eBook

Post-Tax Season Survey 2024

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Introduction

With another busy season behind us and firmly filed away in the history books, now is the ideal time to take out the report cards and reflect on how firms did. In our annual post-tax season survey, Rightworks asked firms to **share their experiences** from the 2024 tax season. Nearly half of respondents feel that this year's tax season went better than last year's, a trend that has remained consistent for the past four years.

Despite this sentiment, firms also revealed an interesting contrast when over half indicated that tax season is becoming increasingly stressful. Add to that the ongoing staffing issues in the accounting profession, and it's no wonder that firms are laser-focused on firm improvement initiatives.

This year's survey presented several questions on staffing issues, which should be no surprise given the **shortage of new graduates entering the profession**. So, how can firms address the growing concern with staffing and attract the best talent?

Well, technology definitely plays a role. This year's survey revealed that technology is by far the driving force in creating a better tax season for clients and staff. Firms are looking for tools that improve workflow and collaboration while providing the security needed for flexible schedules and remote work. These are the things today's clients demand and high-performing staff require.

With a desire to create better experiences for both clients and staff, just over one-third of this year's respondents have adopted more cloud-based or hosted applications. Firms making this move realized improved processes and better collaboration. As a bonus, they didn't have to worry about maintenance and had consistent and reliable support when they had questions about those applications and systems.

Improved efficiency, technology utilization and proactive staffing adjustments are the leading factors that led firms to score higher overall satisfaction with the 2024 tax season. This year's survey results should help firms identify best practices, evolving technologies and staffing strategies to implement before the next round of filing deadlines, all with the goal of boosting productivity and reducing stress for everyone.

Post-Tax Season Survey 2024: Survey demographics

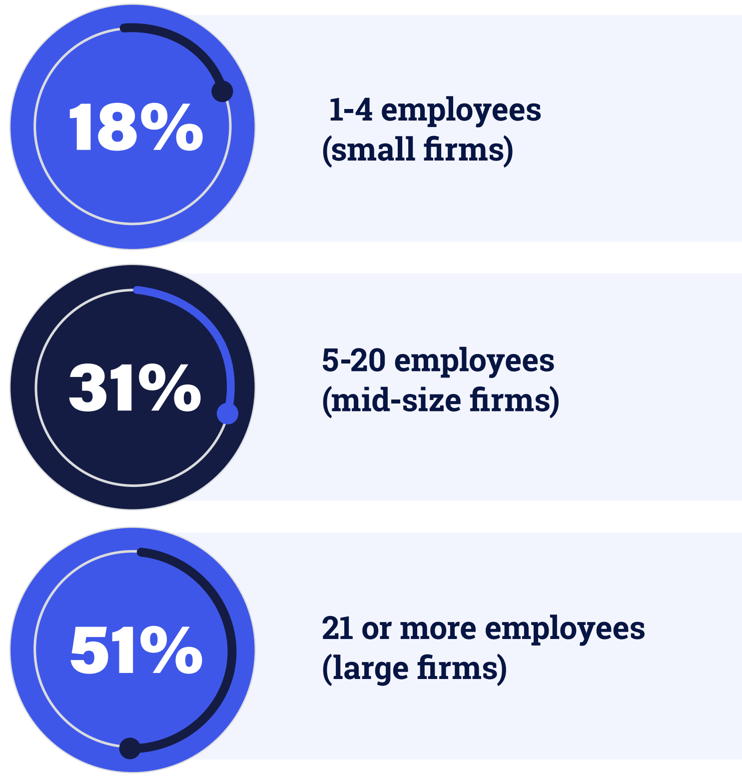
Here's how the 2024 Post-Tax Season Survey played out, question by question. The first category of questions identifies our participating firms.

1. Including yourself, how many employees work at your firm?

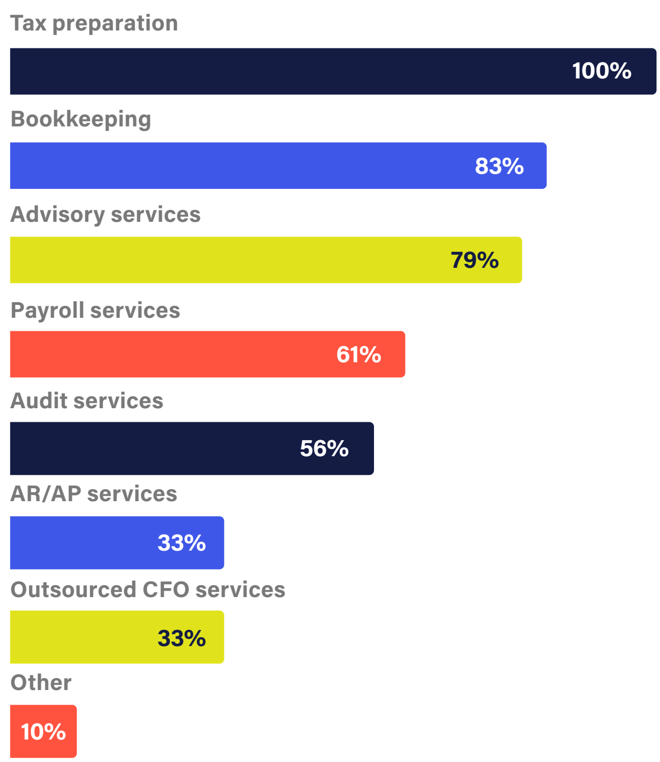
We had 200 participants in this year's survey, which gives us a margin of error of less than 5%. While firm size varies among those responding to this year's survey, 100% of participating firms prepare tax returns. Over half of participating firms have more than 20 employees, which by many standards is considered a large firm. About 30% of our sample are mid-sized firms with between five and 20 employees. That leaves 18% of this year's participants as small firms with fewer than five employees.

