



Steps for increased confidence in pricing.

Demonstrating competitiveness and value for tax firm operations in 2025



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Pricing of tax services traditionally reflects several factors: clients' history and relationship with a firm, whether clients feel the prices they're quoted are competitive with other firms' offerings, and how clients perceive the value of the services they receive.

While tax professionals are generally confident in the prices they are setting, there are significant gaps in their confidence levels as they seek to balance price competitiveness with ensuring that clients understand the value of the firm's expertise. Whether professionals and their firms can strike that balance or not can have a major impact on their client roster and financial performance.

Leaders at many tax, audit & accounting firms often struggle to understand when and to what degree they can raise fees to improve their business development and profitability. As detailed in our previous report, *Aligning Pricing with Value: Strategies for Success in Modern Tax Firm Operations in 2024*,¹ clients are increasingly looking to their outside tax firms to demonstrate clear value for the services that they provide. At the same time, it is essential for firm leaders to know whether their pricing is competitive in the market — and as operational costs continue to climb, they must also balance their need to cover rising costs.

Striking these balances is increasingly important in order for firms to maintain profitability. The recently published *2025 State of the Tax Professionals Report*² found that while nearly two-thirds (64%) of respondents reported increased firm revenues over the previous 12 months, less than half (45%) reported that profits had increased, indicating a decline in margins.

This report explores the many facets of pricing confidence as well as a multitude of measures that tax, audit & accounting firms can employ to increase their professionals' confidence that their pricing consistently meets the needs of clients, while simultaneously enhancing the firm's business.

Firms often struggle to understand where and when they can raise fees to improve their business development and profitability.

Methodology

This report is based on a survey of 317 tax professionals in decision-making roles, such as owner, partner, or director, in United States-based tax firms of all sizes. The survey was conducted by the Thomson Reuters Institute in June 2025.

¹ <https://www.thomsonreuters.com/en-us/posts/tax-and-accounting/tax-firms-pricing-report-2023>

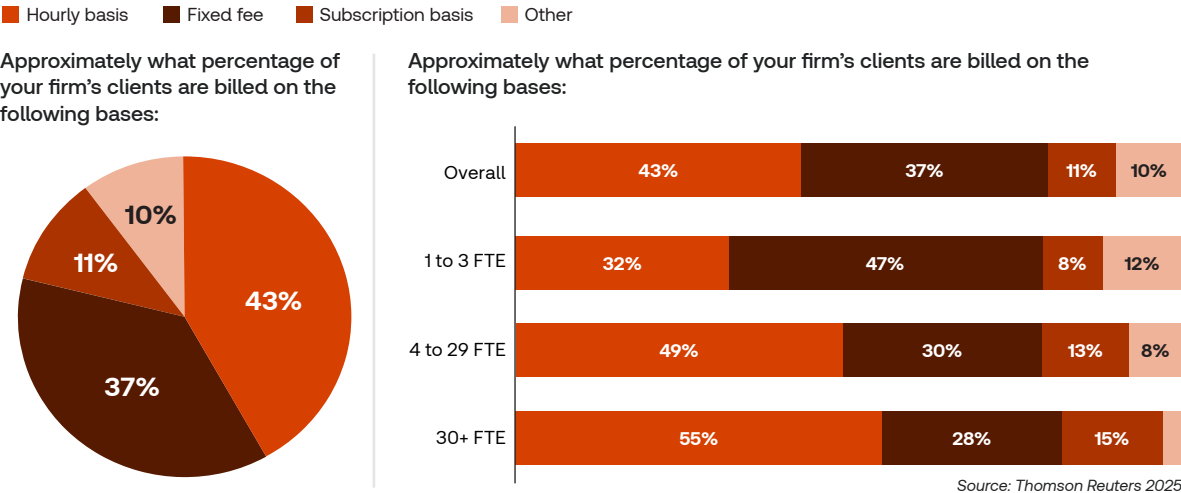
² <https://www.thomsonreuters.com/en-us/posts/wp-content/uploads/sites/20/2025/05/2025-State-of-Tax-Professionals.pdf>

The current state of firm pricing

Firms’ pricing often is a result of tradition and past precedent rather than current market conditions. That means that firms may be pricing according to what they feel the market or their clients will bear, rather than accurately reflecting the actual value to clients of the services that are provided.

