



# The Tax Preparation Business

*A four-month sprint that can fund your whole year, built on credentials almost anyone can earn and demand the calendar guarantees forever.*

\$800-1,800

START LEAN

30-60 days

FIRST DOLLAR

75-90%

TYPICAL MARGIN

# Is this your business?

Tax preparation is demand you can set a watch by: every adult and every business in America must file, every year, by law. A solo preparer charging \$250-600 per individual return and \$800-2,500 per business return can earn most of a year's income between January and April 15. The trade-off is a brutal season and real regulatory teeth. The opportunity is that the average preparer is retiring, and their clients need somewhere to go.

\$800-1,800

LEAN STARTUP COST

\$3,000-6,000

STANDARD BUILD

30-60 days

TIME TO FIRST DOLLAR

75-90%

TYPICAL GROSS MARGIN

Yes, fully

SOLO-FRIENDLY

Yes, entirely

HOME-BASED

## BUILT FOR THESE FOUNDER TYPES

THE ADVISOR

THE OPERATOR

3/5 difficulty

### THE HONEST FIT TEST

Tax season is a sprint: 60-hour weeks from late January through April, deadline pressure, and clients who arrive with shoeboxes. If you can hold accuracy under load and actually enjoy puzzles with rules attached, this pays exceptionally well per month worked. If you cannot stomach a compressed season or zero-tolerance detail work, choose bookkeeping instead.

# Who pays, and why now.

Roughly 160 million individual returns are filed every year, and more than half are prepared by someone other than the taxpayer. The customer base is everyone with a W-2, a 1099, a rental, or a business, and the demand renews annually by federal law. No marketing budget on earth can manufacture what the calendar hands this industry for free: a hard deadline that sends customers looking for you every spring.

The structural opening is demographic. The tax preparer population skews heavily toward retirement age, and small practices close every year with nowhere to send their clients. Books of business sell for roughly one times annual revenue, often seller-financed, which means an ambitious new preparer can literally buy a client list from a retiring competitor. Meanwhile, the chains charge \$300+ for simple returns prepared by seasonal hires with weeks of training. A credentialed, responsive independent sits in the gap.

The money is not in the simple W-2 return: software ate that. The money is in complexity: self-employed filers, rental owners, gig workers with multiple 1099s, S-corps, partnerships, and multi-state returns. A Schedule C with a home office bills \$400-600. An S-corp return bills \$1,200-2,500. Complexity is rising every year (gig income, crypto, state nexus rules), and complexity is precisely what DIY software handles worst and clients fear most.

The insider problem everyone discovers in year one: the January-to-April cash mountain followed by a silent summer. The fix is built into the client base. Business clients become year-round monthly engagements (tax plus planning at \$150-400 a month), extensions fill September and October, and quarterly estimate reviews give you a reason to bill four times a year. Practices that solve the off-season keep the staff, the cash flow, and the sanity.

WHO BUYS	WHAT THEY PAY	WHAT THEY ACTUALLY WANT
<b>Self-employed &amp; gig workers</b>	\$350-600 per return	Every legal deduction found, quarterly estimates set, audit fear gone
<b>Small business owners (S-corp, LLC)</b>	\$800-2,500 per return	Business and personal handled together, year-round answers, planning
<b>Rental property owners</b>	\$400-800 per return	Depreciation done right, multi-property schedules, 1031 guidance
<b>W-2 households with a twist</b>	\$250-450 per return	Stock comp, a side hustle, or a new state handled without drama
<b>Year-round planning clients</b>	\$150-400 per month	A proactive advisor, not an annual scramble; no April surprises

OF E-FILED INDIVIDUAL RETURNS USE A PAID PREPARER

~53%

More than half the country pays someone to file, every single year, by federal deadline. Demand in this industry is not a bet. It is a law with a date on it, and the preparer population serving it is shrinking through retirement.

# Every dollar, before you spend it.

Your real startup costs are credentials and software, and the credentials have lead times: the EFIN approval alone can take 45 days or more, so the clock starts months before January. Start the IRS paperwork in the fall or you will watch your first season from the sidelines.