As evidenced in previous surveys and conversations we've had with firms, larger firms are usually the first to implement tools and processes, which eventually trickle down and get adopted by small and medium-sized firms. So, with over half of our respondents representing larger firms, the results of this survey provide a good foundation of recommendations for helping you move your firm forward, regardless of size.

This year's participants by firm size



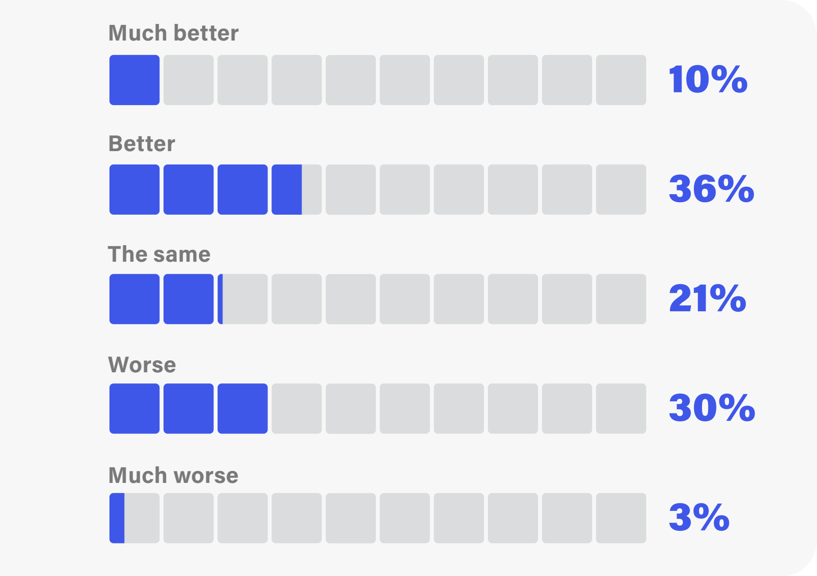
2. Which of the following services does your firm offer?



Post-Tax Season Survey 2024: Firm management

This set of questions involves business changes and firm management.

3. How did this year's tax season compare to last year's?



This year's numbers continue to align with those of the past four years, with almost half of respondents saying this season was better or much better than last year—almost the exact same percentages we've seen year over year since 2021. Large firms (21 or more employees) were more likely to say that tax season was better than firms with 20 or fewer employees (53% vs. 39%).

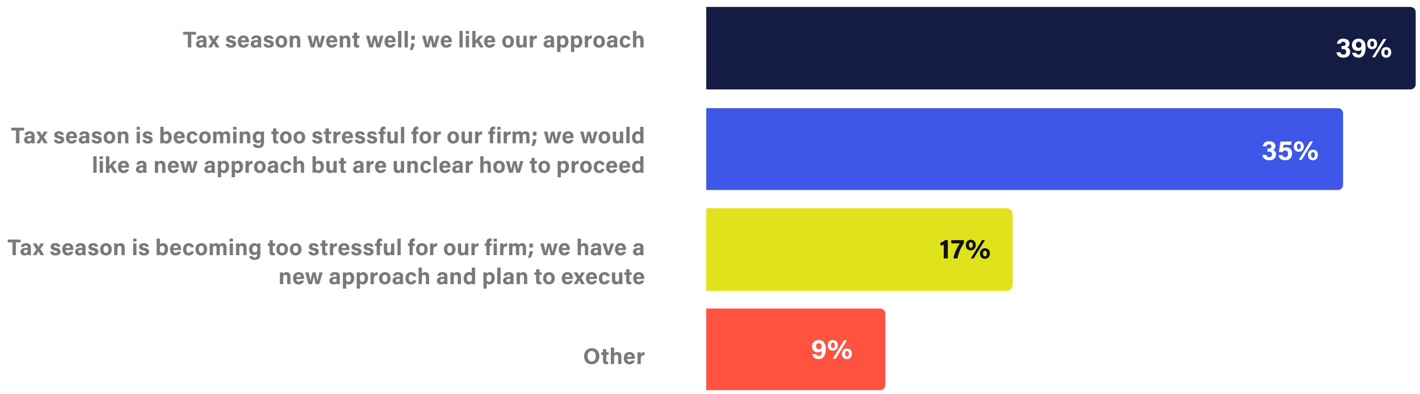
As we tried to identify what made this busy season better, firms attributed it primarily to the following three things:

- **Improved efficiency**
- **Increased use of technology (particularly specific workflow tools)**
- **Proactive staffing adjustments**

Unfortunately, one-third of respondents said this year was worse or much worse, citing staffing issues, imbalanced workload, inefficient processes and timeliness of clients as the top reasons.

