them. Birthday cards are also another great way to keep your name in front of your client.

**Overall Rating:** Greeting cards get a three (3) star rating because of the costs and labor involved.  
**Commercial Location/Zoning Required:** No  
**Basic Cost:** $0.50  
**Additional Costs:** Postage $0.44  
**Total Cost:** $0.94  
**Potential Return/Results:** High

**Greeting Cards - Turnkey**  
**Discussion/Considerations:** Just upload your name and address list and you can have your season's greeting cards sent automatically. With personal handwriting fonts you can really personalize every one of your greeting cards by having your own handwriting printed on your cards, including the envelope. You can even choose to include your signature!

Birthday cards are also another great way to keep your name in front of your client. Couple these with the Referral Cards (see below) and you'll have one powerful brand name building solution.

**Overall Rating:** Greeting cards - Turnkey get a three (3) star rating because of the costs.  
**Commercial Location/Zoning Required:** No  
**Basic Cost:** $1.25  
**Additional Costs:** There is a $99 charge to open an account. There is a $50 setup charge for your personal handwriting font. Postage is included in the basic cost.  
**Total Cost:** $1.25  
**Potential Return/Results:** High

**Magnetic Car Door Signs**  
**Discussion/Considerations:** Do you want inexpensive advertising that gets results? Car door signs are a great cost effective way to promote your business. You can turn your personal vehicle into a business vehicle with a set of magnetic signs. Magnetic signs offer an effective and economical way of advertising your business while you drive - and the new business helps pay for your car! Magnetic signs are a great way for you to accomplish your advertising goals without putting permanent lettering on your vehicle. With vinyl lettering, a logo and graphics your identity can be professionally displayed on a set of signs. You'll be delighted with these inexpensive signs to identify and promote your business year after year for less than the cost of a one-day ad in the city newspaper.
Magnetic signs are easy to install and remove and offer the added feature of portability between different vehicles. One pair of magnetic signs can be used on whatever vehicle you are using at the time. They can be quickly and easily removed and reapplied, time after time. Any vehicle can be transformed in seconds from a private sign-free vehicle to a moving advertisement for your business. Magnetic signs are the perfect option for private vehicles as they are so easy to install and remove whenever you wish. Magnetic signs are a great inexpensive way to advertise your business, especially if you or your spouse tend to drive a lot.

**Overall Rating:** Magnetic car door signs get a five (5) star rating because of their low one time cost and their high potential return.

**Commercial Location/Zoning Required:** No

**Basic Cost:** One pair / 12" x 24", 3-5 year life, fade resistant, 100% magnetic $64.00

**Additional Costs:** Shipping $20.00

**Total Cost:** $84.00

**Potential Return/Results:** If you do a lot of driving magnetic car door signs can have an unlimited return.

**Money Mailer**

**Discussion/Considerations:** Money Mailer is a leader in direct mail couponing for consumers. Money Mailer services local businesses by helping them reach their entire customer base. Money Mailer’s targeted system for businesses enables them to reach consumers with valuable targeted local advertising.

They periodically send an envelope full of coupons to tens of thousands of households in your area. Money Mailer has over 30,000 local advertisers across the USA. Some tax preparers report that 90% of their new business comes from Money Mailer and Valpak (see Valpak below). That means hundreds of new tax returns annually - for a low fixed cost.

According to Money Mailer their direct mail programs are effective because:

- 85% of all consumers use some form of coupons
- 73% of consumers who use coupons say they do it to save money, 67% as a reason to choose among brands, 63% to try new products, and 56% to help plan their shopping list
- 64% of consumers switch brands using coupons
- 53% of coupon redemption is by households that did not buy the promoted product in the previous 6 months. 36.2% of these buyers had a higher repeat purchase rate than those customers who purchased without coupons.

**The Money Mailer Consumer Profile:** Adults between the ages of 25 and 54. The demographics of Money Mailer are excellent for tax preparation businesses. People who "clip coupons" tend to be price conscience and are always looking for a $10-$20 discount coupon. They can often use a quick tax refund and are willing to pay for it. Add to that the fact that many people tend to use coupon packs to find certain types of local businesses even more than the yellow pages and you have a winning combination.
The pricing below applies to Broward County, Florida. Because Money Mailer offices are locally owned franchises prices may vary from locality to locality. Also, watch the mailing dates carefully. You'll want your advertising to go out in early to mid-January.

The pricing below includes creating your ad, printing it, and mailing it.

**Overall Rating:** Because of it's high potential return and moderate cost (as compared to post cards) Money mailer gets a four (4) star rating. However, keep in mind, that with a post card virtually everyone you mail it to will see it, even if they just glance at it. Not so with Money Mailer, as some consumers just throw the envelope away and others just keep the whole envelope without picking through the coupons inside.

**Commercial Location/Zoning Required:** No

**Basic Cost:** $395 for 10,000 households, volume discounts apply.

**Additional Costs:** Shipping $00.00

**Total Cost:** $395.00

**Potential Return/Results:** High

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**Neon Window Signs**

**Discussion/Considerations:** A retail business needs something more than just a good location in order to bring in customers. It needs cost-effective advertising methods that will distinguish it in a crowded marketplace and compel people to notice it at a glance. For many successful businesses highly visible neon signs are the answer. They can seize people's attention 24 hours a day. Neon is easily readable at night, in bright ambient light, and even in daylight. Neon signs have been commercially used for almost 100 years.

Affordable, high impact neon signs are a sure way to attract customers by telling them what you do! Neon signs have a pleasant effect upon people. They have the power to appeal to the subconscious mind. Neon signs are effective - they pull potential customers in with cost effective and powerful advertising.

Neon signs are widely used by business owners to attract consumers, particularly at night. If your business operates during the evening, like tax preparation businesses in the winter months, a neon sign may be just what you need to increase sales.

