

WHAT'S GOING ON?

KEY INSIGHTS FROM **CPA** FIRMS
OF ALL SIZES FOR UPCOMING
YEAR AND **TAX SEASON 2021.**

Countless hours have gone into gathering the responses for this article and we want to thank all the Accounting, Tax and Finance professionals in the Accounting and Tax Industry who took the time to share their views and help us build this article. Thank you!

FROM THE CEO DESK:

“2020 TAX SEASON WAS THE MOST BRUTAL TAX SEASON IN MANY YEARS.”

It wasn't until we were mid-way in tax season 2020 did we get the grasp of how much COVID-19 has taken businesses globally by storm. Individuals and Businesses were more concerned about how the pandemic affected their income and taxes in 2020 and forward due to the uncertainty related to how long this global doom was to last. The US Government came out with several strategies and programs to keep individuals and businesses afloat and as we are approaching towards the end of a memorable year, it has changed our way of doing business.

One of the most popular opinions which was being tossed around in the Accounting Industry was that CPAs and Tax professionals needs to step into roles of Advisors for their clients to guide them through their finances and help reduce the effect on their future cash flow and taxes.

We are just getting out a 2020 tax season which seemed never ending but the sun has not set for accounting professionals since they have already begun preparing for Tax Season 2021. If there is one thing we can say about Tax Season 2021, it would be one of the most interesting tax seasons as professionals continue to balance the tax returns taking advantage of the government credits and packages provided.

As a Remote Accounting and Tax Solutions provider, we were fortunate to gain insights directly from the 900+ stakeholders in CPA and Tax Firms across the States about the state of the industry and the way forward. We hope this guide will help Accounting Professionals better understand, plan and equip with the right resources as we all prepare for Tax Season 2021. Good Luck and Stay Safe!

Regards,
Ankit Rathod
CEO - Relig Global

WHAT'S GOING ON?

We reached out to our clients, business partners, local and regional firms in the Accounting and Tax Space and asked them a series of questions to gather their responses on the State of the Industry and how has it changed their planning for growth. This article also goes further to highlight how do they plan to achieve the new growth plan and what is the future of continuing to do business. This article covers the short-term vision of the firms for 2021. We have broken down this white paper into 3 parts:

