

US Tax preparation service Business Case: An Extensive Sample Plan

TaxWise Advisors LLC, Georgia LLC founded March 2023 by CPA Michael Reynolds (ex-PwC senior tax associate, 15 years experience). We provide IRS-compliant tax filing to Southeast US taxpayers at \$149-\$899 per return, targeting \$174,250 Year 1 revenue with 80% gross margins. Atlanta, GA. October 2023.

1. EXECUTIVE SUMMARY

16.5M US independent contractors lose \$2,100 annually on average due to missed deductions (IRS 2023 data). TaxWise Advisors solves this with flat-fee tax preparation (\$149-\$899/return) for middle-income individuals (\$40k-\$100k) and small businesses (1-10 employees), capturing 0.2% of Atlanta's \$3.6M serviceable market. We charge \$205 average revenue per client (ARPC) based on 60% standard (\$149), 30% premium (\$249), 10% complex (\$399) returns, yielding 80% gross margins after \$41 COGS per return (software, e-file fees, supplies).

We require \$185,000 funding: \$85,000 owner equity, \$100,000 SBA 7(a) loan (10-year term, 6.5% fixed). Funds allocated to \$122,000 working capital (6 months operating expenses), \$20,000 marketing launch, \$15,000 technology. This enables 850 clients in Year 1 (\$174,250 revenue), break-even at 72 clients/month by Month 14, and \$216,000 net profit in Year 3 (38.4% margin). SBA loan repaid in 120 months with \$1,086 monthly payments.

2. COMPANY OVERVIEW

TaxWise Advisors LLC formed as Georgia LLC for liability protection and pass-through taxation. Atlanta location chosen for 38% self-employed workforce (vs. national 15.3%) and 22% foreign-born population requiring ITIN support. Ownership: Michael Reynolds CPA (60%), Sarah Lin MBA (30%), James Carter (10% silent investor).

Key team: Michael Reynolds (ex-PwC, managed \$12M client portfolios), Sarah Lin (ex-H&R Block Southeast Ops Manager, reduced client acquisition cost 22% 2021-2022), David Kim EA (processed 1,200+ returns annually at Jackson Hewitt).

Date	Milestone	Status	Next Steps
Mar 2023	LLC formation, EIN secured	Complete	N/A
Apr 2023	Georgia tax preparer license	Complete	N/A
May 2023	IRS EFIN approval	Complete	N/A
Jun 2023	Office lease signed (1,200 sq ft)	Complete	N/A
Oct 2023	SBA loan application	In Progress	Close by Nov 30
Dec 2023	ProSeries software implementation	Pending	Staff training by Jan 15
Jan 2024	First client acquisition	Pending	Target 50 clients
Apr 2024	Break-even point	Pending	72 clients/month sustained

3. MARKET ANALYSIS

U.S. tax preparation market: \$12.1B TAM (IBISWorld 2023). SAM: \$1.8B (Southeast individual + small business tax prep). SOM: \$3.6M (Atlanta metro + 200-mile radius, 0.2% capture by Year 3). Methodology: IRS SOI data shows 1.8M tax filers in Atlanta metro; 41% earn \$30k-\$75k (target segment); 38% self-employed; average fee \$205 = \$3.6M SOM.

Target customers: Individuals earning \$40k-\$100k (48% of U.S. taxpayers), self-employed (32% growth in 1099 filers since 2019), small businesses (1-10 employees). Budget: \$150-\$400 per return. Buying behavior: 68% close rate after free consultation (vs. industry 55%), 75% retention rate (H&R Block 2023 benchmark).

Market trends: 1) Tax complexity driving 4.3% CAGR (IRS forms increased 27% since 2010); 2) Gig economy growth (16.5M independent contractors in 2023); 3) IRS enforcement up 18% (fiscal 2022); 4) 38% of filers prefer human help despite DIY software (IRS 2023).

Segment	Size (\$)	Growth Rate	Our Share Target	Rationale
Middle-income individuals	\$1.1B	3.1%	0.25%	41% Atlanta filers in \$30k-\$75k range
Gig workers	\$420M	9.2%	0.4%	38% self-employed in Atlanta metro
Small businesses (1-10)	\$280M	4.7%	0.15%	5.8M U.S. small businesses
Immigrant households	\$180M	6.8%	0.3%	22% foreign-born Atlanta population

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
U.S. Tax Prep	\$12.1B	\$1.8B	\$3.6M	IBISWorld 2023 x IRS SOI Atlanta data

4. COMPETITIVE ANALYSIS

Market leaders: H&R Block (\$3.1B revenue, 1,200+ locations, J.D. Power score 682/1000), Jackson Hewitt (\$1.2B revenue, seasonal model). Local CPA firms average \$450/return (Georgia Society of CPAs 2023). Weaknesses: H&R Block's 2023 client churn 28% (vs. our 25% target), Jackson Hewitt limited to Jan-Apr, CPAs lack multilingual support.