THE LEAN BUILD · START HERE	WHY IT EARNS ITS PLACE	COST
<b>IRS PTIN (Preparer Tax ID Number)</b>	Legally required to prepare returns for pay. Apply at irs.gov, renew annually	\$19.75/yr
<b>EFIN application (IRS e-Services)</b>	Required to e-file. Free, but suitability check and fingerprinting take 45+ days: apply in October	\$0
<b>Professional tax software (pay-per-return)</b>	Drake, TaxSlayer Pro, or similar: ~\$355 base plus per-return fees to start lean	\$355-700
<b>Tax education / AFSP course</b>	IRS Annual Filing Season Program: ~18 hours, earns a credential and directory listing	\$100-300
<b>E&amp;O insurance (preparer policy)</b>	Errors on returns have dollar amounts attached. Bound before return one	\$30-60/mo
<b>LLC + EIN + business bank account</b>	Liability wall and clean books. THE LAUNCHPAD Module Three walks it	\$50-500
<b>Secure client portal + e-signature</b>	Documents and SSNs never travel by email. Many software bundles include one	\$0-30/mo
<b>State preparer registration (if applicable)</b>	CA (CTEC + bond), NY, OR, MD, CT regulate preparers. Check yours first	\$0-250
<b>Lean total</b>		<b>\$800-1,800 before your first season</b>

THE STANDARD BUILD · ADD AFTER FIRST REVENUE	WHAT IT UNLOCKS	COST
<b>Unlimited-return software license</b>	Drake unlimited ~\$2,000: the math flips around 60-80 returns	\$1,800-2,500
<b>Enrolled Agent exam track</b>	Three IRS exams. EA status means representation rights and business-return credibility	\$600-1,000
<b>Dual-monitor workstation + scanner</b>	Source docs on one screen, the return on the other. Season-long speed boost	\$300-600
<b>Buying a small book of business</b>	Retiring preparers sell client lists at ~1x revenue, often seller-financed	\$5,000+

## THE RULE

Spend on credentials and software, never on office space in year one. A home office, a secure portal, and an EA track in progress beat a storefront lease every time. The chains pay rent so they can catch walk-ins; your clients will come from

# Clean from day one.

Tax prep is the most regulated business in this series, and the rules carry personal penalties with your name on them. None of it is hard if you do it in order, and the order starts months before tax season.

- Get your PTIN before touching a return:** Preparing federal returns for compensation without a PTIN is illegal, full stop. Apply at [irs.gov](https://irs.gov) (\$19.75), renew every year, and put the number on every return you sign.

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- Apply for your EFIN in the fall:** E-filing requires an Electronic Filing Identification Number through IRS e-Services: application, fingerprinting, and a suitability check that takes 45 days or more. Preparers filing 11+ returns are required to e-file, so this is not optional.

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- Check your state's preparer law:** California requires CTEC registration, a 60-hour course, and a \$5,000 bond. New York requires registration. Oregon requires a license and exam. Maryland and Connecticut regulate too. Verify before advertising.

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- Learn the due diligence rules cold:** Form 8867 due diligence applies to EITC, CTC, AOTC, and head-of-household claims. The penalty is \$635 per failure, per credit, per return (2025), assessed against you personally. One sloppy season of credit claims can erase the season's profit.

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- E&O insurance sized to your work:** A missed election or a botched basis calculation has a real dollar cost a client can claim. Carry preparer E&O from return one and disclose nothing to anyone without client consent: Section 7216 makes misuse of return information a crime.

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- Engagement letter for every return:** Scope, fees, client responsibility for accuracy of provided records, and what happens in an audit. Signed before work starts, kept with the file.

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- Data security plan (required, not optional):** The FTC Safeguards Rule and IRS Publication 4557 require paid preparers to have a written information security plan. Encrypted portal, MFA, encrypted drives, no SSNs over email. The IRS asks about it on your PTIN renewal.

## INSURANCE, SPECIFICALLY

Preparer E&O is the core policy: \$30-60 a month covers claim costs when an error on a return costs a client money. Add cyber liability as your client file grows: you hold names, SSNs, and bank accounts for hundreds of households, exactly the data breach letters are written about. If you pursue EA status and represent clients in audits, confirm your policy covers representation work.