1

Planning

2

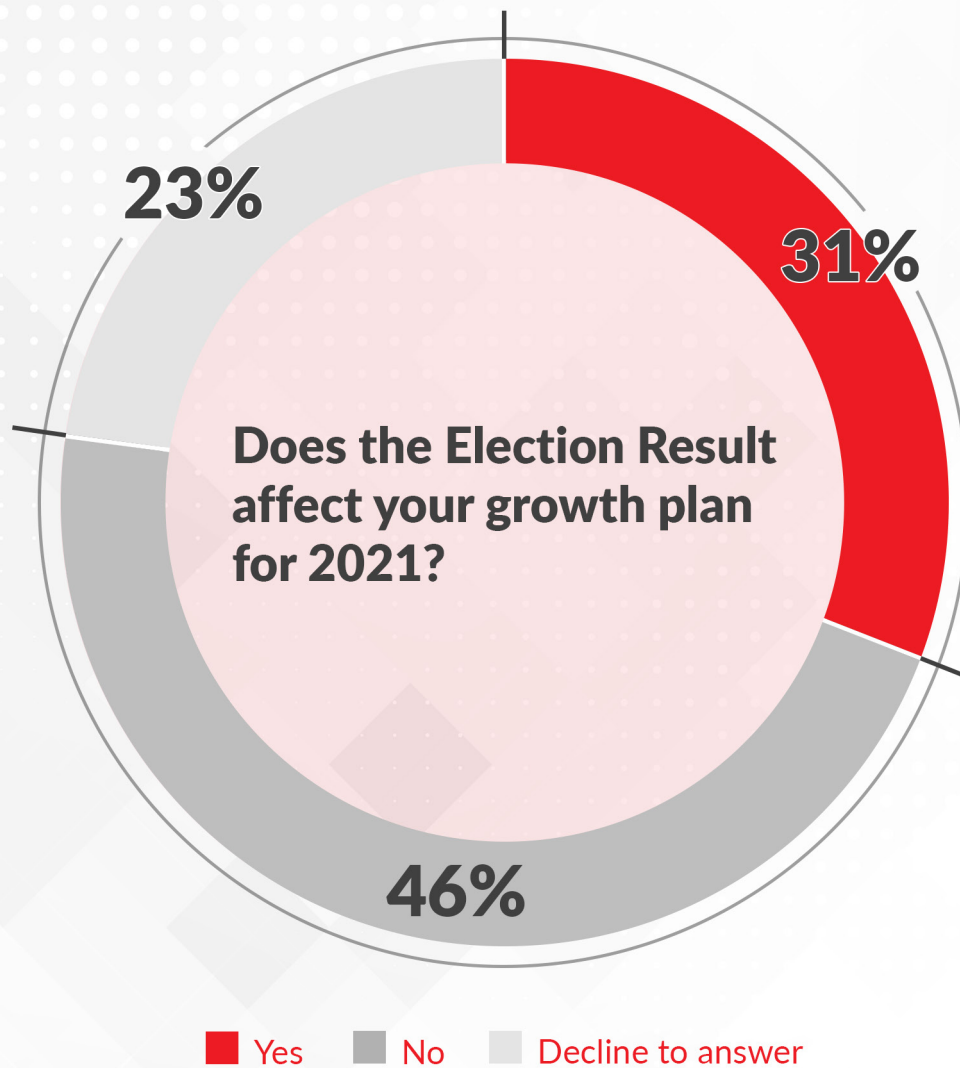
Hiring

3

Goal for 2021

PLANNING

Many businesses came to a standstill due to the pandemic and the shutdown which allowed them to take a step back and look at how can they better optimize their products and services as well as evaluate their strengths and weaknesses. Infact, external factors like the economic conditions as well as presidential elections have greatly affected the plans of businesses and many firms have had to get back to the drawing board with each new ripple of uncertainty that disrupted the market.



**Survey conducted post-election results.*

The significant **1/3 of the participants** who were certain how their business growth plans are affected by election results were more involved in tax planning and wealth management practices. However, almost half of the participants who were traditional firms more inclined towards compliance work remained unaffected. Whereas, a **small 1/5 of the participants** who had taken over the roles of advisory services were still uncertain how that line of business will pan out following the election.