The benefits of neon signs include:

- brighter than most other signs
- offer a unique, permanent look for your business
- can be seen better at night than most signs
- are proven to be very effective
- have a nostalgic property to them that doesn't exist with other sign types
- cost effective for business owners
- easy to install
- low power consumption
• extremely low maintenance

You can add excitement to your tax preparation business with neon signs! Neon signs will generate excitement with both your clients and your prospects resulting in more sales and profit for you! Many business owners report an immediate increase in business after placing a neon sign in their window. Neon signs pay for themselves in a week or two. This is true even if your primary business is not tax preparation. Placing a tax service neon sign in your window "get's the word out" to your existing clients and new prospects alike. Over the 5-7 year life of a neon sign the cost comes down to just pennies a day.

If your office is in a retail location with windows, then displaying neon signs is a MUST! With superior visibility and vibrancy, customers will be drawn to your business and the increased walk-in traffic will drive sales up. And don't forget if you have a window on each side of your door two neon signs will look better, and possibly attract twice as much business as one. Try neon - It's a gas!

**Overall Rating:** Because of their low cost, high visibility, and high potential return, neon signs get a five (5) star rating.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** $169-$249

**Additional Costs:** Shipping $47.00, guaranteed not to break in shipping.

**Total Cost:** $216-$296

**Potential Return/Results:** Unlimited

**Newspaper Ads**

**Discussion/Considerations:** Newspaper advertising can reach a huge audience immediately but is generally very expensive. An exception is the Rare Reminder or Penny Saver type of local newspapers and local or town newspapers themselves. It's important to keep in mind that most low to middle income taxpayers without a lot of investments and deductions tend to have their tax return prepared by the person who is closest to their home - generally within five (5) miles. They generally do not travel 30 minutes to an hour to have their tax return prepared. This can make local newspapers a real bargain provided their advertising costs are reasonable and their distribution is within a five (5) mile radius of your office.

**Overall Rating:** Newspaper advertising only gets a three (3) star rating because of its cost.

**Commercial Location/Zoning Required:** Yes
**Basic Cost:** Varies by publication but can be very expensive

**Potential Return/Results:** Can provide a high return if you advertise in the right publication at the right price.

**Classified Ads**
The big drawback to regular newspaper “space” advertising is it’s cost, as it can be quite expensive. Especially since you’ll want to run the ad weekly during January and February. So consider classified ads, the low cost alternative. We’re not speaking of the classified ads in the regular newspaper which themselves can be quite expensive. We’re speaking of classified ads in the “Services” or “Business Card” section of your weekly hometown newspaper. These ads can be even more effective than space advertising because taxpayers may be reading that section looking for a tax preparer, or even another business, when they see your ad. Typically the cost is just a fraction of the cost for space advertising.

Repetition is critical – be sure to run the ad weekly during January and February.

**Pennants and Flags**
**Discussion/Considerations:** You’ve probably seen pennants and flags at car dealerships. They’re also used for Grand Openings, as they tend to attract a lot of attention. Pennants and flags promote your business with their eye-catching appeal! They’re great for any business that needs to send a strong visual message at low cost. Brightly colored pennants and flags bring a carnival feel to any event or promotional activity.

They’re an excellent, cost-effective means of maximizing exposure when used in conjunction with other promotional material. Pennants and flags add color and “movement” to any business, maximizing visual impact and ensuring eye-catching appeal.

Pennants and flags are:
- highly visual
- celebrational
- great for any business
- cost-effective, and
- easy to use

One big advantage the tax preparation business has, due to it’s seasonal nature, is that you can have a “Grand Opening” every January. If your office is in a high traffic area pennants and flags are a great low cost way to attract a large number of taxpayers.

**Your Grand Opening**
You’ll want to make your Grand Opening a big event. Be sure to put your best foot forward. You’ll want to have plenty of snack foods and soda on hand. You’ll also want to make sure your office is all set up and clean. If you need to, hire a cleaning service to do the cleaning both before and after the Grand Opening. Be sure to have some family or friends there to greet prospective clients. This will make it appear like you have several employees, giving a good impression. Don’t forget name badges. You should also have professional looking flyers printed up detailing your services.
Contact the local newspaper about your Grand Opening to see if they'd like to do a story. Small business openings make great newspaper stories.

**More about Pennants and flags**

Installation of Pennants and flags is simple and anyone can do it. Simply run the string of pennants or flags from an eyelet on the roof corner of your building to an eyelet in the ground 30 or more feet away. If you don't have 30 feet the strings can be cut.

Keep in mind that pennants and flags are fairly inexpensive and you're much better off "over doing it" than trying to save a couple of dollars. Several strings of pennants and flags are much more attractive and eye catching than just one or two strings. Make it look like you're having a GREAT BIG celebration. That's what will attract taxpayers.

Pennants come in 30', 60' or 100' strings. Americana Pennants are triangular and have either a red or blue background with white stars or red and white stripes. 30' strings have 12) 12" by 18" pennants per string. 60' strings have 24) 12" by 18" pennants per string. 100' strings have 48) 12" by 18" pennants per string. They come in both 4 mil and 8 mil poly. We recommend the 8 mil since they don't cost much more.

Yankee Doodle pennants are square and feature 9" by 12" flags. There are 16 flags per 30' length. They come in 30' and 60' lengths. Only 4 mil is available.

American Stars and Stripes Flags are 12" by 18" US flags. There are 24 flags on a 60' string, which is the only length offered. Both Supreme Cloth (very expensive) and Economy 4 mil poly are available.

