

## Fee Structure

### LLCs / Corporate Tax Returns

Most people don't buy anything without knowing the price ahead of time. So, we offer a narrow fee range for your corporate tax return preparation - you know upfront what you will be charged.

A single-owner (single-member) LLC's income or loss will flow onto the owner's Schedule C within their personal tax return. Therefore, a corporate tax return is not required. The fee for this situation is incorporated in the fee for your personal tax return (either \$150 or \$225). However bookkeeping services in conjunction with the tax preparation is available and might be required.

A multi-owner (multi-member) LLC requires a corporate tax return on Form 1065 and our base fee is \$325. This includes 2 hours of year-end journal entries, generating annual financial statements, creating K-1 statements for each owner / member, and preparing the LLC's corporate tax return. And Yes, a husband and wife count as two in the eyes of the IRS- sorry.

The base fee for an S-Corp or C-Corp tax return (Form 1120 or 1120S) is \$375 which also includes 2 hours of year-end journal entries, generating annual financial statements, etc. An LLC that elects to be treated as an S-Corp for taxation purposes is considered an S-Corp, and therefore the base fee is \$375.

**Note:** If you maintain your own financial records or accounting books, our past experience has suggested that an extra 3-5 hours will be required to properly prepare your corporate tax return. Specifically most errors center on general balance sheet issues, retained earnings and payroll. And these areas of your corporation's financial records are critical in terms of accuracy.

<u>Entity</u>	<u>Tax Return</u>	<u>Base Fee</u>	<u>Fee NTE</u>
LLC Single-Member	Schedule C	NA	NA
LLC Multi-Member	Form 1065	\$325	\$725
LLC Electing S-Corp Status	Form 1120S	\$375	\$775
C-Corp	Form 1120	\$375	\$775
C-Corp Electing S-Corp Status	Form 1120S	\$375	\$775

### Base Fee / Fee NTE

If we maintain your accounting books (see **Bookkeeping Services** below) we guarantee that your corporate tax return will be prepared for either \$175 (Form 1065) or \$250 (Form 1120 or 1120S). However, if you or a third-party maintains your accounting books, your tax preparation fee will be a not-to-exceed (NTE) fee range.

For example, the fee for an S-Corp requiring a Form 1120S who maintains their own accounting books will be a base fee of \$375 not to exceed \$775. The actual fee will depend on the time spent reconciling the accounting records with the corporate tax return.

### Prior Year Bookkeeping, Tax Prep

If you need prior year bookkeeping plus a corporate tax return, we typically offer a discount for those combined services. Depending on the number of transactions and the overall complexity of the bookkeeping, we offer a fee range of \$950 to \$1,450. Additional factors that are considered are number of bank accounts, credit cards, personal versus business use of funds and how quickly we can translate the statements into accounting records.

### Additional Fees

We also have a short list of additional fees that might be incurred depending on your situation-

Any corporate tax returns that require paper filing	\$35
Copying and returning of original tax documents	\$25
QuickBooks help, reconstructing financial statements	\$100 / hr
Business owners who introduce <b>significant</b> changes or additions after a preliminary tax return is prepared	\$100 / hr
Corporate tax consultation and audit assistance, coordinating with attorneys, business consultation, writing correspondence	\$150 / hr

**Note:** some of these additional fees may be waived depending on the circumstances. For example, extensive research is charged at \$150 per hour, however since we are expanding our scope of knowledge in the process we tend to heavily discount this fee. Please keep in mind that we pride ourselves in **not being** the nickel and dime type of tax preparation firm. At the same time, there is not enough fluff in our tax preparation fees to subsidize additional services.

In other unicorn-type cases, we have also reduced our fee below the base fee for extremely simple corporate tax returns or for “no activity” filings. Please contact us if you think this might be your situation.

Knowing that the fee for our tax preparation service is fixed and will not change is a comfort to our clients. If you have any questions about our fees or if you are unsure which tier you qualify for please contact us.

### Financial Statements

Many CPAs will prepare a corporate tax return without a **balance sheet**- for certain situations a balance sheet is not required by the IRS. However, we feel that it is sound tax preparation practice to create this financial document in conjunction with your tax return regardless. A small business can have a unique way of becoming bigger, and replicating poor accounting practices as you grow can create a much larger problem later- we prefer to lay the groundwork today for an easier transition. This is to your advantage.

## Tax Consultation

Watson CPA Group is not just tax preparers or number crunchers- we are tax consultants, and our firm will take you through the cycles of your personal and business lives. Many accountants are only compliance oriented- and while IRS compliance is critical, being proactive is equally important.

