

The Tax Business Blueprint

Is Owning a Tax Preparation Practice Right for You?



By **Jason D. Carr, Esq., LL.M.**
Founder, MuseSpring LLC

musespring.com

Before You Spend a Dollar, Read This.

The internet is full of people selling you on the next big thing. This isn't that.

Starting a tax preparation practice is a real business. It takes real work. It requires learning a technical skill, building client relationships, managing compliance obligations, and running operations. People who succeed in this field are disciplined, willing to learn, and treat it like a profession rather than a side project.

This Blueprint exists to help you figure out, honestly, whether this is something you should pursue. Not whether the opportunity exists (it does). Whether it fits you: your skills, your situation, your financial position, and your willingness to do the work.

By the time you finish this guide, you'll have one of two answers. Either "yes, I'm doing this, and here's my plan" or "no, this isn't for me right now." Both answers save you time and money. Both are wins.

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Part 1: The Opportunity Assessment

Before you evaluate yourself, evaluate the market. Is there actually an opportunity here, or is this another overcrowded field where newcomers struggle?

The data says the opportunity is real.

300,000+

accountants have left the profession since 2020

75%

of CPAs are approaching retirement age

70%

of tax firms say finding qualified staff is their top challenge

150 million+

tax returns filed annually in the U.S.

5%

projected employment growth for tax preparers through 2034 (faster than average)

\$14.4 billion

U.S. tax preparation services market

A blurred background image of a desk. In the foreground, a black calculator with white and red buttons is in focus. Behind it, a spiral-bound notebook and a pen are visible but out of focus. The desk surface is light-colored.

What's driving the gap:

The workforce is aging out. The pipeline of new CPAs hit a 17-year low in 2022. The profession lost over 300,000 practitioners in four years. Meanwhile, the tax code keeps getting more complex, more businesses are being formed than at any point in U.S. history, and the IRS processes over 150 million returns per year. Seven out of ten tax firms say they can't find qualified people to hire. The demand for the service is growing. The supply of people qualified to deliver it is shrinking.

What about AI?

AI automates data entry. Over 80% of the mechanical work on an individual return can now be handled by software. But consumer trust in AI for taxes is actually declining: only 37% of filers would trust AI over a human preparer.

AI cannot advise a client on entity selection, spot an unfiled return problem, explain why a deduction is indefensible, or build the trusted relationship that keeps a client coming back for a decade.

The practitioners who are threatened by AI are the ones whose only value is typing numbers into boxes. The practitioners who thrive alongside AI understand the law behind the forms, spot what software misses, and deliver judgment and accountability that no algorithm provides.

The demand is real. The supply gap is widening. AI is eliminating the low-value work while increasing the premium on the high-value work that trained practitioners deliver.

After this section, you should be able to answer: Is the market opportunity real, and is the timing right?

Part 2: The Self- Evaluation

The market doesn't matter if the fit is wrong. This section asks hard questions. Answer them honestly.

Financial Readiness

Starting a tax preparation practice costs approximately \$1,400 to \$5,000 in startup expenses (PTIN, EFIN, LLC formation, software, insurance, basic office setup). Training costs range from \$149 (H&R Block, trains you to work for them) to \$2,500 to \$4,300 (independent programs that train you to work for yourself).

You will not generate significant revenue until your first tax season. If you start preparing in the fall, your first meaningful income arrives between February and April.

- Can I invest \$3,000 to \$7,000 in startup and training costs without financial hardship?
- Can I sustain my current expenses for 3 to 6 months before this business generates income?
- Am I prepared for revenue to be seasonal in the first year (heavy January through April, lighter May through December)?

Time Availability

Training takes 8 to 12 weeks at 5 to 10 hours per week through a structured program. Building the business (entity formation, software setup, marketing) runs in parallel. Tax season itself (January through April) requires 30 to 60 hours per week depending on client volume.

- Can I dedicate 5 to 10 hours per week to training over the next 2 to 3 months?
- Can I commit 30+ hours per week during tax season (January through April)?
- If I'm keeping my current job, can I manage both during the first season?

Skills and Temperament

You don't need an accounting degree. The BLS lists the typical entry-level education for tax preparers as a high school diploma with moderate on-the-job training. But certain traits predict success.

Rate yourself honestly:

- **Attention to detail.** Tax returns have legal consequences for errors. Small mistakes create big problems.
- **Willingness to learn (and keep learning).** Tax law changes every year. You'll never stop studying.
- **Communication skills.** You'll explain complex topics to people who don't want to think about taxes.
- **Ethical grounding.** Clients will ask you to claim deductions they're not entitled to. They'll pressure you to be aggressive.
- **Comfort with technology.** You'll use professional software, manage digital files, and communicate electronically.
- **Tolerance for seasonal intensity.** Tax season means long hours, tight deadlines, and stressed clients.

Life Situation

- Am I looking for a full-time career, a meaningful side business, or a seasonal income supplement?
- Do I have support at home for the time commitment, especially during tax season?
- Am I in a stable enough life situation to build something that takes 1 to 2 years to reach full potential?

How to read your results:

There's no pass/fail. But patterns matter. If you checked most of the boxes, you have the foundation. If several gave you pause, dig into why. Some gaps are fixable (you can learn technology; you can save startup capital). Others are structural (if you can't commit the time during tax season, the business model doesn't work regardless of your other strengths).

After this section, you should be able to answer: Am I the right person for this, and is now the right time?



Part 3: The Business Model

If the market checks out and the self-evaluation checks out, the next question is: how does this business actually make money?

What you sell:

Tax return preparation. Clients pay you a fee per return. As your skills grow, you add services: tax planning consultations, entity selection advice, quarterly estimated tax support, and referrals to attorneys and CPAs for matters beyond your scope. These services extend revenue beyond tax season and increase the lifetime value of each client.