**Overall Rating:** Because of their low cost, high visibility, and ability to attract large numbers of taxpayers pennants and flags get a five (5) star rating.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:**
- Americana Pennants, 4 mil, 30' string $5.70, 60' string $9.20, 100' string $15.50
- Americana Pennants, 8 mil, 30' string $7.40, 60' string $12.70, 100' string $21.80
- Yankee Doodle Pennants, 4 mil, 30' string $10.70, 60' string $15.20
- American Stars and Stripes Flags, Supreme Cloth $33.50 per string, Economy 4 mil poly $14.00 per string

**Additional Costs:** Shipping $10-$20

**Potential Return/Results:** Unlimited

**Post Cards**

Discussion/Considerations: Most of us think of postcards as something we send to our friends and relatives while we are away on vacation. But this advertising piece has been favored by many businesses for many years. Using postcards as a part of your overall marketing plan is a simple and cost effective method of communicating with potential clients. Postcards are the perfect tools for offering special promotions, like a $10 discount.

With the information overload from advertisers, most people only take the time to skim the front of advertisements, envelopes, and other mail they receive. Postcards achieve a nearly 100% "glance" readership because your entire advertising message (except the $10 discount) is on the front of the
postcard. In other words, nearly everyone at least glances at the mail they receive, and they’ll see your message.

Because there is no envelope to open it will take just a few seconds for the recipient to see your advertising message and decide whether to continue reading or toss the postcard in the trash can. If the postcard has an attention grabbing headline and graphic on the front, they’ll keep reading. UV coating also increases readership. UV coating also entices some readers to save the postcard for later, a behavior that you don’t see with the old basic paper postcards.

According to Direct Mail and Direct Marketing Industry Trends:

- Consumers saved over $3.75 billion each year by redeeming more than 4.8 billion coupons.
- Direct mail expenditures have grown by 4% to over $59 billion. Revenues are up by 6%.
- At $59 billion, direct mail is the largest single advertising medium, surpassing the combined expenditures on the TV networks, spot TV advertising, cable and syndicated TV.
- U.S. consumers who respond to direct marketing surveys stated a preference for mail by a 4 to 1 margin (74% for direct mail vs. 18.5% for telemarketing).
- Nearly 50% of consumers who receive direct mail say they find it informative.

Postcards are relatively inexpensive to print and mail when compared to other advertising methods. A 1% response rate is considered very good, and 2% is excellent. People remember and recognize advertising messages that are repeated over time. Postcards allow you the advantage of getting your message in front of your target market more than once, even if you only send postcards once. The more times the prospect sees your advertising message, either through multiple postcard mailings, or through other forms of advertising, the higher the response rate. Postcards are quite effective when used as part of an overall marketing plan.

Some tax preparers report excellent results with postcards. Target low and moderate income neighborhoods with fast refunds and a discount.

For large orders of 5,000 postcards or more a mailing house can be employed. The cost to print your contact information and the postal imprint on the back of the card is $350 for 5,000 or LESS postcards. The $350 DOES NOT include postage. There is a $35 setup charge. A mailing list for 5,000 households, based upon zip code only criteria (no demographics), costs $150 for a one-time mailing. When the list is purchased the postage rate drops to $0.18 per postcard because it's pre-sorted to receive a discount from the USPS.

For smaller orders you'll need to come up with a mailing list. The phone book works. You can also purchase a mailing list (and in some cases mailing labels too) from the local tax department or water
department. You'll also need a FAST DRY rubber stamp with your contact information to stamp the back of the postcard. We'll furnish you the dimensions.

**Overall Rating:** Because of their moderate cost, when compared to sales and revenue received, postcards receive a four (4) star rating.

**Commercial Location/Zoning Required:** Yes  
Basic Cost: 4" x 6", 14pt. card stock, 4 color (4/0) color front B&W back, UV front only Postcard $0.10  
**Additional Costs:** Postage $0.28  
**Total Cost:** $0.38  
**Potential Return/Results:** High

**Posters**

**Discussion/Considerations:** Window posters have been a favorite of tax preparers for years. Probably because of their low cost. But with the low cost of posters comes a price - low results. By using posters instead of neon window signs you've used up valuable window space with an advertisement that can hardly be seen from a distance. This is obviously a very bad idea. Don't be penny wise and pound-foolish. Neon signs are the way to go!

Posters may have some redeeming value for tacking on the wall in your office where you wouldn't place any other advertising anyway, and where distance viewing is not really an issue.

**Overall Rating:** Posters get a dismal rating of just two (2) stars. Neon signs are the way to go!  
**Commercial Location/Zoning Required:** Yes  
**Basic Cost:** 19" x 26" Full color $0.00  
**Additional Costs:** Shipping & Handling $3.00  
**Total Cost:** $3.00  
**Potential Return/Results:** Low

**Radio**

**Discussion/Considerations:** The advantages of radio advertising are:

- Many taxpayers listen to the radio. In fact, close to 90% of the population listens to the radio.  
- Radio is targeted. Each radio station is operated with specific market segments in mind, so despite there being many radio stations nationwide there are probably particular stations that target your specific market in your area. In the car, at the office, or in the garden you can reach your customer on the radio throughout the day or night. This increases the frequency that your advertising message can be delivered.  
- Radio reaches your customer with frequency. Advertising works by repetition. Taxpayers may need to be exposed to a commercial three or four times before they take action. To reach this advertising frequency, radio is often more cost effective than other media is.  
- Sound is memorable. Sound is stored in the memory more effectively than written words. Sound offers emotion and encourages the listener’s imagination to produce his or her own desirable image of a product. Radio is the theatre of the mind.

All this having been said, there are two big disadvantages to radio advertising. First, it can be expensive. And second, it's almost impossible for a tax preparation business to target its actual market with a medium transmitted over the airwaves. It's important to keep in mind that most low to middle income taxpayers without a lot of investments and deductions tend to have their tax return prepared by the person who is closest to their home. Generally with five (5) miles. They usually do
not travel 30 minutes to an hour to have their tax return prepared. This can make radio advertising a real problem, as it is impossible to direct air waves to within a five (5) mile radius of your office.

