

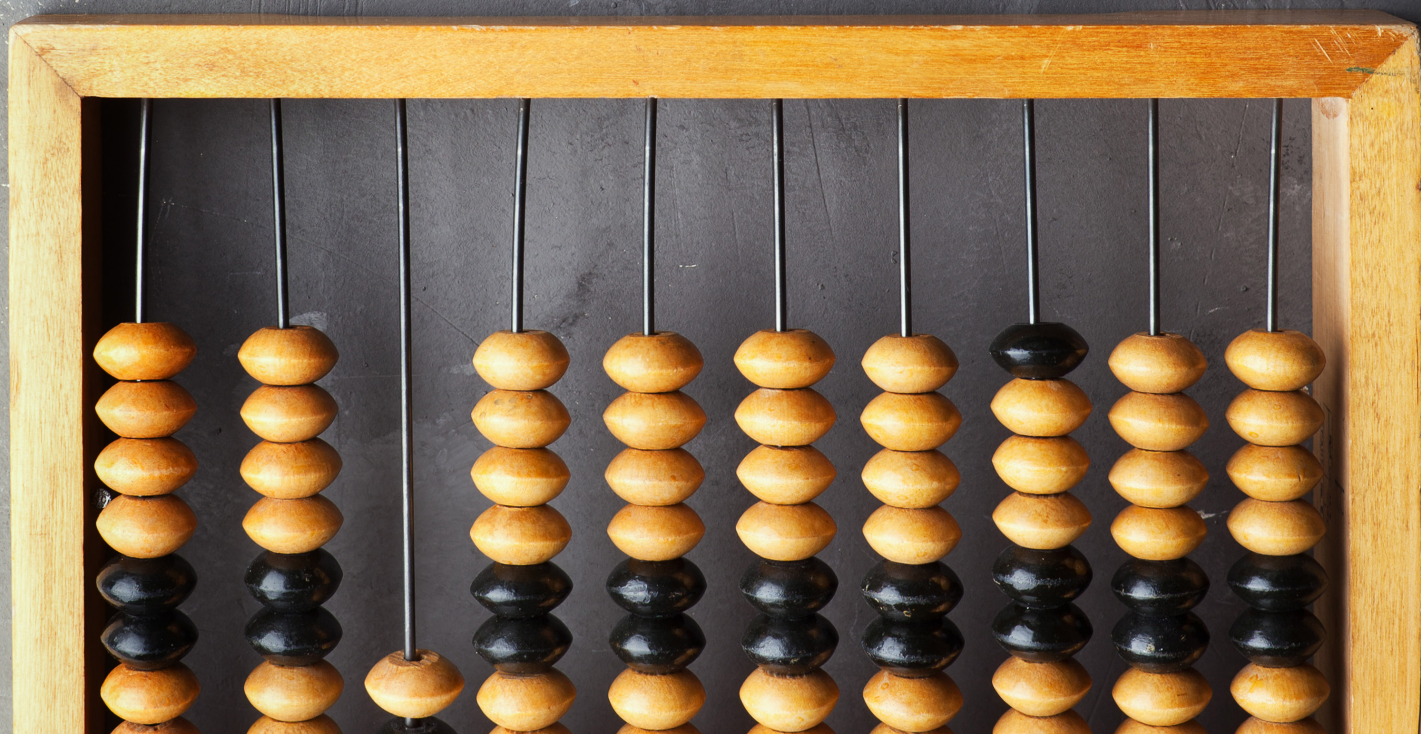


2020-2021

Income and Fees  
of Accountants and Tax Preparers  
in Public Practice

Survey Report

*National Averages*





## **National Society of Accountants**

**1330 Braddock Place, Suite 540**

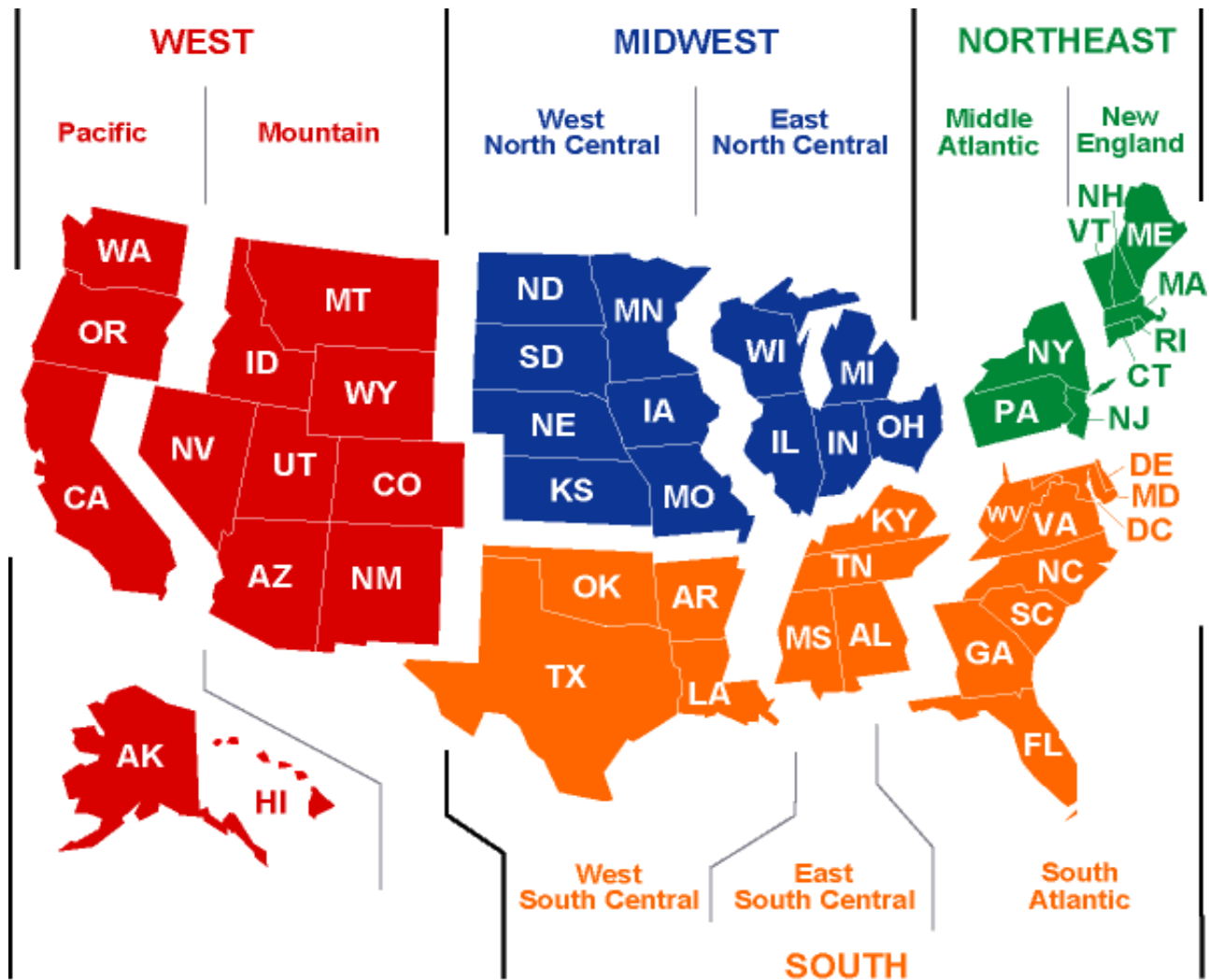
**Alexandria, VA 22314**

**Tel: 800-966-6679**

**(703) 549-6400**

**Fax: (703) 549-2984**

# U.S. Census Districts



## NEW ENGLAND

Connecticut  
Maine  
Massachusetts  
New Hampshire  
Rhode Island  
Vermont

## MIDDLE ATLANTIC

New Jersey  
New York  
Pennsylvania

## SOUTH ATLANTIC

Delaware  
Washington, D.C.  
Florida

Georgia  
Maryland  
N. Carolina  
S. Carolina  
Virginia  
W. Virginia

## EAST NORTH CENTRAL

Illinois  
Indiana  
Michigan  
Ohio  
Wisconsin

## EAST SOUTH CENTRAL

Alabama  
Kentucky

Mississippi  
Tennessee

## WEST NORTH CENTRAL

Iowa  
Kansas  
Minnesota  
Missouri  
Nebraska  
North Dakota  
South Dakota

## WEST SOUTH CENTRAL

Arkansas  
Louisiana  
Oklahoma  
Texas

## MOUNTAIN

Arizona  
Colorado  
Idaho  
Montana  
Nevada  
New Mexico  
Utah  
Wyoming

## PACIFIC

Alaska  
California  
Hawaii  
Oregon  
Washington

## National Overview: The Accountant

---

### The typical tax and accounting respondent:

is a male (57%)

is a sole proprietor (32%)

has been in practice for 29 years

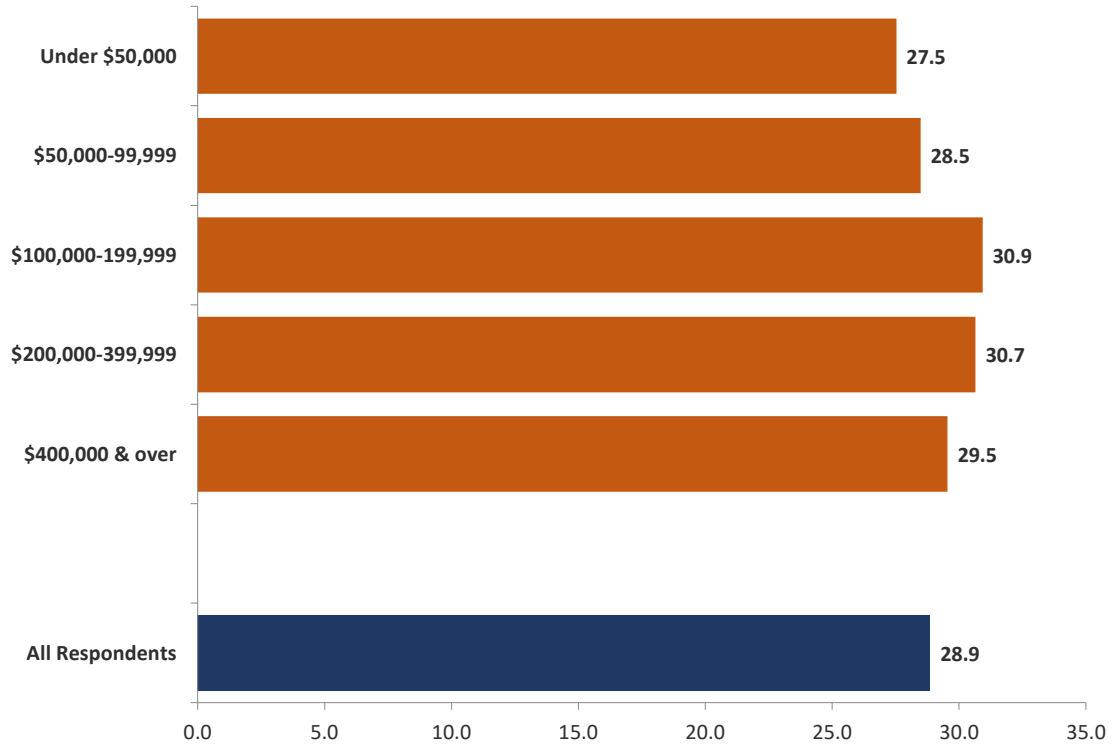
is an Enrolled Agent (45%)

practices in a moderate city/suburb (39%)

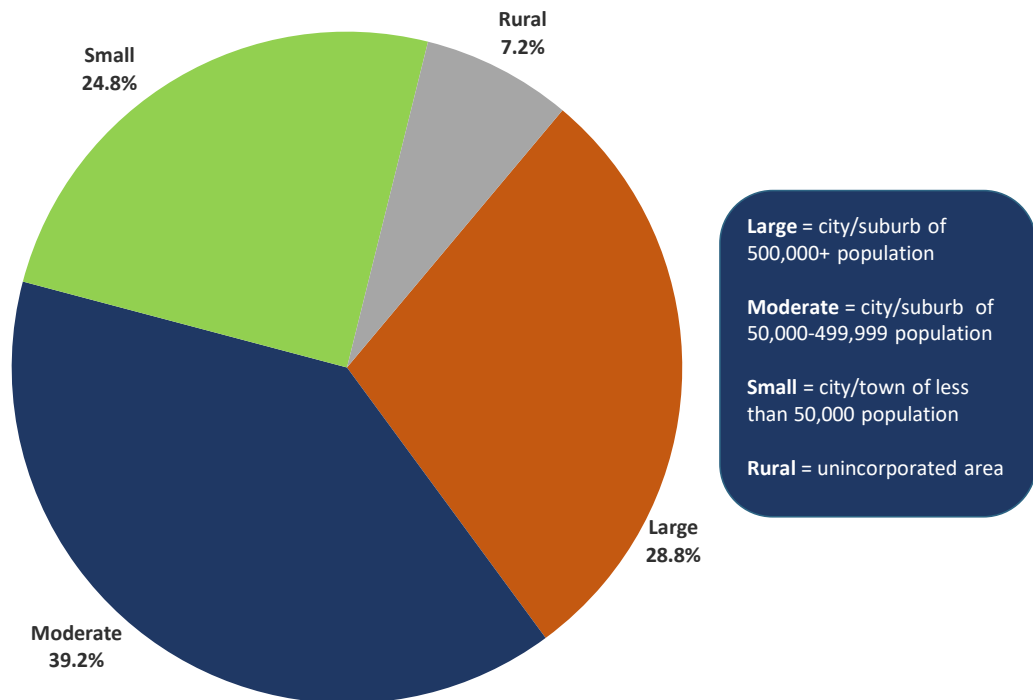
practices mostly in the South Atlantic region (22%)

has clients with a median household income of \$50,000–\$99,000 (47%)

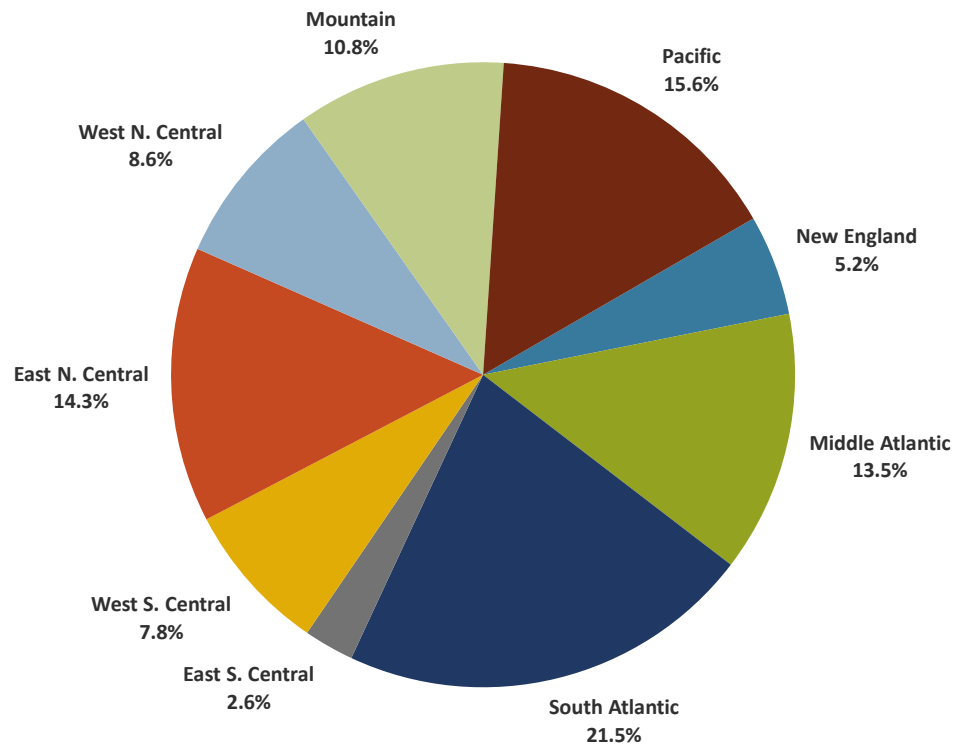
## Years in Public Practice (Average) by Gross Income (2019)



