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change in its structure becomes official July 1.

**Jason Bramwell** • Jun. 26, 2023



Chicago-based BDO USA LLP will be known as BDO USA P.A. on July 1, after the sixth largest accounting firm in the nation by revenue officially changes from its current partnership structure to a professional services corporation based in Delaware.

**First reported by [Going Concern](#)** on June 19 and **confirmed by [Bloomberg Tax](#)** on June 21, the move gives BDO USA certain advantages that “position our firm for ongoing success as we continue to grow and transform,” it said in a statement to Bloomberg Tax.

Partnerships don't pay federal income tax; instead, the partnership's income, losses,

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But as a corporation, the firm's earnings would be taxed at a lower corporate tax rate, Eric Sloan, a partner at Gibson Dunn & Crutcher LLP and co-chair of its tax practice group, told Bloomberg Tax. Being W-2 employees will make the partners' tax situations a lot simpler than having to file in multiple states.

"A lot of people would be, quite frankly, relieved to get a W-2 from the company they work for, pay taxes in their own state, and call it a day," Sloan said.

Allan Koltin, CEO of Koltin Consulting Group, told *CPA Practice Advisor* that the move "shows BDO to be a forward-thinking firm and progressive in thought."

"The tax benefits and simplifying things going forward really carried the day," Koltin said. "I had two top 25 CPA firms call last week and they both said what a great idea this was and talked about the tax-filing challenges within the 50 states, as well as how complex things have become."

Another advantage of switching from a partnership to a corporation is it makes it easier for the company to raise funds from outside investors. And with [accounting firms becoming increasingly attractive to private equity firms](#) over the past year or two, with several deals being made, there was [some chatter on online accounting forums](#) that BDO would be seeking a similar infusion of money. But Koltin said that's not the case.

"There are no plans at BDO to pursue a PE deal," he said. "Like most top 25 CPA firms in the country, they listened to a handful of PE firms that reached out but concluded it's not for them."

Ranked only behind the Big Four firms and RSM US, BDO USA had revenue of [\\$2.49 billion for the 12-month period ending April 30, 2022](#), an increase of almost 25% from the [\\$2 billion of revenue it registered in its 2021 fiscal year](#).

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