

How to --- Start Offering Tax Resolution

Best practices, pricing, marketing ideas, and more

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INTRODUCTION

Adding a new service to your tax practice can be an intimidating process, and tax resolution is no exception. Incorporating tax resolution into your practice requires several steps—getting certified and learning new regulations, attracting clients, getting paid—and it’s easy to get overwhelmed. This ebook breaks the process down into a series of smaller, actionable steps to help make adding tax resolution services more manageable. We’ve included information on things like how to get certified, the best resources for learning the process, and how to attract tax resolution clients.

DISCLAIMER: This ebook is not designed to be a comprehensive or authoritative commentary on tax law. Rather, it is designed to provide a basic overview of IRS regulations to the best of our knowledge at the time of publication. Tax law is complex and changes frequently. None of the information in this book should be taken as a law without further consulting the Internal Revenue Manual and other relevant legal references.

Why offer tax resolution?

Before we get into the nuts and bolts of how to get started with tax resolution, let's take a quick look at why choosing to offer tax resolution will benefit your tax practice.

✓ Year-round income

Taxpayers with IRS issues need help all year long, not just from January 1 to April 15. Rather than having to earn the majority of your income in the few months of tax season, offering tax resolution services allows you to earn a steady income all year long.

✓ Make more money

Do you want to increase your income 8–22x? Tax preparation pays an average of just [\\$22.47/ hour](#). Tax resolution, on the other hand, is worth anywhere from [\\$175–\\$500/hour](#).

✓ Increased job satisfaction

Even in an industry where numbers are everything, it's difficult to quantify something like satisfaction. However, there is a common sentiment among tax professionals that tax resolution work is more satisfying (not to mention less repetitive) than tax preparation. Tax resolution offers a way to not only add variety to your workload but also the chance to [help clients in really stressful situations](#).

If these three reasons aren't enough, we have an entire ebook you can read: [7 Big Reasons You Should Offer Tax Resolution](#).

Getting authorized to represent tax resolution clients

Getting authorized to represent tax resolution clients isn't a complicated process, especially if you're already a certified enrolled agent, CPA, or attorney.

STEP ONE

► Become an enrolled tax preparer

If you want to start offering tax resolution services, you will have to be certified as a [CPA](#), a tax attorney, or an [enrolled agent](#)—all of which are designated by the IRS as able to represent clients in tax disputes. Becoming an enrolled agent (EA) is the only option that doesn't require at least a bachelor's degree, but you do still have to pass an exam.

STEP TWO

► Get your CAF number

A Centralized Authorization File (CAF) number is a nine-digit number assigned to you by the IRS the first time you file a [Power of Attorney](#) (IRS Form 2848) or a [Tax Information Authorization](#) (IRS Form 8821). The number is used by the IRS to track your requests for client information, such as transcripts.

The first time you file a Power of Attorney or Tax Information Authorization, simply write "none" in the space designated for your CAF number, and the IRS will send you a letter with your CAF number. You will only have to apply for a CAF number once and will use the same CAF number for each case going forward.

STEP THREE

► Obtain Power of Attorney

The only other legal paperwork you need to have in order to do tax resolution work is Form 2848, Power of Attorney. Having Power of Attorney gives you the legal right to represent your client before the IRS. A new Power of Attorney needs to be filed for each client. To obtain Power of Attorney follow these steps:

1. Complete Form 2848

2. Send your completed Form 2848 to the IRS.

Depending on how much time you have, you can submit this form in several ways. First, you can mail it, which takes at least a week. Second you can fax it, which takes 5-7 business days for processing. And lastly, you have the option of faxing your form while you're on the phone with an IRS agent. During the call, you can request transcripts to help you get started on the case, but you won't be able to represent your client to the IRS until the Power of Attorney request is processed.

Keep in mind, you can use Form 8821, Tax Information Authorization, to access your client's transcripts without having Power of Attorney on file, but you won't be able to represent your client before the IRS in any way until Form 2848 is on file.



Resources for learning about tax resolution

Getting certified to offer tax resolution services requires a certain amount of learning on your part. The good news is that thanks to the internet, there are more resources than ever to help you learn the ins and outs of tax resolution.