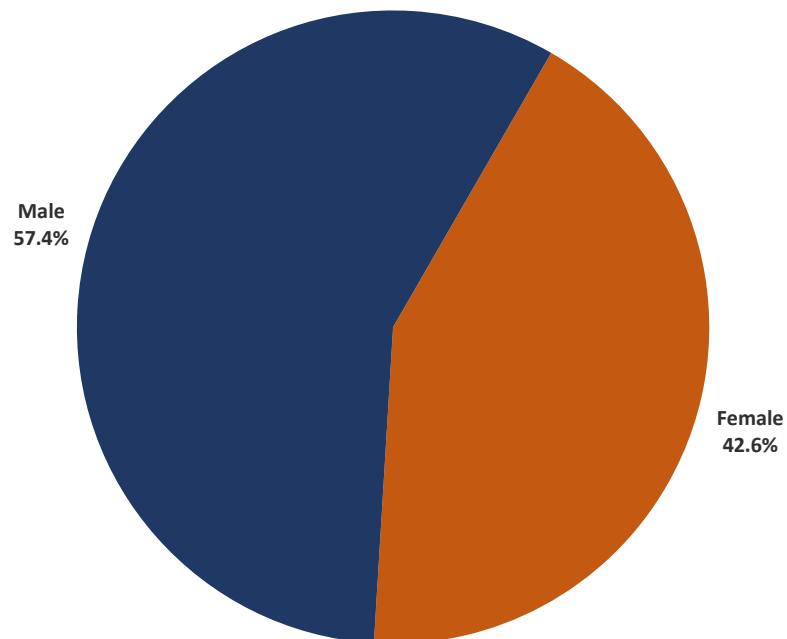
## Size of Community



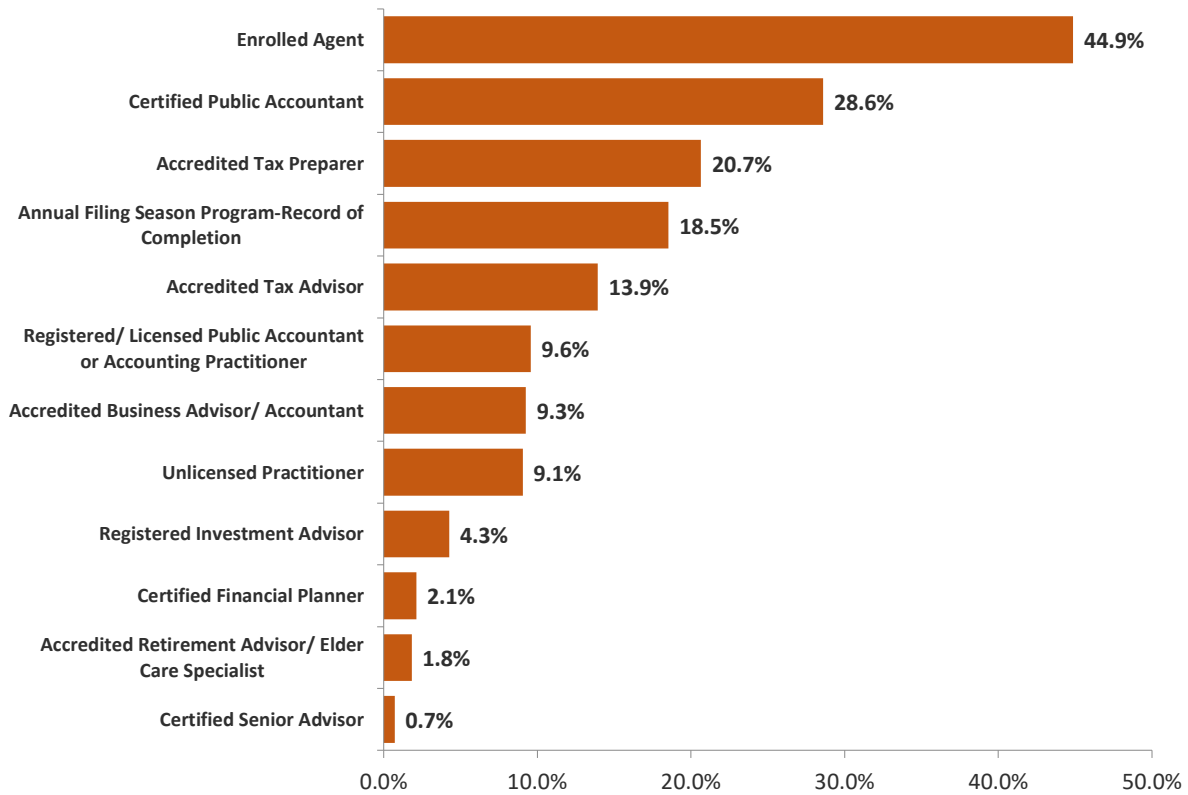
## U.S. Census District



## Gender



## Credentials Held



| Size of City           | Credentials    |                             |                         |                   |
|------------------------|----------------|-----------------------------|-------------------------|-------------------|
|                        | Enrolled Agent | Certified Public Accountant | Unlicensed Practitioner | Other Credentials |
| Large                  | 48.0%          | 29.2%                       | 7.2%                    | 47.7%             |
| Moderate               | 44.4%          | 28.6%                       | 8.8%                    | 54.3%             |
| Small                  | 40.8%          | 27.7%                       | 11.3%                   | 49.2%             |
| Rural                  | 44.3%          | 25.7%                       | 8.6%                    | 54.3%             |
| <b>All Respondents</b> | <b>44.2%</b>   | <b>28.2%</b>                | <b>8.9%</b>             | <b>51.2%</b>      |

Large = city/suburb of 500,000+ population

Moderate = city/suburb of 50,000-499,999 population

Small = city/town of less than 50,000 population

Rural = unincorporated area

## National Overview: Compensation & Benefits

---

### Regarding salaries/hourly wages and benefits:

The average annual salary as of July 1, 2020 for a principal/partner was \$80,180

The average additional compensation paid in 2019 for a principal/partner was \$25,165

The average hourly wage for a seasonal/part-time practitioner-accounting and tax (licensed/credentialed) was \$52.61; the highest hourly wage was \$57.37

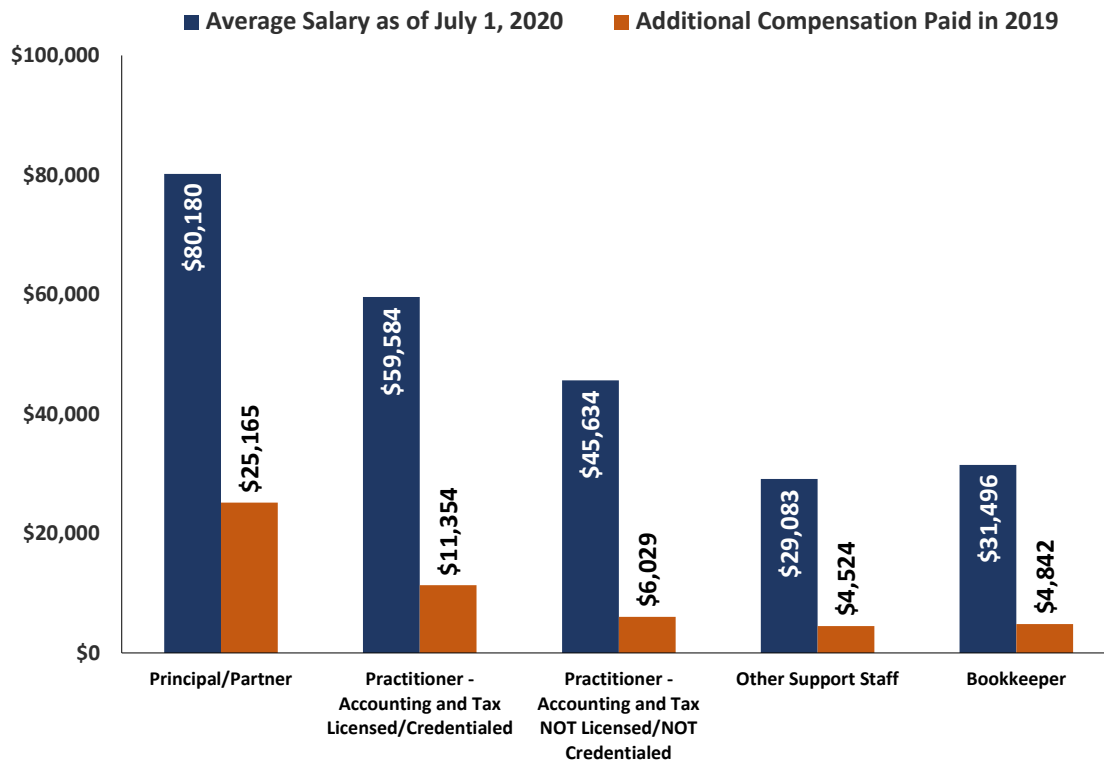
Retirement plans was the most offered fringe benefit by the practice to both principals/partners (69%) and other full-time employees (66%)

Health insurance (54%) was the second most offered fringe benefit to other full-time employees followed by professional development reimbursement (53%) and dental insurance (28%)

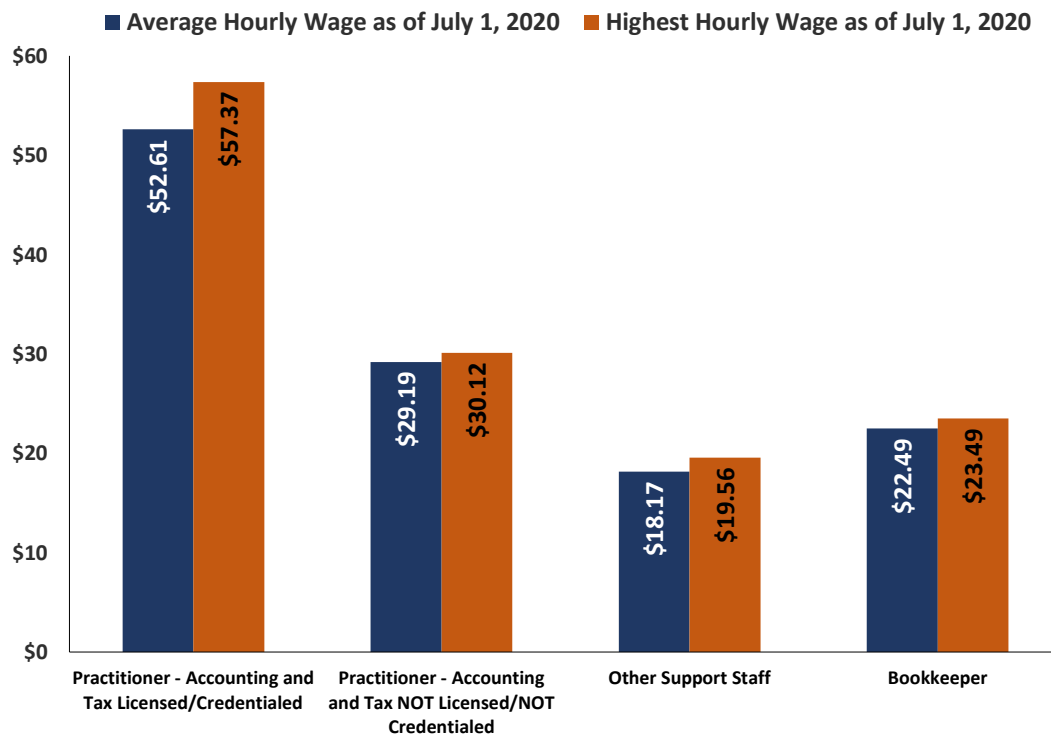
Flex time was the most offered other benefit (51%) followed by telecommuting (38%)



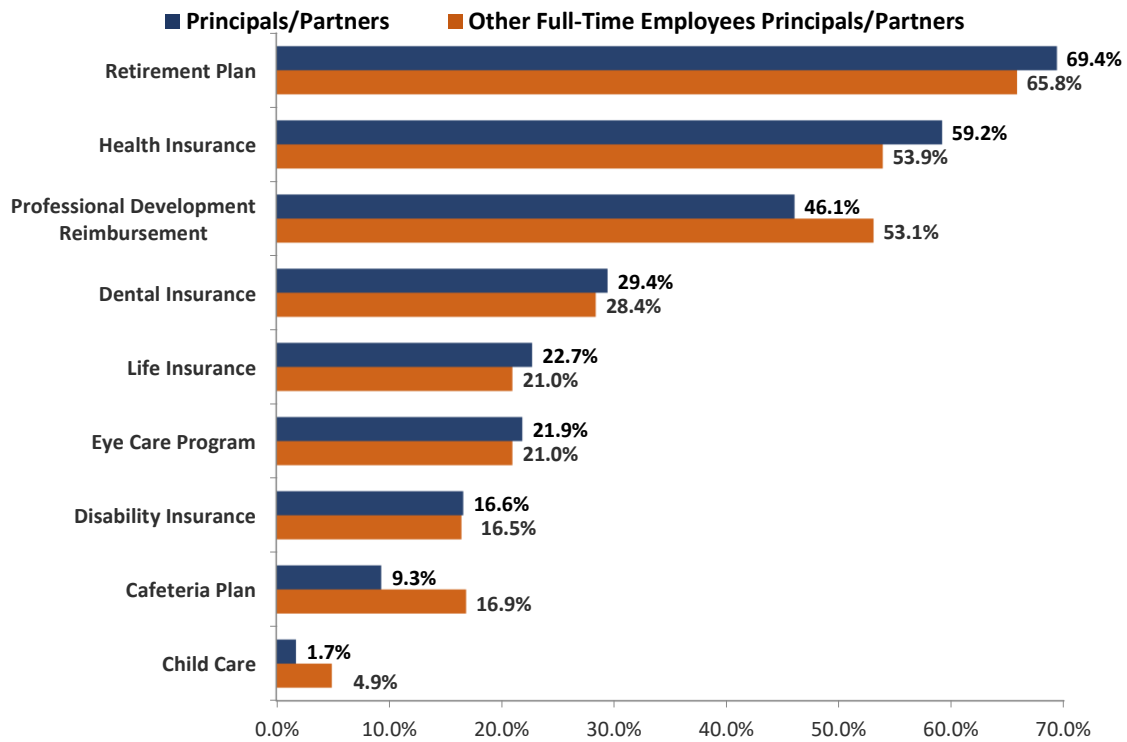
## Average Annual Salary and Additional Cash Compensation for Full-Time Positions



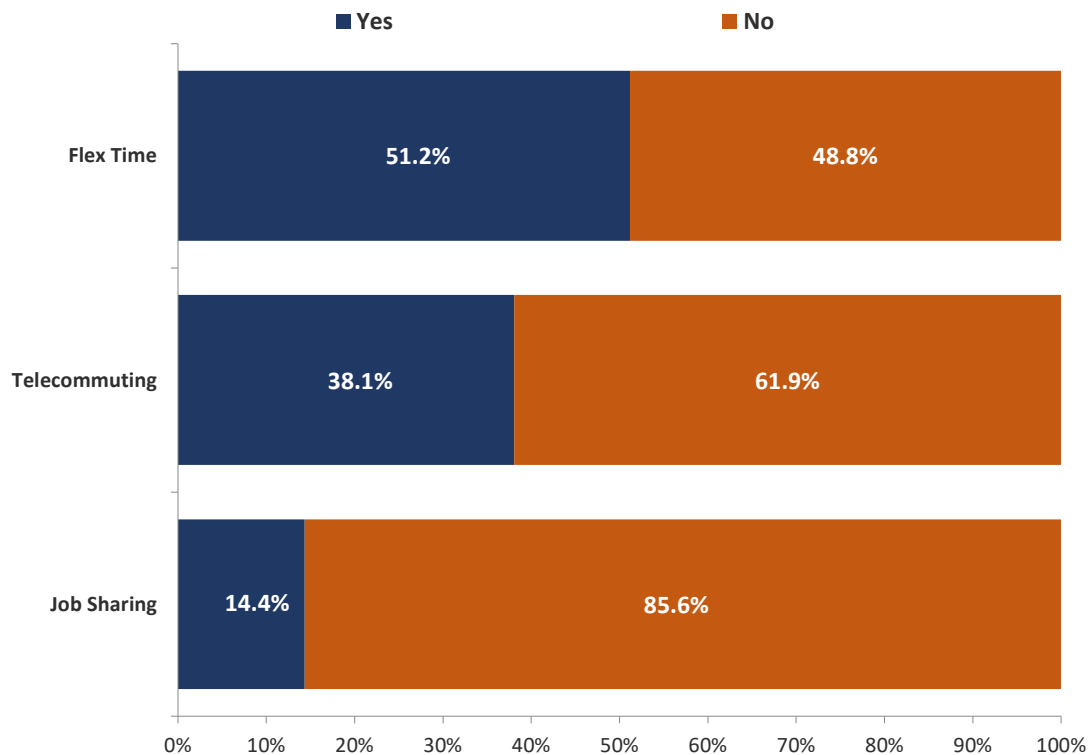
## Average Hourly Wage and Highest Hourly Wage for Part-Time/Seasonal Positions



## Fringe Benefits Offered by The Practice



## Other Benefits Offered



## National Overview: The Practice

---

### The typical practice:

**operates as a sole proprietorship (32%)**

**has 1.2 full-time principals/partners, 2.9 full-time employees, 1.8 part-time employees, and 2.1 seasonal employees**

**had an annual gross practice income in 2019 of \$309,543 and a net income of \$101,158**

**had annual gross income per FTE in 2019 of \$111,639**

**billed 37% of firm's total income by fixed fee and 35% by form in 2019**

**writes-off 3% of firm's gross billings each year**

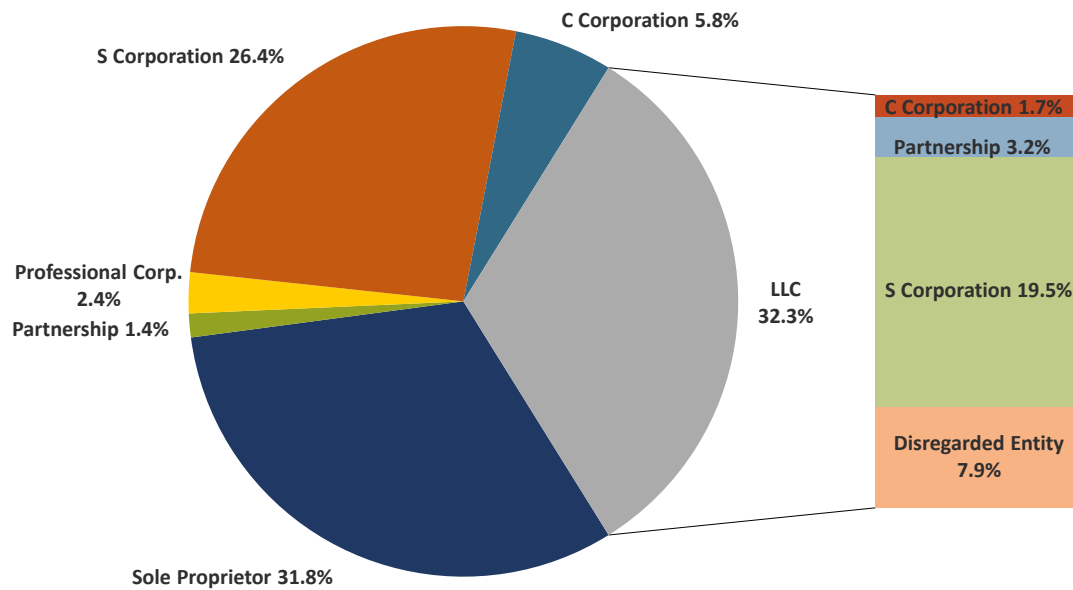
**derives 55% of gross income from the preparation of federal/state tax returns**