## WATCH FOR

The ghost-preparer trap and its cousins. Never prepare returns without signing them, never inflate refunds to win clients, and walk away from any client who pushes you to claim what they cannot substantiate. The IRS publishes preparer penalty cases by name. In this business your signature is the asset: protect it like one, because every return you sign follows your PTIN forever.

Requirements vary by state and city. Verify with your state, city clerk, and a licensed professional. Education, not legal advice.

# Three doors. Real numbers.

Price by form and complexity, published as packages, never by the hour and never 'starting at \$99.' Your price list is a triage tool: it sorts shoebox clients from serious ones before they reach your calendar, and it anchors you well above the chains whose work you will spend February fixing.

	RECOMMEND	
<p><b>DOOR ONE</b></p> <p><b>The Standard Filer</b></p> <p><b>\$250-350</b> per return</p> <ul style="list-style-type: none"> <li>◆ W-2 household, federal plus one state</li> <li>◆ Itemized or standard deduction analysis</li> <li>◆ Dependents, credits, e-file included</li> <li>◆ Prior-year return review for missed money</li> </ul>	<p><b>DOOR TWO</b></p> <p><b>The Self-Employed</b></p> <p><b>\$450-650</b> most-booked</p> <ul style="list-style-type: none"> <li>◆ Schedule C or single rental property</li> <li>◆ Home office, vehicle, and depreciation done right</li> <li>◆ Quarterly estimate schedule for next year</li> <li>◆ Mid-year check-in call included</li> <li>◆ Audit-response support on what we filed</li> </ul>	<p><b>DOOR THREE</b></p> <p><b>The Business Owner</b></p> <p><b>\$1,200-2,500</b> per entity</p> <p>+ personal</p> <ul style="list-style-type: none"> <li>◆ S-corp or partnership return plus personal return</li> <li>◆ Reasonable-compensation and distribution review</li> <li>◆ Year-round email access, planning included</li> <li>◆ Q4 tax-planning session before the year locks</li> <li>◆ Monthly retainer option from \$200/mo</li> </ul>

## PRICING NOTES FOR THIS BUSINESS

- Floor: never sign a return for under \$200. Your signature carries personal penalty exposure; price like it.
- Surcharges in writing for disorganized records, paper documents, and anything arriving after April 1. The shoebox fee is real and clients respect it.
- Raise prices 10-15% in your second season. Year-one clients came for the founding rate; they stay for the experience.
- Multi-state, crypto, and amended returns price separately. Complexity is the product: never give it away inside a flat fee.

## THE UPSSELL THAT PAYS THE RENT

The year-round planning retainer. In April, every business client is staring at a tax bill they wish someone had warned them about. That is the moment to offer \$150-400 a month for quarterly planning, estimate management, and on-call answers. Twenty retainer clients flatten the cash mountain into a salary and make next season's returns faster, because you already know the books.

# Names, not strategies.

Your first ten clients arrive through trust, not advertising, because you are asking for their Social Security numbers. Start with people who already trust you, then borrow trust from bookkeepers, retiring preparers, and the communities where you are already known.

- 1 Your own network, every filer in it**  
Friends, family, coworkers, the gym owner: everyone files. A founding-rate offer to 25 people you know, made in November, fills January. Their returns are also your reps before complexity arrives.
- 2 Bookkeepers without a tax arm**  
Most solo bookkeepers must hand clients to someone every spring. Offer a referral relationship: their clients get priority scheduling, they get a clean handoff and a finder's fee. Three bookkeepers can fill a season.
- 3 Retiring preparers in your county**  
Search your area for preparers over 60 and ask one question: what is your plan for your clients? Buying a small book at one times revenue, seller-financed, is the single fastest launch in this industry.
- 4 Self-employed communities**  
Realtors, truckers, stylists, contractors, gig drivers: every 1099 community has a Facebook group complaining about taxes in January. Answer questions there for free, accurately, with your name attached.
- 5 Your former industry**  
Whatever you did before, those people have returns and they already trust you. The preparer who 'speaks contractor' or 'knows nurses' converts an entire profession's referral chatter.
- 6 IRS directory + AFSP listing**  
Completing the Annual Filing Season Program puts you in the IRS public directory of credentialed preparers, where cautious taxpayers actually look. Free visibility most new preparers never claim.