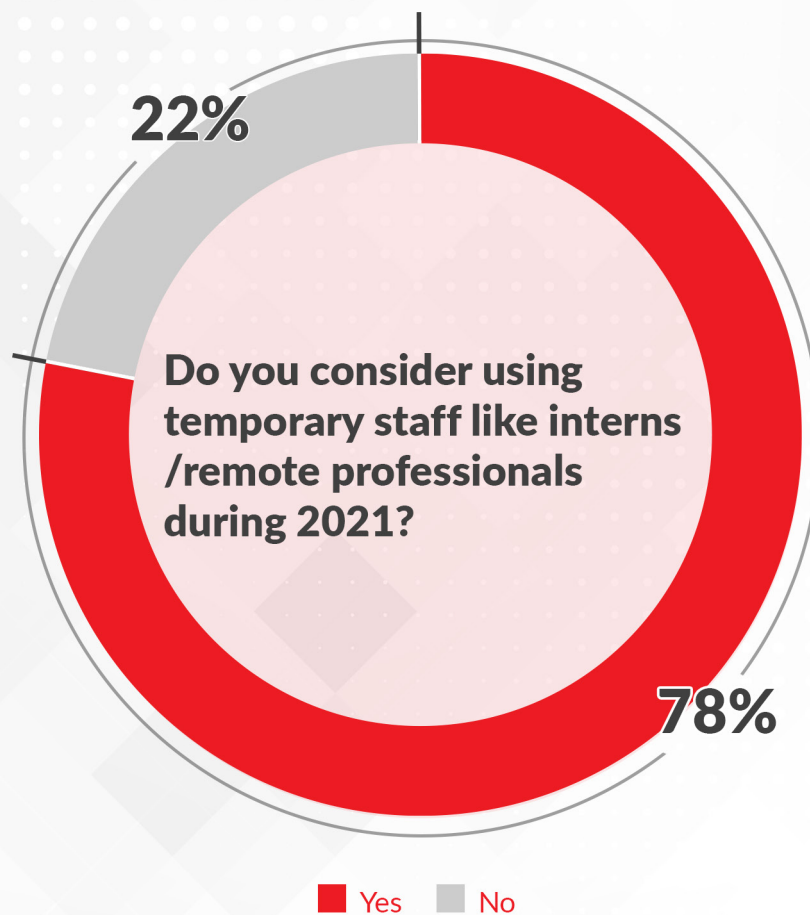


■ Its Ongoing ■ Post October 15

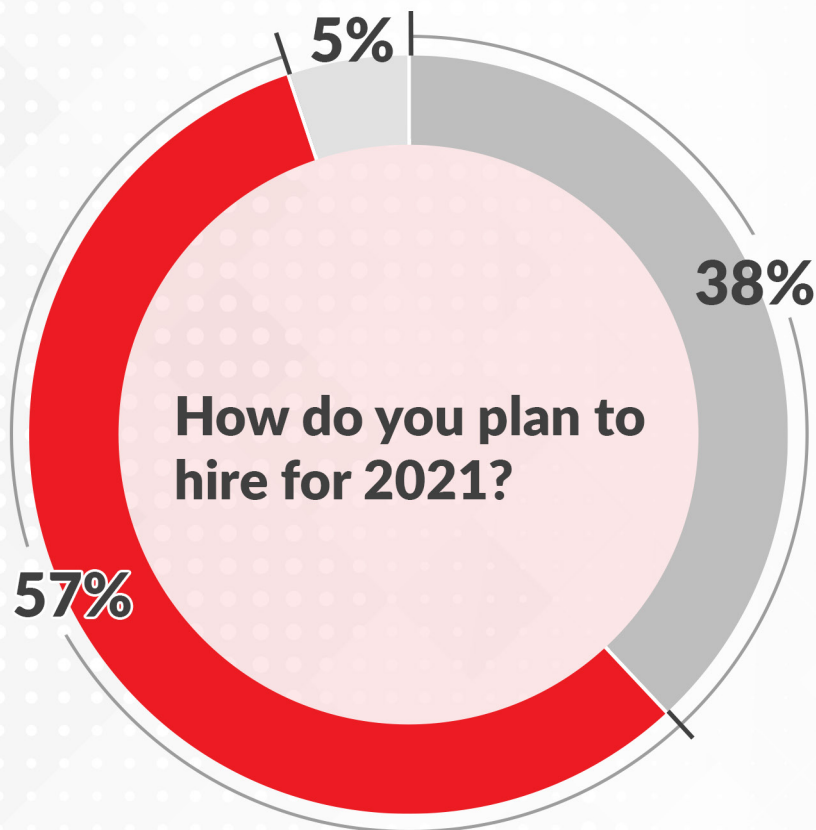
Most firms believe that planning for the next tax season begins the moment they are completed the tax return for previous year. It's an ongoing exercise due to the changing nature of legislation which has been more dynamic to react to changing economic conditions lately as well as changing nature of business of their clients. It was observed that established firms who have been into practice for **10+ years** have developed a certain schedule of planning with a handful of regular clients and taking in very few new clients during each tax season. However, new firms are more ambitious in their growth plans and they continue **getting in more number of returns** up to the **October 15th deadline** after which they begin focusing on planning for the next tax season 2021. Their focus is to expand their exposure to multiple industries while working towards becoming experts in a certain niche but they don't start until they have pushed the last return in by the October 15th deadline. **Despite the pandemic**, a significant portion of the firms continue to keep their clients engaged through the year by being available in various capacities as a tax advisor, financing expert and business advisory roles.