**allocates 43% of its operating expenses to salaries/benefits (other than retirement)**

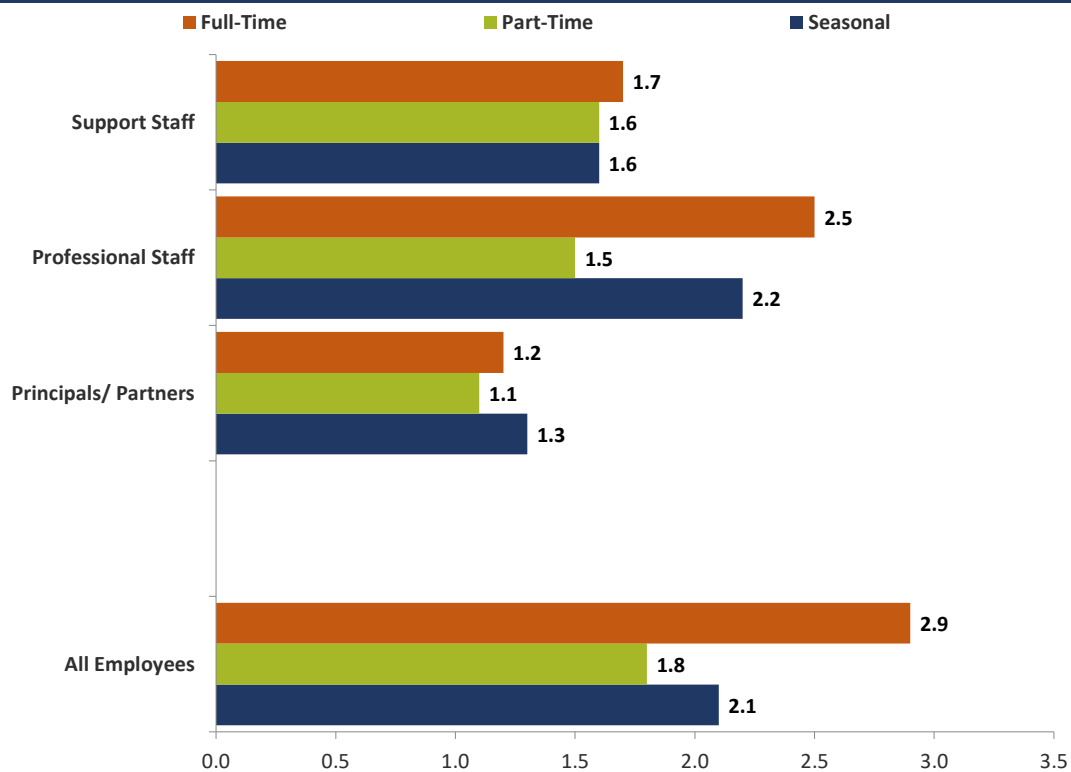
**relies most often on referrals from existing clients (98%) for promotion of the practice, and finds referrals from existing clients very useful (84%)**

**uses Facebook (79%) or LinkedIn (57%) social networks for marketing and promoting practice**

## Type of Practice

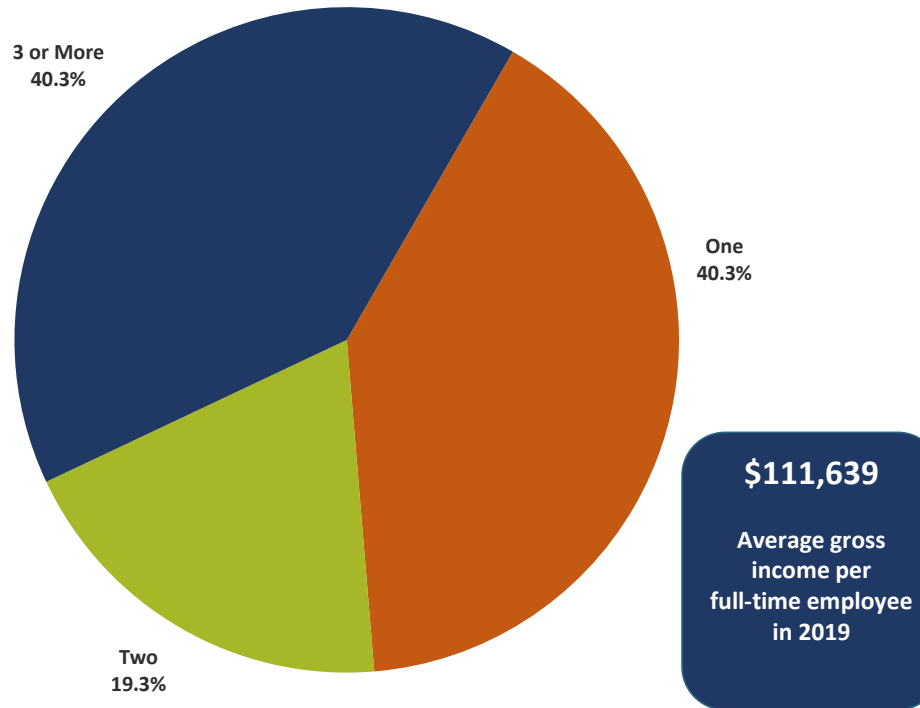


## Average Number of Employees

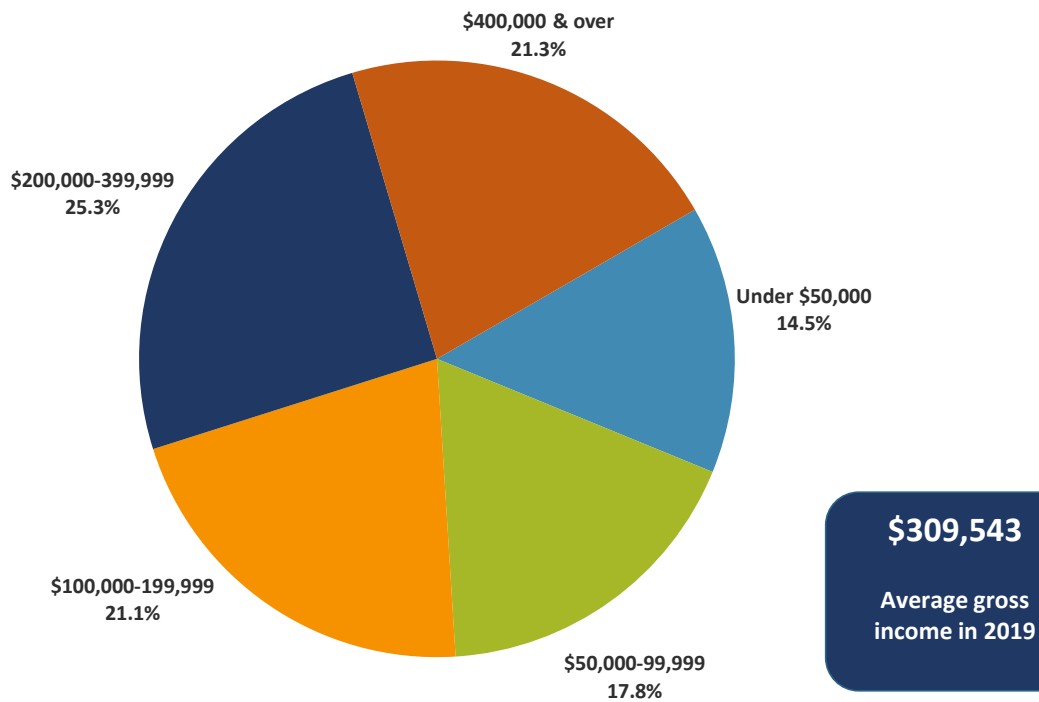




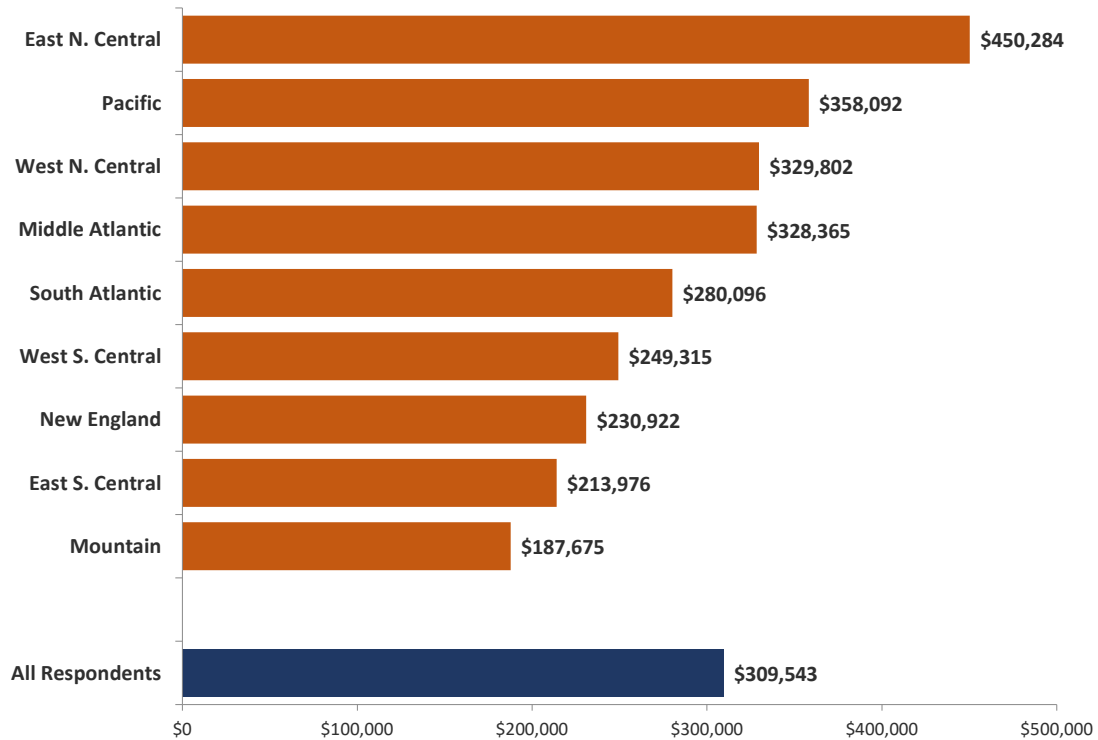
## Full-Time Staff



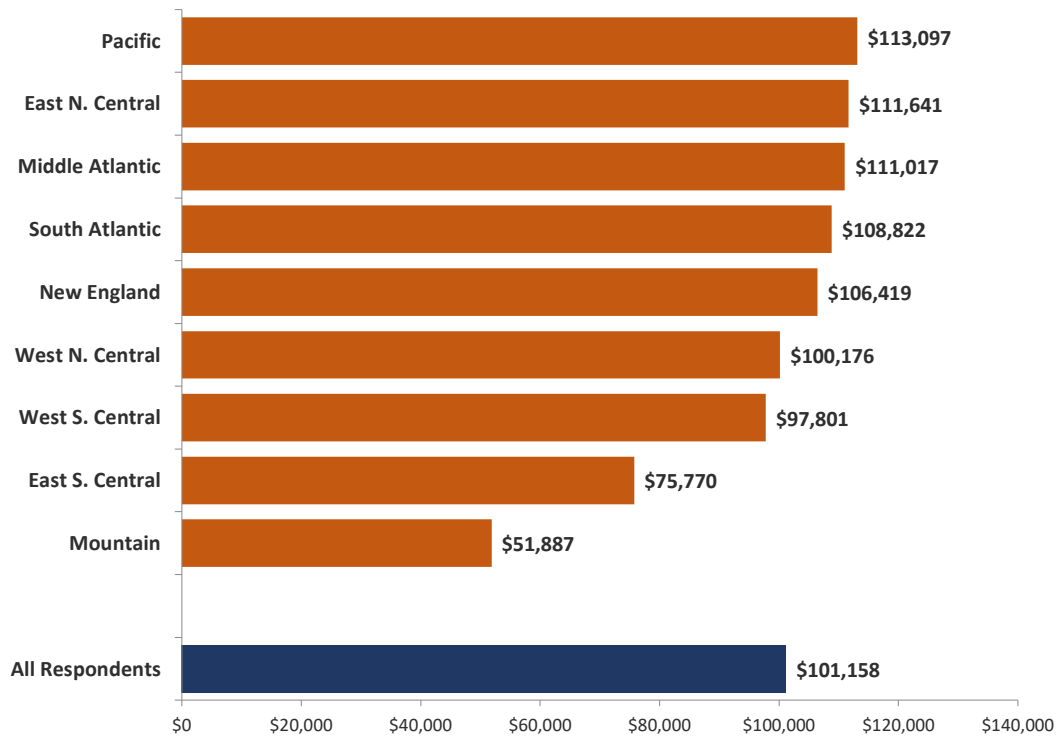
## Firm Gross Income 2019



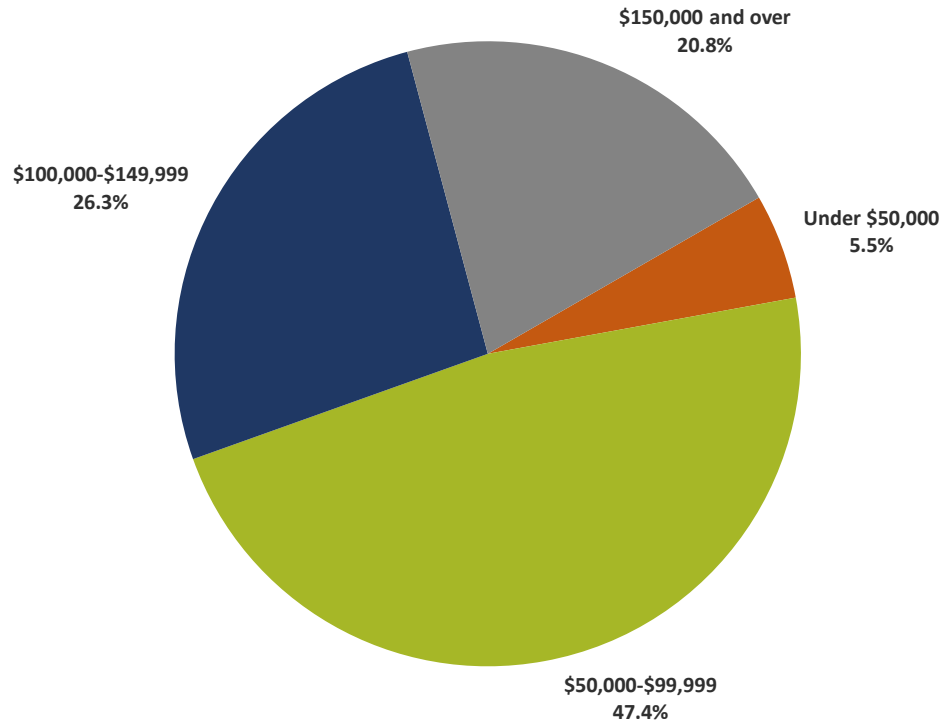
## Average Gross Income for 2019 By Census District



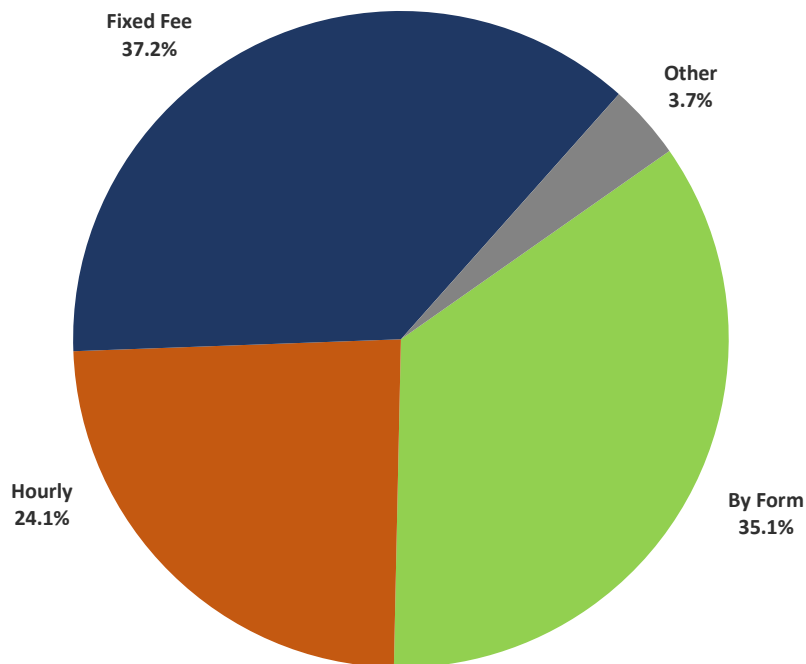
## Average Net Income for 2019 By Census District



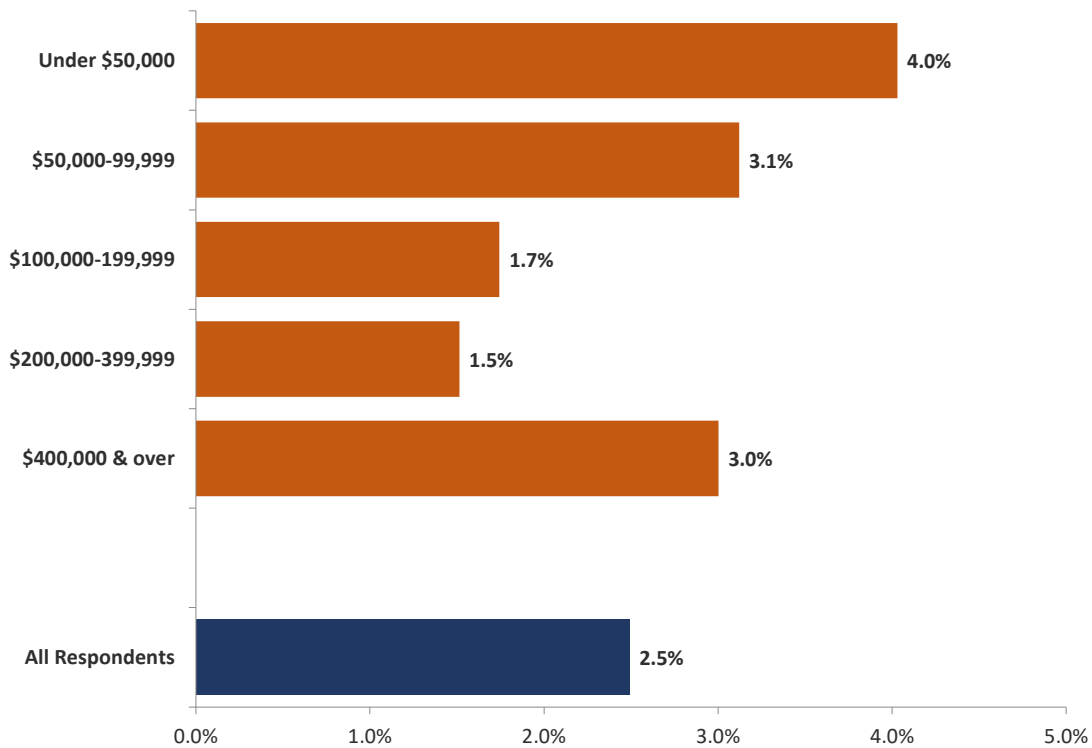
## Median Household Income for Clients of Your Practice



