

Larry's Tax Law

## **To All of the Tax Return Preparer Professionals and Their Staffs: Thank You for Your Service**

By Larry Brant on 5.18.21 | Posted in Personal Message from Larry

For the second year in a row, the due date for the filing of income tax returns and the payment of taxes was extended. For most taxpayers, the extended deadline brought glee. For the tax return preparation community, however, while the extended time period was undoubtedly necessary, it offered little relief. Instead, it served to prolong the busiest and most stressful time of year.

One would think the extended due date would simply give tax return preparers more time to do their normal work, making the busy season more palatable, and allowing the preparers and their staffs to work at a leisurely pace. That hypothesis is likely the polar opposite of reality. The reason is simple: (1) Tax return preparers had to deal with constant changes in the tax laws or the government's interpretation of the tax laws, coming at them like a pitcher's fast ball even while they were in the midst of busy season, trying to advise taxpayers and prepare tax returns, and (2) The incredible complexity of our tax system.

I received numerous SOS calls during this past busy season from tax return preparer professionals. One of the callers told me:

***"I thought last busy season was my worst tax season in 30+ years of practice, but this busy season beat it threefold. It was simply horrific."***

The last minute fast balls didn't result solely from our federal income tax system. The states, in many cases, got into the act. By way of example, the state of Hawaii – about a week before the filing deadline for individual returns, and likely well past the filing and payment deadline for most businesses (e.g. corporations) – announced that its tax laws would not conform to the federal tax laws in at least one respect: Unlike federal tax income tax law (enacted at the end of 2020), expenses paid with Paycheck Protection Program ("PPP") loans, to the extent forgiven, are not deductible for Hawaii income tax purposes. This belated state legislative pronouncement, in addition to creating further complexity and stress to an already difficult time, created other havoc, including:

## To All of the Tax Return Preparer Professionals and Their Staffs: Thank You for Your Service

---

- Insufficient estimated tax payments by taxpayers that went on extension (since these taxpayers and their tax return preparation professionals assumed the Hawaii legislature (like other states) would fully conform to the federal law on this issue);
- Improperly prepared tax returns, requiring amendment; &
- Unhappy taxpayers (clients) who may be exposed to interest and penalty assessments relating to the underpayment of taxes.

That was a long way of saying that, just because the tax filing and payment deadline was extended this year, it did not make for a less stressful busy season for tax return preparer professionals and their staffs. In fact, this busy season was likely the most stressful and difficult year for most tax professionals.

**To the tax return preparer professionals and their staffs: Thank you for your service!** If it were not for the COVID-19 pandemic, I would ask taxpayers to give their tax professional and the members of his or her staff a hug. Due to proper COVID-19 protocols, however, that behavior would be prohibited. So, for now, a simple "thank you" will have to suffice.

**Tags:** income tax laws, state and local taxes, tax professionals