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Tax Preparation Fees Still Affordable, Says National Society of Accountants

Survey finds average cost for itemized return still low at \$205

Alexandria, VA, December 17, 2007 — The cost to hire a professional tax preparer is still economical, according to the National Society of Accountants (NSA).

The NSA biennial survey of nearly 8,000 [qualified tax preparers](#) showed that average tax preparation fee for an itemized Form 1040 with Schedule A and a state tax return increased less than 2 percent during the past two years – rising from \$201 to \$205.

Rates for other services also remained low – the average cost to prepare a Form 1040 and state return without itemized deductions is only \$115, up from \$110 two years ago.

“The tax code is more complicated than ever, and many taxpayers find strong value in having a professional accountant calculate their taxes,” says NSA President Andrew T. Morehead, CFP, ATP, ECS. “This year is even worse because as of late December, Congress was still considering tax law changes affecting 2007 returns, including a change to the [Alternative Minimum Tax](#), which could impact millions of taxpayers. Accounting and [tax professionals](#) stay on top of all these last-minute changes, but taxpayers may miss them unless they know where to look.”

The survey found that the average fees for preparing other Internal Revenue Service (IRS) tax forms include:

- \$518 for a Form 1065 (partnership)
- \$685 for a Form 1120 (corporation)
- \$656 for a Form 1120S (S corporation)
- \$430 for preparing a Form 1041 (fiduciary)
- \$1,729 for Form 706 (estates)
- \$521 for a Form 990 (tax exempt)

All these are modest increases from 2005, except for one fee (preparing a Form 706), which decreased slightly.

Fees also vary by region and assume a taxpayer has gathered all necessary information. For example, the average tax preparation fee for an itemized Form 1040 with a Schedule A and a state tax return in each U.S. census district are as follows:

- New England (CT, ME, MA, NH, RI, VT) – \$193
- Middle Atlantic (NJ, NY, PA) – \$209
- South Atlantic (DE, DC, FL, GA, MD, NC, SC, VA, WV) – \$217
- East South Central (AL, KY, MS, TN) – \$165
- West South Central (AR, LA, OK, TX) – \$210
- East North Central (IL, IN, MI, OH, WI) – \$181
- West North Central (IA, KS, MN, MO, NE, ND, SD) – \$169
- Mountain (AZ, CO, ID, MT, NV, NM, UT, WY) – \$204
- Pacific (AK, CA, HI, OR, WA) – \$240

Most accountants bill on a flat-fee basis for tax preparation, with some billing on an hourly basis. Hourly fees for tax services average \$122.12 nationally. Average hourly fees in each region are as follows:

- New England (CT, ME, MA, NH, RI, VT) – \$116.40
- Middle Atlantic (NJ, NY, PA) – \$139.07
- South Atlantic (DE, DC, FL, GA, MD, NC, SC, VA, WV) – \$128.76
- East South Central (AL, KY, MS, TN) – \$95.83
- West South Central (AR, LA, OK, TX) – \$105.67
- East North Central (IL, IN, MI, OH, WI) – \$115.02
- West North Central (IA, KS, MN, MO, NE, ND, SD) – \$94.10
- Mountain (AZ, CO, ID, MT, NV, NM, UT, WY) – \$113.54
- Pacific (AK, CA, HI, OR, WA) – \$138.80

Sixty-two percent of accounting firms do not require payment until returns are completed and clients are satisfied. Eighty-five percent of accountants also offer electronic filing services, and accountants report that 80 percent of clients eligible for electronic filing choose this option. This is an 18.4 percent increase over the previous year. Most accountants (77 percent) do not charge an additional fee for electronic filing. If a fee is charged, the average amount is \$23.15.

Many accountants also hold one or more professional credentials that demonstrate their experience and expertise. These credentials (and the percentage of NSA survey participants holding these credentials) include:

- Enrolled Agents (federally authorized tax practitioners) – 50.1%
- Accredited Tax Advisors – 25.9%
- Accredited Tax Preparers – 24.8%
- Certified Public Accountants – 21.0%
- Accredited Business Advisor/Accountant – 20.7%

- Registered/Licensed Public Accountants or Accounting Practitioner – 11.1%

For more information and to use an online search directory to identify a qualified tax preparer in your area, visit www.nsacct.org and click on “Find a Professional” or call 800-966-6679.

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