Our advantages: 1) Hybrid model (in-person + virtual) reduces client acquisition cost to \$58.60 vs. H&R Block's \$82 (J.D. Power); 2) Flat-fee pricing (\$205 ARPC vs. industry \$235) with 10% military discount; 3) Multilingual support (Spanish/Korean) capturing 22% immigrant market; 4) Free tax health check driving 68% consultation close rate (industry 55%).

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
H&R Block	\$3.1B	\$179-\$500	Brand recognition	28% client churn	Lower CAC (\$58.60 vs \$82)
Jackson Hewitt	\$1.2B	\$159-\$450	Seasonal efficiency	No year-round services	Quarterly tax planning (\$199/yr)
Local CPAs	\$150k-\$500k	\$300-\$600	CPA credibility	Slow turnaround (14+ days)	72-hour standard filing
TurboTax	\$2.4B	\$0-\$120	Low cost	No human support	IRS audit defense (\$250/hr)
TaxSlayer Live	\$180M	\$19.99-\$79.99	Digital convenience	High error rate (12%)	Dual-review quality control

Strengths	Weaknesses	Opportunities	Threats
CPA/EA certified staff	Seasonal revenue concentration (80% Jan-Apr)	IRS enforcement up 18% (2022)	AI tax software disrupting DIY market
80% gross margins	Limited brand awareness	Gig economy growth (9.2% CAGR)	IRS penalty for filing errors (\$500+/return)
\$58.60 CAC	Dependent on SBA loan	Tax debt resolution market (\$1.2B)	CPA firms lowering prices
75% retention target	No off-season revenue streams	Immigrant household growth (6.8%)	State licensing delays

5. PRODUCTS & SERVICES

We deliver IRS-compliant tax returns via secure client portal (DocuSign integration) with dual-review quality control. Standard 1040 filing includes W-2 processing, standard/itemized deductions, and 72-hour turnaround. Complex returns (Schedule C, foreign assets) include IRS audit defense and tax optimization analysis. All services backed by \$1M E&O insurance.

Pricing set 15% below local CPAs (\$205 ARPC vs. \$241) based on lean operations. Standard 1040 at \$149 covers \$41 COGS (ProSeries license \$100/month / 85 clients, \$12 e-file fee, \$8 supplies) yielding \$108 gross profit (72.5% margin). Premium at \$249 includes itemized deductions analysis (\$15 incremental cost) for 70.3% margin.

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Standard 1040	\$149	2 W-2s, standard deduction	\$40k-\$75k individuals	60%	72.5%
Premium 1040	\$249	Itemized deductions, dependents	\$75k-\$100k households	30%	70.3%
Complex Returns	\$399+	Schedule C, foreign assets	Self-employed, small biz	10%	68.4%

Metric	Value	Calculation/Notes
Price per unit	\$205	$(60\% \times \$149) + (30\% \times \$249) + (10\% \times \$399)$
COGS per unit	\$41	Software (\$100) + E-file (\$12) + Supplies (\$8) + DocuSign (\$11) = \$31; \$10 allocated storage
Gross Profit per unit	\$164	$\$205 - \41
Gross Margin %	80%	$\$164 / \205
CAC	\$58.60	$(\$2,500 \text{ Google Ads} + \$1,200 \text{ FB}) / 63 \text{ leads} \times 68\% \text{ close rate} = \58.60
LTV	\$820	$\$205 \text{ ARPC} \times 4\text{-year avg. retention} (25\% \text{ churn})$

LTV:CAC	14.0	\$820 / \$58.60
Payback Period	0.3 months	\$58.60 CAC / (\$164 GP x 68% close rate)

6. MARKETING & SALES

Primary channel: Google Ads targeting "tax preparation Atlanta" (\$2,500/month budget). CPC \$2.40 (SEMrush 2023), CTR 3.2%, conversion rate 4.1% = 145 leads/month at \$58.60 CAC. Secondary: Facebook (\$1,200/month) targeting self-employed (25-54yo, \$40k-\$100k income) yielding 42 leads/month. Community partnerships generate 15% of clients via chambers of commerce and immigrant centers.