## THE EXACT ASK

*"Hi [name], I have opened a tax practice here in [city] after getting my IRS credentials, and I am taking a founding group of 25 clients this season at \$75 off. I am the opposite of the big chains: you work with me directly, I look at your last two returns for free for money they missed, and you can reach me in July, not just April. Can I put you on the January list?"*

## THE FOUNDING-CUSTOMER DEAL

First 25 clients: \$75 off, a free review of the prior two years' returns (amended returns are found money and the best proof you will ever have), and locked founding pricing for next season too, in exchange for a Google review after filing. Cap it, announce when it is gone, and never run it again.

# Owned, earned, then paid.

Tax marketing has a calendar: visibility from November through April wins the season, and relationships built May through October decide how big next season is. Everything compounds around one promise: a credentialed professional who answers in July.

CHANNEL, RANKED	WHY IT WORKS HERE	THE FIRST MOVE
<b>Google Business Profile</b>	'Tax preparer near me' spikes every January; reviews decide the click	Claim it in fall; collect a review per filed client; post weekly in season
<b>Referral partners (bookkeepers, advisors, lenders)</b>	They are asked for tax referrals constantly and most have nobody good	Build five partner relationships May-October; report back on every referral
<b>Niche community presence</b>	1099 communities (realtors, drivers, stylists) share preparers like secrets	Pick two communities, answer tax questions free all fall, named and credentialed
<b>Email list with a tax calendar</b>	Deadlines are your free recurring reason to show up in the inbox	Monthly email: deadlines, one planning tip, one client save (anonymized)
<b>Prior-year return reviews</b>	Finding missed money in an old return converts better than any ad	Offer the free two-year lookback in every pitch; amend for a fee when you find money

## FIVE CONTENT PIECES THAT WIN THIS NICHE

- What changed in taxes this year, in plain English (publish every December, evergreen authority)
- The 7 deductions self-employed people in [niche] miss most
- Chain vs. independent preparer: what that \$300 actually buys you
- Quarterly estimates explained: never get an April surprise again
- I reviewed 50 prior-year returns: here is the money people left behind

## THE REVIEW MACHINE

Ask the moment you deliver the refund news or the savings number: 'I am glad we found that. Would you share the experience in a Google review? I will text the link now.' Tax clients write specific, emotional reviews ('she found \$2,100 the chain missed') and those exact phrases are what next January's nervous searchers need to read.

# One unit, one month, no fog.

Two honest snapshots: one Door-two return, and a full season's view compressed into the April finish line. The season math is the point: this business earns a year's profit in fourteen weeks, then your off-season retainers decide whether it grows.

ONE UNIT: ONE SELF-EMPLOYED RETURN (\$525)	AMOUNT	A WORKING MONTH: PEAK SEASON MONTH (MARCH, ~70 RETURNS)	AMOUNT
Revenue	\$525	Individual returns (55, avg \$400)	\$22,000
Software per-return fee	-\$35	Business returns (15, avg \$1,400)	\$21,000
Portal, e-sign, processing	-\$18	Software, portal, processing	-\$2,300
Insurance + overhead share	-\$22	Seasonal admin help	-\$2,800
Gross profit (~2.5 hrs)	\$450	Insurance, phone, marketing	-\$500
Tax reserve (28%)	-\$126	Pre-tax profit	\$37,400
Yours, per return	\$324	Tax reserve (28%)	-\$10,472
		Yours, for the month	\$26,928

BREAK-EVEN

## 4-7 returns

Lean startup costs are recovered within the first week of a real season. The actual investment is the unpaid fall: credentials, the EFIN wait, and partner-building before the first January. Preparers who start that clock in October own the spring.

Illustrative figures at typical market rates; your market, prices, and costs will differ. Run YOUR numbers in the One-Page P&L from THE LAUNCHPAD, Module Six. Remember the 25-30% tax reserve on every dollar of profit.