Hourly billing remains the predominant pricing mechanism, according to the survey. And therein lies a significant strategic opportunity for forward-thinking firms to leverage alternative pricing strategies to better align their pricing with the expectations of clients and the market, while improving firm profitability.

FIGURE 1:
Current pricing methods by percentage of clients



Greater use of hourly billing largely corresponds with firm size: Larger firms tend to leverage their market position and rely on the more traditional hourly pricing. Given that, there are opportunities for small and midsize tax firms to expand their use of fixed fees to offer clients greater budget certainty. There’s also a significant opportunity for firms of all sizes to expand their use of subscription offerings.

However, for firms to effectively optimize their pricing strategies, they need to closely examine the gaps in confidence levels for their pricing as well as the opportunities those might present.

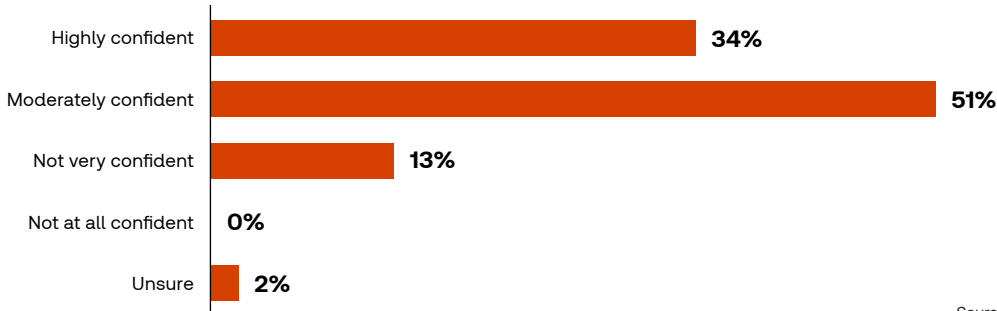
The pricing confidence crisis

Only 1 in 5 tax professionals say they are fully confident in their pricing strategy

The survey reveals a significant discrepancy between whether firms are confident that their pricing is competitive, or whether their pricing fully represents the value of their expertise.

Tax professionals say they are generally confident that their pricing is competitive, and that their prices are not too high compared with other firms. One-third of respondents (34%) indicate they are highly confident their pricing is competitive, and an additional 51% say they are moderately confident, leaving only 13% that feel they're not very confident.

FIGURE 2:
Confidence in pricing competitiveness
Overall, how confident are you that your firm's current pricing is competitive?

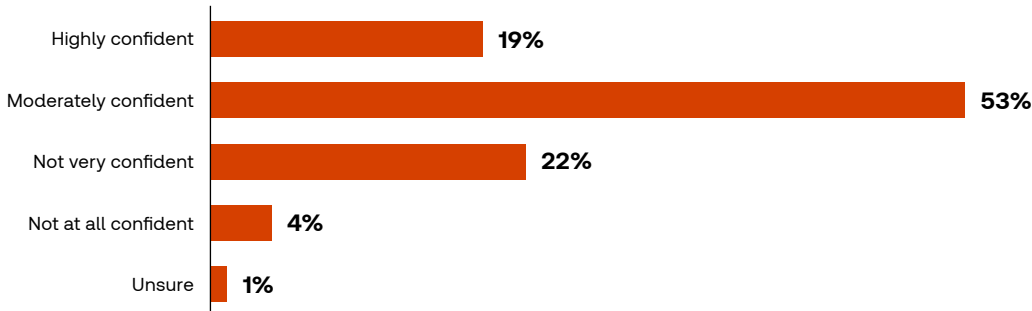


Source: Thomson Reuters 2025

This confidence is likely reassuring for firm leaders in that their firms are not being perceived by clients as overcharging for services. At the same time, however, respondents were notably less confident that their pricing adequately captures the value that they provide to clients.