Another noteworthy finding is that despite all the talk in the profession in recent years about elevating advisory services for **more year-round revenue**, 53% of responding firms said they had more tax clients this year; only 16% had fewer. This supports the fact that advisory and compliance services are intertwined, and firms need to look more holistically at the full equation.

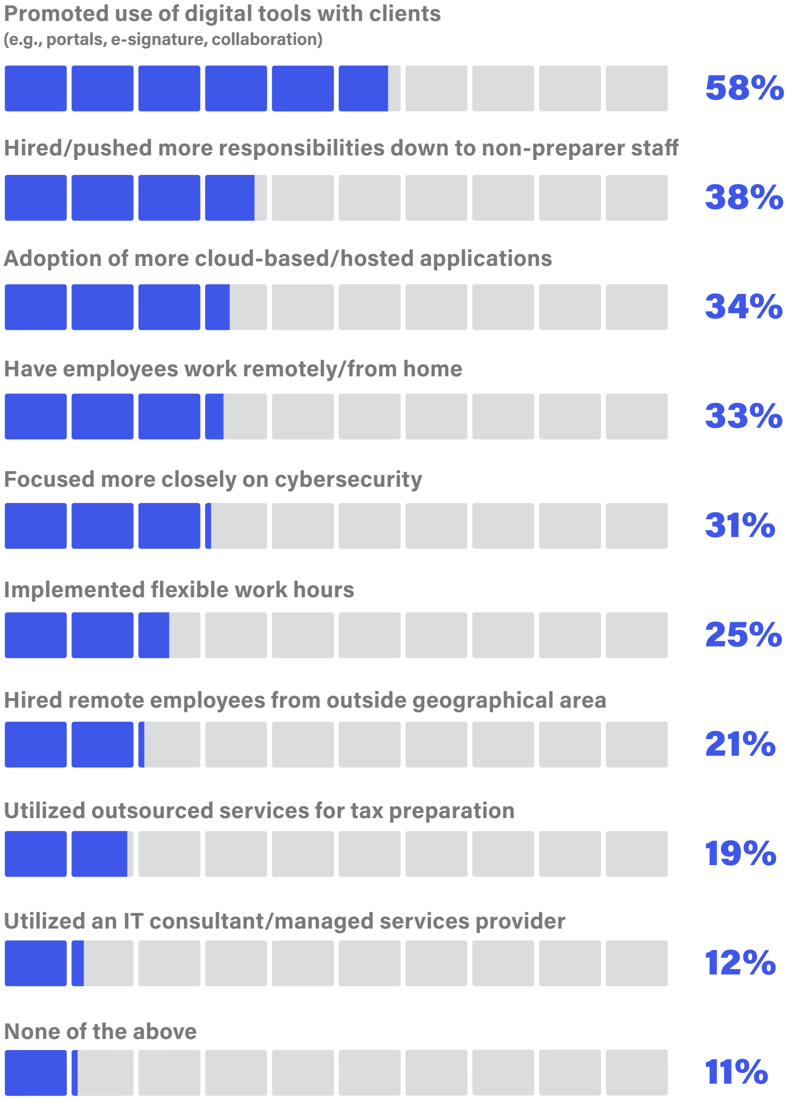
4. Based on the 2024 tax season, which statement best describes how you'd like to move your firm forward in the future?

