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YOUR MONEY

How to Avoid a Tom Daschle Tax Problem

By RON LIEBER

In just a couple of hours on Tuesday, two high-level nominees for jobs in the Obama administration took themselves out of the running because of tax problems that they could have avoided.

So what sort of mess is lurking in your return?

Tom Daschle, who was to head the Health and Human Services Department, had income that he didn't report in a timely fashion.

Nancy Killefer, who was Mr. Obama's nominee for chief White House performance officer, had a nanny tax problem. (And let's not forget Treasury Secretary Timothy F. Geithner, who made a number of tax errors but somehow survived.)

The tax code is complicated enough that many, perhaps most returns contain some sort of flub. But this is no excuse for making big mistakes, even if the Internal Revenue Service audits only about 1 percent of all returns (though a higher percentage of those from the wealthy). The system is what it is, and law-abiding citizens are supposed to comply with it.

So if you're trying to produce a bulletproof set of tax returns, start with a simple suggestion from Anthony J. Guinta, a principal with Homrich & Berg, a wealth management firm in Georgia: Assume you'll be appointed to a cabinet position someday. Then, inform your accountant, if you have one, of this fact and proceed accordingly.

If your accountant follows through, doing your tax returns each year will involve the same amount of scrutiny that presidential appointees receive. The paradox here, according to J. Mark Joseph of Sentinel Wealth Management in Reston, Va., is that the troubled appointees ultimately got that level of vetting. But all those mistakes raise the question of why the nominees didn't get it right in the first place.

By adopting a conservative, even paranoid, approach, you will improve your odds of avoiding the tax problems President Obama's appointees encountered. It might also help you sleep better around tax season. Here's how that mindset might have helped Obama's nominees — and could help you, too, in the next 10 weeks (not to mention years).

DON'T FORGET YOUR DRIVER Mr. Daschle's mistake in missing income was related to his consulting work and use of a car and driver.

The real problem, according to Allan S. Roth, who runs Wealth Logic, a financial planning firm in Colorado Springs, is that we're wired to hunt for deductions but not additional taxable income. "We think about how we can have more money in our pockets and not how we can pay more money," he said.

But there are lots of ways to earn taxable income, and thus increase the amount we have to pay in taxes. “There are different ways that people are compensated, including nonmonetary benefits,” said Dan Shapiro, a tax partner with New York accounting firm Berdon LLP. “There’s deferred compensation or stock options. Any time you receive something of value from somebody, a person or organization that you have an employment or consulting arrangement with, you have to assess it.”

So ask yourself this: What, of any value, did you take in or use last year thanks to someone else, and what might the tax implications be?

THE CASE FOR GETTING HELP Mr. Geithner made a number of mistakes that he later corrected, including neglecting to pay payroll taxes when he worked for the International Monetary Fund, and improperly counting sleepaway camp in his dependent care tax credit calculations.

More than the errors, however, the disclosure that really got people talking in the financial planning world was the fact that he was trying to do his own returns in some of the years.

There is something noble about trying to do it all (and understand it all) yourself. But if you’re taking the paranoid approach, have an accountant double-check your work. Or, better yet, start with a live accountant with decades of experience and then have another one at a different firm check the first person’s returns.

David McPherson, of Four Ponds Financial Planning in Falmouth, Mass., suggests this list, for starters, of people who should not do their own taxes: Small-business owners, who are better off spending the time expanding their businesses; owners of investment properties; second-home owners, particularly those who rent out the property part of the year but also use it themselves; people with large investment losses who wish to reap tax benefits; anyone thinking about selling an asset that will lead to a large capital gain. That covers an awful lot of us, aside from those with political aspirations.

Full disclosure: My father is a partner in a medium-size accounting firm that does personal income tax returns, including mine. But even if he didn’t do mine free, I’d pay someone else to do them. Good preparers can help find savings, just as they can discover income you haven’t reported. Their fees may also be tax-deductible.

THE NANNY TAX While I wrote about the nanny tax issue a few weeks ago, Ms. Killefer’s problem with unemployment taxes for household help suggests the need for a couple of reminders. If you have a babysitter or home health aide or housekeeper, you’re probably responsible for more than just their Social Security and Medicare taxes. There may also be payments related to unemployment or disability insurance or workers’ compensation coverage.

If you make mistakes, and the authorities catch up with you, pay the back taxes and fines promptly. And if your accountant expresses even a smidgen of doubt about how to handle all of this, look to a specialist like Breedlove & Associates, the Nanny Tax Company or HomeWork Solutions for help with the blizzard of paperwork that you’ll need.

DON’T START IN MARCH Cramming all of your thinking about taxes into a few weeks of the year is a recipe for errors. Your accountant might miss things, and you could, too.

Steven Podnos, principal of Wealth Care L.L.C. in Merritt Island, Fla., suggests a tax-focused conversation with an experienced accountant during the tax year, not just a rushed conversation the following March or April. Then, you'll be more likely to catch the need for quarterly filings or potential nanny tax issues.

CHECK YOUR WORK Last year's tax return is a good reference point, both when you start the process of filing tax returns each year and again at the end. "Sometimes the light bulb goes off and you realize you forgot all about that bank account that paid interest," said Cindy Hockenberry, the research coordinator with the National Association of Tax Professionals in Appleton, Wis.

Double-check the math as well. The Internal Revenue Service has both addition and subtraction on its list of most common errors. Topic 303, on the I.R.S. Web site, ticks off several others.

All of this work, the trips to the I.R.S. site and the time and extra expense, may feel as if it's a tax on top of a tax. Now that President Obama has lost a couple of nominees to tax errors, maybe he'll consider the possibility of finally simplifying the tax code.

Until then, however, it probably pays to be paranoid.

What do you do to make your tax returns bulletproof? Write to rlieber@nytimes.com.