Indeed, less than one in five respondents (19%) say they are fully confident that their pricing strategy reflects the value of their expertise. More than one-quarter (26%) also were more likely to say they are not very confident or even not at all confident in this aspect of their pricing strategy.

FIGURE 3:
Confidence in pricing reflecting value
Overall, how confident are you that your firm's current pricing accurately reflects the value of expertise provided?



Source: Thomson Reuters 2025

Those firms that have a large portion of their tax professionals saying they are highly confident likely achieve greater profitability by utilizing more sophisticated strategies that better optimize pricing for the market.

Conversely, the firms with professionals who are either just moderately confident or lacking confidence in pricing for value are leaving money on the table. They are likely undervaluing their professionals' expertise, as well as having difficulty justifying premium rates or upselling additional services to clients. Thus, they are losing potential revenue and profit through improperly priced services.

This pricing confidence gap represents some of the most significant yet addressable challenges and opportunities for greater profitability in tax services today.

Lack of data for pricing comparison and decision-making

When it comes to price competitiveness, most professionals say they are confident that their firm's pricing is competitive in the market. However, the survey suggests many firms are not necessarily using targeted or reliable data for making pricing decisions on competitiveness. So, professionals' perceptions of whether their firms' pricing is competitive may not reflect actual market conditions.

While some survey respondents said they strive to provide "unmatched quality" work or aim to go "above and beyond" in serving their clients, when it comes to pricing, several respondents seemed unconcerned with how clients view their pricing in terms of client satisfaction or perceived fairness for the services received.

"We don't ensure that clients perceive our pricing as fair and competitive."

Instead, numerous respondents said they merely assume that any on-going client relationship must thereby reflect client satisfaction with pricing.

"If the client doesn't want to pay our bill, they are welcome to find another firm."

"If they don't complain and pay us, we assume that they see our pricing as fair and competitive."

"[We] raise fees until clients leave. Then we raise them more."

Many respondents also seemed unconcerned with client flight risk as they feel they already have all the work they can handle.

"We charge what we charge and if clients do not want to pay our rates, we move on as we are already too busy."

An abundance of work can indeed be reassuring for firms — and it seems logical. If clients did not view a firm's price as competitive, they would likely take their business elsewhere.

However, much of this confidence in price competitiveness may be based on incomplete information, or even assumptions and guesswork. Firms largely have limited views of market pricing, making it difficult to know if their pricing is truly competitive. As one respondent noted: “We have spotty pricing information from other firms that is so widespread we cannot reasonably use it” as a basis for our own pricing. Several other respondents report they were basing their pricing competitiveness analysis on rates they were seeing published in newspapers or trade publications, and on competitors' websites. Such information may not reflect the prices that clients are actually paying, and it often does not provide comparable prices among firms of similar size, location, service offerings, and clientele.

***“We have spotty
pricing information
from other firms.”***

– Survey respondent

And most firms are not even making use of the limited data at their disposal. Only 30% of respondents say their firms regularly benchmark their pricing against competitors.

Given all this, it seems that many firms are in the dark as to the true extent of how competitive their pricing may be.

Measures to improve confidence in pricing

There are several measures that tax, audit & accounting firms of any size can take — no matter their level of pricing confidence — to improve their ability to price with greater confidence and to ensure that their rates are both competitive and properly reflect the value of the services they offer.