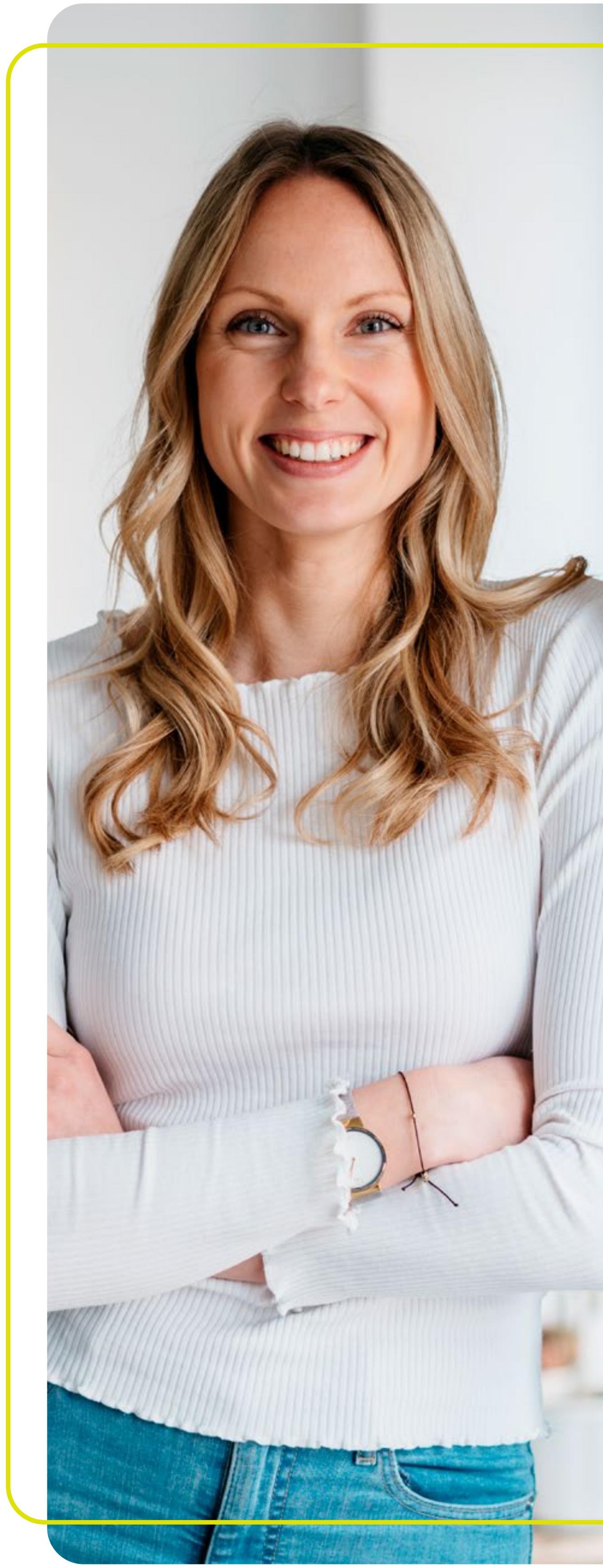


While 39% of firms are happy with their approach and feel tax season went well, around half (52%) feel that it is becoming too stressful. One-third of firms want to find a new approach but aren't sure how to proceed.

The fact that so many firms are unsure how to move forward supports the case for having a **post-tax season debrief meeting** to capture pain points and identify specific areas to focus on. This allows firms to research solutions, talk to other firms, and attend live and online educational events to start putting a plan for improvement together.

5. What changes has your firm made since March 2023?





Looking into the changes firms have made since March 2023, we can see that most changes were related to technology. Almost 60% of firms started promoting the use of digital tools with clients, and this was the top response regardless of firm size. Another significant change firms made was around cloud adoption—just over one-third of firms adopted more cloud-based or hosted applications.

Among firms that made the noted changes, the majority indicated that they are likely to keep them in place for the long term.

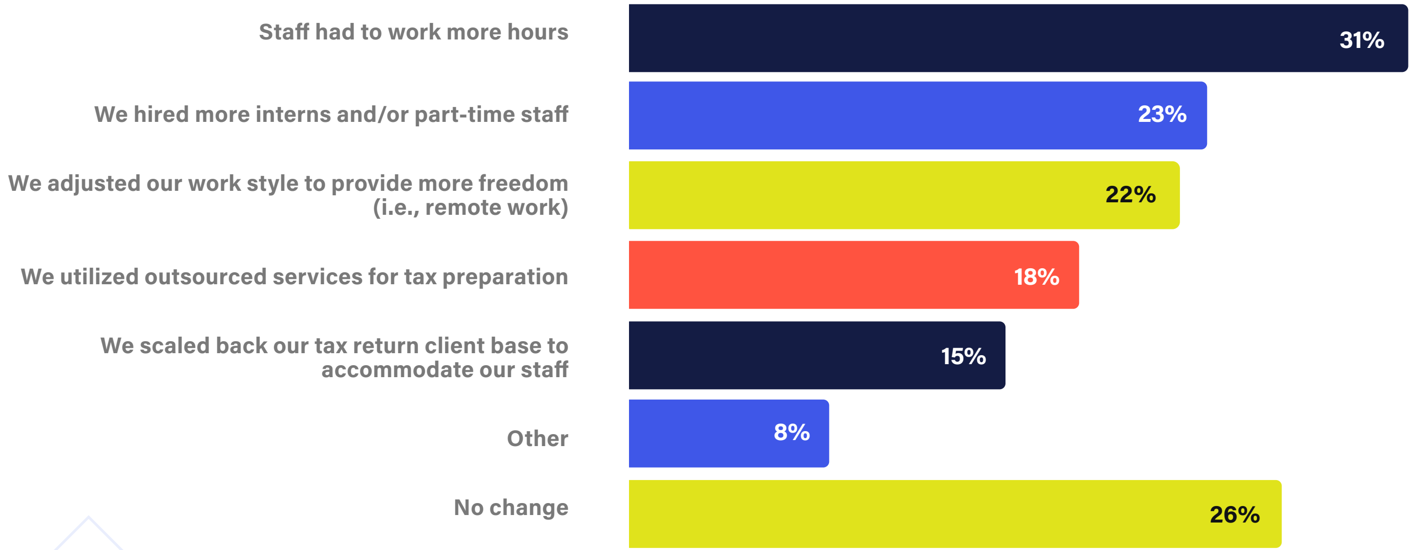
Post-Tax Season Survey 2024: Staffing

This next set of questions looks at how firms handled staffing this year and the impact it will have on their choices for next year.