Rather than going into detail on the many complex processes of tax resolution here, we've put together a brief guide on a few of the best tax resolution resources.

Conferences

Conferences, seminars, bootcamps, and workshops are a great way to learn more about tax resolution from experienced professionals and earn CPE credits at the same time. There are more of these group learning events than we can list here, but you can check the websites of tax associations such as [ASTPS](#) to see the dates of upcoming events. These events tend to be the most expensive of the learning options but provide a unique mixture of learning and networking opportunities not available anywhere else.

Webinars

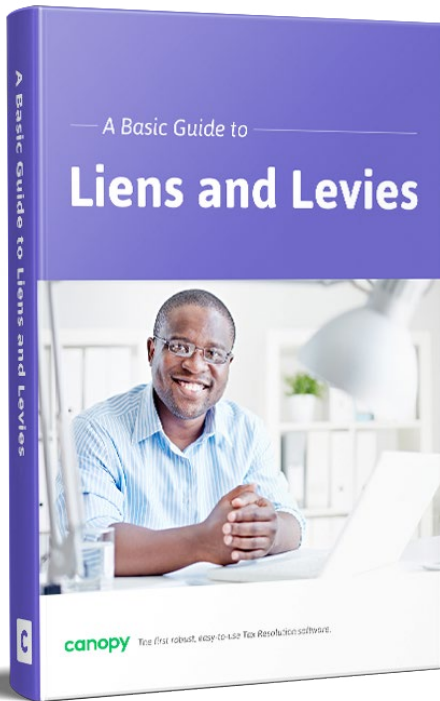
Webinars are hosted by well-known industry professionals and tax associations alike on a huge variety of topics. The cost of attending a webinar ranges from free to a few hundred dollars each, and some webinars even qualify for CPE credits. For example, Canopy offers [unlimited webinars for CPE credit](#) for \$299 per year.

Mentors

If you're lucky enough to know someone who is already a pro at tax resolution, they can be a huge benefit in your quest to learn the nuances of the industry. If you don't already know someone you can go to when you have questions, conferences are great places to network.

Free content

There are all kinds of guides and how-tos available to help you learn tax resolution on Canopy's website. From blog posts to ebooks, we offer content on tons of tax resolution topics. To get started, check out:



ARTICLE

[The Ultimate Guide to Tax Resolution for Tax Professionals](#)

ARTICLE

[The Guide to Getting Your Offer in Compromise Accepted](#)

ARTICLE

[How Tax Resolution Automation Will Change Your Life](#)

EBOOK

[Penalty Abatement Basics & Techniques](#)

EBOOK

[Offer in Compromise: Basics and Applications](#)

EBOOK

[A Basic Guide to Liens and Levies](#)

Software

Tax resolution software is designed to help make your tax resolution work easier. One of the ways Canopy accomplishes that is by keeping track of the ever-changing tax codes so you don't have to. Once your client's information is in the software, [Canopy](#) compares the information to current tax codes and presents the best possible outcomes for your case, along with the tools to complete the case efficiently.



How to attract tax resolution clients

For many people, attracting business is the most intimidating part of adding a new service. However, there are several simple ways to attract tax resolution clients.

Current clients

If you're already doing tax work, you almost certainly already have clients who need tax resolution help too. In 2018, there were 13.2 million returns filed¹ (about 9% of all filed returns)² with additional tax due, amounting to \$128 billion due in assessed tax, penalties, and interest.³ Reach out to your current clients and let them know that you now offer tax resolution. You have already worked with these people on their taxes, and have therefore already established trust. Leverage that trust and start helping your existing clients resolve their tax debt.

Other local tax professionals

Many tax professionals do not offer tax resolution, choosing instead to refer clients with tax problems to another tax professional. This is your chance to become that go-to tax professional. Talk to your local friends and associates in the tax industry and ask them to send clients your way. Make new contacts and do the same. Email, call, or even walk into offices and pitch an opportunity to your peers.

Consider offering a referral payment for anyone they send who becomes a paying client. Referrals from other tax professionals can be profitable for everyone involved.