That having been said, you know your best prospects use radio to set your business apart in their minds. With radio you can attach your brand to the emotion and listener loyalty generated by radio station personalities and programming. Your prospects love their radio station; now they’ll love your brand. Eight out of ten people listen to the radio every day, and 94% of Americans listen three hours a day on average - generally to only two stations! That loyalty means you reach your customer again and again.

**With Radio Advertising, you can:**

- Get high-quality radio ads - you control the content, the quality, and the delivery of the message
- Run ads when you want, how you want, and get on the air when it's right for you
- Use personality, celebrity, or talk show hosts to read your message; or get sponsorships and promotions
- Create spots for events, giveaways, promotions, or special offers

Some tax preparers also have their own radio talk shows that have proved to be very successful! They're interviewed each week and they answer phone-in questions. Starting your own radio talk show is certainly worth looking into if you have some connections at a local radio station.

**Overall Rating:** Because it can be expensive and it is impossible to target prospects within five (5) miles of your office, radio only gets three (3) stars.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** Ads start at $199. Media time varies by location.

**Potential Return/Results:** With radio, like television, you can target by psychographics, which can be even more effective than demographics. Hip-hop and country music can have the same demographic, adults 18-35, but vastly different listeners. You'll not only reach the right age and gender, you'll reach the prospects interested in your product.

**Television**

Discussion/Considerations: Television has long been thought of as just too expensive for the average small business. But times are changing. Basic cable television now offers 30 or 40 different channels all of which offer advertising opportunities. Some cable systems can target your advertisement to specific zip codes, and even specific neighborhoods, which presents an excellent opportunity to advertise within a five (5) mile radius of your office. Some very successful EROs ONLY advertise on television.

Television is the most powerful advertising medium available. Now you can harness the power of television advertising by making it more cost-effective and targeted than ever before. Use the power of television advertising to grow your business. Television advertising is:
• Cost effective - build a high-quality ad for less money than you thought possible
• Targeted - our propriety technology helps you plan your campaign down to the neighborhood
• Flexible - adjust your message area by area

Do-it-Yourself Discussion/Considerations: There is a Do-it-Yourself Television Advertising Manual available for $299.95 plus S&H. It's written by an expert with over 25 years experience at television advertising. It covers all aspects of television advertising including writing scripts, producing commercials, buying television advertising time, and measuring results. If you are seriously considering television advertising, and you just HAVE to do it yourself, you should read this "Rule Book" first. That way you'll know what you're doing and hopefully you won't waste your advertising budget on ineffective advertising.

Keep in mind that it is unlikely that you will be able to produce the same or better quality ads as a professional. However, if you are still interested in Do-it-Yourself television advertising let us know.

Overall Rating: Cable television advertising on select programs targeted to within a five (5) mile radius of your office may prove to be extremely effective. Television advertising gets four (4) stars.

Commercial Location/Zoning Required: Yes

Basic Cost: We have a wide range of creative TV ad options to suit nearly any budget. High-quality ads customized to your business start at just $499. Cost-effective media plans to air your ads on major networks can start as low as $1500.

Potential Return/Results: Television not only reaches customers in a way other advertising is unable to, it brings in customers directly and reinforces all your other advertising methods, making them more effective.

Valpak
Discussion/Considerations: Valpak has helped hundreds of thousands of businesses attract customers since 1968. It's the most recognizable form of direct mail advertising there is -- the Valpak blue envelope. The familiar blue envelope delivers targeted marketing, neighborhood by neighborhood, to reach over 46 million households across the nation each month.

People anticipate the blue envelope because they know it delivers great money savings from national and regional advertisers as well as businesses right in their neighborhoods. Each year, more than 65,000 businesses choose Valpak for their advertising needs. Valpak is an affiliate of Atlanta-based Cox Enterprises, Inc.

According to Valpak:
• 71.4% of adults, age 18+, use coupons.
• 51.0% of adult coupon users have a household income of $50,000 or more.
• 9 out of 10 adults (90%) receiving Valpak are aware of it.
• Nearly 9 out of 10 of adults receiving Valpak usually look through the coupon offers.
• In 2006, Valpak mailed 19.7 billion ads in nearly 519 million envelopes.
• Valpak reaches nearly 46 million unique addresses each month across the U.S., Canada and Puerto Rico.
Valpak handles all the details including:
- Sophisticated targeting options;
- Campaigns tailored to meet your business goals;
- Custom graphic design of your advertising pieces;
- High-quality, premium printing; and
- Distribution to highly qualified and responsive consumers.

**Overall Rating:** Because of it’s high potential return and moderate cost (as compared to post cards) Valpak gets a four (4) star rating.

**Commercial Location/Zoning Required:** Yes

**Basic Cost:** Because Valpak offices are locally owned franchises prices vary from locality to locality. We were quoted a price of $0.08 per household in Broward County, FL, which would make Valpak cost about twice as much as Money Mailer. Whether that pricing is true in your location we do not know. You'll need to check locally.

**Potential Return/Results:** High

**Local Coupon Publications**
There are many locally managed coupon books and coupon magazines. When considering these advertising methods, make sure you are receiving value for your purchase by inquiring about the number of people who will receive the piece and also ask for statistics of how the piece is used. Many publications will have independent statistics verified by the Audit Bureau of Circulation.

**Yellow Pages**
**Discussion/Considerations:** Which of the many Yellow Page books is the best one to advertise in? How can you save up to 50% on your yellow page advertisements just by handling the Yellow Pages salesman the right way? These questions and more are answered below.

Yellow Pages ads can bring you a pot of gold if they are done correctly! Otherwise, you may just be throwing your money away.

84% of the people that look for a business in the Yellow Pages contact the business and 49% of them actually make a purchase. People look in the Yellow Pages to buy. All you have to do is convince them to buy from you. Yellow Page ads have a potentially big payoff.