6. How did your firm handle staffing this past tax season?

About one-third of firms indicated that their staff had to work more hours this past tax season compared to previous years. And while **longer hours during tax season have historically been the norm**, this is an area firms must pay attention to if they want to be competitive when it comes to finding and retaining top talent. Mid-sized and larger firms were much more likely to select this response than small firms; they were also more likely to say that they hired more interns.

Overall, just one quarter of firms said they made "no changes" to staffing. This was mostly due to the number of small firms who said they made no changes (69%) as opposed to mid-sized and larger firms who made no changes (16%).



7. How will your firm handle staffing going forward?

Developing a **strategy to combat the staffing challenges faced by firms** is imperative. Moving forward, about one-third of firms will focus on offering more training and perks to retain staff. This number was driven by firms with five or more employees, as very few small firms selected this as a focus point. In fact, 53% of small firms indicated they would not be making any changes moving forward.

Ironically, firms that indicated that this tax season was better than previous years (46%) are also more likely to adjust their work style to provide more freedom to their staff than those who felt this year was worse.

32%

Plan to focus more on offering training/perks to retain current staff

29%

Plan to hire more non-traditional staff for non-accounting work

25%

Will adjust work style to provide more employee freedom (i.e., remote work)

18%

Plan to focus on cutting down client base to adapt to staffing challenges

14%

Plan to make other changes

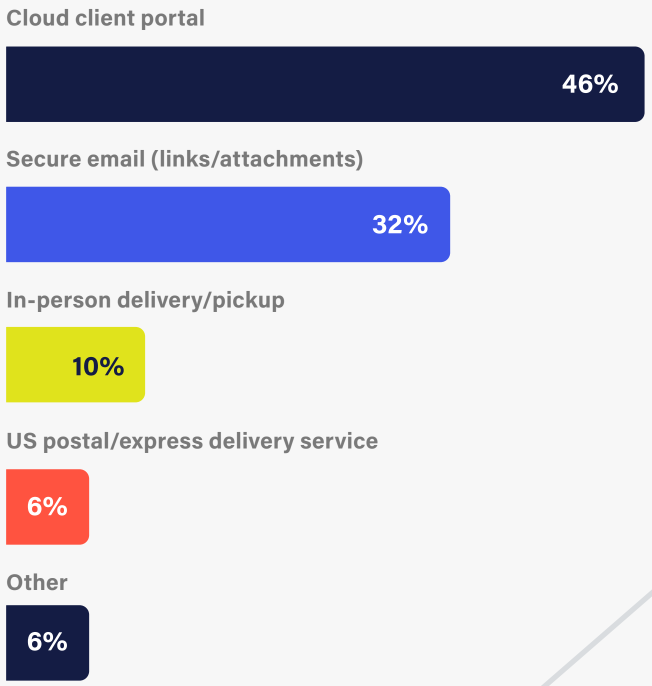
29%

Don't plan to make any changes

Post-Tax Season Survey 2024: Technology

The next set of questions takes on how firms approach technology and demonstrates the value of running applications and systems in the cloud.