Lien lists

County lien lists are available publicly upon request, and many are available online, giving you easy access to a readily available list of potential clients who need tax resolution help.

¹ 2018 IRS Data Book (pg. 41)

² Results of the 2018 Filing Season, U.S. Department of Treasury

³ 2018 IRS Data Book (pg. 41)

Digital marketing

Marketing your services, whether it's digital or traditional, can be an intensive undertaking—but that doesn't mean you can afford to ignore it. Marketing tax resolution—from your website to direct mail—deserves an [entire ebook to itself](#), but the purpose of this ebook is to help you get started.

With that in mind, here are two free things you can do yourself to market your services and attract clients.

✓ Keep a Facebook business page

This page doesn't need to be fancy or complicated (and is not a replacement for a good website), but you do need to have one. Make sure that it stays up to date with basic business information and the best methods to get ahold of you. Your [Facebook page](#) is also a great place for happy clients to leave reviews.

✓ Make your business easy to find

Make sure your business info is also up to date with [review sites](#) like Yelp and Google Local. In addition to your correct address and phone number, make sure to include a link to your website and a simple description of the services you offer. It only takes a few minutes, and it will make it that much easier for prospective clients to find you in a Google search.

Keep in mind, these two suggestions represent the bare minimum that you should expect to do when marketing your tax resolution services. For those of you who have already covered the bare minimum, you can start to get to know your customer base and see what other industry experts have to say to keep your momentum going.



Getting paid

You're probably not looking to do tax resolution for free, so it's important to come up with a plan for how much to charge for your services and how to collect payment from your clients.

Pricing

There is no universal method for pricing your tax resolution services. That said, there are some basic principles to consider when choosing how much you should charge your clients.

1. Know how much your service is worth.

What kind of value are you providing to your client? Relief is hard to calculate, but you can put an exact number to how much money you have saved your client—[your pricing](#) should reflect that.

2. Know your market.

[Knowing your market](#) isn't just about seeing how much other practices charge for tax resolution. When deciding how to structure your pricing, it's just as important to keep your client base in mind.

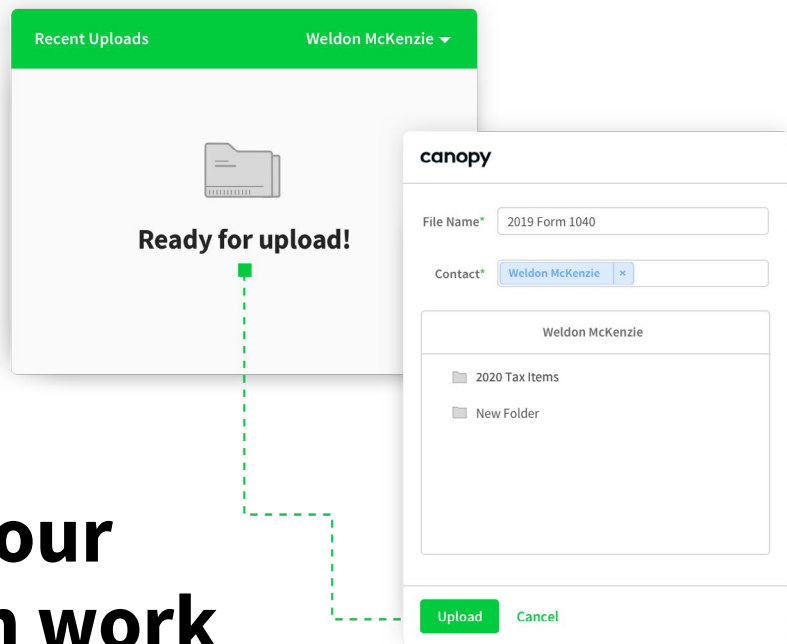
Do most of your clients have simple problems and limited budgets? A flat-fee model might be the best pricing structure for you. Do you tend to work with wealthy clients and businesses whose finances are often unpredictable and complex? A per-hour pricing structure may be the best way to ensure that you get paid sufficiently for your services.