The downside to Yellow Page advertising is that it requires a 12 month commitment. It’s like using many of the other advertising mediums described herein and having to buy not just one or two ads, but 12 months worth. All without being able to change the ad if it’s a flop.

The bad news is that 95% of all Yellow Page ads are weak. That's why your ad needs to be a winner. If its not you'll just be flushing your money down the toilet for the next 12 months - and there's nothing you can do about it.
The good news is that 95% of all Yellow Page ads are weak. This is because most small businesses let the Yellow Page companies do the ad design for them for free. Most small businesses focus on the cost of running the ad, and pay little attention to the content of the ad. This is a big mistake because Yellow Page companies have no incentive to make your ad work! It costs you the same amount of money to run the ad whether a professional designer creates the ad or the Yellow Page Company creates the ad. It costs the same to have a terribly weak ad run as it does to have a super responsive ad run. Why not run a super responsive ad and get your money’s worth? You should either use our professionally created ads, shown above, or have a professional designer create yours. DO NOT depend on the Yellow Page Company to create your ad for free. It’s a BIG mistake!

**Should you advertise under “Accountants” or “Tax Preparation”?**

If you are currently an accountant (or later become one) you may wonder which section of the Yellow Pages gets the best results, “Accountants” or “Tax Preparation”? The answer: Tax preparation businesses will draw more calls from a “Tax Preparation” listing than an “Accountants” listing. We believe the reason for this is probably because there are simply more people looking in the Yellow Pages for tax preparation than accounting.

**Are bigger ads better?**

Size definitely matters. Bigger ads do get a higher response - generally at a greater percentage rate than the increase in the cost. In part because they get the best placement at the front of their category. But be careful because you can waste a small fortune buying more than you should. Full-page ads are rarely worth the cost. Ask your Yellow Pages Representative where your ad will be placed, based upon it’s size. Should you move up for a little more money, or back for a little less money? You decide. But don’t forget most people start reviewing ads at the beginning of the category. And many stop searching and making calls once they find what they are looking for at the price they expected to pay. This is especially true in large metropolitan areas where there may be hundreds of listings in any given category.

**Should you use color?**

Is it worth it to pay 50-60% more for color? Probably not. Well designed black and white ads have about the same pull as color ads. In some cases black and white ads have an even stronger pull. A better bet - change the size and placement of your ad before paying for color.
Get a Proof
Always remember to get a proof before the ad is placed. Mistakes, even just a letter or two, can be devastating. Always look at the book once it comes out. Consider the dentist who approved an ad that read “Where Caring Treatment Costs No More” but that ran as “Where Caring Treatment Costs More”! Verify that the ad that is running is EXACTLY the same as the proof that you approved. If not, you know what to do!

Don’t Publish a Price
Remember that your ad will have a 1-year life span, so be careful about your content. For instance, don’t publish a price, because you will have to honor that price for as long as that directory is in existence. Best bet: Publish a percentage discount.

Also be very specific about your location, and include directions if necessary - possibly even a small map. Taxpayers will most often choose the business whose location is most convenient for them.

Which Yellow Pages should you advertise in?
Yellow Page advertising is a huge investment for most small businesses. Making matters worse is the proliferation of many different Yellow Page books, all claiming to be the best. The salesman is never going to tell you that they are the worst! There are basically three types of Yellow Page books:

1. the phone company’s directory;
2. regional directories; and
3. local directories.

All of these directories get used, but to what extent varies from market to market. Don't rely on the sales representative’s information about usage because they all claim to be the best and have the highest usage. Ask your friends, relatives, neighbors, and customers which Yellow Pages they use. But don’t just rely on their recollection because many people are not aware that the different books have different publishers and different listings in them. Take the torn off cover of each of the Yellow Page books and ask them to identify the cover. You may be surprised at which books are being used the most!

Allocating your Yellow Page advertising budget between the books in the proportion that they get used is wiser than just dumping your entire budget into just one book - possibly the wrong one.

Negotiating With the Yellow Pages Salesman
Most of the independent Yellow Page companies extend deep discounts. Meet with the salesman and let him do his presentation. Find out the EXACT date when the book is closing - you must get the EXACT date. Looking at the last book printed will sometimes give you a hint with some books. You can also call their sales office main line and ask them. Give the salesman friendly nods and buying
signals. When the presentation is done let the salesman know that you are interested but that you’re not ready to make a decision. Tell him you’re considering investing your advertising dollars in "other areas" - but be vague about the "other areas" or the salesman will persist in trying to overcome your "objection" - and put you on the defensive. Ask him to contact you when the book is closing.

When your salesman continues to try to close you tell him it is common knowledge that they give big discounts and if he wants you to sign up now he’ll need to offer you the best discount he can offer. If it’s not 50% tell him you’ll think about it and he should contact you later. When he contacts you later just keep asking for a bigger discount until he gives it to you. If he won’t give you 50% off then call their sales office two weeks before the book closes and ask to talk to another sales representative.

Ask businessmen in other businesses what discounts they get. You can use that as a gauge to get an idea of how much of a discount you can get. But be careful because other businessmen may not have negotiated for a discount at all! Don’t accept less than a 50% discount!

**Don’t Sign a Contract Yet**

Don’t sign a contract until you either have the deal you want or it’s the day or two before the book closes. The longer you wait before signing a contract the more negotiating power you have. And the better the deal you will get. Just don’t miss the book-closing deadline.

If your salesman doesn’t call you before the deadline then call him. If the salesman offers you a bigger ad or better placement instead of a discount - then take it from there.

**Tracking Results**

Do you know what percentage of your business comes from the Yellow Pages so you can make informed decisions about what to do next year? Do you ask your new clients how they found you? If you advertise in different Yellow Page books consider using different phone numbers so the results are trackable. Make sure you log your results so you can review them when it’s time to purchase Yellow Page advertising again.