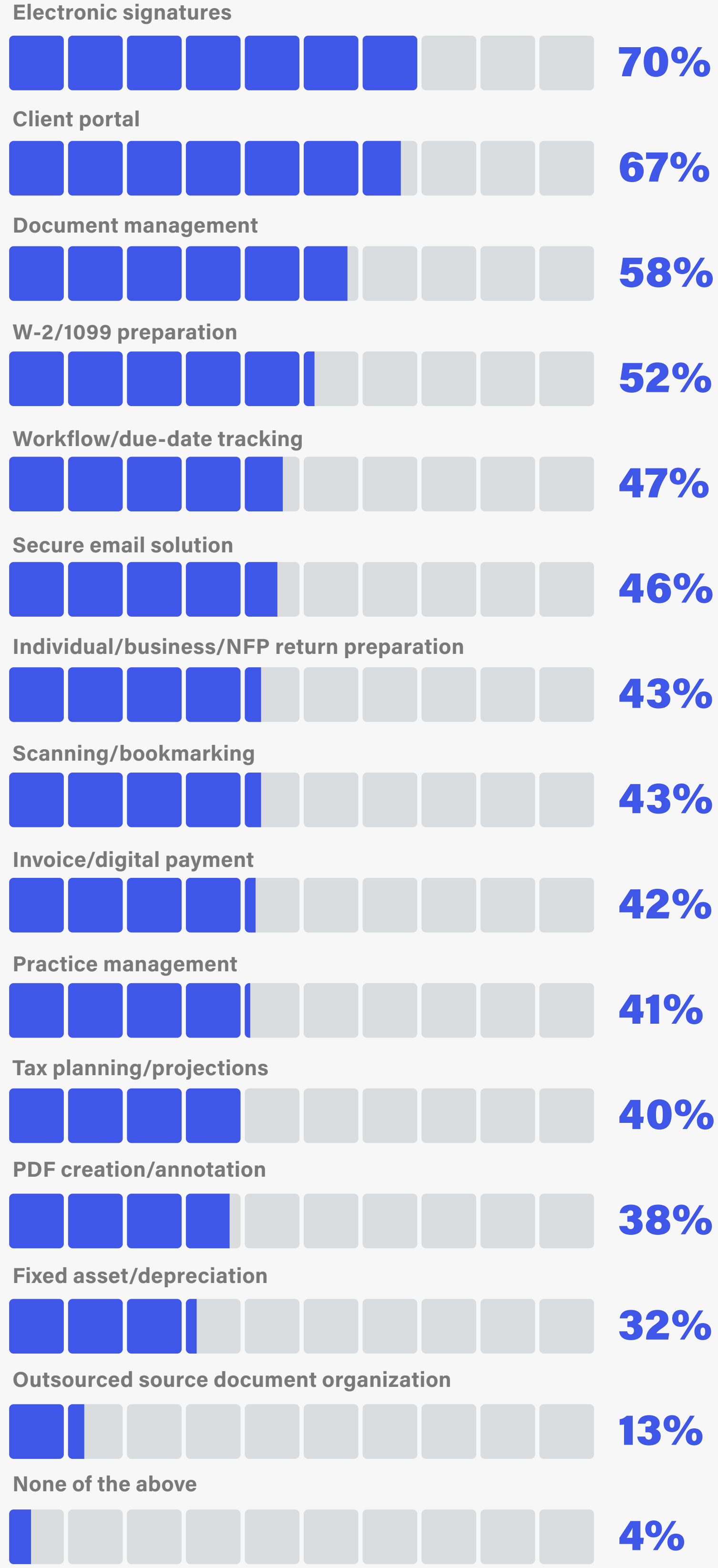
8. What is your preferred method of delivering tax returns to clients?



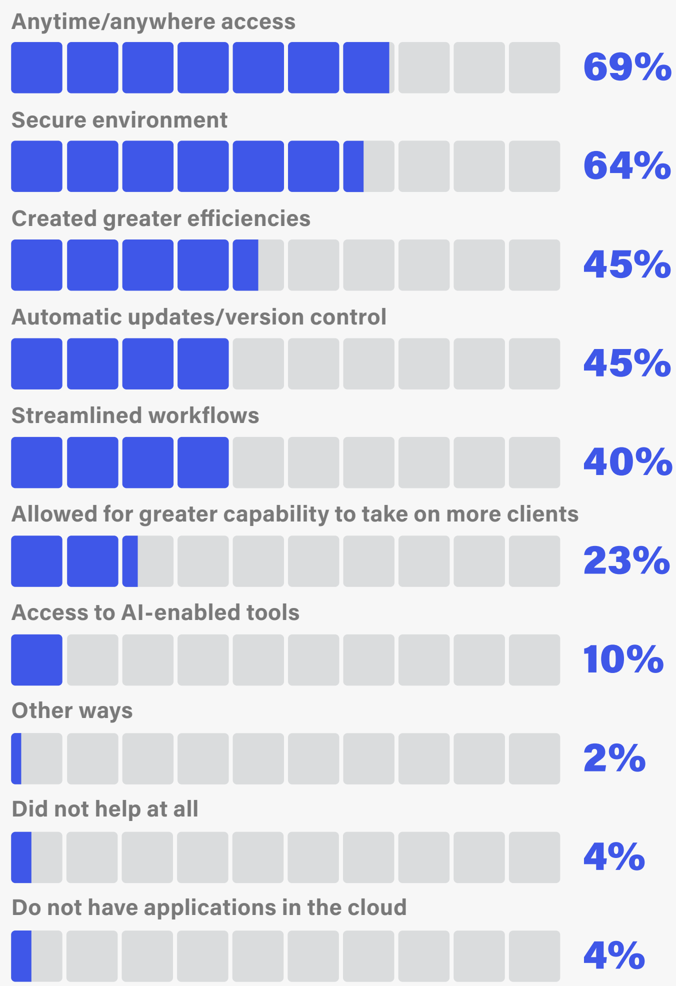
The cloud clearly continues to be the preferred method of information exchange by way of client portals for nearly half of firms. And according to this year's responses, large firms are much more likely to use this method than small firms (55% vs. 31%). The cloud is secure, flexible and scalable, and firms that take advantage of these benefits are **earning more revenue**.

