

# **TAX CAREERS FOR CPAs**

**Looking for a career that's never dull?**

**Want to ride the wave of cutting-edge knowledge?**

**Like solving complicated puzzles?**

**See yourself making a tangible difference in your community?**

**Then "Think Tax"**

In today's ever-changing economy, tax careers offer exciting and challenging opportunities for CPAs.

CPA tax specialists offer a wide range of tax advisory services to individuals and organizations. Every business, large or small, needs tax planning, consulting and return preparation services. Individuals need tax planning and return preparation services on income tax, small business, investment and estate planning issues. CPAs also contribute to tax administration and policy at every level of government.

CPAs who understand the tax laws and apply their knowledge by providing tax advisory services find their careers enjoyable and rewarding – financially, professionally and personally. These highly respected professionals also serve the public good by raising the standards of tax practice and improving the tax system.

## **WHY ARE TAX ADVISORY SERVICES NEEDED?**

The U.S. tax system is complex and in a state of continuous change. Legislatures use tax law as an instrument of economic and social policy. In combination with competing objectives of various interest groups, these policy goals have resulted in frequent amendments of the tax laws. Furthermore, compliance with these tax laws relies heavily on an increasing large number of interpretive pronouncements by the IRS, state taxing authorities and the courts.

The inevitable result is that individuals and organizations constantly require tax advisory services with respect to their business, investment, and personal transactions. Whether involved with the preparation of a tax return or an evaluation of the tax consequences resulting from alternative course of action, the CPA tax specialist plays a key role in ensuring that the client's tax problems are handled in the most efficient and least costly manner.

Today's CPA tax specialists are problem-solvers for their clients. In addition to supplying technical competence, the tax specialist must exercise good financial judgment and creativity to provide constructive solutions to complex tax problems. The tax specialist must also reconcile the needs of the client with the technical issues involved. Therefore, a thorough understanding of the client's business, investment and personal objectives is required.

Finally, all aspects of tax practice relate to providing services to people. The CPA tax specialist must be able to communicate effectively with the client.

## **WHAT ARE TAX ADVISORY SERVICES?**

The CPA tax specialist who offers tax advisory services must deal with a variety of tax problems and opportunities encompassing three areas of tax practice: (1) tax consulting – planning or anticipating the tax consequences of proposed courses of action; (2) tax compliance – filing tax and information returns and creating tax accruals for financial reporting; and (3) representing clients before tax authorities – like the IRS – to explain how the returns were prepared.

Examples of each type of service include:

### ***Tax Consulting***

- Selecting the best procedure to maintain family control over a business while minimizing the estate and gift tax burden on transfers of ownership among family members.
- Income and estate tax counseling regarding financial settlements in divorce and separation.
- Planning for a change in a corporation's accounting methods that reduces the company's income taxes while minimizing any adverse impact on its financial statement.
- Designing compensation, fringe benefit, and retirement plans for a company that will enable it to provide financial incentives to officers and employees at an acceptable earnings and tax cost.
- Reorganizing a multinational company's domestic and foreign operations in a manner that takes into consideration such factors as U.S. and foreign taxes, cash investments, dividends, and economic growth.
- Obtaining an advance ruling from the IRS on the tax consequences of a proposed corporate acquisition of the stocks or assets of another company.
- Analyzing the investment opportunities and tax benefits provided by syndications of oil and gas, real estate, and other risk capital ventures.

### ***Tax Compliance***

- Preparing and reviewing individual tax returns.
- Computing the estimated tax payments required of an individual or corporation.
- Reviewing tax returns prepared by a company's in-house tax department.
- Analyzing the effect of carrybacks of tax losses and credits.
- Assisting in the preparation of a corporation's tax accrual provisions for financial statement presentation.
- Preparing a consolidated tax return for an affiliated group of corporations.

### ***Representing Clients Before Tax Authorities***

- Preparing a protest, citing reasonable cause, to abate a penalty assessed to an individual for the late filing of a tax return.
- Representing taxpayers during IRS examinations of their individual, corporate or other tax returns.
- Challenging the IRS disallowance of pricing policies established by related corporations for intercompany transaction.
- Presenting oral and written arguments before an IRS appeals conference and (if qualified) before the U.S. Tax Court with respect to the proper tax treatment of shareholder advances to a corporation.

## **WHERE DO TAX ADVISORS WORK?**

CPA tax practitioners can be found in virtually every type of employment setting, from a “Big Four” firm to a regional accounting firm to a solo practice in a small town. Tax CPAs can also be found working at colleges and universities; small medium and large corporations; public and private partnerships; non-profit entities; foreign companies; and the executive and legislative branches of federal and state government.

The CPA tax specialist often works with other professionals in providing tax advisory services including attorneys, investment counselors, insurance company representatives, investment bankers, trustees, and actuaries. These professional teams work on projects as varied as starting a small business, preparing an estate plan, setting up a charity, creating an investment offering, overseeing a joint ventures, evaluating corporate mergers, acquisitions and spin-offs, and writing tax regulations and policy.

## **ACADEMIC PREPARATION**

Your undergraduate preparation should include basic accounting and business courses to prepare you for the environment in which you will be working. Understanding your clients’ needs and concerns is the first step in applying your tax expertise. Preparing for the CPA Exam is essential.

We recommend taking elective courses on tax issues for individuals (income tax, estate and gift tax) and businesses (C corporations, S corporations, partnerships, LLCs) to test where your interest in taxation lies. Further specialization is available through either advanced electives or graduate coursework on the tax issues of consolidated groups, multinational companies and non-profit entities.

For more information on the Model Tax Curriculum, go to <http://tax.aicpa.org/Community/Model+Tax+Curriculum.htm>.