



## **Little Knowledge can be Dangerous –**

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The wide availability of tax software has made it possible for the average individual to complete their own personal taxes. The simplicity of these programs ensures data is easy to enter, and most common user errors are indicated by a correction prompt. But as efficient as these programs may be, seemingly manageable returns can quickly become problematic if the user is not familiar with the intricacies and complexities of the tax system. It is important to remember that a skilled professional advisor has vast experience with an array of tax situations, and the expert advice available will eliminate any unintentional consequences.

Unlike the static nature of computer programs, a professional advisor takes into account all aspects of a client's situation. By ensuring a consistent flow of information between client and advisor, all angles can be better considered before making any business decision. Far too often people are left to deal with the negative consequences of a poor resolution when they instead could reap the rewards of effective planning.

The following is a list of complex common tax variables with which difficulties commonly arise:

- Tax shelters
- Rental Properties
- Stock option benefits
- Allowable business investment losses
- Tax issues relating to children under 18
- Income and expenses relation to self employment
- Foreign income and deductions
- Estate issues
- Purchase of a business
- Signing a major lease commitment
- Hiring employees or subcontractors

There is no simple solution or plan of action for any of these situations. Although a lucid and concise packaged answer would be nice to tuck away and use when solving future problems, broad advice on these taxation issues can be highly misleading and uninformative. The best advice is simply to be well prepared and informed before making any major decision. Professional advisors take into consideration all elements of one's situation before encouraging any financial path.

Our advice to those reading this article is simple: consult a good professional advisor if you are making any major business, tax, or legal decisions.