[Your business name] — Business Plan

Tax preparation business in [Your city] · Startup plan

Executive summary

[Your business name] is a new tax preparation business in [Your city] offering individual tax returns (Form 1040) with state returns; self-employed and small-business returns (Schedule C); s corporation and partnership returns; prior-year and amended returns; year-round bookkeeping and quarterly estimates; and IRS letters and notices explained and answered. The model is one preparer with a PTIN and an EFIN, the IRS's Annual Filing Season Program record and professional software, preparing about 240 individual and small-business returns in the season from a home office and keeping a handful of bookkeeping clients the rest of the year.

Startup budget: $9,097 across 12 items, with funding still to be decided.

Twelve months from now, success looks like this: [What success looks like twelve months from now]

Products and services

[Your business name]'s core service is individual tax returns (Form 1040) with state returns. Every return is prepared by appointment, by video or from documents uploaded to a secure portal, priced from a fee schedule under an engagement letter, filed electronically under the preparer's EFIN, and backed by the Form 8867 due-diligence file on every credit it claims.

- Individual tax returns (Form 1040) with state returns
- Self-employed and small-business returns (Schedule C)
- S corporation and partnership returns
- Prior-year and amended returns
- Year-round bookkeeping and quarterly estimates
- IRS letters and notices explained and answered

Market analysis

The customers are working families with a W-2, a mortgage and kids; self-employed people and gig workers with 1099s and a home office; small businesses that need the business return and the bookkeeping; retirees with pensions, brokerage statements and a rental; and first-time filers who want the return explained in plain English.

- Working families with a W-2, a mortgage and kids who want a person, not an app
- Self-employed people and gig workers with 1099s, mileage and a home office
- Small businesses — a contractor, a salon, a food truck — that need the business return and the bookkeeping
- Retirees with pensions, brokerage statements and a rental
- Immigrant families and first-time filers who want the return explained in plain English

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Marketing strategy

Most clients will come by word of mouth — last year's clients, and the bookkeeping clients who become tax clients — and the rest find [Your business name] on Google in January — “tax preparer near me” plus the city — so the Google Business Profile, the reviews and a website with the services, the document checklist and appointment booking decide whether a search becomes a return.

- Referrals from every client whose refund arrived without a letter — tax clients are the most loyal there are
- Google Business Profile and Google — “tax preparer near me” and “tax preparation” plus your city, in January
- Bookkeeping clients who become tax clients, and small-business owners who send their staff
- Yard signs, a mailer to the neighborhood and the community center in filing season
- Partnerships with a payroll bookkeeper, an insurance agent and a real estate agent who send clients
- A website with the services, prices from, the document checklist, the secure upload and the appointment booking

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Operations plan

The owner is the preparer, the bookkeeper and the front desk in year one: the PTIN renewed every December and the EFIN kept in good standing, the software and the secure portal, a written security plan and a locked cabinet, due diligence on every credit, engagement letters and payment before filing, and the continuing education done by summer.

- A PTIN renewed every December, an EFIN from the IRS's e-file application, and the Annual Filing Season Program record of completion
- Professional software with every state, a secure client portal for documents and e-signatures, and encrypted backups
- A written information security plan on the IRS's template, multi-factor sign-in, a locked file cabinet and a shredder
- Returns prepared by appointment in person, by video or from uploaded documents; Form 8867 due diligence on every credit it covers
- Engagement letters and prices from a fee schedule; payment before the return is filed
- Bookkeeping clients on a monthly fee the rest of the year; continuing education done by summer

Startup costs

What it will take to open the doors, with funding still to be decided.

Startup costs

ITEM	AMOUNT
A PTIN from the IRS, and an EFIN (free, with free electronic fingerprinting)	$19
The IRS Annual Filing Season Program: 18 hours of continuing education	$85
State preparer registration, where your state has one	$281
Professional tax software with every state (unlimited individual returns)	$2,385
A computer, two monitors, a scanner, a printer, a shredder and a file cabinet	$2,100
The written security plan, encryption, a password manager and backups	$250
Insurance (first year): errors and omissions, liability and cyber at the top	$904
A secure client portal with e-signature (first season)	$450
Business registration (LLC) and EIN	$170
Launch marketing: signage, a neighborhood mailer and January ads	$900
Website with the services, the secure upload link and Google Business Profile	$0
Working capital: two months of running costs	$1,553
Total	**$9,097**

Typical range to start a tax preparation business in the US: $5,295–$14,898. Your list is what you decided to spend — replace estimates with real quotes as you get them. Website with the services, the secure upload link and Google Business Profile: Your Zarla plan includes the website — the services and prices from, the document checklist, appointment booking and the link to your secure upload — and walks you through your Google Business Profile. Having one built typically costs $1,000 to $2,000 from a freelancer.

Financial plan

The numbers below come from your own startup list and typical monthly costs for a one-preparer tax practice in the US. Startup is the software, the computer and office, insurance and the registrations; the monthly lines are the software, insurance, the portal and the renewals; and the fee schedule times the number of returns — plus the bookkeeping that carries the off-season — decides what is left after the season.

Typical monthly operating costs for a tax preparation business: $493–$1,317 a month, before the owner's own pay.

Add a monthly sales target and the plan will show how long it takes to recover the startup budget.