Sales cycle: 1) Google ad click (68% mobile); 2) Free consultation booking via Calendly (32% conversion); 3) 15-min Zoom call (68% close rate); 4) Portal document upload (92% completion). Average cycle: 4.2 days. Retention: Automated SMS reminders (90% open rate), birthday discount (\$25 off), free annual tax health review driving 75% retention.

Channel	Monthly Budget	Expected CAC	Expected Leads/Month	Conversion Rate	Expected Customers/Month	ROI
Google Ads	\$2,500	\$40.27	62	68%	42	305%
Facebook Ads	\$1,200	\$95.24	13	68%	9	172%
Referral Program	\$500	\$33.33	15	100%	15	490%
Community Events	\$300	\$60.00	5	60%	3	173%
Total	\$4,500	\$58.60	95	67.4%	69	281%

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
Jan	\$3,000	\$1,500	\$500	\$500	\$0	\$5,500	120	81
Feb	\$3,000	\$1,500	\$500	\$500	\$0	\$5,500	120	81
Mar	\$3,000	\$1,500	\$500	\$500	\$0	\$5,500	120	81
Apr	\$2,000	\$1,000	\$300	\$200	\$0	\$3,500	70	47
May	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Jun	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Jul	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Aug	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Sep	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Oct	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Nov	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Dec	\$1,000	\$500	\$200	\$100	\$0	\$1,800	30	20
Year Total	\$20,000	\$10,000	\$3,000	\$2,000	\$0	\$35,000	650	440

7. OPERATIONS

Daily workflow: 1) Client uploads documents via encrypted portal (24-hour SLA); 2) Preparer completes draft in ProSeries (72-hour SLA for standard returns); 3) Senior EA conducts quality review; 4) Client signs via DocuSign; 5) E-file submission. Capacity: 2 full-time preparers handle 1,200 returns/year (5 returns/day during peak season). Off-season: Staff cross-trained for tax debt resolution and bookkeeping.

Key vendors: Intuit (ProSeries \$100/month), DocuSign (\$99/month), Iron Mountain (\$150/month). Technology stack chosen for IRS compliance and scalability. Salesforce CRM integrates with Calendly for appointment scheduling.

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Intuit	ProSeries Professional	\$100	Annual, 30-day cancel	Lacerte Tax
DocuSign	E-signature	\$99	Month-to-month	Adobe Sign
Iron Mountain	Document storage	\$150	12-month	Shred-It
Verizon	Internet (1 Gbps)	\$120	24-month	AT&T Fiber
Office Depot	Supplies	\$200	None	Staples

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Salesforce Essentials	CRM	\$25	3	HubSpot
QuickBooks Online	Accounting	\$40	2	Xero
Calendly Pro	Scheduling	\$12	3	Acuity
Norton Small Business	Cybersecurity	\$8.25	3	McAfee
WordPress	Website	\$15	1	Squarespace

8. MANAGEMENT TEAM

Lean structure: Founder-CEO (tax strategy), Operations Director (marketing/client services), 2 full-time preparers, 1 part-time EA. Salaries: Preparers \$55k-\$65k base + \$5k performance bonus. Compensation philosophy: 80% market rate + 20% performance to retain talent during off-season.

Advisory board: Robert Chen (ex-IRS agent, 22 years experience), Maria Garcia (immigration tax specialist). Compensation: \$1,500/quarter stipend + 0.5% equity.

Month	Role	Salary	Priority	Source	Onboarding Time
Dec 2023	Lead Preparer	\$60,000	High	LinkedIn	30 days
Jan 2024	Marketing Coordinator	\$45,000	High	Internal	0 days
Mar 2024	Part-time EA	\$30/hour	Medium	NASBA	15 days
Jun 2024	Bookkeeper	\$40,000	Low	Indeed	21 days

9. FINANCIAL PLAN

Key assumptions: 1) 69 new clients/month in Year 1 (seasonal: Jan-Apr 81/month, May-Dec 20/month); 2) ARPC \$205 growing to \$225 by Year 3; 3) Monthly churn 2.1% (25% annual); 4) COGS 20% of revenue; 5) Marketing spend 20% of revenue; 6) Salaries \$8,000/month growing to \$10,000 by Year 3.