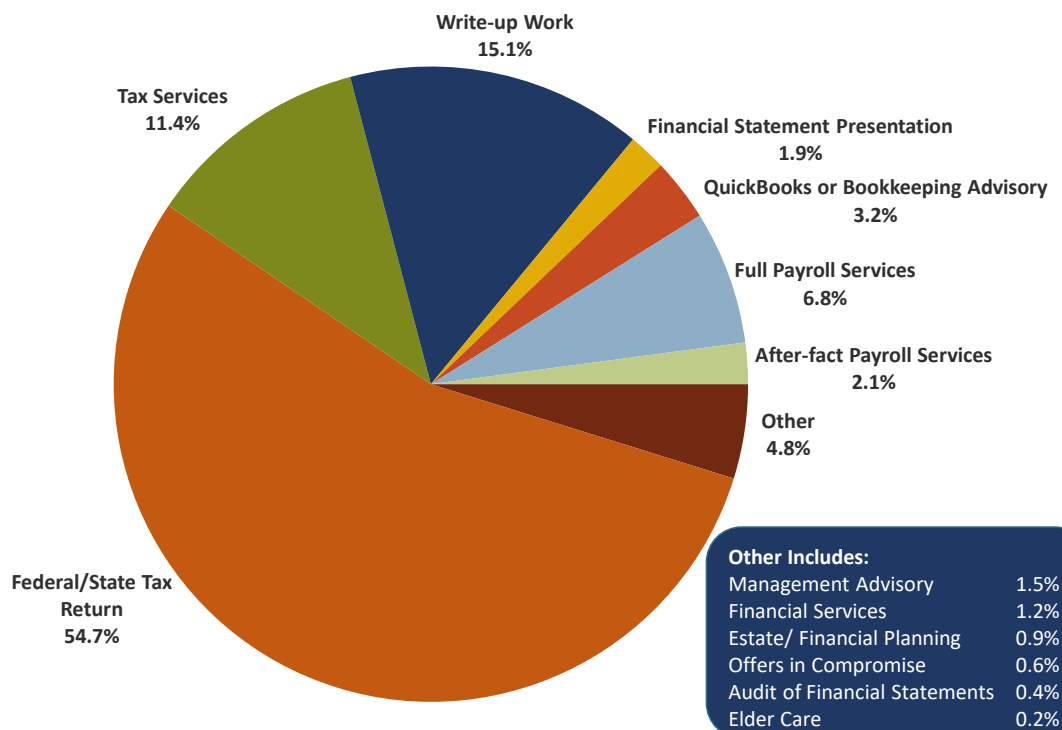
## Percent of Total Income Billed – 2019 Actual



## Percent of Gross Billings Written Off by Gross Income (2019)

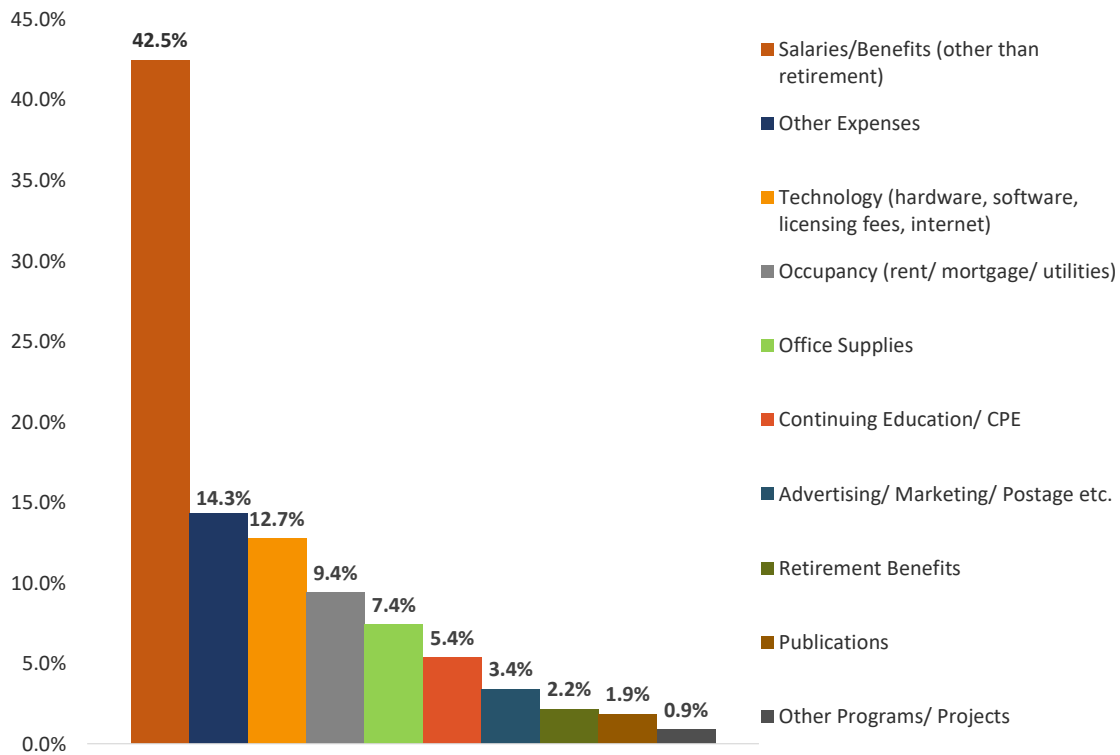


## Client Services as a Percent of Gross Income

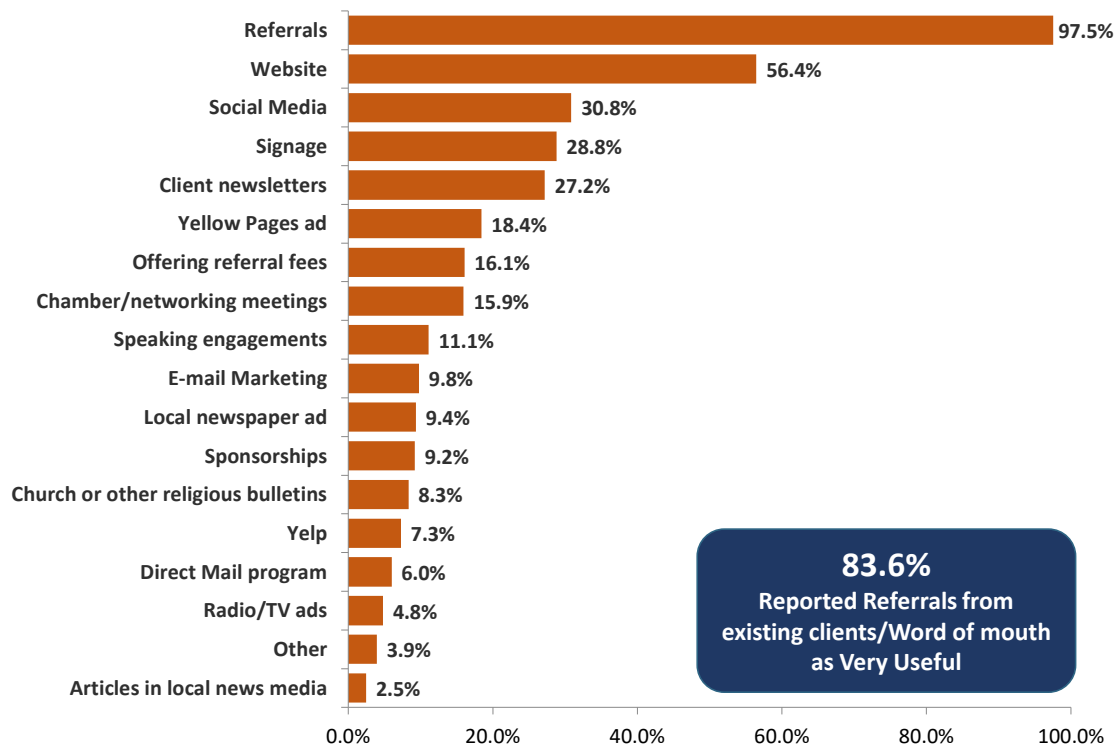




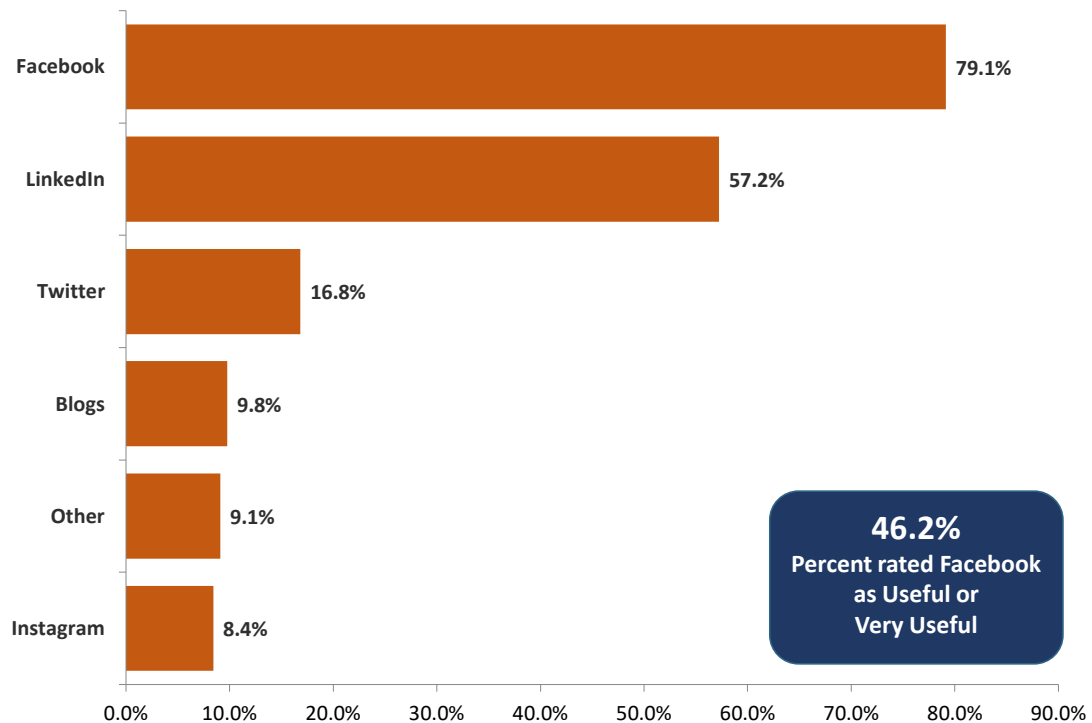
## Expense Categories as a Percent of Total Expenses



## Marketing and Promotional Tools Used



## Social Networking Tools Used for Marketing



## Fees: Federal Tax Returns

---

**The typical firm charges an average fee of:**

**\$78 for Form 940 (Federal Unemployment)**

**\$94 for Form 943 (Employer's Quarterly for Farms)**

**\$96 for Form 941 (Employer's Quarterly Return)**

**\$220 for Form 1040, not itemized**

**\$323 for Form 1040, itemized**

**\$421 for Form 709 (Gift Tax)**

**\$576 for Form 1041 (Fiduciary)**

**\$733 for Form 1065 (Partnership)**

**\$735 for Form 990 (Exempt Organization)**

**\$903 for Form 1120S (S Corporation)**

**\$913 for Form 1120 (Corporation)**

**\$1,289 for Form 706 (Estates)**

### AVERAGE FEES FOR FEDERAL TAX RETURNS: 2007-2020

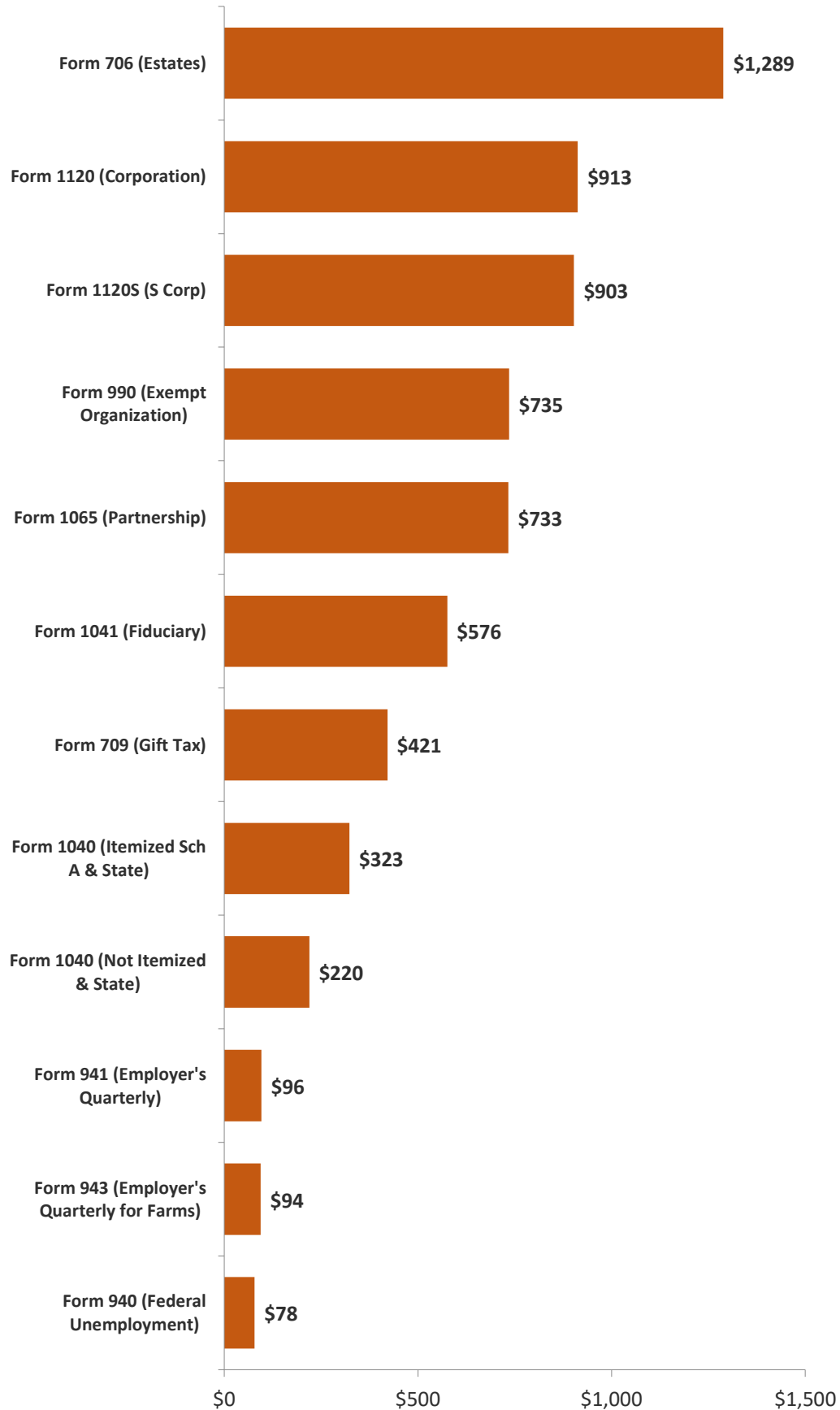
| <b>Forms:</b>                                  | <b>2020</b> | <b>2018</b> | <b>2016</b> | <b>2014</b> | <b>2012</b> | <b>2011</b> | <b>2009</b> | <b>2007</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Form 706 (Estates)                             | \$1,289     | \$1,784     | \$1,563     | \$1,731     | \$1,833     | \$1,583     | \$2,044     | \$1,729     |
| Form 709 (Gift Tax)                            | \$421       | \$389       | \$413       | \$420       | \$313       | \$270       | \$284       | \$271       |
| Form 940 (Federal Unemployment)                | \$78        | \$65        | \$69        | \$68        | \$59        | \$61        | \$58        | \$57        |
| Form 941 (Employer's Quarterly Return)         | \$96        | \$92        | \$91        | \$89        | \$85        | \$83        | \$83        | \$76        |
| Form 943 (Employer's Quarterly for Farms)      | \$94        | \$81        | \$89        | \$80        | \$56        | \$67        | \$66        | NA          |
| Form 990 (Exempt Organization)                 | \$735       | \$683       | \$733       | \$688       | \$628       | \$566       | \$584       | \$521       |
| Form 990-T (UBI for Tax Exempt Orgs.)          | NA          | \$383       | \$415       | \$433       | \$371       | \$331       | \$359       | \$421       |
| Form 1040 (Itemized-Schedule A & State Return) | \$323       | \$294       | \$273       | \$273       | \$246       | \$233       | \$229       | \$205       |
| Form 1040 (Not Itemized & State return)        | \$220       | \$188       | \$176       | \$159       | \$143       | \$128       | \$129       | \$115       |
| Form 1041 (Fiduciary)                          | \$576       | \$508       | \$482       | \$457       | \$468       | \$396       | \$415       | \$430       |
| Form 1065 (Partnership)                        | \$733       | \$670       | \$656       | \$634       | \$556       | \$524       | \$551       | \$518       |
| Form 1120 (Corporation)                        | \$913       | \$851       | \$826       | \$817       | \$759       | \$695       | \$692       | \$685       |
| Form 1120S (S Corp.)                           | \$903       | \$807       | \$809       | \$778       | \$717       | \$660       | \$665       | \$656       |
| Form 5500 (Pension/Profit Sharing Plans)       | NA          | \$615       | \$532       | \$525       | \$444       | \$526       | \$488       | \$422       |