Collecting payment

Collecting payment can be stressful, especially when you're working with people who are already struggling under the weight of their tax debt. However, much of that stress can be mitigated by collecting partial payment before you begin any work.

Consider charging an upfront fee to pull your client's transcripts and have a consultation. Charging a small amount—rather than your full fee—will help you build trust with the client, in addition to ensuring that you are working with someone who is both serious about solving their tax problem and able to pay you for your services.

Of course, you want to collect the rest of the payment with as little hassle as possible. The easier you can make it for clients to pay you, the more likely you are to get paid—and get paid faster. Enabling clients to pay through an [online billing platform](#) (like Canopy) is not just more convenient, it actually helps you collect more money, faster.



Simplifying your tax resolution work

Making the leap to start offering tax resolution can be intimidating. We talk to people every day who have the same reservations you do about making that leap. We also know that the right software can be the difference between a successful, lucrative career in tax resolution and a frustrating, time-wasting one.

In fact, we've designed Canopy specifically to take the most complex tax resolution tasks and simplify them. Canopy automates paperwork, allows instant access to transcripts and then translates them into easy-to-read reports, uses client information and the current tax law to suggest the most likely outcomes for any given case, and so much more.

Canopy makes tax resolution work as simple as possible. Set up a [personalized demo](#) and talk to one of our product specialists about how easy it is to start offering tax resolution.

Tips for success

Eventually, tax resolution cases will become second nature to you, but in the meantime, we've put together a list of final tips to help you more easily find success.

Be someone clients can trust

When you're working with clients to help resolve their tax problems, you are doing work that is vital to their well-being. Your clients, more than anything else, want an ally they can trust during this stressful time. It is your responsibility to put your clients at ease by being responsive, prompt, and communicative.

Use engagement letters

Tax professionals should always have an [engagement letter](#) in place before beginning any work for a client. Engagement letters serve as the legal foundation of your relationship with your client for each engagement.

[Canopy's letter generator feature](#) can save you a lot of time by putting an engagement letter template together for you. Engagement letters don't need to be complicated but should at least cover the scope of engagement, address the expectations of both you and your client, state the fees for the case, and explain any cancellation terms or refund policies.

Work with the IRS effectively

There's a lot that could be said under this section, but the main point is that you can have a big impact on the outcome of your clients' cases by being aware of how you interact with the IRS throughout the process.

For starters, fill out everything correctly. Make sure you're using the right forms. Make sure you put the right information in the right place. Make sure you don't leave anything blank (if the information doesn't apply, write "NA"). It's a simple thing, but it can mean the difference between your request getting a closer look and it ending up in the recycling bin.

Another thing to keep in mind is the statute of limitations. Knowing the [CSED](#) (collections statute expiration date) for your cases can be a valuable negotiation tool. If the CSED is approaching soon, it can give you the extra leverage you need to negotiate a better deal for your client—or maybe even stall until the debt expires entirely. If the expiration date is still years out, it can help you know when you've reached the limit of what the IRS is willing to offer.

You can find 8 more tips for working with the IRS [here](#).

Common tax resolution forms

POWER OF ATTORNEY:

[Form 2848](#)

OFFER IN COMPROMISE:

[Forms 433-A OIC](#)

[656 \(IRS Offer in Compromise packet\)](#)

PENALTY ABATEMENT:

[Form 843](#)

TRUST FUND RECOVERY:

[Form 4180](#)

INNOCENT SPOUSE RELIEF:

[Form 8857](#)

PARTIAL PAYMENT INSTALLMENT AGREEMENT

[Form 9465](#)

[Form 433-A](#)



Get Clients Back on Track with the IRS.

We've built every feature with you, your team, and your clients in mind so you can work together to resolve tax issues.

OUR TAX RESOLUTION SUITE INCLUDES:

- ✔ Notices
- ✔ Collections
- ✔ And more
- ✔ Transcripts
- ✔ Penalty Abatement

Set a time for one of our product specialists to give you a guided tour of Canopy's Tax Resolution software, so you can see all the ways Canopy makes offering tax resolution services easier.

[Get a Demo](#)