Revenue model: 850 clients Year 1 (\$174,250), 1,400 Year 2 (\$305,200), 2,500 Year 3 (\$562,500). Growth drivers: 68% consultation close rate, 75% retention, geographic expansion to Charlotte (Q3 2025). Cost structure: 65% fixed costs (rent, salaries, software), 35% variable (marketing, e-file fees). Fixed costs scale 12% annually with expansion.

Startup costs: \$185,000 total. \$85,000 owner equity, \$100,000 SBA loan. Funds allocated to \$122,000 working capital (covers 6 months negative cash flow), \$20,000 marketing launch, \$15,000 technology. Provides 18 months runway to break-even at 72 clients/month.

Category	Item	Cost	Notes
Legal/Formation	LLC filing	\$500	Georgia SOS fee
Licenses/Permits	Tax preparer licenses	\$1,200	GA + SC
Equipment	2 workstations	\$4,000	Dell Optiplex + monitors
Technology	Printer setup	\$1,200	Annual license
Initial Supplies	Printer scanners	\$2,500	Brother models
Marketing Launch	Website development	\$5,000	WordPress + SEO
Marketing Launch	Google Ads reserve	\$10,000	Prepaid Q1 budget

Working Capital	6 months OpEx	\$122,000	See OpEx table
Insurance	E&C policy	\$5,000	\$1M coverage
Professional Fees	Account setup	\$2,500	QuickBooks config
Office Setup	Furniture	\$7,500	2 meeting rooms + desks
Branding	Logo collateral	\$1,000	Fiverr Pro
Training	IRS CE courses	\$1,500	2 staff x 3 courses
Contingency	10% buffer	\$18,500	\$185,000 x 10%
Other	Iron Mountain setup	\$300	Initial storage
TOTAL		\$185,000	

Category	Monthly Cost	Annual Cost	Notes
Rent	Fixed \$4,000	\$48,000	1,200 sq ft @ \$48k/yr

Salaries	Fixed \$8,000	\$96,000	2 staff @ \$4k each
Benefits	Fixed \$1,600	\$19,200	20% of payroll
Insurance	Fixed \$500	\$6,000	E&O + GL
Software	Fixed \$200	\$2,400	Salesforce, Calendly, etc.
Utilities	Fixed \$300	\$3,600	Internet, phone, power
Marketing	Variable \$3,600	\$43,200	20% of Year 1 revenue
Professional Services	Variable \$600	\$7,200	Accounting
Supplies	Variable \$250	\$3,000	Paper, e-file fees
Travel	Variable \$100	\$1,200	Chamber events
Loan Payment	Fixed \$1,086	\$13,032	SBA 7(a) 10-yr @ 6.5%
Other	Variable \$500	\$6,000	Contingency
FIXED TOTAL	\$15,986	\$191,832	
VARIABLE TOTAL	\$5,050	\$60,600	
COMBINED TOTAL	\$21,036	\$252,432	

Ending Cash	\$114,519	\$107,038	\$99,557	\$93,076	\$81,114	\$69,152	\$57,190	\$45,228	\$33,266	\$21,304	\$9,342	(\$2,620)
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Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	\$174,250	\$101,733	\$76,300	\$76,300	\$76,300	\$140,625	\$140,625	\$140,625	\$140,625	\$562,500
COGS	\$34,850	\$20,347	\$15,260	\$15,260	\$15,260	\$28,125	\$28,125	\$28,125	\$28,125	\$112,500
Gross Profit	\$139,400	\$81,386	\$61,040	\$61,040	\$61,040	\$112,500	\$112,500	\$112,500	\$112,500	\$450,000
OpEx	\$191,832	\$45,000	\$45,000	\$45,000	\$45,000	\$58,500	\$58,500	\$58,500	\$58,500	\$234,000
EBITDA	(\$52,432)	\$36,386	\$16,040	\$16,040	\$16,040	\$54,000	\$54,000	\$54,000	\$54,000	\$216,000
Net Income	(\$52,432)	\$27,290	\$12,030	\$12,030	\$12,030	\$40,500	\$40,500	\$40,500	\$40,500	\$162,000
Ending Cash	\$9,342	\$36,632	\$48,662	\$60,692	\$72,722	\$113,222	\$153,722	\$194,222	\$234,722	\$234,722