You should be tracking all of your advertising results. You need to know which methods, ads, publications, and dates worked best so you can fine-tune your advertising for next tax season. Over time your advertising campaigns will become more and more successful.

**Overall Rating:** Because of the high expense and long term commitment, Yellow Page advertisements get a three (3) star rating.

**Commercial Location/Zoning Required:** Yes

**Total Cost:** Varies from book to book and market to market.

**Potential Return/Results:** High
Mostad & Christensen, Inc.

Since 1978 Mostad & Christensen, Inc. has helped accounting and tax preparation firms build client loyalty, get referrals, add value to their services, keep clients informed, and be visible in their community. Some of the unique items they offer include:

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<th>Client Brochures</th>
<th>Firm Brochures</th>
<th>Social Media Content</th>
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<td>Client e-Brochures</td>
<td>Gifts for Clients</td>
<td>Speeches</td>
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<td>Client e-mail Updates</td>
<td>Newsletters</td>
<td>Tax Legislation Updates</td>
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<tr>
<td>Client Newsletters</td>
<td>Newspaper Articles</td>
<td>Tax Return Jackets</td>
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<tr>
<td>Direct Mail Kits</td>
<td>Referral Boosters</td>
<td>Tax Tip Ads</td>
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They also allow you to defer your credit card billing until after April 15th – allowing you time to collect your fees before having to pay for your advertising materials.

You can request a catalogue and order free booklets on the following topics:

- 2012 Marketing Book for Accountants
- 46 Marketing Ideas for Accountants
- How to Boost Your Profits with a Client Newsletter
- How to Establish Your Fees
- How to Fire Bad Clients
- Is Your Website Attracting Enough Business?
- How to Make Your Direct Marketing More Successful
- No-Nonsense Marketing Plan for Accountants

Visit their website at: [http://www.mostad.com](http://www.mostad.com)
Creating Your Own Advertisements

Reaching out to potential new clients can be a daunting task, but this undertaking may be done efficiently with low cost involvement. Below is a list of advertising ideas and suggestions. When designing your advertisements always follow these fifteen important rules:

1. Establish your objective - be specific about what you want this ad to do for your business.
2. Do you want to establish a positioning statement?
3. What is your Business? What are the key Benefits? What makes you Better?
4. What differentiates you and your company name?
5. Use a brief headline, centered on a benefit that captures the reader’s attention. You can also ask a question. Most readers will never read past the headline unless it is good and compels them to read further.
6. Elaborate on the issue raised by the headline in the body of the ad.
7. Present a single theme – do not "muddy" your ad with too many messages. You don’t want to confuse your targeted audience.
8. Support the theme in all elements of the ad - for instance, if your theme is "Fast Cash", use graphics that utilize visual elements i.e. pictures of money, people exchanging cash etc. Use typestyles that give the illusion of speed. For example: bold italicized type, Fast Cash.
9. Sell the merits of your business – tell them why they should use your business, such as convenient location, lower fees, or bi-lingual services.
10. Emphasize the benefits – you must make it worth their while by emphasizing your outstanding service, fast preparation times, or value-added products and services.
11. Write short sentences in positive, everyday language.
12. Be sure to include all of your contact information including your web site and email address.
13. If appropriate, depending on your location, include directions to your office – maybe even a small map.
14. Never make false, misleading, sensational, or outrageous claims. Always be tasteful, honest, and straightforward.
15. Never say anything derogatory or disparaging about your competition. Doing so can lead to lawsuits and you could loose. Build yourself up. Don’t try to knock the other guy down. Consumers hate that kind of advertising anyway, so why bother?
Your Professional Website

The tax preparation business today is really quite different than it was ten years ago. Setting up your website is one of the most important things you'll do when marketing your business. Why have a website? A better question might be why wouldn't you have a website? A website reaches out to prospective clients who are trying to reach your business. Your website will educate, inform, and attract new clients.

For a small business, a well-designed website is a great way of instilling confidence and looking bigger than you actually are. In many prospects eyes it defines your professional image. Your clients and prospects expect you to have a website. In this day and age nearly all legitimate businesses do.

Your biggest competitors, the big national tax preparation franchises do. How can you compete with them if you don’t even have a website?

**What makes our websites different?**

These day’s lawyers, doctors, financial consultants, realtors and all service oriented businesses let their clients know that they are a legitimate business and here to stay. In today’s business world having a website is as important and necessary as having business cards, a telephone, or a listing in the Yellow Pages.

Included with the 1040 ValuePak tax software is your own custom website at TaxPlanningToday.com. Your website will be full of useful taxpayer information such as tax calculators, a tax calendar, tax facts, tax planning, and tax law changes for the current season. One visit to your website and YOU’LL be the local tax expert!

Be sure to include your website address on business cards, letterhead, signs and any other printed advertising and marketing materials. This will allow prospective clients to learn more about you in advance of their initial visit.

**Advertising Your Website in Search Engines**

Until recently, buying advertising from a search engine wasn’t practical for most tax preparation businesses because they are local businesses. But that may be changing. Internet advertising may now be practical for you to get the word out.

Google, Yahoo, and Bing (formerly MSN) now offer Local Search, where your website advertisement will only be displayed in your specific geographic area. Search Ads (Pay Per Click ads) are the three
(3) ads that you see at the top of the search results page and the ads that you see in the right border when you perform a search at a search engine.

Other tax software companies charge up to $895 per year for their websites. In most cases, their "clone web sites" do not include the extensive tax content that your clients are looking for which is found at TaxPlanningToday.com. With WorldWideWeb Tax, Inc. your website and email account are always free!