9. Which of the following tax solutions does your firm run in the cloud?

It's encouraging to see that firms are embracing the cloud with an increase in cloud usage for almost every category noted this year. Electronic signatures and client portals top the list of tax solutions firms are running in the cloud. Numbers indicate that small firms are much less likely to use the cloud, with only 14% stating they don't use it for any of these things. Compare that to only 2% of larger firms that don't. Firms that had a better tax season this year are **realizing how the benefits of cloud adoption improve experiences** for their staff and clients.

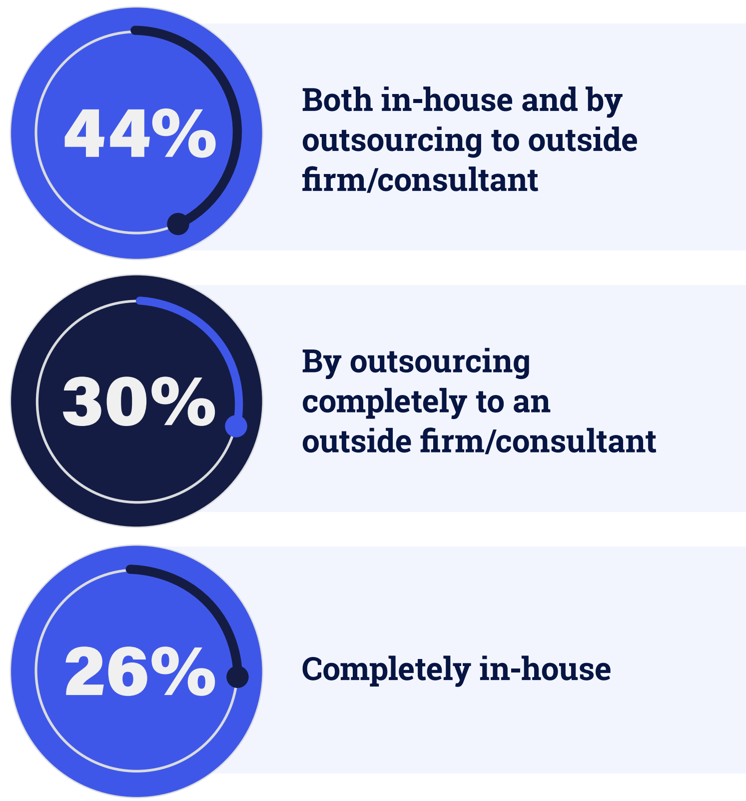


10. For your applications in a cloud environment, how has the cloud enabled you to better manage client demands during tax season?



By now, most firms have heard all about the **benefits of the cloud**, and many are experiencing those benefits for themselves. This year's participants were clear about their greatest benefits when it comes to the cloud: By far, the top responses for how **running apps in the cloud** enable firms to better manage client demands are anytime/anywhere access and a secure environment. The cloud significantly reduces security risks for firms and allows them the flexibility of remote and hybrid work with seamless collaboration between staff and clients.

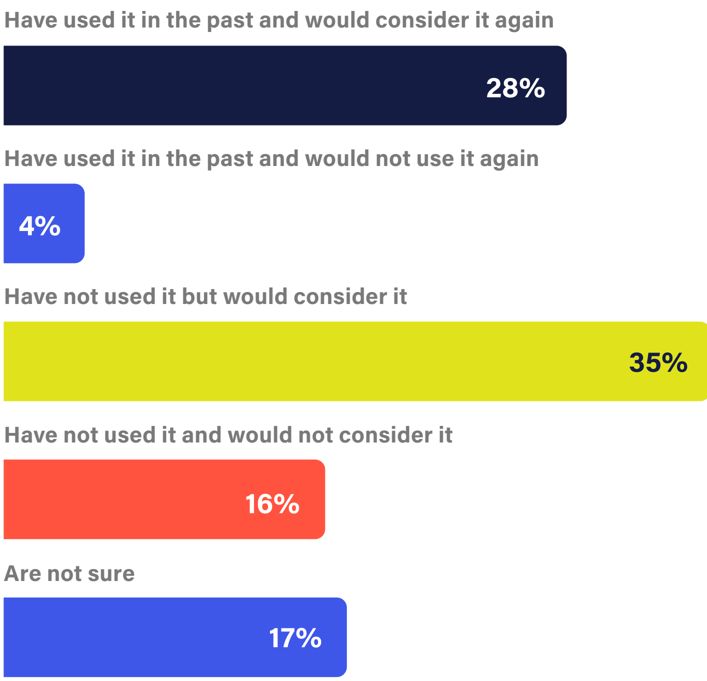
11. How does your firm manage IT today?



With this question, we explained that IT means application software, network, security, hardware, etc. With that definition in mind, nearly three-quarters of firms are using an outside firm/consultant to manage some or all of their IT. How it's managed varies greatly by the size of the firm.

- **64% of small firms manage it completely in-house.**
- **Mid-size firms are most likely to outsource it completely (48%).**
- **Large firms are most likely to use a hybrid model of managing it both in-house and by outsourcing, with 56% selecting that option.**

12. Given the definition below, how do you feel about fully managed IT services for your firm?



Firms that are not fully outsourcing were shown the following description of fully managed IT services and asked how they feel about it:

Among the 141 firms responding, 63% would consider fully managed IT services.