### AVERAGE FEES FOR FEDERAL TAX RETURNS: 2007-2020

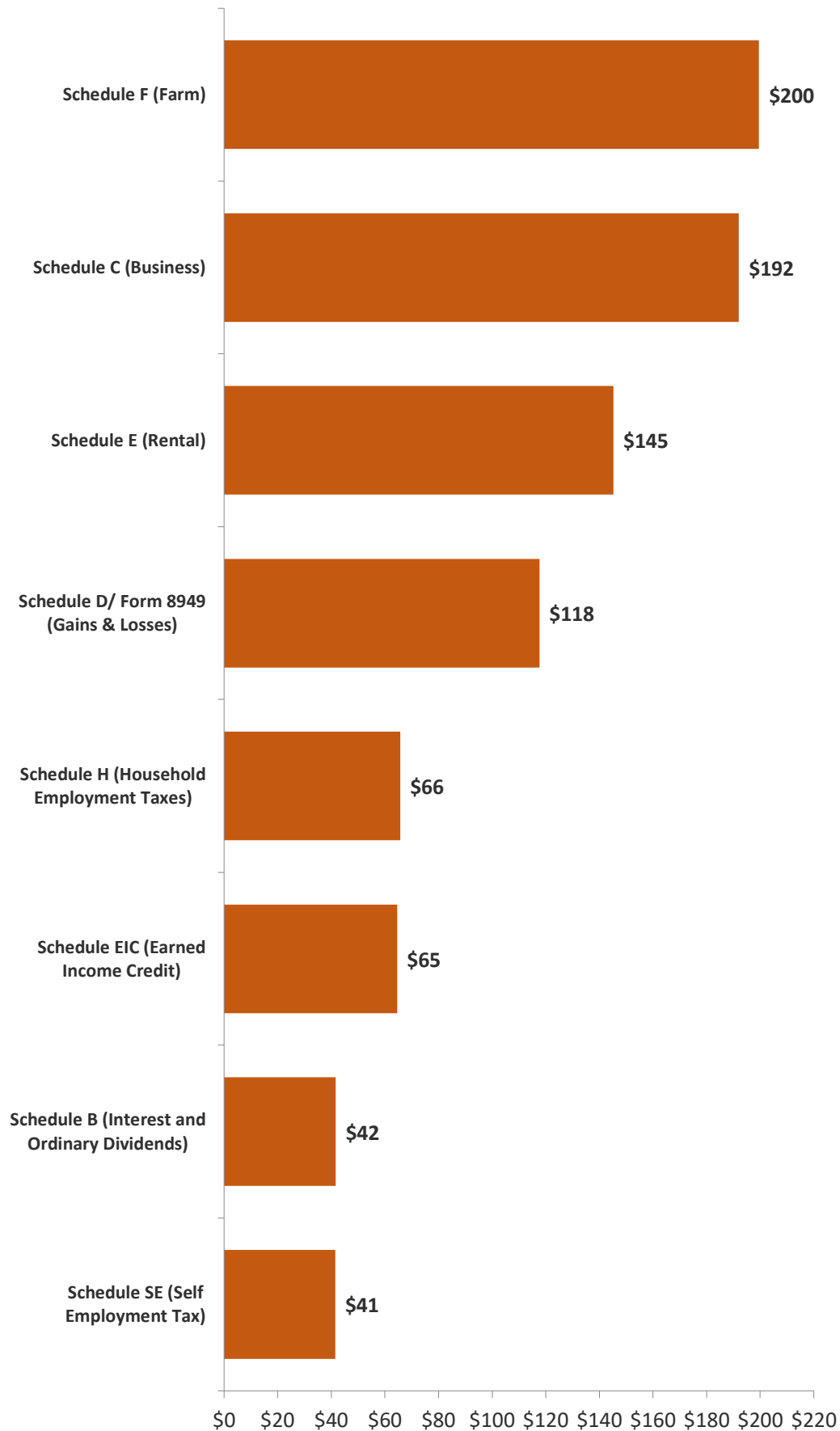
| <b>Schedules:</b>                            | <b>2020</b> | <b>2018</b> | <b>2016</b> | <b>2014</b> | <b>2012</b> | <b>2011</b> | <b>2009</b> | <b>2007</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Schedule B (Interest and Ordinary Dividends) | \$42        | \$45        | NA          | NA          | NA          | NA          | NA          | NA          |
| Schedule C (Business)                        | \$192       | \$187       | \$184       | \$174       | \$205       | \$236       | \$212       | \$214       |
| Schedule D/Form 8949 (Gains & Losses)        | \$118       | \$109       | \$124       | \$115       | \$134       | NA          | NA          | NA          |
| Schedule E (Rental)                          | \$145       | \$136       | \$135       | \$126       | \$155       | \$215       | \$190       | \$176       |
| Schedule EIC (Earned Income Credit)          | \$65        | \$62        | NA          | NA          | NA          | NA          | NA          | NA          |
| Schedule F (Farm)                            | \$200       | \$175       | \$180       | \$158       | \$185       | \$238       | \$216       | \$200       |
| Schedule H (Household Employment Taxes)      | \$66        | \$70        | NA          | NA          | NA          | NA          | NA          | NA          |
| Schedule SE (Self Employment Tax)            | \$41        | \$40        | NA          | NA          | NA          | NA          | NA          | NA          |



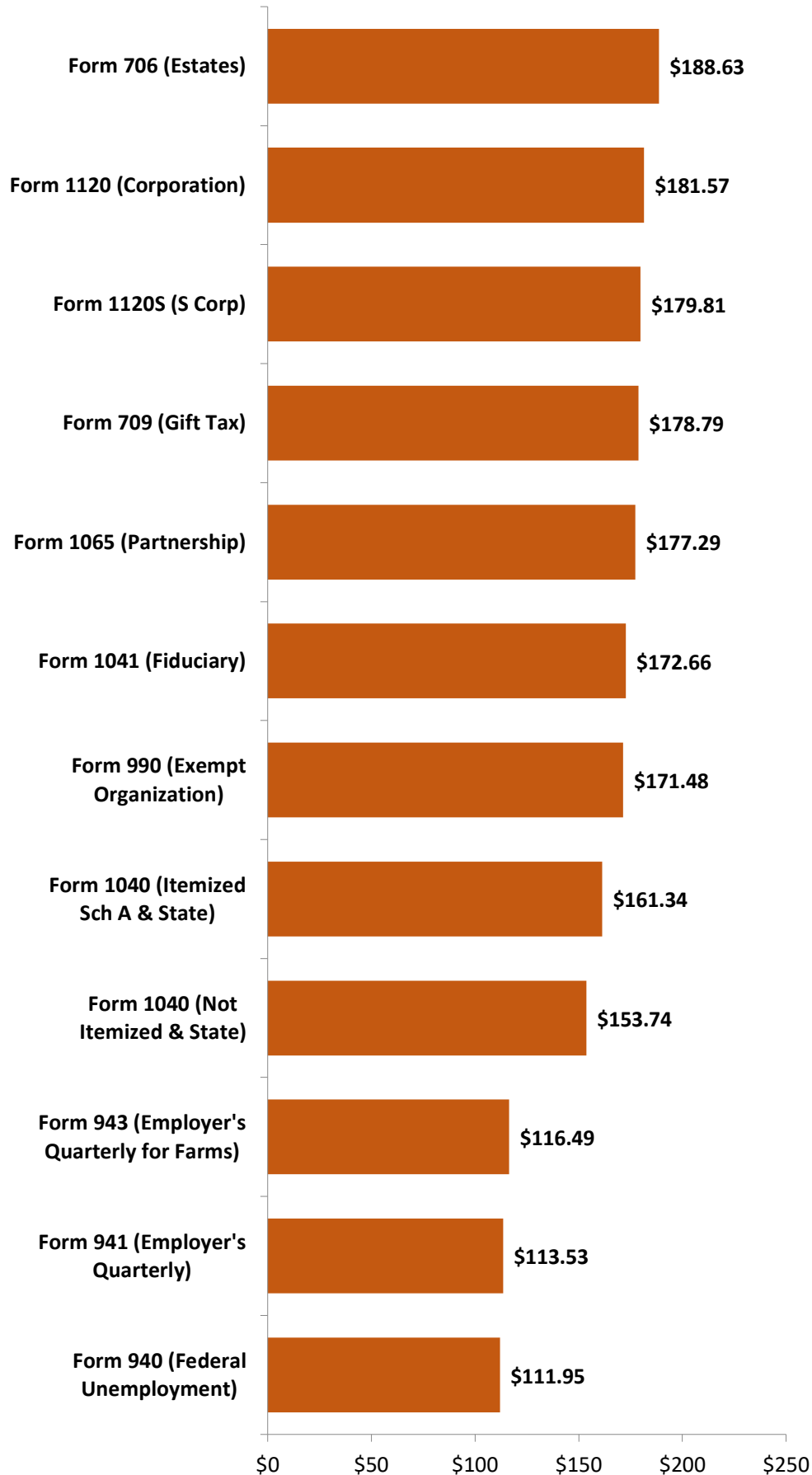
## Average Fees - Forms



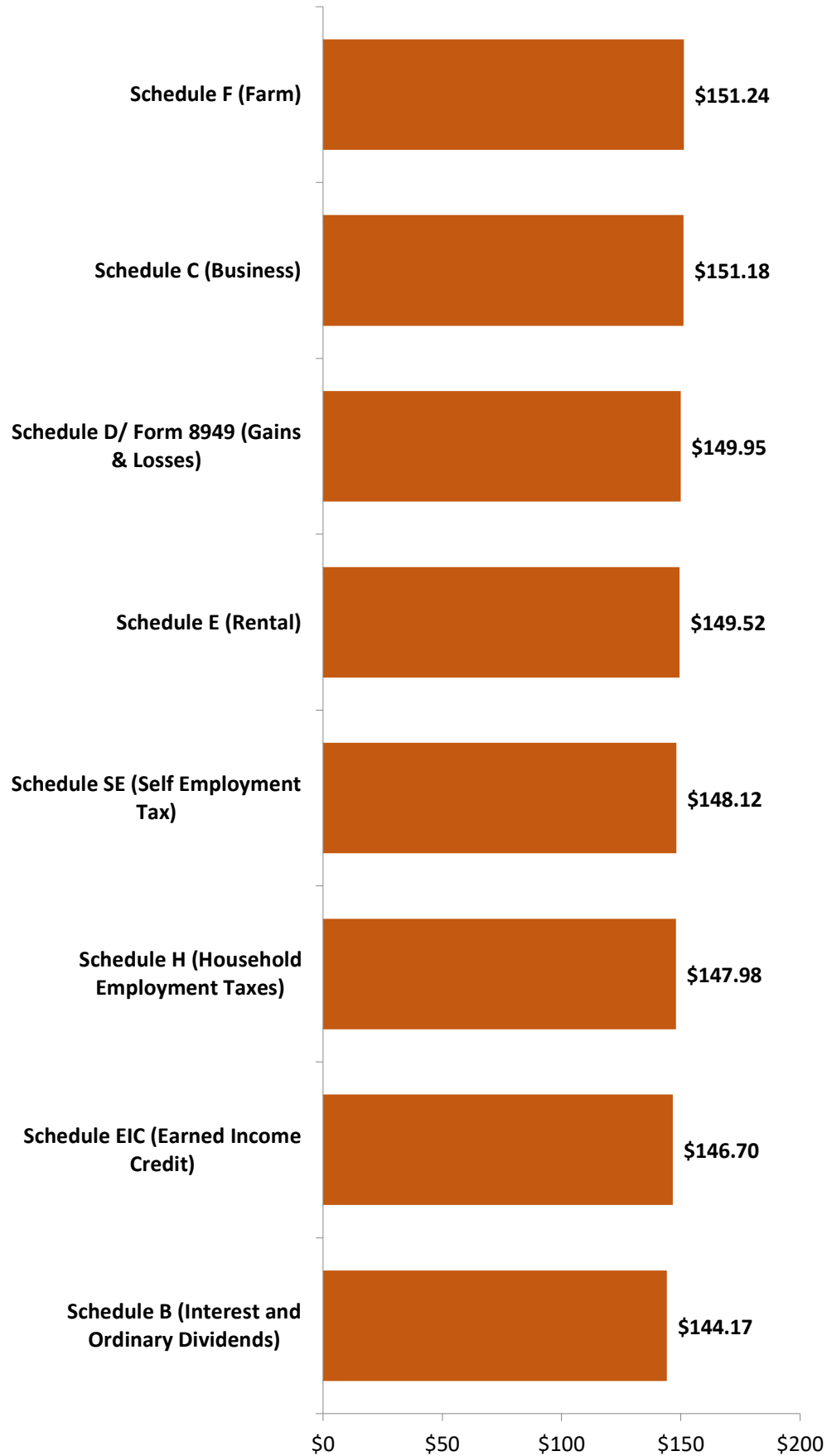
## Average Fees – Schedules



## Average Hourly Fees - Forms



## Average Hourly Fees – Schedules





## Fees: Additional Fees

---

**With respect to additional fees charged to clients, the typical firm:**

**charges a fee to prepare W-2s (76%) for an average fee of \$69.75**

**charges a fee to prepare 1099s (85%) for an average fee of \$67.72**

**does not charge a fee to file extensions (58%); those who do, charge an average fee of \$55.94**

**does not charge a fee to expedite returns (68%); those who do, charge \$136.32 (average)**

**charges clients a fee if they bring in disorganized/incomplete files (78%); average fee is \$165.82**

**does not charge a fee if receive tax information after set deadline (74%); those who do, charge \$116.97, 16 days in advance of a filing deadline**

**(continued)**

**charges clients a fee for IRS letter/audit responses when firm didn't prepare their return (67%); those who do charge a fee, the average fee for an IRS letter/audit response is \$161.61**

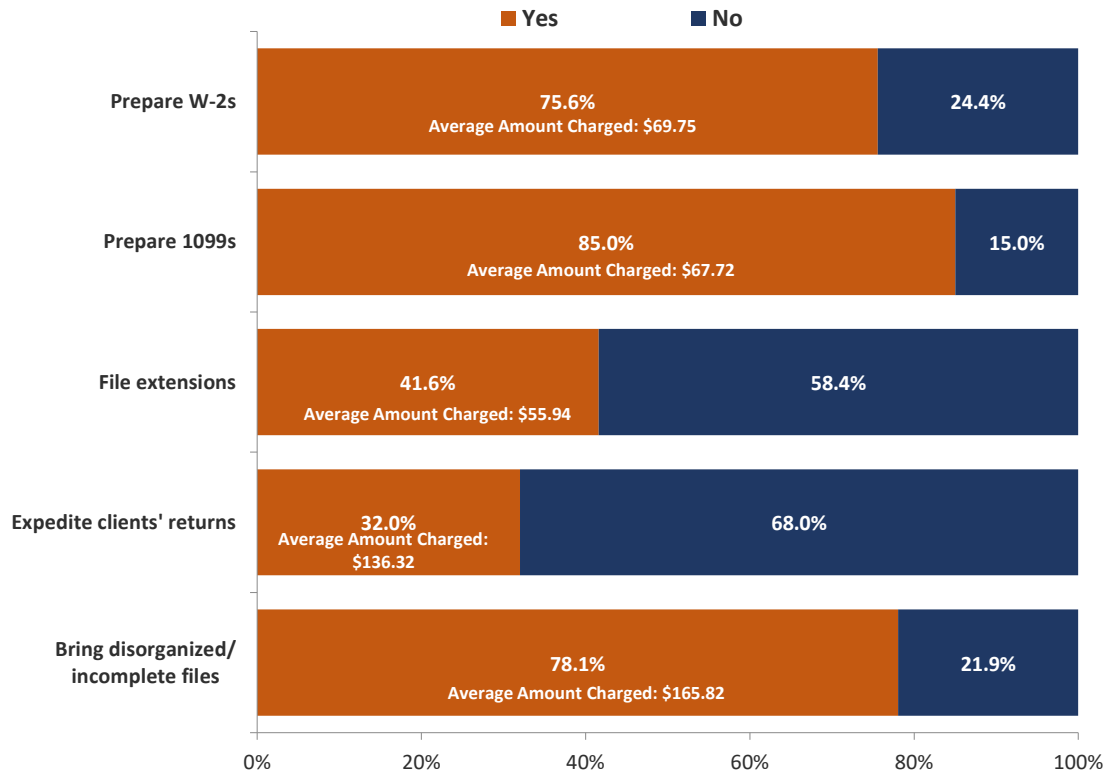
**charges a fee for an in-person IRS audit that does not appear to be due to negligence on the part of the practice (84%); average hourly fee is \$167.63 to represent, average retainer fee to represent is \$799, and minimum fixed fee to represent is \$605**

**has seen the number of tax audits stay the same over the past year (62%)**

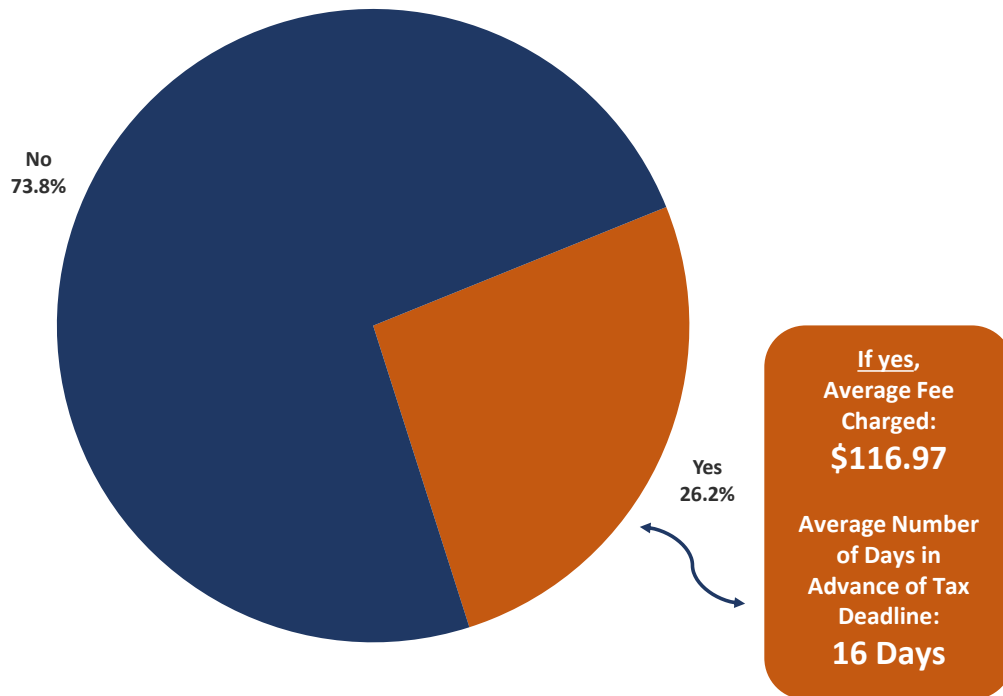
**charges a retainer for IRS audits (68%) at an average amount of \$902**

**charges a retainer for offers in compromise and tax preparation for non-current year (56% each) at an average amount of \$1,277 and \$377, respectively**