TaxPlanningToday.com - your information packed website may be your doorway to hundreds of new clients!
Your Client Newsletter

To build rapport, develop relationships, and ask for referrals you should consider sending your clients a newsletter. Your clients and prospects will receive your professionally ghost written newsletter on a host of timely topics. And of course, you'll have your own Tax Planning Today email address, such as johndoe@TaxPlanningToday.com where they can email any questions they might have. Mostad & Christensen, Inc. offers professionally ghost written newsletters.

Bulletins

It may not seem like much, but emailing your clients a brief summary whenever there are tax law changes can go a long way towards building a long-term relationship. It lets them know that you haven't forgotten them since last tax season. If you need an outline download the most recent tax law changes in the Tax Law Changes section of Getting Started at the 1040 ValuePak Portal. Another good source of material is Mostad & Christensen, Inc.

If you are creating your bulletin always be sure to:

1. Credit the source of your information;
2. Include a complete “Signature Line” which contains all of your contact information;
3. Include news and changed information about your office, such as changed office hours, new staff members, etc.; and
4. Ask for Referrals!
Maximizing Repeat Business

Repeat customers are the heart and soul of any business. While advertising and marketing will attract your clients initially, professionalism and great customer service is what will keep them coming back year after year. Ordinarily, you should retain at least 90% of your client’s each year. If your turnover is greater than 10% then you are doing something wrong (except in special circumstances).

There are many ways to offer great customer service. Consider the following eleven tips:

1. Keep regular published hours throughout the year. The hours can be different in the off season, such as 3 days a week.
2. Pre-schedule your tax appointments for the upcoming season.
3. Return phone calls and email as quickly as possible.
4. Be available to answer your client’s questions.
5. Always be courteous with your responses, even if the question seems stupid.
6. Complete and deliver tax returns as quickly as possible.
7. Let the client know that you are keeping a record of any carryovers, such as capital loss, net operating loss, or passive activity loss carryovers. The client’s knowing that you’ve kept a record is an incentive to return next season.
8. Offer clients copies of their tax return on CD in Acrobat .pdf format.
9. Remember, if your client receives a letter, notice, or audit they’ll want to speak to you personally – nobody else.

Getting Them to Come Back - Year After Year

It can be tough to drum up new business. Client’s who come back year after year are certainly the best ones. Your best source of prospects for the upcoming season is your existing base of happy clients from last tax season. It is important that your clients keep returning to YOU. This will also cost you less than finding brand new clients. The message that you should always convey to your clients is that, “Your Clients are VALUEd BY YOU.”

Don’t forget to remind those clients who utilized your business and services last year to return again this year by mailing them Tax Bucks each December. Your existing clients are the lifeblood of your business. Go out of your way to let them know that. Pamper them by:

√ Staying in frequent contact by phone, mail or e-mail. Your best clients expect to hear from you regularly. Don’t forget their birthdays – send a nice birthday card.
√ If appropriate, don’t hesitate to invite your client(s) on recreational activities. This is especially important if your client is a “center of influence” who has referred many other taxpayers to you.
√ When your client comes to your office don’t just jump right in with business conversation. Spend a few minutes to talk about the client’s hobbies, etc.
Surveying Your Clients

To ensure your clients that you are truly providing the service they require, simply ask them! It never hurts to ask your client “How am I doing?” This process could entail asking your client to fill out a survey, or be as easy as requesting answers to a few simple questions after their tax return is completed. Asking verbally works great!

Your client’s responses will provide you valuable feedback on what you are doing right and wrong – in the client’s eyes. If you get in the habit to ask immediately after delivering their completed tax return it’ll be convenient, become second nature to you, and you’ll tend to get fresher and more honest responses than you would next summer. In some cases you may be surprised at the response. You may learn that the client wasn’t planning to come back to you next year. This will provide you with an opportunity to correct the situation before the client leaves your office. Change their mind before their decision becomes final, in their mind.

What questions should you ask? Create a small list of simple questions that focus on the quality of your service. And be sure to get your entire staff involved every time they deliver a tax return.

Consider these five questions:

1. Were we courteous and helpful?
2. Were we available when you needed us?
3. How quickly did we respond to your questions?
4. How would you rate the quality of our service?
5. Would you recommend us to others?

Another upside to always asking the client how you are doing when delivering their tax return – if they are happy with your service this is the perfect time to ask for referrals!

Summary

A good marketing or advertising system may lead to plenty of new clients, but only you can keep them coming back year after year. Providing your client’s with excellent service will insure that they return next tax season. They’ll also refer their friends, family, and co-workers to you. This is the best and most cost effective way to build your tax preparation business.
Year Round Business Opportunities

After your tax preparation business is successful, you'll find there are plenty of other opportunities to make money from your clients in addition to preparing their tax returns. Make a concentrated effort to sell other services to your clients. A happy client is much more likely to buy a second time.

Tax preparation is your core product, but any other product or service you can add to the mix makes your core product more valuable. That's what most successful business do - cross-sell. Additional services are the "name of the game" in virtually every industry. Why? Because that's where everyone finds the greater profits are – without incurring additional marketing and advertising expenses. Services, like the following, are excellent companions to a traditional tax preparation business and can be terrific moneymakers:

- Bookkeeping Service
- Check Cashing Service
- Financial Planning Service
- Incorporation Service
- Loan Application Processing
- Notary Public
- Payday Loans
- Payroll Service
- Real Estate Agent
- Tax and Estate Planning Service
- Typing/Word Processing/Secretarial Service

There are two reasons why you should offer more than the traditional tax preparation service:

1. More services means more revenues. Any fees you earn on additional services to existing clients incur no associated advertising or marketing costs. The revenues come to you virtually free. They're pure gravy.

2. People like to do business in one place. People naturally like to avoid the hassle of dealing with multiple financial advisors. Studies show that most people prefer "one-stop" financial service shopping.

Income taxes are the core of most folk's financial matters. Certainly you can provide some or all of the above services yourself. Alternatively, you can sub-contract them out to others. Most professionals will pay you a finder’s fee for referrals.