Comparative data & market intelligence

Given the general lack of use of comprehensive market data, it's not surprising that tax professionals overwhelmingly agree that more use of comparative data would increase confidence in their pricing. Nearly half (47%) of those surveyed say they feel that greater use of marketing intelligence and benchmarks would drive greater pricing confidence. Useful data can include comparative retention rates, as well as benchmarking prices for firms that provide similar services, or are of similar size or in the same location.

And yet most respondents said they do not regularly benchmark their pricing against competitors. It's important to note that those respondents who indicated that they are highly confident in their pricing also are more likely to conduct benchmarking.

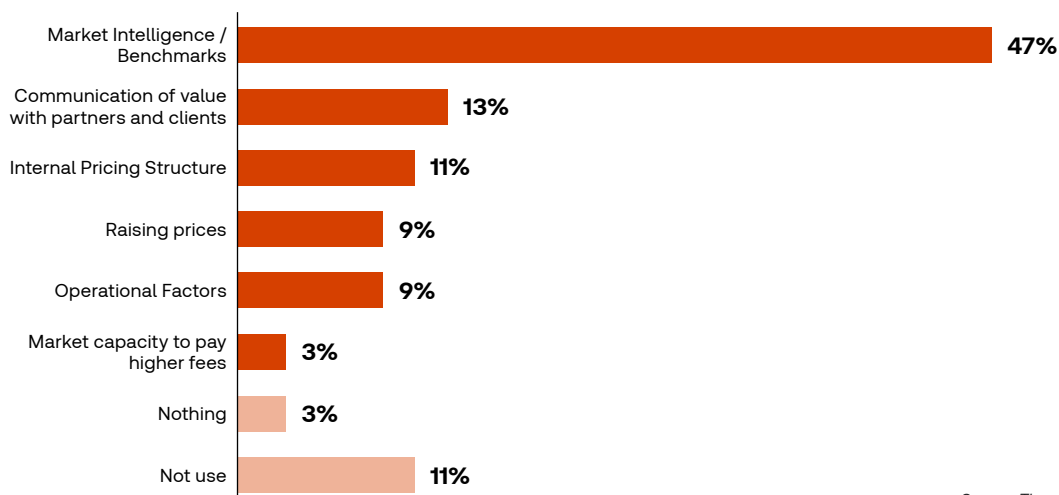
Beyond obtaining and analyzing comprehensive market data, many of the tax professionals surveyed say they are unsure what other steps they could take to improve pricing confidence. Fewer than one-in-seven respondents said that communicating value to partners and clients (13%), establishing an internal pricing structure (11%), or raising prices (9%) would increase confidence in their pricing. It's also worth noting that 11% say that they are not sure what, if any, steps would drive greater confidence in pricing. This is somewhat surprising, as the survey provided an open-ended question, giving respondents a blank canvas for sharing any and all ideas they felt could potentially increase confidence in pricing.

The good news is that deeper analysis of the survey data reveals several additional steps that firms can take to improve their pricing confidence.

FIGURE 4:

What would increase confidence in your pricing strategy?

What would increase your confidence in your pricing strategy?