Metric	Value	Calculation
Monthly Fixed Costs	\$15,986	From OpEx table
Variable Cost per Unit	\$41	COGS per client
Price per Unit	\$205	ARPC
Contribution Margin per Unit	\$164	\$205 - \$41
Contribution Margin %	80%	\$164 / \$205
Break-Even Units per Month	97.5	\$15,986 / \$164
Break-Even Revenue per Month	\$20,000	97.5 x \$205
Expected Break-Even Month	Month 14	Q2 2025 per cash flow
Safety Margin	25.6%	(125 clients - 97.5) / 125

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	80.0%	80.0%	80.0%	75-85% (service)
Operating Margin %	(29.5%)	17.0%	38.4%	15-25%
Net Profit Margin %	(30.1%)	17.0%	28.9%	10-20%
Current Ratio	1.1	2.3	3.8	1.5-3.0
Quick Ratio	0.9	1.8	3.1	1.0-2.0
CAC Payback Period	0.3 months	0.3 months	0.3 months	3-9 months
LTV:CAC Ratio	14.0	14.0	14.0	3:1
Monthly Burn Rate	\$7,878	N/A	N/A	N/A
Runway (months)	15.5	N/A	N/A	N/A

10. RISK ANALYSIS

Top risks: 1) Seasonality (probability 5/5, impact 5/5) - 80% revenue concentrated Jan-Apr; 2) IRS penalties (probability 4/5, impact 5/5) - \$500+/return for errors; 3) Staff turnover (probability 3/5, impact 4/5) - off-season idle time; 4) SBA loan delay (probability 2/5, impact 5/5) - disrupts launch timeline.

Mitigation: 1) Develop year-round services (tax debt resolution, quarterly planning) targeting \$40k incremental revenue by Q3 2024; 2) Implement dual-review system reducing error rate to 0.8% (vs. industry 3.2%); 3) Cross-train staff for bookkeeping (off-season revenue stream); 4) Secure \$122k working capital reserve covering 6 months negative cash flow.

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Seasonal revenue concentration	5	5	25	Launch tax debt resolution by Q2 2024	Reduce marketing spend May-Dec	Lin
IRS filing errors	4	5	20	Dual-review system + \$1M E&O insurance	Reserve 5% revenue for penalties	Reynolds
Staff turnover	3	4	12	Cross-train for bookkeeping (\$25/hr)	Hire part-time during peak	Lin
SBA loan delay	2	5	10	\$122k working capital reserve	Owner equity bridge financing	Reynolds
CPA price competition	3	3	9	Emphasize multilingual support	10% military discount	Lin
Data breach	2	5	10	Norton encryption + annual audit	Cyber insurance (\$500k)	Reynolds
IRS law changes	4	4	16	Thomson Reuters Checkpoint (\$199/mo)	10% staff CE budget	Kim
Marketing underperformance	3	3	9	Diversified channels (Google + FB + referrals)	Double referral incentives	Lin

11. IMPLEMENTATION TIMELINE

Critical path: SBA loan approval by Nov 30, staff training completion by Jan 15, first client acquisition by Jan 20.
Dependencies: IRS EFIN approval required before e-filing, ProSeries license needed for training. Key priority: Achieve 50 clients in January to validate marketing assumptions.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
Nov 2023	SBA loan closing	\$100k disbursement	SBA documents	Funds received by Nov 30	Reynolds
Dec 2023	Staff training complete	Certified preparers	ProSeries license	2 staff trained	Kim
Jan 2024	50 clients acquired	50 filed returns	Marketing budget	\$7,500 revenue	Lin
Feb 2024	Google Ads optimization	CAC < \$60	\$3k ad spend	75 leads at \$40 CAC	Lin
Mar 2024	First referral program payout	15 referral clients	\$750 reserve	20% of new clients referred	Lin
Apr 2024	Break-even achieved	72 clients/month	Operating budget	\$15k monthly revenue	Reynolds
May 2024	Tax debt resolution launch	3 signed clients	\$2k marketing	\$2,400 revenue	Reynolds
Jun 2024	Bookkeeper hired	Off-season services	\$3k salary	\$1,500 monthly revenue	Lin
Jul 2024	Client retention review	75% retention rate	CRM data	640 returning clients	Lin
Aug 2024	Charlotte market research	Expansion feasibility	\$5k budget	3-page report	Reynolds
Sep 2024	Q3 revenue target	\$12,300 revenue	Staff capacity	60 clients	Kim
Oct 2024	Year 2 budget approval	\$200k funding plan	Financial model	Board sign-off	Reynolds