And, we are a resource that is **always available** throughout the year. Have a question? Need advice? Received a notice from the IRS just before Happy Hour on a Friday? You can contact us anytime, day or night.

Moreover, our goal is to always prepare a comprehensive and accurate tax return but equally important is your understanding of how a tax return “works”- to the extent necessary, we want you to be comfortable with your tax consequences so together we can successfully plan for your future.

## Continuous Client Support

Our engagement with you is not just tax preparation- our fees are more of an investment since we offer the continuous peace and mind of knowing that you are not alone in your tax world. Most questions throughout the year are answered free of charge since our relationship with you is viewed as long-term.

Unfortunately IRS notices and correspondence (mail) audits are a way of tax life. Over 75% of the IRS audits are conducted via mail, and usually require the taxpayer to send proof or evidence of a deduction (charities, medical expenses, tuition bills are the most common) to the IRS. We typically help clients with the initial response to these issues free of charge.

In addition, our fees are purposely kept low since 99% of all taxpayers will not require additional assistance or consultation- we don't charge for services you might not ever need or receive. However, if your particular situation requires extensive consultation including writing correspondence on your behalf, our fee is \$90 per hour. A firm quote will be provided upfront.

## Copies, Please

The ability to maintain our competitive fees relies on receiving soft copies (faxes, scans, emails) or hard copies of your originals. If you send us original documents and do not want them returned to you we will maintain them in our office indefinitely. All mailed documents are scanned and electronically available to you via our client portal.

If you want originals or tax returns sent back to you, we must charge a \$25 fee for the costs of copying and mailing. Please understand that until mid-April we do not have any extra resources- **we can only return originals in May.**

# Bookkeeping Services

## Why Use Outside Bookkeepers?

The strongest reason for using a professional bookkeeping service is- you do what you do best with your time; let us do what we do best with our time. QuickBooks is good but it does not prevent you from entering erroneous or incomplete data. Business owners can quickly waste valuable time trying to make it work correctly.

Periodic professional bookkeeping allows you to rely on short-term memory when categorizing your expenses. Imagine the difficulty in remembering what a check was written for six months ago, or twelve months ago.

Also, banks, investors and IRS agents prefer a CPA-prepared set of accounting records. Remember, these groups review financial records every day, and they can quickly spot accidental inconsistencies and errors. Let us help you avoid the bookkeeping pitfalls so you can focus on growing your business.

## Rates

We offer bookkeeping and payroll services. Depending on your state, we might kindly ask you to contact a third party payroll provider such as SurePayroll ([www.surepayroll.com](http://www.surepayroll.com)). Here is a summary of our services and fees-

	<u>Quarterly</u>	<u>Monthly</u>
Bookkeeping Only	\$200	\$100
Payroll Only	\$100	\$75
Bookkeeping and Payroll	\$250	\$150

These fees will cover most situations. However, depending on the number of transactions, accounts and employees, these fees might have to be adjusted.

## Reduced Tax Preparation Fees

When we prepare your books throughout the year, our tax preparation fees are reduced to one flat rate fee-

<u>Entity</u>	<u>Tax Return</u>	<u>Flat Fee</u>
LLC Multi-Member	Form 1065	\$175
LLC Electing S-Corp Status	Form 1120S	\$250
C-Corp	Form 1120	\$250
C-Corp Electing S-Corp Status	Form 1120S	\$250

## How It Works

With our bookkeeping service, we make all the line item and journal entries in QuickBooks, perform bank reconciliations, provide preliminary financial statements and give business consulting as necessary.

## Exchanging Documentation

The Watson CPA Group has been assisting clients since 1997, providing nationwide accounting and tax preparation service from our offices in Colorado Springs. By utilizing a secure **Client Portal** to exchange your financial information, accounting records, tax documents and tax returns, we can save you valuable time and resources. You can scan, fax or mail your documentation, all in your PJs on a lazy morning!

However, most clients give us direct access to their bank accounts (checking and business credit cards) to make the process seamless. We also upload the QuickBooks data file to our Client Portal for your review. Interestingly, several banks now have “read-only” account logins specifically designed to give accountants direct access yet provide safety and security for the client. Having said that, if this type of access makes you uncomfortable we will work with you to find a solution that fits for everyone.

The Watson CPA Group are Colorado Springs accountants, and we can also exchange information and discuss your bookkeeping needs through appointments if you are local to the area.

Please call or email us anytime with your questions and concerns. Thank you in advance, and we look forward to working with you!

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