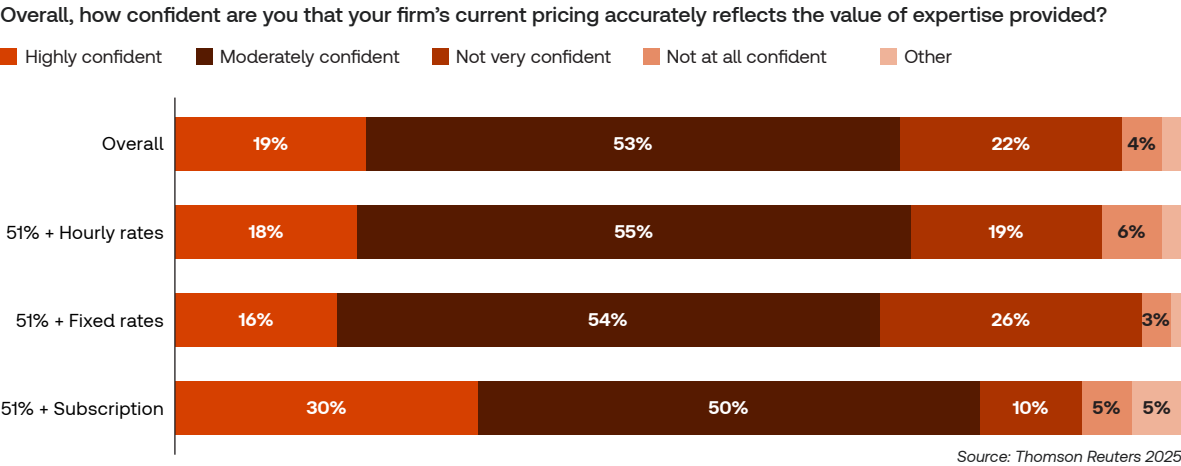
Source: Thomson Reuters 2025

Subscription models

Adopting subscription models can significantly increase pricing confidence. Compared with other pricing models, subscriptions provide clients with clearer scope and expectations for the services they’re receiving. In turn, clients tend to perceive subscriptions as offering greater value as well as improving their ability to plan budgets for tax services.

Respondents whose firms use subscriptions for the majority of their clients were significantly more likely to report high confidence in their pricing. Almost one-third (30%) of those respondents say they are highly confident that their pricing accurately reflects the value of their work, compared with only 18% of those that primarily use hourly rates, and 16% that price primarily with fixed fees.

FIGURE 5:
Using subscriptions increases pricing confidence



However, just 11% of clients are billed on a subscription basis when looking across all tax professionals surveyed. While fixed fees make up more than one-third (37%) of client arrangements, hourly billing remains the dominant pricing strategy across the industry, accounting for fully 43% of clients (as shown in Fig. 1).

Still, the 11% level of subscription usage is a major increase compared to the 3% reported last year. However, there clearly remains a substantial opportunity for firms to further expand subscription pricing with their clients, opening the door for much greater confidence in aligning pricing with value in clients’ minds.

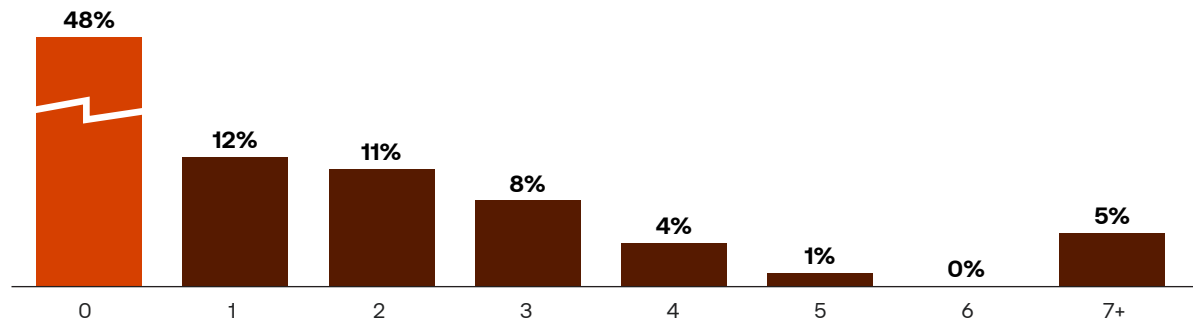
Packaging and bundling of services

Packaging and bundling services together can be an excellent pricing strategy for tax, audit & accounting firms as clients perceive it as offering greater value. However, nearly half of respondents (48%) say that their firm currently does not offer any packaged or bundled services — and of firms that do, most offer only one or two services within those bundled packages. Notably, the largest firms — those with 30 or more employees — are significantly less likely to offer bundles, with barely one in four (26%) doing so.

FIGURE 6:

Half of respondents' firms don't offer bundled packages of services

How many, if any, different fixed-price packages for bundles of compliance and/or advisory services does your firm currently offer to clients?