What clients pay:

Return Type	Typical Fee Range
Simple individual (W-2, standard deduction)	\$150 to \$250
Moderate individual (itemized, investments, rental)	\$300 to \$500
Self-employed (Schedule C)	\$350 to \$600
Small business (S-Corp, partnership)	\$500 to \$1,500+
Tax planning consultation	\$500 to \$2,000

First-year revenue (conservative projections):

Scenario	Clients	Avg Fee	Revenue
Part-time / side business	30 to 50	\$250	\$7,500 to \$12,500
Full first season	50 to 100	\$300	\$15,000 to \$30,000
Aggressive first season	100 to 150	\$325	\$32,500 to \$48,750

By year three, a well-run solo practice can serve 150 to 250 clients at higher average fees. Revenue of \$75,000 to \$150,000 is achievable.

How clients find you:

- 1. Your personal network (clients 1 to 15).** Friends, family, coworkers, neighbors. Everyone files a tax return.
- 2. Referral partnerships (clients 16 to 35).** Bookkeepers, real estate agents, mortgage brokers, financial advisors. One strong partner can send 5 to 10 clients per season.
- 3. Local visibility (clients 36 to 50).** Google Business Profile, a simple website, a Facebook business page, and local networking events.

How this compares to a franchise:

	Tax Prep Franchise	Independent Practice
Startup cost	\$40,000 to \$100,000+	\$1,400 to \$5,000
Ongoing fees	14 to 18% of gross revenue	None
Your brand	Franchise name	Your name
Territory	Restricted	Anywhere
Client ownership	Franchise may retain	Yours permanently

After this section, you should be able to answer: Do the economics work for my situation?

Part 4: The Startup Roadmap

This is your step-by-step checklist. A printable version is included as a separate download on your Blueprint access page.

Phase 1: Credentials (Weeks 1 to 2)

- ☐ Apply for your PTIN at irs.gov/ptin (\$19.75, immediate)
- ☐ Check your state's requirements (CA, OR, MD, and NY have additional registration requirements; all other states require only a PTIN)
- ☐ Apply for your EFIN at irs.gov/e-services (free, up to 45 days processing; apply by early November for the upcoming season)

Phase 2: Business Formation (Weeks 2 to 4)

- ☐ Choose your entity type (LLC recommended for most new preparers)
- ☐ Form your LLC with your state (\$50 to \$500)
- ☐ Obtain your EIN at irs.gov (free, 5 minutes)
- ☐ Open a business bank account (free to \$25/month)
- ☐ Get E&O insurance (\$300 to \$800/year)
- ☐ Register your business locally (\$25 to \$100)
- ☐ Set up a registered agent (\$100 to \$300/year)

Phase 3: Operations (Weeks 3 to 6)

- ☐ Choose your tax software (Drake Tax or TaxSlayer Pro are common starting points; \$400 to \$1,800/year)
- ☐ Set up your home office (computer, scanner, printer, secure file storage)
- ☐ Create your engagement letter template
- ☐ Set your pricing (minimum \$150 for simplest returns)
- ☐ Set up Google Business Profile (free)
- ☐ Build a simple website (\$100 to \$300/year)
- ☐ Set up a professional email and phone number

Phase 4: Client Acquisition (Weeks 6 to 12)

- ☐ Notify your personal network
- ☐ Contact 5 to 10 referral partners (bookkeepers, real estate agents, financial advisors)
- ☐ Attend 2 to 3 local networking events
- ☐ Prepare your first returns (start with friends and family)

Estimated total startup
cost: \$1,400 to \$5,000

Estimated timeline from decision
to first client: 8 to 12 weeks

**After this section, you should
have:** A concrete plan you
could begin executing today.

Part 5: The Training Path

You have the roadmap. Now the question is: how do you get the knowledge to execute it?

Your options:

Path	What You Get	What's Missing	Cost
H&R Block Course	40 hours basic prep	Independence, legal compliance, business formation	\$149
Tax Prep Franchise	Training, brand, software	Independence. \$40K+ up front, 14-18% royalties forever.	\$40K to \$100K+
Community College	Academic tax education	Business formation, software training, coaching	\$325 to \$1,780
Surgent CTP	35 videos, CTP certificate	Business formation, legal compliance, coaching	\$1,950
Universal Accounting	62 hours, 4 modules	Legal compliance, business formation, coaching	\$4,300
Self-study (IRS VITA)	Basic preparation knowledge	Structure, accountability, legal compliance, support	Free
MuseSpring Academy	Attorney-led training, legal compliance, business formation, AI tools, marketing, coaching		\$2,497

What makes MuseSpring different:

- ✓ Attorney-led instruction (no other program offers this)
- ✓ Legal compliance built in (Circular 230, preparer penalties, engagement letters, E&O insurance)
- ✓ Business formation included (we help form your LLC, get your EIN, register your business)
- ✓ AI tools training
- ✓ Referral network to The Law Office of Jason Carr for client matters beyond preparation
- ✓ Ongoing coaching and support

Visit musespring.com for full program details.

After this section, you should know:

What training you need and which path fits your situation.

A photograph of an open doorway in a dark, textured wall. Bright light streams in from the other side, creating a strong contrast and illuminating the floor and the wall of the adjacent room.

Now You Have the Information. The Decision Is Yours.

You've assessed the market. You've evaluated yourself. You've seen the economics, the startup checklist, and the training options.

If the answer is yes, visit musespring.com to explore the Tax Prep Business Academy, register for a free webinar, order the book, or book a discovery call with our team.

If the answer is not yet, hold onto this Blueprint. The opportunity isn't going anywhere. When the timing is right, we'll be here.

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