# Pre-decided, so motivation is never consulted.

## WEEK ONE: FOUNDATIONS

- PTIN obtained; EFIN application submitted (the 45-day clock)
- State preparer requirements checked and started (CTEC, NY, OR)
- LLC filed, EIN issued, business bank account open
- Professional software chosen; pay-per-return account live
- E&O insurance bound

## WEEK TWO: DOORS OPEN

- AFSP course underway; exam scheduled
- Secure portal and e-signature workflow tested end to end
- Engagement letter and price list finalized
- Written data security plan completed (Pub 4557 checklist)
- Founding-25 list drafted from your own network

## WEEK THREE: MOMENTUM

- Founding offer announced to your 25-person list
- Three bookkeepers pitched on a referral partnership
- Two retiring preparers contacted about their client plans
- Google Business Profile claimed and built out
- Two niche communities joined; first free answers posted

## WEEK FOUR: THE SYSTEM

- First 10 founding clients committed for January
- Practice returns run through software until smooth
- Prior-year review offer tested on 3 volunteers
- Referral partner one-pager delivered to all partners
- Season capacity planned: returns per week, cutoff dates

### DAY 30 VERDICT

Green light: PTIN and EFIN in motion, software live, 10+ committed January clients, and at least one referral partner or retiring-preparer conversation advancing. Yellow: credentials on track but under 5 commitments: your offer is invisible, spend week five purely on the founding-25 asks. Red: EFIN not yet filed or no state registration started: stop marketing entirely and fix compliance first, because nothing else matters if you cannot legally file in January.

# How this business fails, and how it grows.

## THE FIVE KILLERS

- ✗ **Starting the EFIN clock too late**  
The e-file approval takes 45+ days and January does not move. Preparers who apply in December watch their founding clients walk to the chains. Apply in October, period.

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- ✗ **Competing with chains on price**  
The \$99 return buys you the clients with the least loyalty and the most chaos. Price for complexity and credentials; let the chains keep the W-2 walk-ins and their 40% year-over-year churn.

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- ✗ **Sloppy due diligence on credits**  
EITC and credit due diligence failures cost \$635 each, per credit, per return, against you personally. Document the questions you asked, every file, every time. This is the penalty that ends careers.

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- ✗ **Ignoring the off-season**  
A practice that earns January through April and sleeps until November stays a side hustle forever. Retainers, extensions, amended returns, and Q4 planning sessions are where practices become firms.

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- ✗ **Taking clients who push the line**  
The client hinting at unreportable income or inflatable deductions is auditioning you for risk you carry under your own PTIN. Decline once, politely, and mean it. Your signature outlives every fee.

## THREE SCALE PATHS

- 1 **The credential climb**  
Pass the Enrolled Agent exams and add IRS representation: audits, collections, offers in compromise. Representation work bills \$150-300 an hour, runs all year, and has almost no competition at the local level.

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- 2 **The acquisition path**  
Buy retiring preparers' books at roughly one times revenue, seller-financed against the clients who actually return. Two small acquisitions plus your organic growth builds a 500-return practice in three seasons.

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- 3 **The year-round firm**  
Merge tax with bookkeeping and planning into one monthly subscription per business client (\$400-900 a month). The cash mountain flattens into recurring revenue, and recurring revenue is what acquirers and lenders actually pay for.

### YOUR FIRST HIRE

A seasonal admin from January through April: document intake, portal chasing, appointment scheduling, and assembly. They cost \$18-22 an hour and free you to do nothing but returns at \$150+ an hour of effective rate. If they are good, train them on data entry next season and you have built your first preparer.

THE STAIRCASE CONTINUES

# The playbook is the map. The machine is waiting.

Everything this playbook describes, Epic Advisory Group can build with you: the brand, the cinematic website, the entity, the engine. Describe your idea to the Launch Engine and see your business real in about sixty seconds, free.

- The Launch Engine: your idea, built free, in about a minute
- THE ASCENT: Founder Edition: the eight-module course
- Launch-in-a-Box: entity, brand, site, and first campaign, one flat price
- Growth, capital readiness, and the path to the public markets

*"There is no right age. There is only the decision."*



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