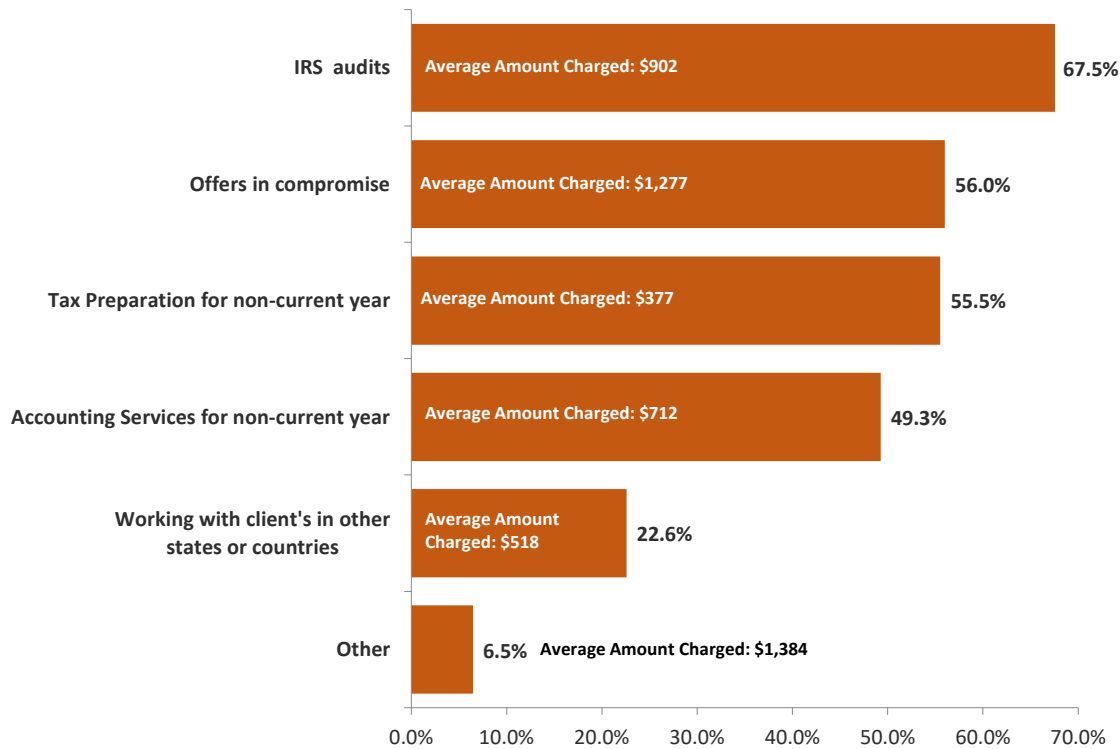
## Additional Fees



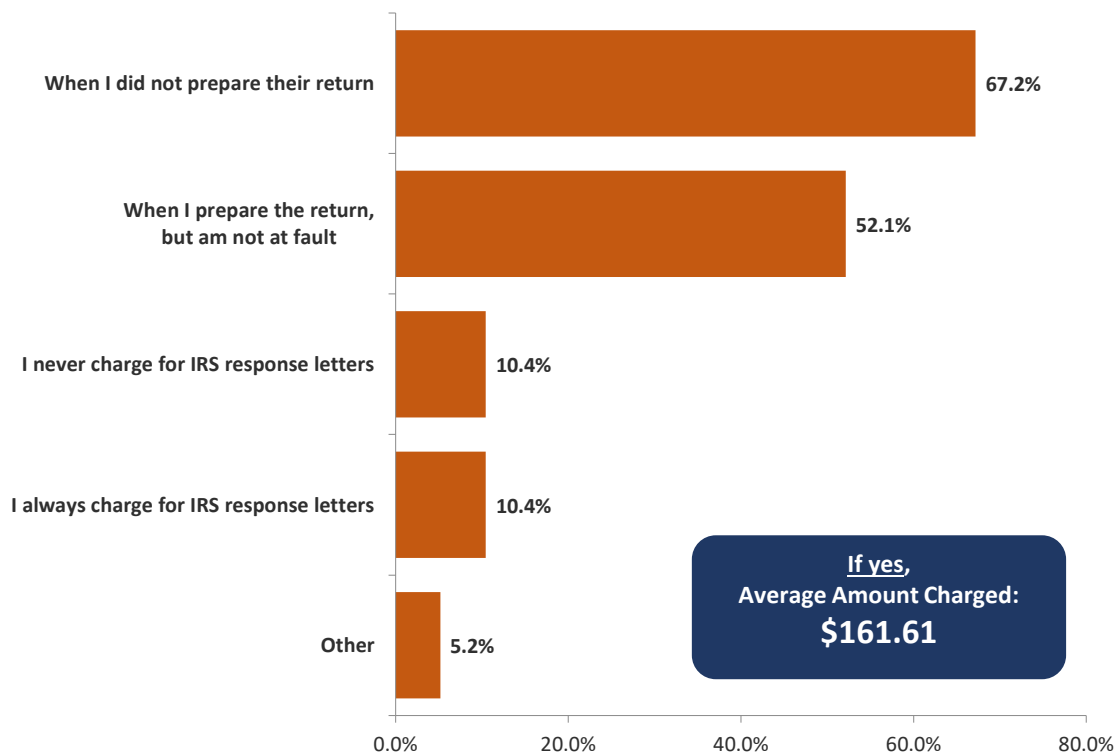
## Additional Fee If Receive Tax Information After Set Deadline



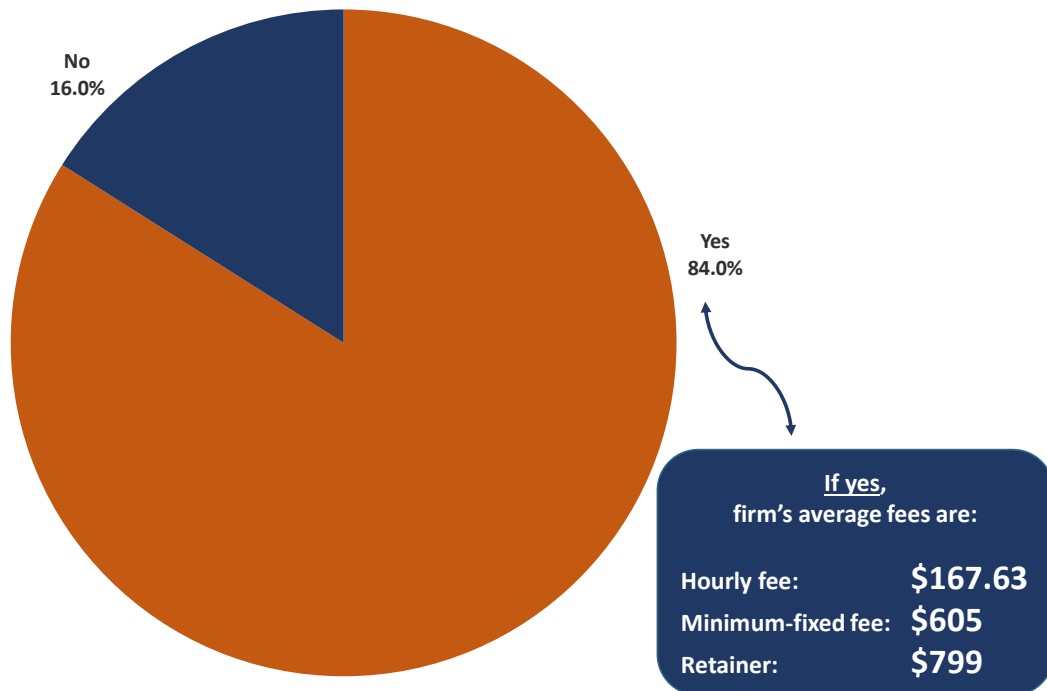
## Charge Retainers



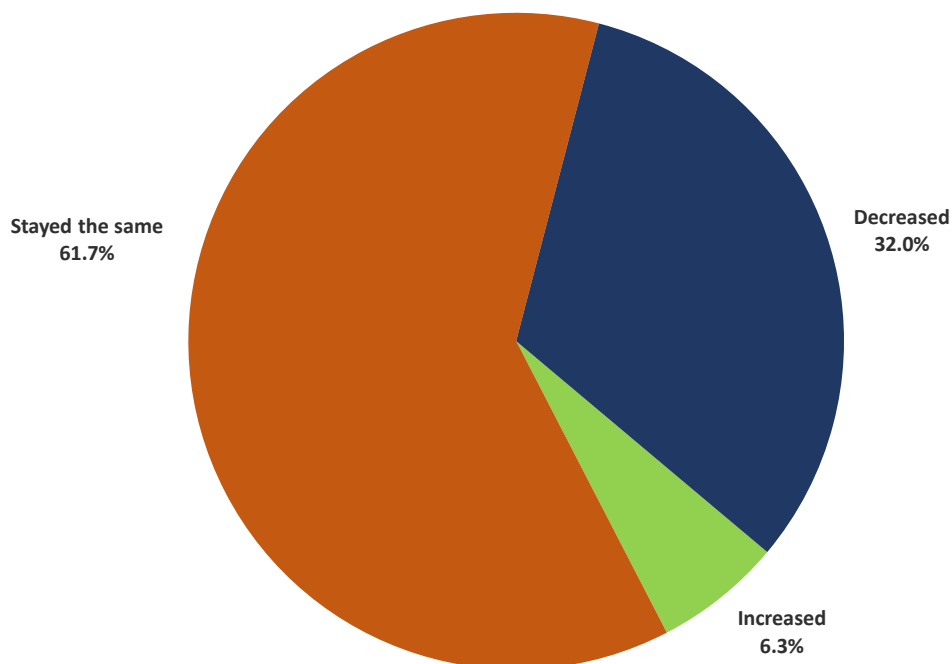
## Circumstances for Charging for IRS Letter/Audit Responses



## Charge Clients Separate Fee to Represent Them in the Event of an In-Person IRS Audit



## Change in the Number of Audits



## Fees: Client Services

---

**The typical (average) hourly fees for client services are:**

**\$100 for full payroll services**

**\$101 for after-fact payroll services**

**\$106 for write-up work**

**\$109 for QuickBooks or bookkeeping advisory services**

**\$148 for elder care services**

**\$154 for financial services**

**\$158 for Management advisory services**

**(continued)**

**\$164 for audit of financial statements**

**\$164 for financial statement presentation**

**\$170 for estate/financial planning services**

**\$174 for tax services**

**\$180 for Federal/State tax returns**

**\$201 for offers in compromise**

**(Fees vary sharply state-by-state.**

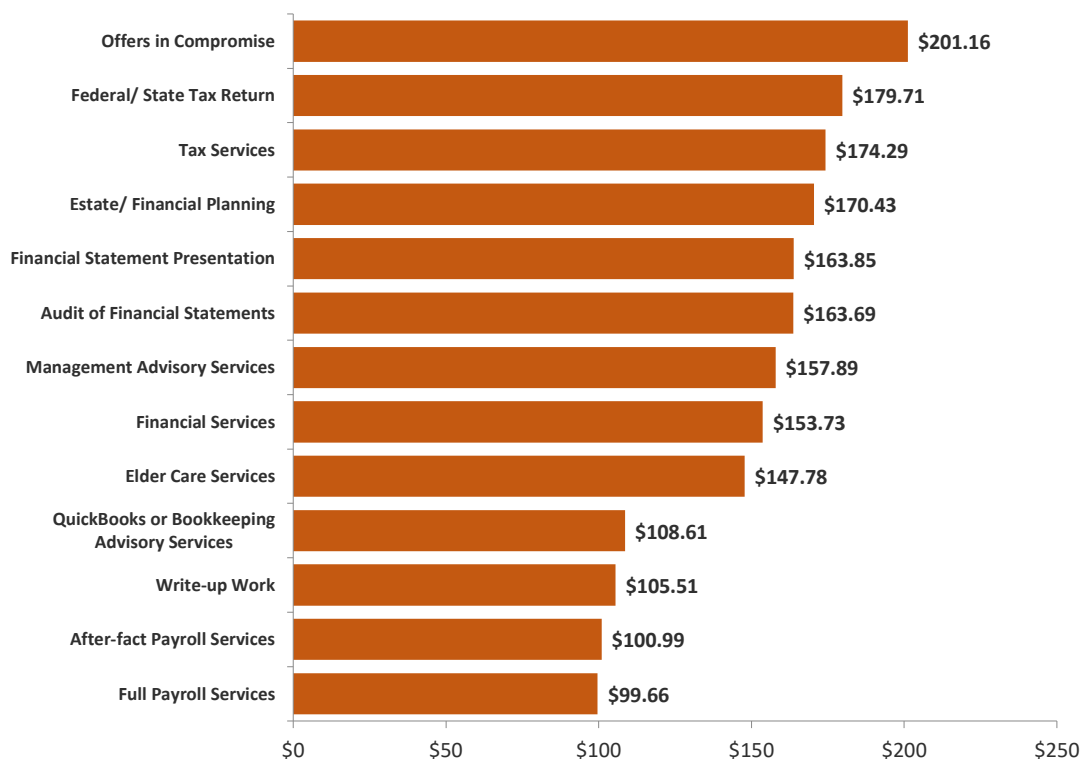
**For more specific comparatives, please turn to the state and regional sections of this report).**



## AVERAGE HOURLY FEES FOR CLIENT SERVICES: 2007-2020

| Service:                                    | 2020     | 2018     | 2016     | 2014     | 2012     | 2011     | 2009     | 2007     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Full Payroll Services                       | \$99.66  | \$87.84  | NA       | NA       | NA       | NA       | NA       | NA       |
| After-fact Payroll Services                 | \$100.99 | \$95.54  | NA       | NA       | NA       | NA       | NA       | NA       |
| Payroll Services                            | NA       | NA       | \$82.79  | \$79.69  | \$74.74  | \$76.33  | \$74.74  | \$70.59  |
| Federal/State Tax Returns                   | \$179.71 | \$157.89 | \$150.42 | \$142.71 | NA       | NA       | NA       | NA       |
| Tax Services                                | \$174.29 | \$159.67 | \$145.40 | \$141.68 | \$133.21 | \$132.47 | \$127.57 | \$122.12 |
| Estate/Financial Planning                   | \$170.43 | \$191.43 | \$162.59 | \$163.35 | \$157.53 | \$147.33 | \$137.56 | \$137.51 |
| Write-Up Work                               | \$105.51 | \$102.38 | \$92.51  | \$88.77  | \$88.66  | \$85.92  | \$84.28  | \$79.89  |
| Financial Statement Presentation            | \$163.85 | \$140.44 | \$133.93 | \$125.29 | \$115.53 | \$112.62 | \$109.69 | \$103.06 |
| Audit of Financial Statements               | \$163.69 | \$180.41 | \$157.24 | \$151.31 | \$132.47 | \$124.13 | \$135.44 | \$130.54 |
| Management Advisory Services                | \$157.89 | \$161.30 | \$145.91 | \$136.49 | \$136.82 | \$128.92 | \$127.13 | \$127.07 |
| QuickBooks or Bookkeeping Advisory Services | \$108.61 | \$105.94 | \$97.33  | \$92.46  | \$89.95  | \$91.78  | NA       | NA       |
| Financial Services                          | \$153.73 | \$164.44 | \$144.09 | \$149.94 | NA       | NA       | NA       | NA       |
| Elder Care Services                         | \$147.78 | \$151.40 | \$130.94 | \$128.03 | \$112.06 | \$112.07 | \$110.61 | \$110.16 |
| Offers in Compromise                        | \$201.16 | \$199.93 | \$177.07 | \$167.76 | \$161.82 | NA       | NA       | NA       |

## Client Services Average Hourly Fees



### The typical firm:

**bills at the end of the job (85%)**

**accepts credit cards for payment of services (53%)**

**charges interest on past due accounts (22%)**

**utilizes progress billing (21%)**

**itemizes charges for copies, faxes, deliveries,  
phone calls, etc. (17%)**

**uses an engagement letter for taxes (92%)**

**(continued)**

**offers tax organizers for clients (80%), most often offering them to all clients (45%), but 65% say clients are not required to complete them**

**has clients send or drop off organizers/documents (45%) or has clients come into office for an interview (31%)**

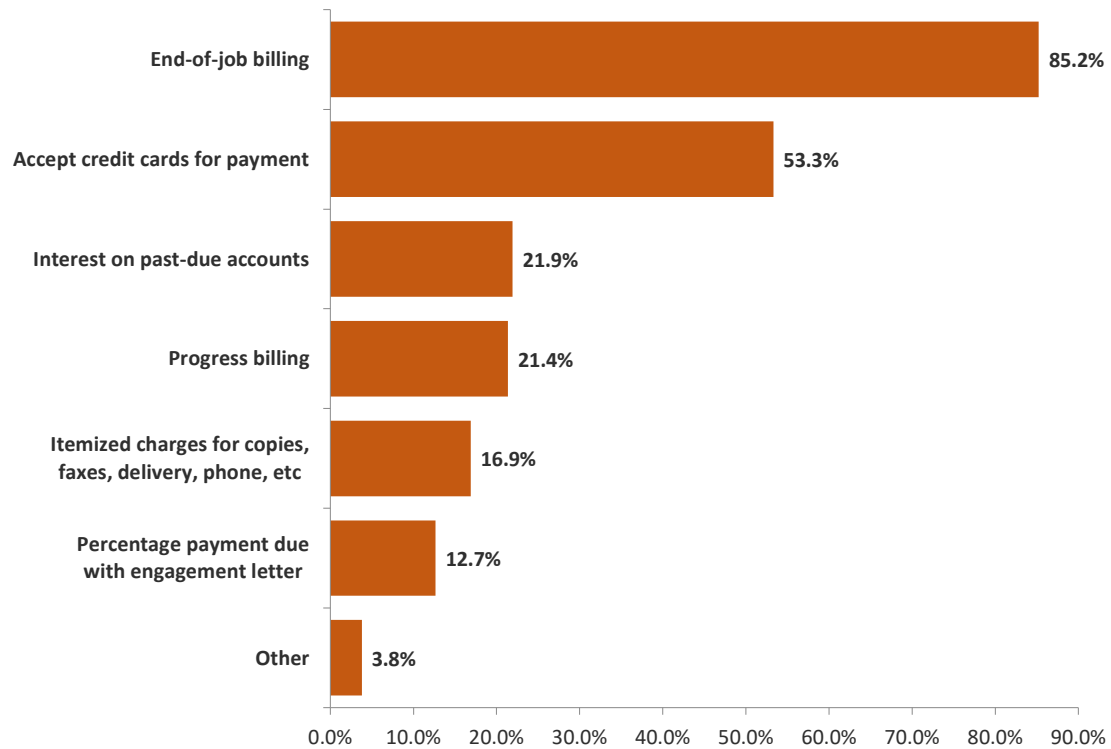
**most often increases all fees (tax preparation, accounting services, payroll, and bookkeeping) annually, and increases fees every other year second-most often**