For instance, say that you do a tax return for a business owner. He then asks, "Do you do business bookkeeping (or payroll) too?" If you do, you have a new client for those services. If you don't you may be inclined to say, "No, I don't."

Wrong! Instead, simply say, "I have an associate that is an expert at bookkeeping (or payroll). I'll take care of it. No problem." Then all you need to do is contact your associate.
**Bookkeeping Service**
A bookkeeping service will be a natural fit to expand your tax preparation business because they complement each other. If you are already proficient at preparing tax returns you already have the types of skills and abilities that you will need to expand into bookkeeping.

Branching out into bookkeeping is a natural for tax preparers. As your small business clientele increases so will requests for you to handle their books. Whenever you have a client starting a small business suggest that you establish and maintain their books.

Your bookkeeping service should be limited to bookkeeping only, as a CPA license is required to prepare audited financial statements.

To learn more go to Amazon.com and in the search box type “bookkeeping business”.

**Tax Planning Service**
Planning ahead for major life changes is imperative to most people’s financial success. Tax planning is becoming more and more popular and will keep you busy year round. Most clients think of their tax preparers as someone to consult just once a year, but they could be using their preparer as a resource the entire year. Clients should consult with their tax preparer when they are obtaining a mortgage, considering an investment or starting a business to determine the tax effects and consequences. Encourage your clients to call you before making a decision on important financial matters.

You should encourage your client’s to do tax planning. Tax planning not only allows you to increase your income but also helps your client avoid making the wrong financial decision with unfortunate tax consequences. Unfortunate tax consequences that he may not be aware of until you deliver his tax return the following tax season. Tax planning will also build a stronger bond between you and your client.

**Notary Public**
Be sure to become a Notary Public. Many clients (including potential clients) believe that tax preparers are Notaries Public. We’re not sure of the reason why, other than the fact that tax preparers are professionals and they deal with a lot of paper. Becoming a Notary Public is fairly simple in most states, will bring in some small notary fees, and can potentially bring in many new clients. Some tax preparers provide notary services for free as a way of meeting potential new clients. If it’s OK in your state you may even want to advertise “Free Notary Public” on your business cards, letterhead, and any other advertising that you do. And don’t forget to put a neon Notary Public sign in your window. People are always looking for Notaries.

**Summary**
Consider the services above, then determine which ones you can and want to do. Find associates that are interested in doing the others. You probably know a bookkeeper, a payroll accountant, a notary public, and a typist. I’m sure they would love additional business. If you don’t know somebody
in these areas you can find them listed in the Yellow Pages. When you contact them explain your purpose in calling and ask them if they are looking for more business and, if so, do they offer a discount or finder’s fee for referrals – or better yet make referrals to other professionals that have referred clients to them. If their answer is "no" you probably want to look elsewhere. Not because of greed, but it usually is an indication that they are not experienced, sophisticated or networked enough to be an asset to you.

For the more pricey services like bookkeeping and payroll accounting you should expect between 15% and 30% of their revenue as a referral fee. For less expensive services, such as notary public, getting a finder’s fee is unusual and not enough to worry about anyway.

Every one of these additional services you can do yourself - although they may require a little training and a special license. And don’t forget to let client’s know ALL of the services that you offer with flyers and other “in house” advertising. Nothing will ruin your day faster than having a client say, “I didn’t know you did that. Unfortunately I already bought from somebody else”.

How fast can a turtle run?

To be successful you need to get out on the street and promote your business using the methods described in this book. As with most businesses, starting a tax preparation business is a sales job. The more people you solicit, the more clients you will have. If you just open the business and hope that clients will find you, they won’t. You have to go out and find them.

Remember what we said earlier – it takes a long time to become an overnight success! How quickly you build your business is up to you. Generally, three (3) tax seasons should be sufficient to build a substantial business.

Very few start-up businesses offer the income potential that a tax preparation business does. After spending thirty (30) days training with The Tax College’s Income Tax Course and investing less than $1,000.00 in start-up costs tax preparers can earn thousands of dollars a month during tax season. Can you think of anywhere else that you can start a truly legitimate business for less than $1,000.00? All you’ll need to know is how to prepare returns, set up your office, market yourself, and advertise.

So, how fast can a turtle run? The smartest turtles don’t run, they fly! And hopefully you will to!
Conclusion

As long as governments exist they must collect revenue to survive. Many industries may come and go, but you can be assured that not only are tax preparers needed today, but as long as people have to file tax returns and the tax laws are as complex as they are, they will be needed in the future.

If you have always dreamed of owning your own business now is the time to take the plunge. Starting a tax preparation business is a great way to work for yourself.

You’ll set your own hours and work as much or as little as you want - either full-time or part-time. If you already have a full-time job but would like to earn more money, starting a part-time tax preparation business can be very profitable. Being a professional tax preparer gives you the opportunity to work with people and get to know them, while providing them a valuable service. Your income potential will be exceptional and you’ll be able to enjoy a great deal of time off to pursue other interests during the off season. You’ll decide the hours you work and you’ll never have to face a crowded highway during rush hour again.

Tax preparation is an ideal business with little downside risk. If you don’t land too many clients at first you only have a minimal investment at stake. However, if you start you should commit to sticking with the business for three (3) full tax seasons to give the business time to grow. Persevere.

We hope you’ve enjoyed our book. Our book gives you the strategies to open your business, but now it is up to you to implement them. The most difficult part of starting any business is finding new clients and you will need to have a strong game plan like the one described in this book to tackle that issue. We hope that How to Start a Tax Preparation Business has put the pieces of the puzzle together for you. However, while it is extensive, there are many other ideas that we are sure you will think of to enhance your marketing and advertising efforts. If they are successful please share them with us. If you have any questions call us.

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