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Essential Questions to Ask When Choosing an Accounting and Tax Service Provider

Introduction

FBC has worked with Canadian small business owners to minimize their income taxes and maximize their assets for more than 65 years. We offer tax planning, preparation and audit representation as well as bookkeeping, payroll and financial planning to cover your complete financial needs, all available year-round for one fee.

- 1 Can you represent me if I'm audited?
- 2 What services do you offer?
- 3 What do you charge?
- 4 How accessible are you throughout the year?
- 5 Do you have experience in my industry?



When we speak to small business owners, they tell us that doing the actual work is the easy part of running a business. It's keeping up with all the administrative tasks—receipt organization, tax preparation, bookkeeping and payroll—that's the hard part.

Most business owners don't have the time or technical knowledge to handle all the admin on their own. They're also afraid of making a mistake—they don't want the CRA to come calling.

Sound familiar? You have enough on your plate just keeping up with the day-to-day of your business. That's why you hired an accounting or tax provider. Or are thinking of hiring one. And you downloaded this eBook because you want to know how to find the right fit. We'll tell you exactly what to look for.

If you're looking for a new provider, you might be doing so out of frustration. Maybe they're unreachable. Or they don't know how to advise you on important business decisions. Maybe you only hear from them once a year before the filing deadline. That's fine if you only need your personal tax return filed. But when it comes to your small business, that's not enough. You need someone in your corner who will not only take care of the accounting, but also advise you when you need help.

You need a long-term partner in your business—a tax specialist with a full suite of services that will give you their full attention, get to know you and your business, and provide you with the right tax advice. Does your current accounting solution fit this role?

Besides filing your returns, your tax provider should be the one you turn to when you're thinking about a major financial decision and want to know the tax implications before you jump in. They should be able to point you in the right direction when it comes to the financial health of your business. And they should always return your emails and phone calls throughout the year, not just at tax time, and without sending you a bill each time you talk.

Since business owners always have a never-ending to-do list, your accounting and tax service provider should also be able to keep you from the added stress of bookkeeping and payroll management so you can focus on what you do best.

So, how do you find the right accounting solution for your small business?

Here are 5 essential questions any small business owner should ask when choosing an accounting and tax service provider.



1

Can you represent me if I'm audited?

The most important question you should ask is: do you provide audit representation? While the CRA initially suspended audits in the first few months of the pandemic, they're ramping up their activities again.



We suspect the CRA will be focused on small business in the coming months due to the demand for federal financial assistance programs. Canada's accumulated deficit with all the COVID-19 related emergency spending programs will most likely top a trillion dollars for fiscal year 2020-21, up from \$685.5 billion last year, according to government estimates.

The government will soon be turning their attention to recovering funds through heightened audit processes, including for items they may have overlooked in the past.

If they offer audit representation, your tax specialist will guide you through the audit process and inform you of your rights, responsibilities and potential liabilities.

Ask the accounting or tax firm about their audit knowledge and how they handle the process. How much experience do they have in this area? How many clients have they represented?

If you're audited by the CRA on returns prepared by your tax specialist, will they represent you and liaise with auditors on your behalf? Will they file objections and appeals and take your case to Tax Court if warranted? If there are any penalties levied due to an error caused by their work, will they reimburse you? They should be willing to stand by their work.

Ideally, you will never face an audit. Especially if you keep your paperwork in order. But with audit representation, you'll have peace of mind knowing your tax specialist will handle any issues if they come up, saving you hours and hours of time spent dealing with the CRA in an audit situation.

If the firm doesn't have a lot of experience representing clients in audits, you may end up paying an unexpected tax bill in the event you are audited. And if they're unwilling to discuss audit experience, that's a big red flag.



2

What services do you offer?

When choosing tax and accounting services, you should carefully examine what services the firm offers to small business owners. As a business owner, you need support beyond tax time, so **you need to find a firm that provides an integrated approach to accounting and tax planning** that takes your individual, family and business situation into account, and offers year-round access to tax experts.



Your firm should offer a suite of integrated accounting services including a personalized tax plan that will maximize your savings today and over the long run. Proper accounting and tax planning requires a holistic approach and should be tackled year-round. By planning in advance, you can take advantage of strategies to lower your tax bill well before tax season.