Source: Thomson Reuters 2025

When bundled or packaged services are provided to clients, they are often tiered by varying levels of service requirements. This allows firms to segment clients by their size, needs (such as compliance or advisory), and complexity (such as domestic or international operations).

Packages can be further customized with optional add-ons, which add flexibility; this generally resonates with clients, as they feel they are receiving bespoke bundles specifically geared to their unique requirements. Half of respondents who say they are highly confident in their pricing also offer personalized service bundles based on clients' specific needs.

Typical packages, according to respondents, are:

- **Basic packages** of core compliance or bookkeeping duties, such as accounting, and preparation of business or personal tax returns and 1099s;
- **Standard packages** that include the basic bundle and add planning, reporting, business formation, and tax strategy services; and
- **Premium packages** that add other services, including advanced consulting, wealth management, real estate work, and cross-border services for large clients.

FIGURE 7:

Most common services by package

■ Often included
 ■ Sometimes included
 ■ Rarely included

Service	Basic Average of 5 services \$1,000 (range \$250 - \$6,125)	Standard Average of 10 services \$2,000 (range \$400 - \$8,625)	Premium Average of 13 services \$4,000 (range \$1,000 - \$13,625)
Accounting/Bookkeeping	Often included	Often included	Often included
Accounting Adjustments/Reconciliation	Often included	Often included	Often included
1099s Preparation	Often included	Often included	Often included
Business Tax Return	Often included	Often included	Often included
Personal Tax Return	Often included	Often included	Often included
Payroll	Sometimes included	Often included	Often included
Sales and Use Tax Return	Sometimes included	Often included	Often included
Financial Statement Preparation	Sometimes included	Often included	Often included
Compilations	Rarely included	Sometimes included	Sometimes included
Accounting System Setup and Support	Rarely included	Sometimes included	Often included
Business Start-Up/Entity Structure	Rarely included	Often included	Often included
Tax Planning	Sometimes included	Often included	Often included
Corporation/LLC Income Strategies	Rarely included	Often included	Often included
Cash Flow Planning	Rarely included	Sometimes included	Often included
Company Fringe Benefits	Rarely included	Sometimes included	Often included
Education Savings/Income Shifting	Rarely included	Sometimes included	Often included
Real Estate Investing	Rarely included	Sometimes included	Often included
Rental Property Operations	Sometimes included	Sometimes included	Often included
Tax Privileged Accounts	Rarely included	Sometimes included	Sometimes included
Succession Planning	Rarely included	Rarely included	Sometimes included
Business Transitions/Buy-Build-Lease	Rarely included	Sometimes included	Often included
Equity Planning/Post-Tax Net Worth	Rarely included	Rarely included	Sometimes included
Employee Stock Compensation	Rarely included	Rarely included	Rarely included
Estate Planning	Rarely included	Rarely included	Sometimes included
Foreign Bank Account Review (FBAR)	Rarely included	Rarely included	Sometimes included
Expat/Foreign Investing/New US Resident	Rarely included	Sometimes included	Sometimes included

Source: Thomson Reuters 2025

Because clients view bundled or package services as providing greater value, tax professionals whose firms offer such service packages report they are able to strategically increase prices. Three-quarters of respondents (73%) report that their firm increased their fees for packages by 10% to 24% over the past two years. An additional 26% of respondents say their firms increased prices by more than 25%. One of the largest drivers of these price increases, according to respondents, was that bundling or packaging services provides them with greater confidence that they can articulate the value of their services to clients.

Firms can further optimize this strategy through additional steps, including:

- regularly reviewing and adjusting the pricing of bundles or packaged services based on client feedback and benchmarking of market trends;
- communicating a *good-better-best* tiering model to clients to guide them toward higher-value levels;
- for bundles, recurring services, and subscription packages, offering monthly or quarterly billing to improve transparency and client cash flow, thus further improving client relations; and
- internally, tracking conversion and client retention rates by package, and adjusting offerings and pricing accordingly.

