



THE PARTNERSHIP LEDGER

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HOW TO SET AND LAND HIGHER ACCOUNTING SERVICE FEES

Successfully implementing premium pricing for accounting services requires a strategic approach that focuses on value rather than just raising rates.

A proven framework for transforming pricing conversations involves four essential steps:

- 1. Discovery Call:** Begin by understanding client needs, pain points, and desired outcomes before discussing costs. This conversation uncovers what clients truly value, which becomes the foundation for the pricing structure.
- 2. Price and Package Solutions:** Create tiered service offerings that allow clients to choose a preferred level of service rather than forcing an all-or-nothing decision. This approach positions price as a selection rather than a negotiation.
- 3. Options Call:** Present packaged solutions, explaining the value and benefits of each tier. This dedicated pricing conversation should focus on outcomes rather than hours spent.
- 4. Finalize Agreement:** Create well-defined contracts that clearly articulate deliverables, expectations, and the value clients will receive.

High pricing is fundamentally a function of the sales process and requires thorough preparation. Accounting professionals should develop standardized packages, prepare talking points emphasizing outcomes, and script responses to common pricing objections.

This strategic approach aligns with the industry's broader shift from hourly billing to value-based pricing models. By implementing a structured sales process, accounting firms can better communicate value, reduce fee resistance, and successfully transition to more profitable pricing structures that reflect the true worth of services provided.

2025 ACCOUNTING FIRM PRICING TRENDS: FEE INCREASES AND PRICING MODEL SHIFTS

Based on the 2024 US Accounting and Tax Pricing Benchmark report, accounting firms across the country are embracing fee increases for 2025, with 57% of firms planning to raise prices across all services. The most common increase range is 5-10%.

The driving force behind these increases is primarily rising business costs, with 58% of firms citing this as their main motivation. Interestingly, only 5% of firms reported increasing fees specifically to grow revenue, suggesting a missed opportunity for strategic pricing.

The report reveals a clear shift from hourly billing toward fixed-fee and value-based pricing models. Currently, fixed-fee or value-based pricing is used by:

- 54% of firms for tax preparation
- 67% for tax planning and advisory services
- 79% for bookkeeping and accounting
- 75% for CFO and controller services

Service-specific fee increase plans for 2025 include:

- 90% of firms increasing fees for individual tax returns
- 87% for business tax returns
- 70% for tax planning and advisory
- 85% for bookkeeping and accounting
- 76% for CFO and controller services

The research included 345 accounting firms across the US, with representatives from all regions and firm sizes. Nearly 40% of surveyed firms reported annual revenue of \$70K to \$3.5M.

For firms looking to implement price increases effectively, the report recommends a strategic approach that communicates value to clients, segments offerings appropriately, evaluates pricing at least annually, and considers timing increases as an opportunity to review service packaging.

CEO CONFIDENCE PLUMMETS ON TARIFF AND INFLATION CONCERNS

Small and midsize business CEO confidence dropped dramatically in Q1 2025, with the Vistage CEO Confidence Index falling 22 points from 100.8 to 78.5. This historic decline stems primarily from growing concerns over tariffs and heightened inflation.

"CEO confidence took a significant hit in Q1 2025, a stark juxtaposition to the gains we saw in Q4," said Joe Galvin, Vistage's chief research officer. "While such a drop would typically raise alarm bells, it brings levels back near those seen in Q3 2023."

The survey reveals increasing economic pessimism, with 41% of SMB CEOs reporting worsened conditions over the past year and 42% expecting further deterioration. Tariff concerns loom large, with 69% anticipating negative business impacts from trade and tariff policy changes.

Despite economic headwinds, 45% of CEOs still plan to increase personnel, though 14% intend to reduce hiring—a level previously seen only during the 2020 pandemic and 2008-2009 recession.

Price increases remain a critical strategy, with 44% having already raised prices this year and 51% planning increases in the next quarter. Of those implementing price hikes, 13% plan increases exceeding 10%.

BEST PRACTICES FOR CPA FIRM SUCCESSION IN CASE OF DEATH OR INCAPACITY

When a tax practitioner dies or becomes incapacitated, the consequences for clients, employees, and the practice can create significant uncertainty. Proper preparation can protect clients, preserve the firm's value, and ensure compliance with legal requirements.

A key best practice is establishing clear client communication from the outset. This includes comprehensive engagement letters detailing the scope of representation, terms, objectives, and actions to be taken upon termination. Regular documented updates to clients provide continuity should unexpected transitions become necessary.

Implementing robust data security and privacy protocols protects confidential information, while clear policies for retention and disposition of client files prevents unnecessary burdens during transitions. These measures support high-quality client representation while preparing for contingencies.

A formal succession plan should address the handling of practice sale or termination. Critical elements include:

- Arranging agreements with assisting practitioners who can close the practice
- Maintaining updated inventories of client matters with detailed contact information
- Securing all files while ensuring authorized access for successors
- Establishing financial continuity for practice operations
- Creating communications protocols for informing clients
- Involving family members in understanding the succession plan

When a practitioner becomes incapacitated or dies, the firm or assisting practitioner should implement the succession plan, communicating with clients and the IRS. For sole practitioners without succession plans, estate executors must manage these responsibilities.

Proper handling of client communications includes confirming client preferences for file disposition and new representation arrangements. The assisting practitioner should control office access, backup electronic files, and safeguard client confidentiality throughout the transition process.

Regulatory requirements include notifying the IRS Return Preparer Office of incapacity, managing Centralized Authorization File numbers, and properly closing business accounts associated with the practitioner's Employer Identification Number.

ITR Economics' Lauren Saidel-Baker emphasized, "Price increases are going to be critical as there will be a continued margin squeeze caused by tariffs, the labor market and wage increases. Margin is the critical differentiator of winners and losers going forward."

The Vistage CEO Confidence Index has been tracked since 2003 and serves as a leading indicator of the U.S. Industrial Production Index.

R&D TAX CREDIT FORM REVISIONS DEMAND ENHANCED DOCUMENTATION

The IRS has significantly modified Form 6765 for Research and Development Tax Credits, introducing new reporting requirements that emphasize qualitative information about technical innovation activities.

The most substantial change is the addition of Section G, requiring detailed information about business components for which the credit is claimed. While optional for tax year 2024, Section G becomes mandatory in 2025 for most taxpayers except qualified small businesses and those with limited research expenses.

Two preliminary questions now appear before Section A, addressing controlled group status and the 280C election option. New Sections E and F require additional information about business components, officer compensation, acquisitions, and expenditure categorization.

Software development activities now require classification into one of three categories: internal-use, dual-function, or non-internal-use software developed for commercial purposes.

These changes create significant challenges for CPAs, including increased documentation requirements, longer preparation times, and potential for greater IRS scrutiny. Tax professionals must work closely with clients to ensure proper record-keeping throughout the year rather than only at tax time.

Accountants should familiarize themselves with the new form format and help clients implement appropriate documentation processes to comply with requirements while maximizing legitimate credit opportunities. Proactive preparation will be essential for navigating these enhanced reporting standards.

Below content is to go in the second page as a running piece going forward, it is a link to a Continuing Educational Course, please have it titled:

FEATURED FREE CPE COURSES

CPE Course Title	DATE
Accounting Advisory & Outsourcing	May 22, 2025

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