Since tax planning needs to be tackled throughout the year, your firm should provide unlimited consultation on matters relating to Canadian income and sales taxes.

Your provider should offer a bookkeeping solution specifically designed to meet your business and budget needs. Up-to-date bookkeeping is critical for making timely business decisions, securing new loans, completing GST/HST/PST returns, and ensuring you're protected when dealing with the CRA and audit situations. If your books are not up-to-date, or the information provided on financials is incomplete or inaccurate, you may not comply with CRA requirements.

They should also offer a customized payroll solution that fits your business and your budget, with weekly, bi-weekly and monthly payroll solutions. By outsourcing your payroll, you save on processing time, achieve a higher level of accuracy in your payroll reporting, are equipped with the right data to make critical business decisions and are current on all payroll-related information. You'll also avoid penalties due to filing discrepancies or late filings.

Ask what resources are available to you without any additional cost. Do they offer a Group RSP for small business? What about a Health Spending Account (HSA)?

They should also have a financial and estate planning team that works closely with your tax specialist to develop a financial solution customized for your personal and business goals. Whether you're worried about saving for retirement or want to sell your business, a financial and estate planning team will help you develop retirement and succession plans to ensure an easy transition for you and your family.

And with these services offered under one umbrella, it's easier to plan from both a tax saving and estate planning perspective.

Finally, what technology do they offer that will make your life easier? Do they have a free app that gives you the ability to organize, track and access your tax documents? Will you have access to easy-to-understand reporting and dashboards to give you a clear picture of your financial situation at any point in time? Do they use proprietary technology to review your tax information and evaluate thousands of different tax benefit combinations to provide you with the best possible long-term tax result?

3

What do you charge?

Ask for the price up front and find out exactly what tax and accounting services are included.

Some tax firms charge by the hour (anywhere from \$150 to \$700). In some cases, you won't know what the fee is until after the work is done. Others will charge a flat fee for filing your taxes and have a menu of fees for additional services they provide.



Ask the firm representative to go over the service offering with you. Before you sign up, read over the contract carefully. That's where they'll outline the fee per service.

Ask the following questions:

- **What is your fee and do you offer unlimited consultation at no extra charge?**
- **Do you have dedicated office staff who can support me year-round?**
- **How much do you charge for services like bookkeeping and payroll?**
- **Who will work on my tax returns?**

If the firm charges by the hour, every time you have a question for the office, you'll receive a bill.

You don't want there to be any surprises when you sign up, so look for a firm that offers integrated services for a flat fee. Ask what they charge for additional services such as minute book maintenance or prior-year tax returns.

If their fee seems high, break down your time. How long does it take you to organize your books, process payroll or file your taxes? Will their services save you hours and hours of valuable time you could be spending on your business?

Does audit representation provide you with a sense of security? Would having someone advise you on how to optimize your tax return save you money in the long run?

What is your time and peace of mind worth to you?

A man with a beard, wearing a denim shirt and pants, stands in a grassy field. He is looking down at a smartphone in his hands. In the background, a white tractor is partially visible. A large, light blue number '4' is overlaid on the right side of the image, partially obscuring the tractor and the man's arm.

4

How accessible are you throughout the year?

As a small business owner, you must structure your business in a way that minimizes your taxes and maximizes your assets. **You also need to know how your financial position will be impacted when considering important business decisions throughout the year.**



This requires more than a simple email or phone call—you need to find someone who can help you anytime you have a question. All year round.

The best-case scenario for small business owners is a firm that offers unlimited phone and email access to your accounting or tax provider and support staff.

As a business owner, you will have questions throughout the year. What if it's the middle of the summer and you're looking at hiring new employees? Or you want to bring on another shareholder? Your tax specialist should be available to discuss the tax implications anytime you are making a major financial decision that will impact you and your business.

Find out how often they'll communicate with you, and if they'll be in touch about tax filing and other deadlines.

You don't want to receive a surprise bill, demand letter or audit notification, without any communication from your accountant or tax preparer.

Many of FBC's long-term clients left their previous provider because they felt neglected. They didn't feel their previous firm had their best interest at heart. In some cases, they felt too small to get their attention. They would get their tax return and a bill without any other communication throughout the year.

