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preparation fees for an itemized Form 1040 with Schedule A and a state return is about \$205.

Jan. 09, 2008

ALEXANDRIA, Virginia — The cost to hire a professional tax preparer is still economical, according to the National Society of Accountants.

The NSA's biennial survey of nearly 8,000 qualified tax preparers (online at www.nsacct.org/professional.asp) 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)

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- 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 and tax professionals 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 accounting and tax firms also offer electronic filing services, with professionals reporting that 80 percent of clients eligible for electronic filing choose this option. This is an 18.4 percent increase over the previous year. Most professionals (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

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(A.P.) – 11.1%

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