More frequent pricing reviews

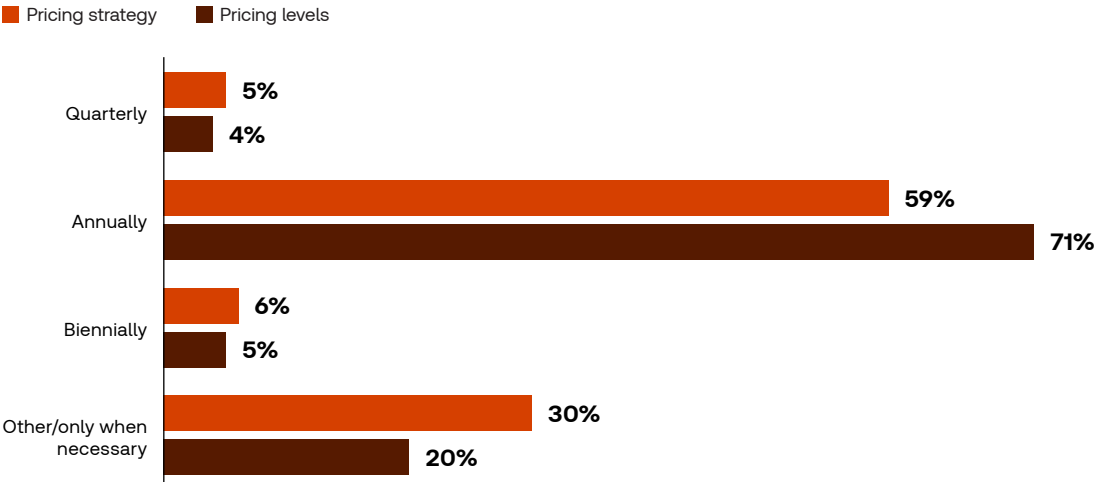
Reviewing pricing levels and strategies at least once a year significantly increases confidence that a firm's pricing is both competitive and reflects the value of the expertise provided.

The encouraging news is that most respondents say their firm conducts annual reviews of pricing levels (71%) and pricing strategy (59%). At the same time, however, only between 4% and 5% say their firm reviews pricing levels or strategy *quarterly* — and that could be a missed opportunity because the more frequent review cycles could further increase pricing confidence.

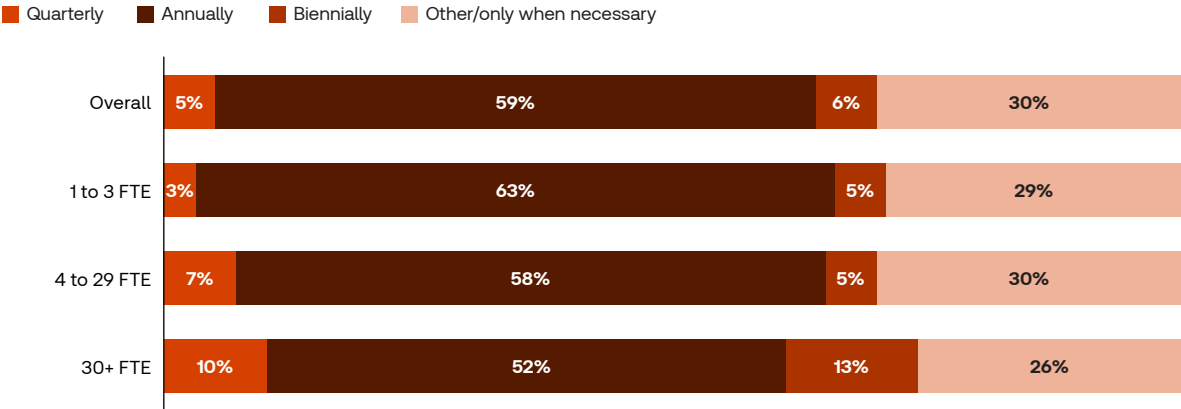
Meanwhile, a significant percentage of respondents say their firm reviews pricing only biennially or when necessary. These firms are missing out on an opportunity to improve confidence in their pricing through review measures that would be relatively simple and easy to implement.