You should be comfortable speaking to your service provider. You should never feel like you have a stupid question. They should also return your calls and emails in a timely manner.

As a small business owner, every minute of your time is precious. When it's time to meet with your service provider, will they work around your schedule and connect with you at a time and place convenient for you? Or will they make you drop off your paperwork at an office far from your home or business?

If you pay a flat fee for services, ask if there will be a dedicated person working on your file. Many firms outsource the work to junior employees, who aren't familiar with your small business.

This is fine if you're paying per hour and want to save some money, but some firms with a flat fee will assign one specialist per file, and you will always have the same person working on your file. A specialist really gets to know your business and personal situation and is well-situated to advise you. They will also be available to answer your questions and concerns.

5

Do you have experience in my industry?

Your service provider should be comfortable advising you on bookkeeping, incorporation, payroll, GST and all the other issues that small business owners need to stay on top of. **But they also need to know all the nuances and intricacies that are unique to your industry.**



Your small business tax and accounting needs are as unique as your business. Look for a service provider with experience preparing tax returns and providing integrated accounting services for companies of a similar size and revenue to yours.

Ask them if they're involved with local associations that represent your industry. The more they know about your industry, the more they'll be able to give you advice and direction and find tax credits specific to your industry. They should get to know you and your business to be able to provide superior tax planning opportunities to minimize taxes, maximize credits and protect assets.

Your accounting and tax specialist should know the ins and outs of your type of business and the challenges you face.

By hiring someone who works with small business owners, you'll be able to learn what strategies worked for other clients in the same industry in your area.

Ask them how long they've been in business—do they have decades of experience working with small business owners across Canada? Are they a large company with a proven track record?

For a better sense of how they can help you, ask: what are you going to do that's going to save me time and money this year and in the long run?

They should advise you on what tax credits and deductions you can claim and flag tax-saving opportunities for your consideration that are appropriate to your situation. This could include income splitting, income averaging or deferral, income conversion, tax credit, incentive and deduction optimization. For example, they may suggest you don't claim all deductions and credits in the current year. Some deductions are discretionary and may provide greater benefit later when your marginal tax rate might be higher.

Are they on top of tax changes? They should regularly update their strategies to reflect changes in tax legislation and your personal business situation.

Your service provider should understand the importance of keeping accurate accounting and payroll records throughout the year and how a poorly maintained system can impact your short and long term financial position. You must be confident that they can offer you a fully integrated solution specific to your business, your industry and your goals.



BOOK AN APPOINTMENT

Want to learn more about how we can help your business?

Call us at 1-800-265-1002 or email fbc@fbc.ca.

You can also [book a free consultation](#) with us at your convenience.

ABOUT FBC

FBC has worked with Canadian small business owners for more than 65 years to minimize their income taxes and maximize their assets. We offer an industry-leading Membership model, which means we help our Members not only with tax preparation but with year-round tax planning, consulting and financial and estate planning. We meet with you where you work or live, to save you time and money. ***FBC has developed a better approach to traditional accounting services for small business owners.***

Planning

We develop a personalized tax plan for all Members to maximize your tax savings today and over the long run. When you sign up with us, you're assigned a Local Tax Consultant. You also have access to a dedicated office staff, who can answer your questions anytime. Our amazing team works together year-round to prepare your tax strategy.

Preparation

We come to your home or place of business to plan and prepare your tax return, at a time convenient for you. Tax preparation might seem like a basic part of your FBC Membership, but we actually go above and beyond what other firms can offer when preparing your taxes. That's because we have our own proprietary tax and data systems, which are designed specifically for farm and small business owners. Our ATOM tax preparation software evaluates and considers hundreds of different tax benefit combinations to provide you with the best possible long-term result.

Consultation

We understand that questions may arise at any point in the year, not just at tax time. Unlike other firms, FBC Membership includes year-round access to our team of tax experts at no extra cost. What our Members tell us they love about FBC is that they can call or email us as many times as they want—whenever they want. We never charge per phone call.

Representation

We provide audit representation for FBC Advantage Members on any challenges to your returns for income tax or GST/HST. Our Members love knowing that we stand behind the quality of our work.



Call us at 1-800-265-1002
Visit us online at www.fbc.ca