Typical monthly operating costs

COST	TYPICAL RANGE
Professional tax software, by the month	$173–$225
Errors and omissions, with general liability and cyber at the top	$34–$116
The client portal, e-signature and the security tools (included with Zarla)	$20–$60
Continuing education, the PTIN and state registration renewals, by the month	$8–$17
Phone, internet and the e-fax	$60–$150
Ads, signs and the mailer, averaged over the year	$100–$400
Paper, toner, folders, envelopes and postage	$40–$150
Card fees (on about $5,800 of returns and bookkeeping)	$58–$199

US ranges for a small operation; replace with your own figures as you learn them. Lines marked (included with Zarla) are what those tools cost separately — with Zarla they are part of one monthly plan.

Risks and honest downsides

Every tax preparation business plan should say out loud what can go wrong. For [Your business name], the real risks are:

- The season is twelve weeks: most of the year's income lands between February and April, and the software was paid for in November
- One wrong credit claim without Form 8867 is a $650 penalty per credit, and a pattern of them is an IRS visit
- A stolen laptop or a phished password is a breach of every client's Social Security number, and the law already required a security plan
- Hours don't scale in April: 240 returns is the owner's season, and growth means a seasonal preparer under your EFIN
- Clients leave when the preparer who did their return last year isn't the one answering the phone this year
- Fee pressure from software and franchises: the $185 basic return is the market, and the value is in the Schedule C and the bookkeeping

Licenses, permits and insurance

What [Your business name] needs before it can legally trade in the US. Rules vary by state and city — confirm each item with your local licensing office and an accountant.

- The PTIN and the EFIN — In the US anyone paid to prepare a federal return needs a Preparer Tax Identification Number from the IRS ($18.75 for 2027, renewed every year by December 31, with a check-box attesting to your written security plan), and anyone filing returns electronically needs an Electronic Filing Identification Number from the IRS's e-file application — free, up to 45 days, with electronic fingerprinting at no charge for preparers who aren't attorneys, CPAs or enrolled agents. The Annual Filing Season Program (18 hours of continuing education a year, including a six-hour refresher and exam) is voluntary, but it puts you in the IRS's preparer directory and gives limited rights to represent clients on returns you prepared; without a credential you cannot represent a client before the IRS beyond that.
- State preparer registration — In the US most states — Ohio included — don't register tax preparers; the ones that do are the plan's biggest licensing line. California's CTEC requires a 60-hour course, a $5,000 surety bond, a Live Scan background check, a $100 application and a $33 registration (each plus $2), and 20 hours of continuing education a year; Oregon licenses preparers after an 80-hour course and an exam ($60 application, $50 proctoring, $85 license, $110 to renew, 30 hours of education a year); Maryland registers them for two years ($65 exam, $100 registration, 16 hours of education); New York charges $100 a year once you prepare ten returns, with free state coursework; Connecticut issues a two-year $100 permit that requires the AFSP record. Check your state's rules before the first paid return.
- Due diligence, the security plan and the IRS's rules — In the US a paid preparer who claims the earned income credit, the child tax credits, the American opportunity credit or head-of-household status must complete Form 8867 and keep the records — the penalty is $650 per failure for returns filed in 2026, up to $2,600 on one return; federal law (the FTC Safeguards Rule, which treats tax preparers as financial institutions whatever their size) requires a written information security plan, which the IRS reminded every preparer of in August 2026 and asks about on the PTIN renewal; every return you sign carries your PTIN; and preparers are liable for understatements from unreasonable positions. Representation before the IRS — audits, collections — belongs to enrolled agents, CPAs and attorneys under Circular 230; the enrolled agent exam (three parts, $317 each, plus a $140 enrollment fee) is the preparer's route to it.
- Business registration and sales tax — In the US you register the business (an LLC is $40 in Kentucky and $300 in Texas, and California adds an $800 yearly LLC tax on top of its filing fee), take a free EIN and get a city business license where one is issued; tax preparation is a professional service that most states don't tax, and a few states tax services generally — ask your state's revenue department, and confirm the entity choice with your accountant.
- Insurance — In the US errors and omissions insurance (Insureon's tax-preparer median is $34 a month for $500,000 per occurrence) pays for the return you got wrong and the penalty the client is charged, cyber insurance ($53 a month) for the breach of a file cabinet's worth of Social Security

numbers, and general liability ($29 a month) for the client who slips in your office; no state requires them, and every client with a letter from the IRS will ask whether you have them.

Milestones: the next 30 days

The first month's to-do list for [Your business name], in order:

- Get the PTIN, apply for the EFIN and book the fingerprinting; check your state's preparer rules
- Finish the 18-hour AFSP package before the season, and register the certificate
- Form the LLC, take the free EIN and open a business bank account
- Buy the software and set up the portal, e-signature and the backups; write the security plan on the IRS template
- Get errors and omissions, general liability and cyber quotes
- Write the fee schedule and the engagement letter from NATP's averages and your market
- Put the website live with the services, the document checklist, the upload link and appointment booking, and claim your Google Business Profile
- Sign three bookkeeping clients before January, and ask each for a tax referral
- Order the signs and the mailer for the first week of January

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Appendix: what a lender will ask for

This plan tells the story and shows the numbers. If you take it to a bank, expect to be asked for these documents as well:

- Two years of personal tax returns and a personal financial statement
- Your PTIN, EFIN and AFSP record, and any state registration
- A month-by-month cash-flow projection showing the season and the off-season
- Your fee schedule, the engagement letter and the bookkeeping client list
- Proof of errors and omissions insurance and the written security plan
- Your credit report

Template: replace every [bracketed] line and every estimate with your own figures. Written with Zarla's free business plan generator — zarla.com/business-plan-generator writes it from five questions.