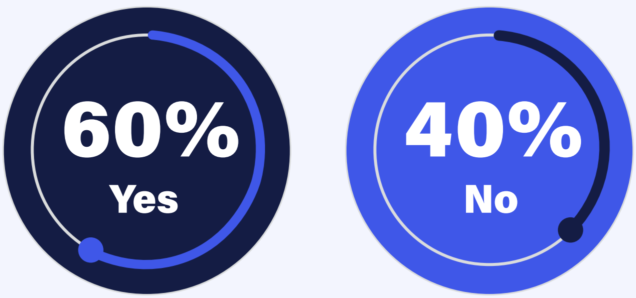
Fully managed IT services is a fully hosted cloud-based technology that allows you to move all your software solutions to a service provider. In addition, the service provider monitors the endpoints for you and your team to manage threats.

Post-Tax Season Survey 2024: Culture

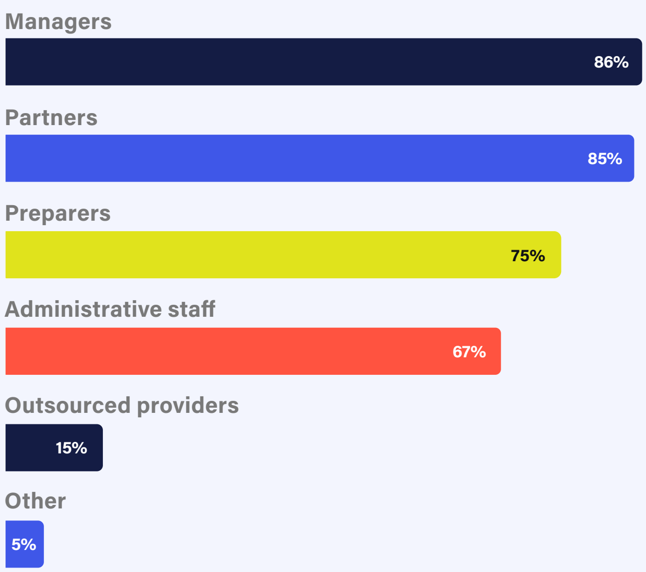
This set of questions relates to what firms are doing to build a healthier culture.

13. Does your firm conduct a formal post-busy season tax debrief meeting?

Among firms with more than one employee (n=179)



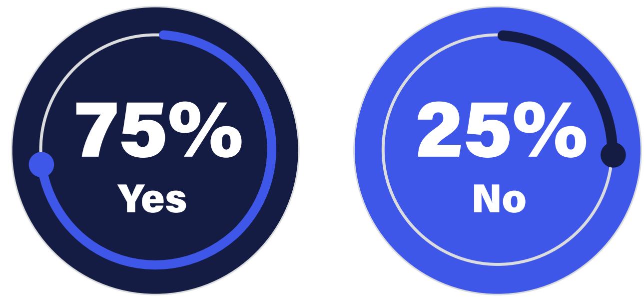
Who is included in the meeting? (n=110)



The majority of firms surveyed see the value of **conducting a post-tax season debrief meeting**, but larger firms are more likely to have them. Only 13% of small firms have these meetings, while 50% of mid-sized firms and 74% of large firms do. Unless firms take time to review this year's tax season to identify opportunities for improvement and make intentional changes, they are likely to experience the same pain points moving forward.

14. Do you reward your staff after tax season?

Among firms with more than one employee (n=179)



With staffing continuing to be an issue for the accounting profession, it's encouraging to see that 75% of firms are taking steps to build a healthy culture and retain their talented teams by **rewarding staff after tax season**. By far, the most mentioned ways firms are rewarding staff are with bonuses, time off and/or a party or outing.

Conclusion

This year's survey highlights significant opportunities for firms to enhance their processes. By leveraging technology, addressing staffing issues and identifying areas for improvement through a post-tax season debrief meeting, firms can optimize their operations and ensure a smoother experience for the 2025 tax season.

Rightworks offers the total package environment of products, services and community to help you move your firm forward.

With Rightworks, your firm can find everything you need to tackle the complexities of running an accounting firm, including:

- **Rightworks OneSpace**, which delivers all the benefits of the cloud customized for accounting firms, with secure anytime, anywhere access to your tax and business-critical apps; automated maintenance and updates; data storage, protection and backup in enterprise-class data centers; reliable, award-winning 24/7 support; and so much more.
- **Rightworks Total Security**, which delivers monitoring and protection for applications and devices, as well as security training for employees.
- **Productivity applications**, including secure email and managed Microsoft 365 applications.
- **Rightworks Academy**, the accounting profession's premier community of thought leaders and influencers who deliver the expertise, resources and connections you need to build your modern firm.

Rightworks is the catalyst that can set your firm on the path to greater efficiency.