**increased tax preparation fees 5.7% in 2020 and expects to increase 6.0% in 2021**

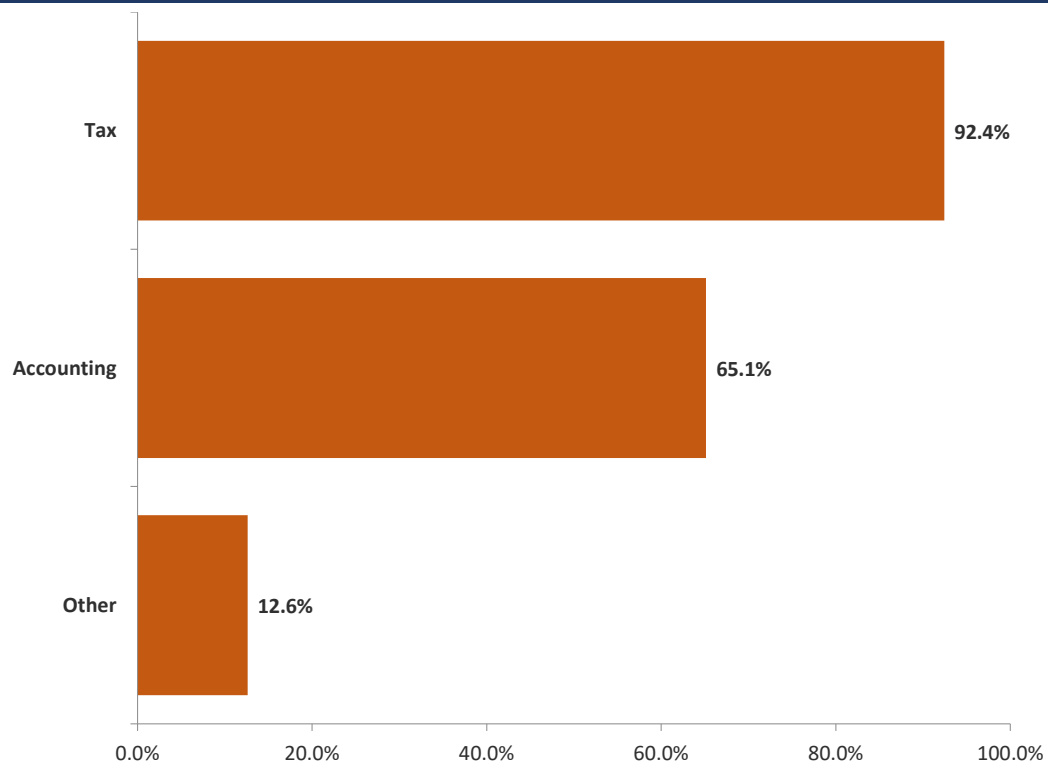
**bills for tax preparation fees by form (38%)**

**bills a fixed fee for payroll (57%) and for bookkeeping services (41%)**

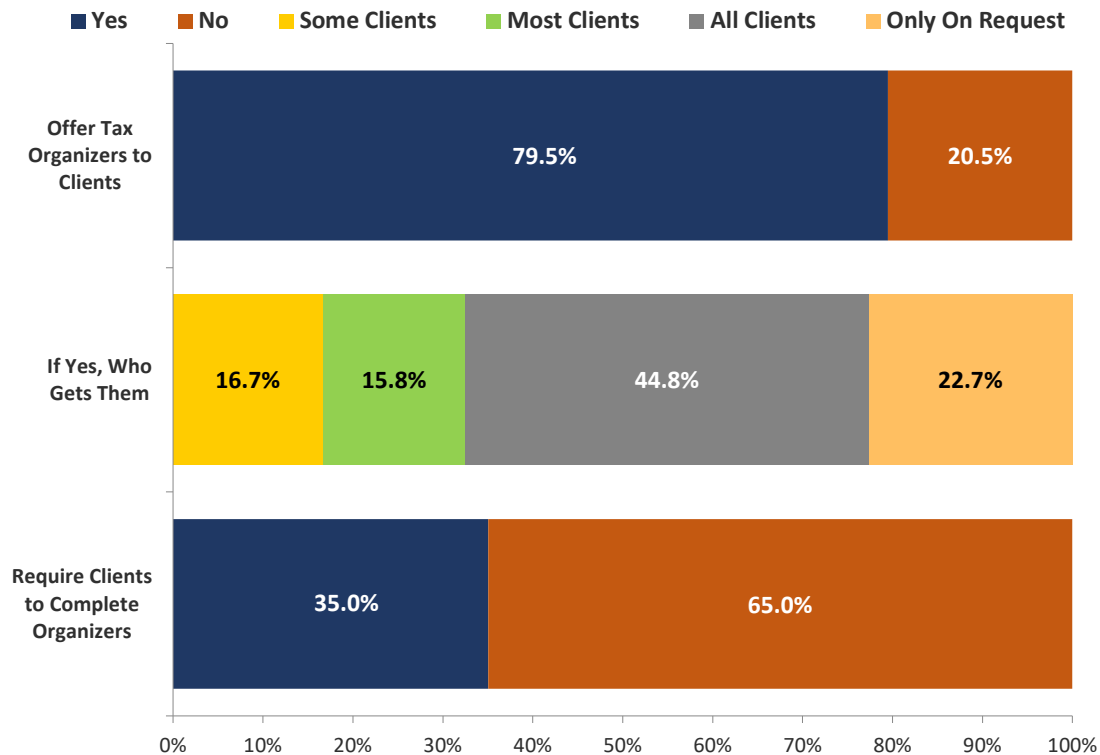
## General Billing Practices



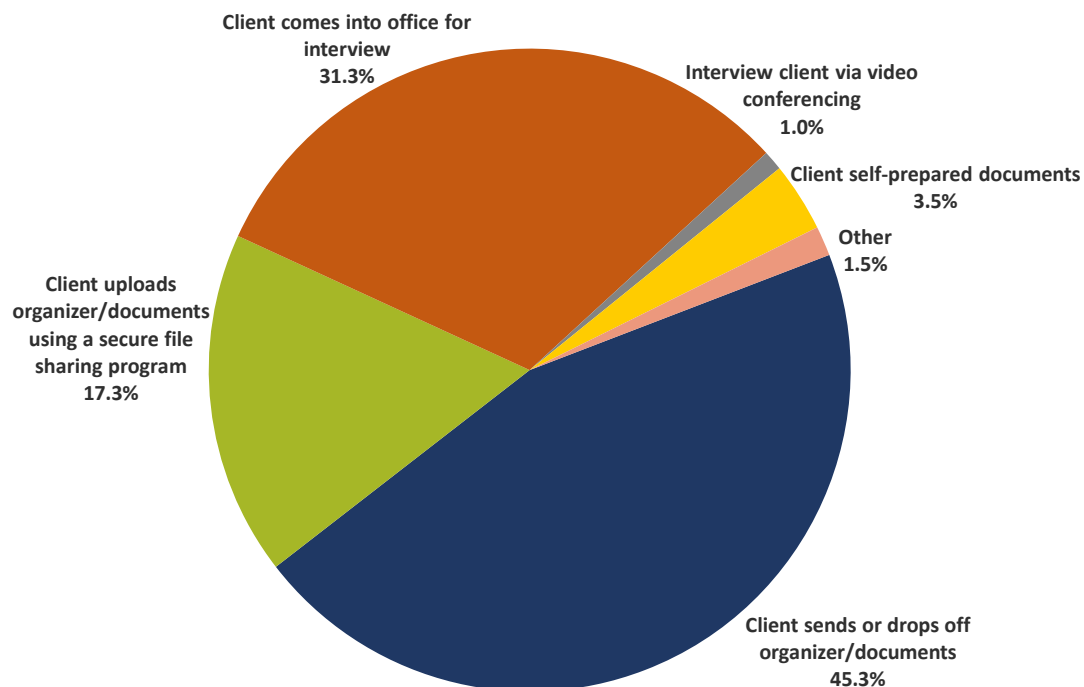
## Engagement Letters Used



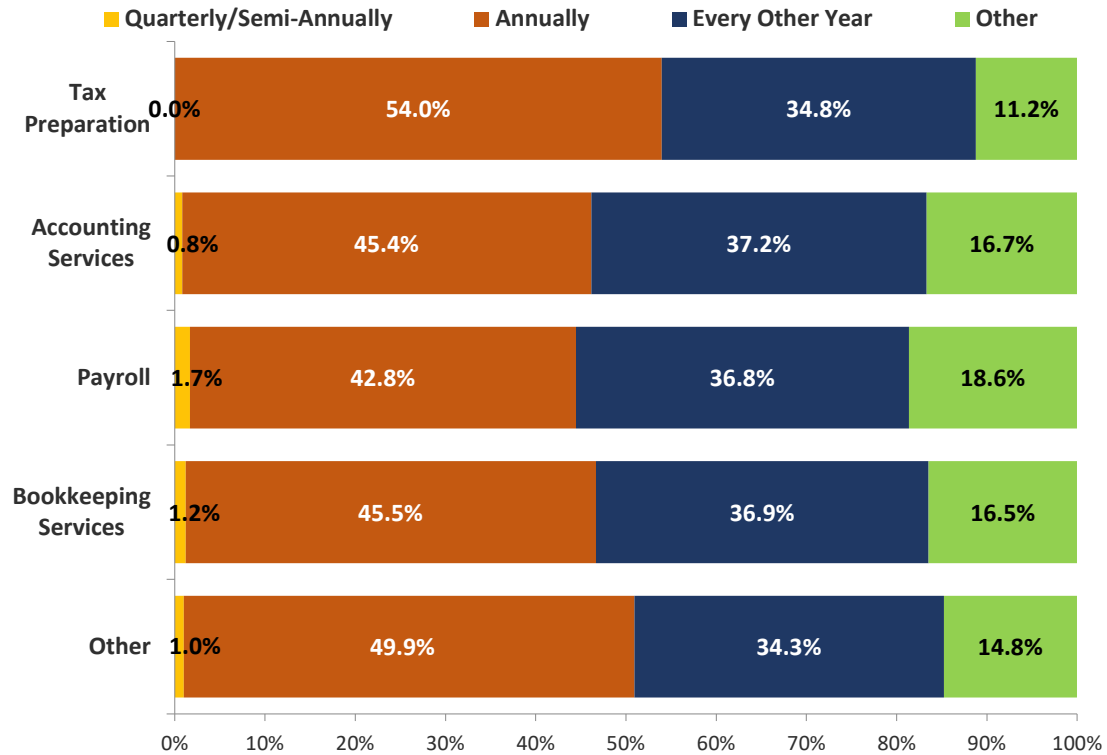
## Tax Organizers



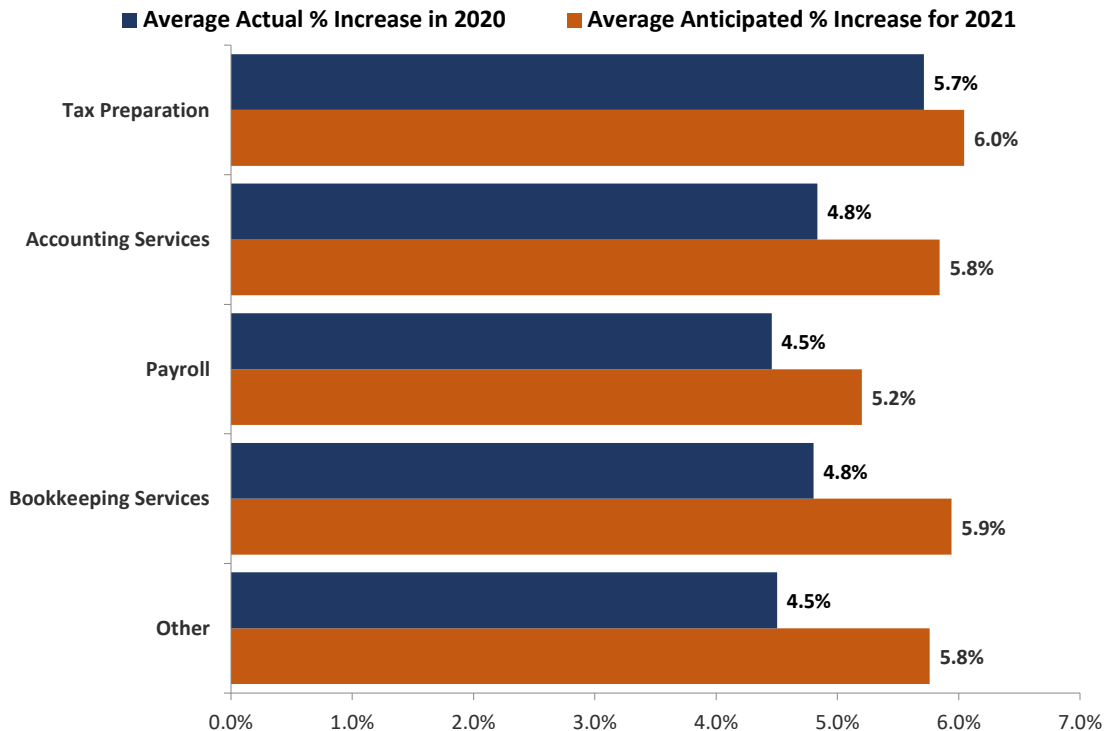
## Data Collection from Clients to Prepare Tax Returns



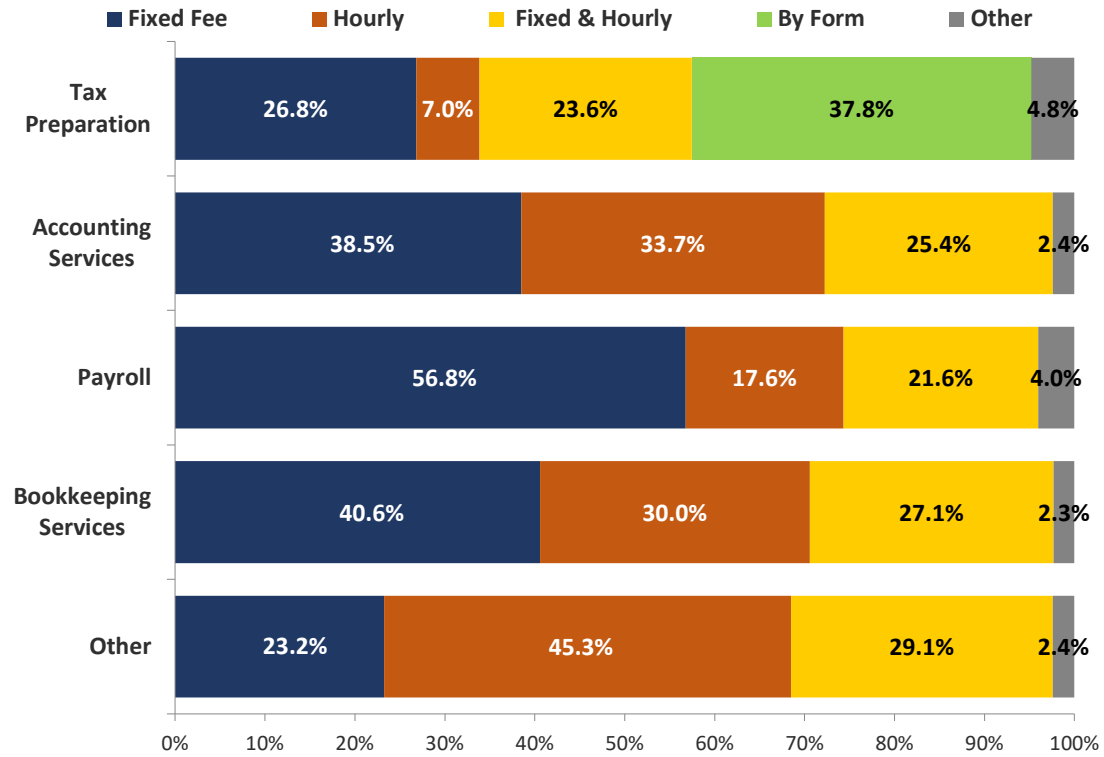
## How Often Fees Are Increased



## Actual 2020 Fee Increases and Anticipated 2021 Fee Increases



## How Fees Are Billed



### The typical practice:

was not involved in any client disputes over the past year (88%)

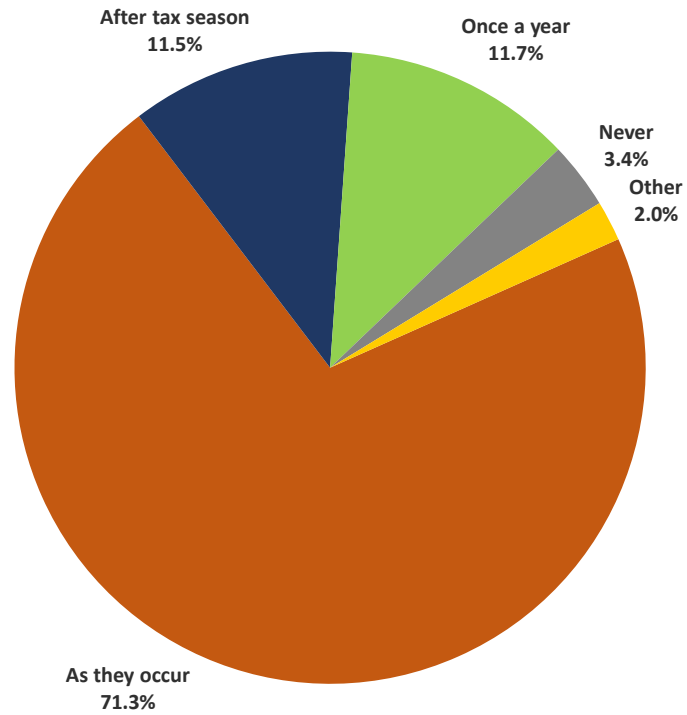
is most likely to review problem clients as they occur (71%)

most likely pays all of the resulting interest or penalty if the error was totally or partially the practice's fault (55% and 73%, respectively)