FIGURE 8:
Most firms review pricing at least annually

Overall, how confident are you that your firm’s current pricing accurately reflects the value of expertise provided?



How frequently do you review and adjust your pricing strategy?



Source: Thomson Reuters 2025

Communications and transparency

Regardless of whether a firm implements or has already implemented any of the measures mentioned in this report, there is one step that all firms should take to improve their clients’ perceptions of a firm’s value: Improve communications and transparency to articulate the worth of the firm’s services.

Only 7% of respondents say that their firm conducts client satisfaction surveys related to pricing. This means most firms are making pricing decisions without direct client input or feedback, resulting in potential disconnects between firm pricing strategies and client perceptions.

Firms should regularly conduct check-ins and planning discussions with clients throughout the year, which would provide opportunities to:

- offer full and transparent breakdowns and justification of pricing to ensure that clients perceive the pricing as fair, competitive and providing great value;
- review changes and updates in clients' goals, as well as updates in tax law, and then tailor service portfolios accordingly;
- provide added value by offering strategic advice, referrals, and tools that go beyond basic compliance;
- solicit client input and feedback to improve service delivery;
- share best practices, client testimonials, and case studies; and
- recognize and reward client loyalty and milestones through incentives such as loyalty pricing.

Firms should also emphasize the many ways in which they provide value to their clients, including:

- **Expertise & accuracy** — Highlight the firm's deep knowledge of tax law, certifications (such as CPA and EA), and experience with complex cases.
- **Maximizing savings** — Demonstrate how the firm reduces clients' tax liabilities through deductions, credits, and strategic planning. (Only 18% of respondents say their firm actively demonstrates to their clients the ROI or tax savings the firm has achieved for them.)
- **Time & stress reduction** — Position the firm as a partner to the client, one that can handle compliance and deadlines, thus freeing clients to focus on other business priorities.
- **Risk management** — Offer audit support and reduce exposure to penalties through accurate filings.
- **Personalized planning** — Provide tailored advice to clients year-round, not just during tax season.

Looking ahead

This year's tax pricing survey reveals a market in which current pricing strategies present opportunities for forward-looking firms. While most tax, audit & accounting professionals believe their firm is competitively positioned, there are significant opportunities for those firms that seek to solidify client relationships and improve firm profitability. The current low adoption rates for measures such as competitor price benchmarking, client satisfaction surveys on pricing, and quarterly pricing reviews suggest there are multiple measures that most firms could now employ to bolster profitability.

Rather than relying on client history or past precedent to guide pricing, firms need to adopt data-driven pricing models that incorporate market intelligence and client feedback, while embracing flexible delivery models such as bundled packages, subscriptions, and personalized service portfolios. Technology can play a key role with the use of pricing analytics tools that can identify optimal rate structures for practice areas and even individual customers, based on service costs, client value perception, and competitive positioning. And client relationships could be further strengthened through the use of clear, transparent conversations around pricing that convey the value and ROI the firm is providing, which could justify future price increases.

The current market environment represents a strategic inflection point in which firms can differentiate themselves by enlisting more sophisticated approaches to pricing methodologies and articulation of value. Many firms struggle to align price with value and to accurately convey the value of their services to clients. This pricing confidence gap represents one of the most significant yet addressable opportunities in tax services delivery today.

This survey shows that most tax, audit & accounting firms have considerable headroom to push clients to recognize the price of the firm's tax services as a worthwhile investment. Those firms that successfully bridge this gap stand to substantially improve profitability and strengthen their business.

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