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Jim Buttonow • Dec. 03, 2013

From the [IRS Inside](#) blog.

Confession: Like most practitioners, I had trouble successfully billing for [post-filing work](#). The reasons are complicated. It's often an issue of back-and-forth time with clients or the IRS/state taxing authorities.

This time is hard to quantify and even harder to bill for. And that's not to mention the multitude of client concerns that arise: Clients may think the issue is the practitioner's fault, they don't understand the changing compliance environment, they get upset – and they don't want to pay for research time associated with post-filing issues. All of this leads to low billing realization.

When it comes to the three main service areas in post-filing work – federal and state notice work, consultation and advisory services, and representation – there are some practical strategies and real-world tools to help you become more communicative with your clients and more efficient with your time and billing in this area.

First, let's look at the numbers. IRS data consistently reveals that [compliance work is on the rise](#) for [all types of clients](#).

The numbers also show us that firms are largely unsuccessful in billing for this work. In small and midsize firms, clients have more access to practitioners, who are seen as the trusted year-round adviser. As a result, a lot of time is spent on initial consultations and phone calls.

Larger firms usually have a better billing rate. Typically, larger firms have larger

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1. Educate your client.

Explain the increase in IRS and state compliance activity to your client. Simply put, the IRS has more information, and it is developing better technology to use the information. As a result, the IRS is sending more notices and initiating specific compliance activity to touch more taxpayers. If your client understands the landscape of compliance, your client is less likely to be surprised when he or she experiences an issue.

In the interest of client communication, you should also be transparent about the services you are including in your engagements. (I've learned the hard way before.) Ten years ago, this wasn't a big deal, but times have changed.

2. Receive your clients' notices.

Use [Form 8821, Tax Information Authorization](#), to get copied on your clients' notices when your clients receive them. This cuts out the client-initiated back and forth and allows you to offer proactive customer service that many practitioners are billing for. You can also offer this service without taking on the risk of a Form 2848, Power of Attorney.

3. Set clear expectations.

Use scoping engagements to define expectations, alternatives, work effort, range of fees, services and deliverable dates. Your goal here is to slow the process down, give your client an informed evaluation and [get your client started providing information](#). A scoping engagement helps avoid the surprises that often go unbilled.

4. Equip your firm.

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- [Post-filing forms and document templates](#)
- Current IRS procedure guidance
- [Practice tips on specific post-filing issues](#)
- Interpretation of IRS notices
- IRS interview scripts
- [E-Services tools](#)

As you think about how to bill for practice and procedure work, here are several approaches that are evaluated and explained in more detail in the webinar:

- Include in tax prep fee
- Offer notice monitoring service
- Offer year-round representation service
- Package all services in fixed fee
- Include explicit exclusion terms in engagement work
- Absorb work for client retention

Beyond 4/15 recently hosted a webinar on this topic [which can be viewed here](#).

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