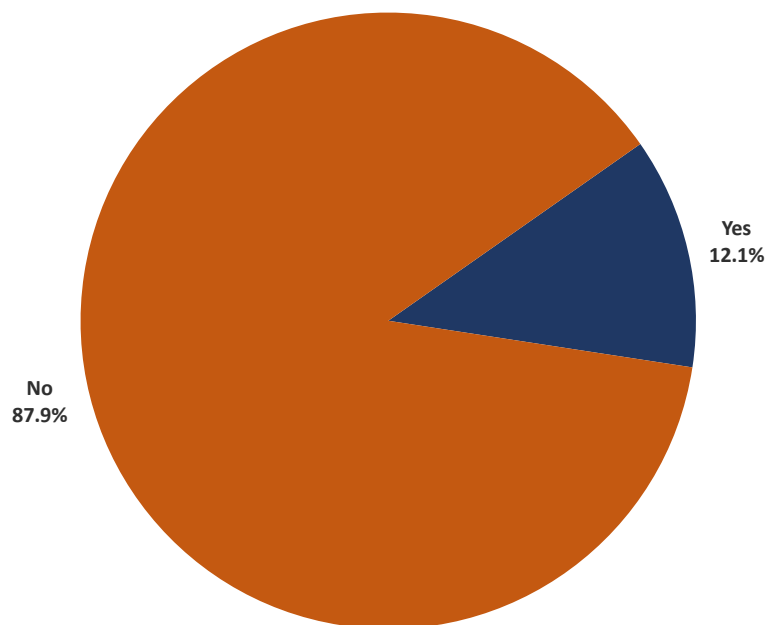
did not turn over any disputes to E&O provider (88%)



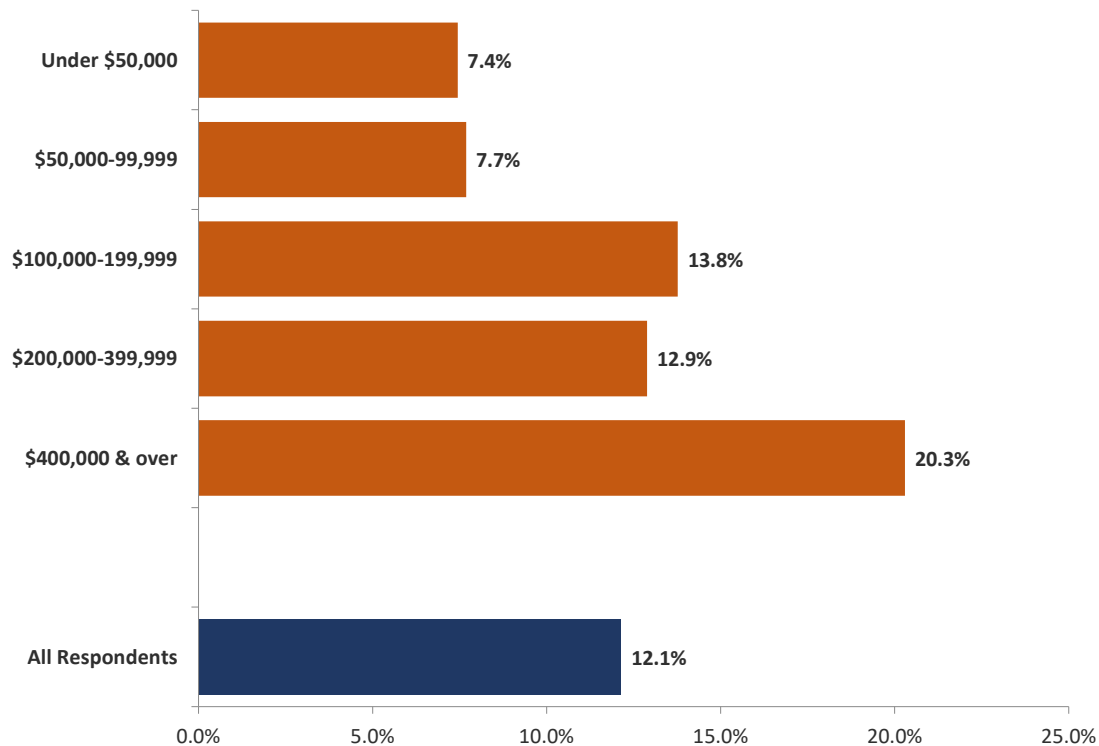
## Frequency Review Problem Clients



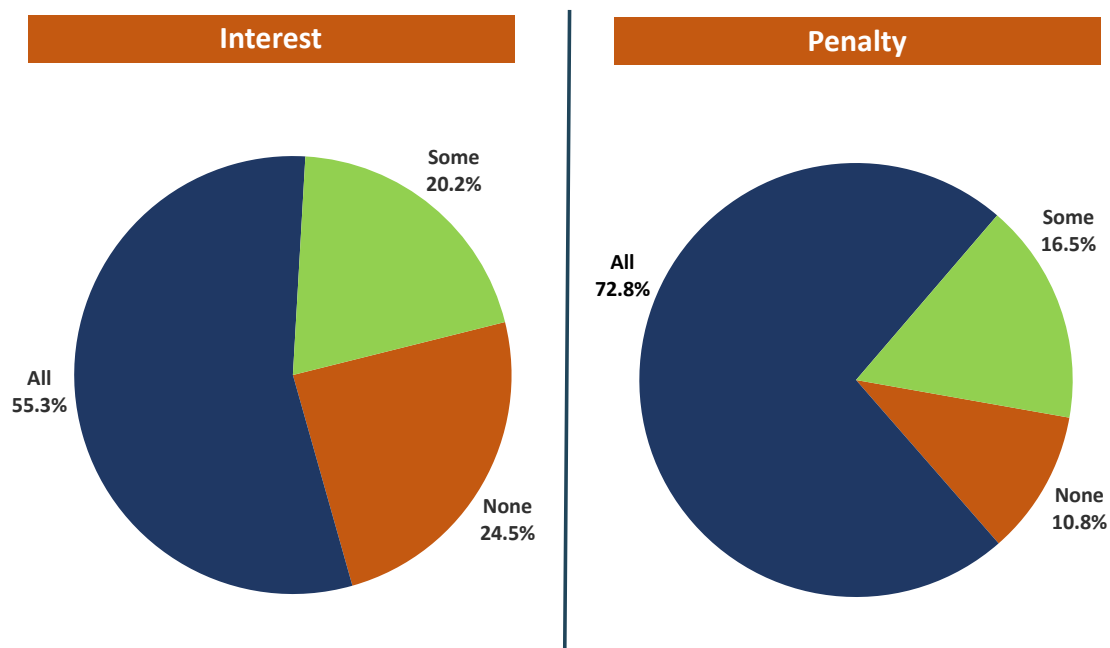
## Involved in Any Client Disputes Over Past Year



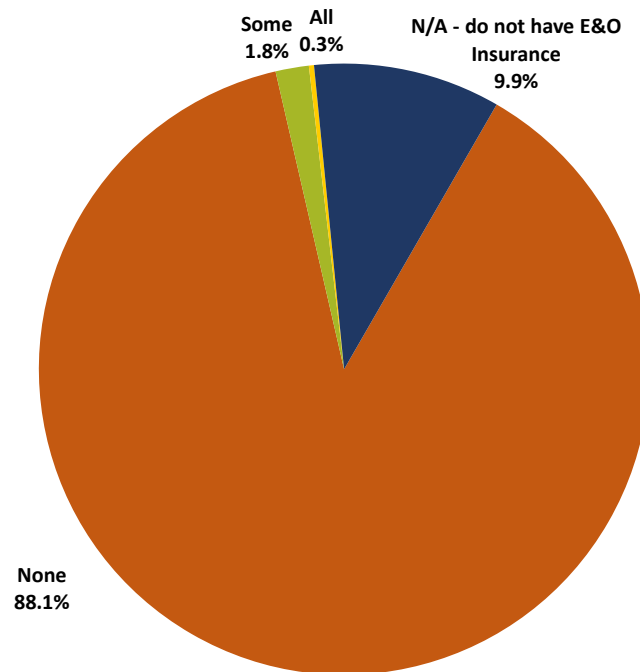
## Involved in Any Client Disputes Over Past Year (% Yes) by Gross Income (2019)



## How Much Paid of Client Disputes



## Client Disputes Turned Over to E&O Provider



### The typical practice:

is 53% paperless

uses online data backup/remote backup services (74%)

does not use the cloud to host own applications (65%) or their clients' applications (62%)

uses secure web portals/cloud platforms to share files with clients (64%)

does not use workflow and practice management software (80%)

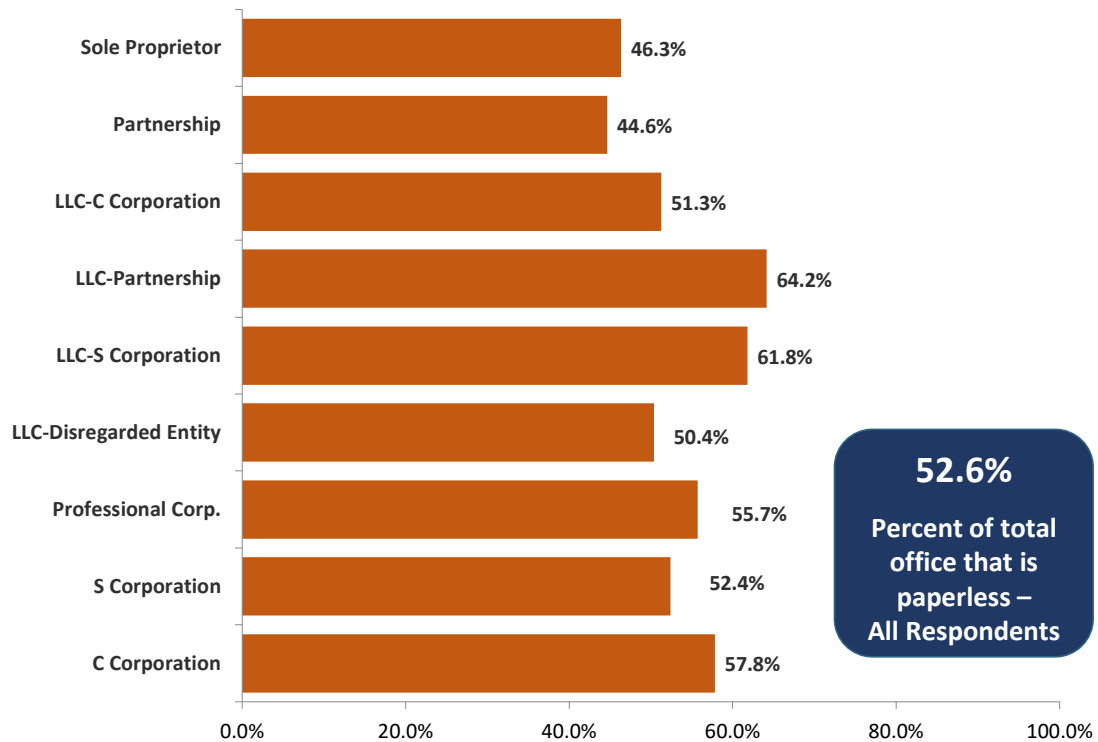
has Cyber Liability Insurance (59%)

handles the office IT through a consultant (58%)

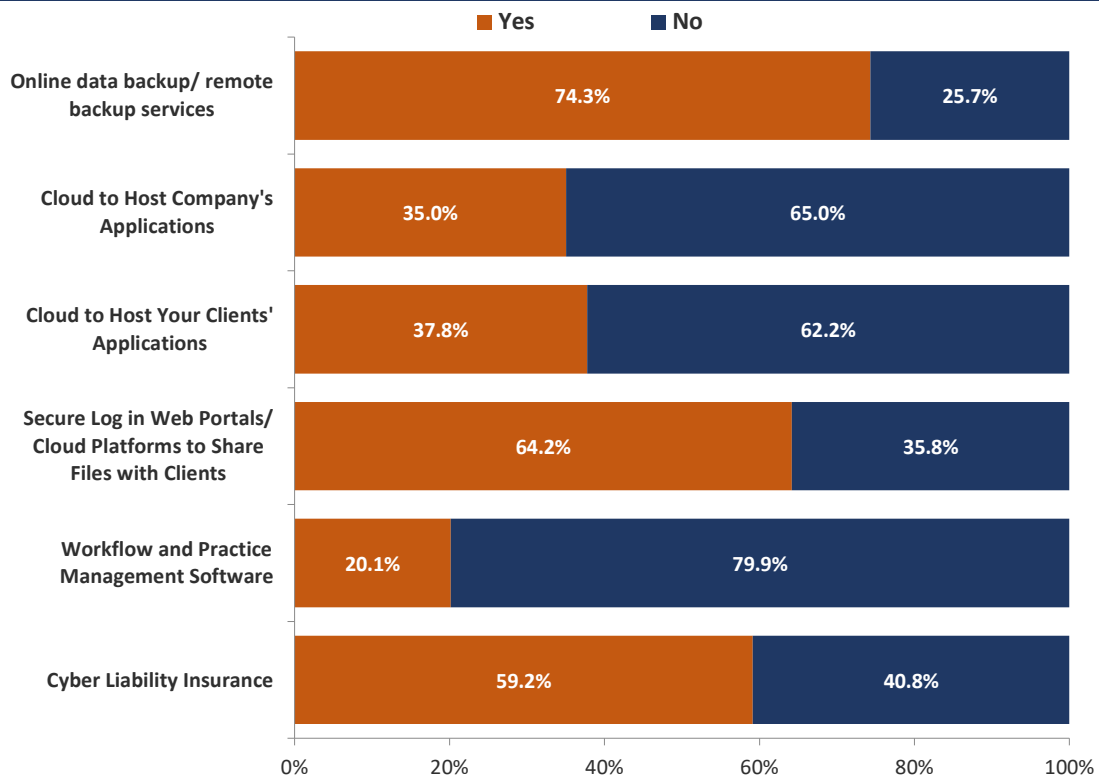
uses website most often for awareness (81%)

uses social media most often for awareness (77%)

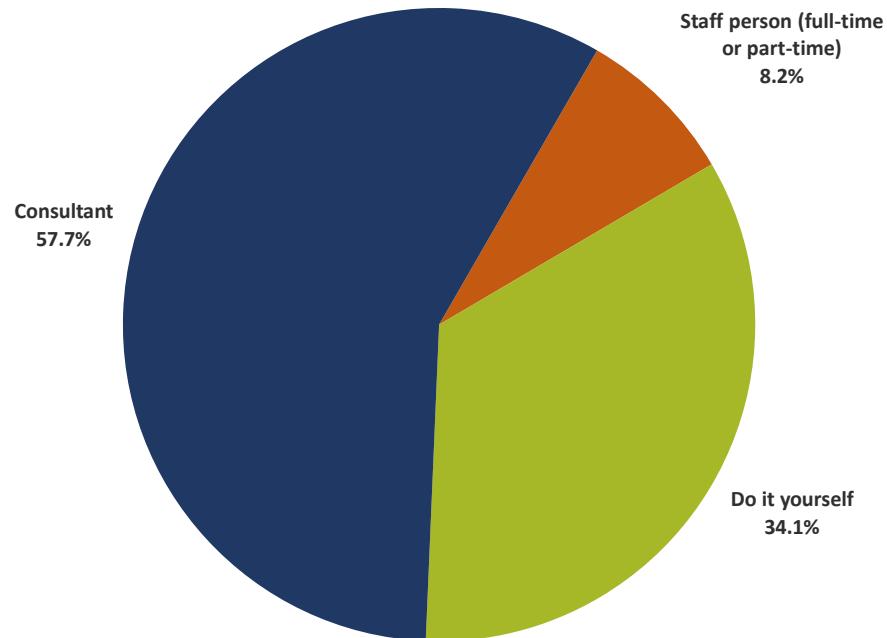
## Percent of Total Office That is Paperless by Type of Practice



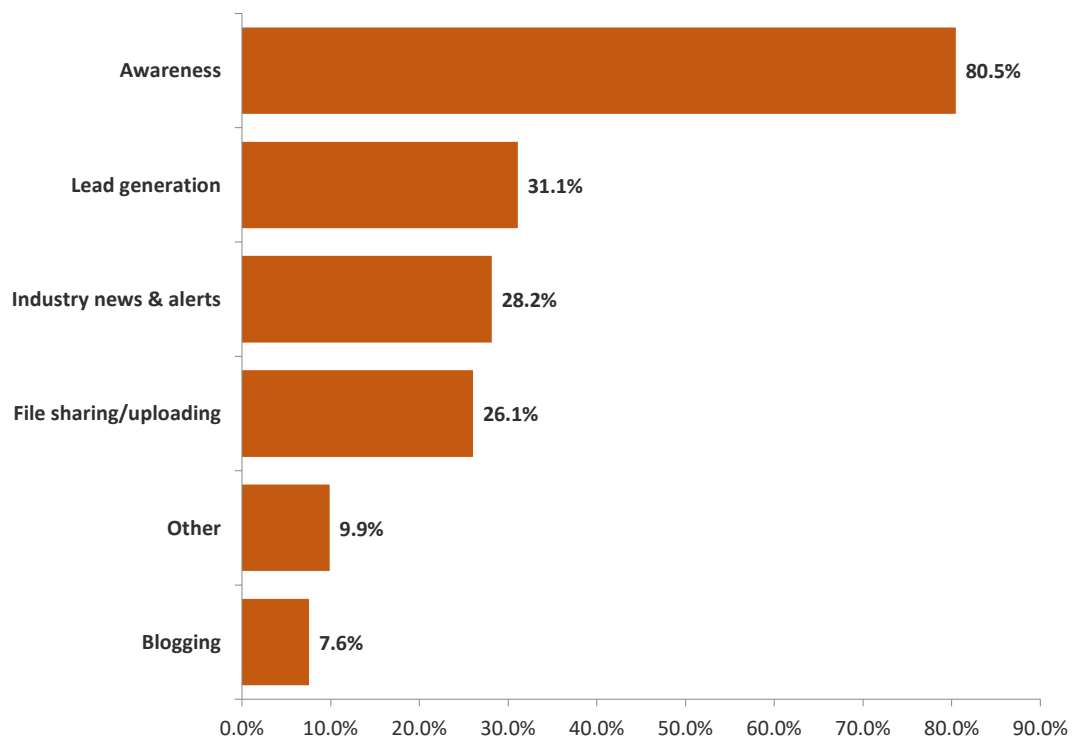
## Other Technology Used in Firm



## How IT is Handled



## Usage of Website



## Usage of Social Media