HIRING

Hiring trends have been the lowest for the most part of 2020 due to the Pandemic. This coupled by the fact the businesses had to let go of resources to sustain business costs has also unemployment at its peak in decades. While the government's intervention with Stimulus packages to keep businesses and families afloat, it is only now towards the end of the year are we seeing the markets bouncing back to normality and businesses continuing to hire talent. The Accounting Industry is one of the biggest employers after healthcare and e-commerce. Despite the pandemic, the need for an accounting professional has not diminished. The outlook for the industry looks bright as we move into an exciting 2021 which can be best understood by their responses to this section's questions:



As more firms move into advisory roles, they continue to add more work for them in the upcoming tax season however, they are being cautious towards the cost to employment a permanent staff. Gig economy seems to be taking a rise and while most firms were open to hiring interns or using temporary staff to help them during tax season 2020, they further went on the explain that most of these staffs will be involved in routine data-intensive bookkeeping work and admin work related to document management so that accurate data is available for tax planning for 2021 as well as tax filling.



■ Campus recruitment

■ In-house recruitment

■ Use remote staffing

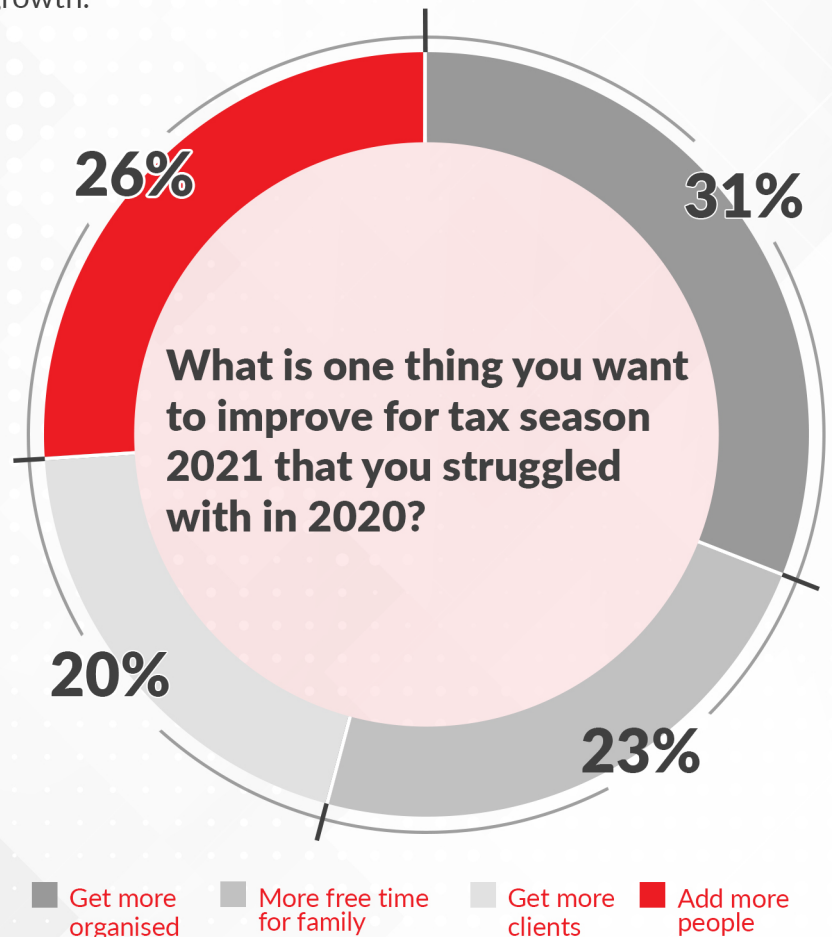
Although CPA firms view on hiring are positive, the bigger challenge has been the right strategy to hire people since recruitment is not a full-time function in local and regional CPA firms. Established firms will be relying on their in-house recruitment team to find talent from the open market whereas there are still marginal few people who are inclined towards campus recruitment. These are single-person and local small firms with a fixed clientele.

The most interesting shift has been the increased trust and acceptance of using third-party companies who can provide temporary accountants and tax preparers as per the needs of the business. This major shift in reliance on remote staffing can be due to the rising costs of running a business as well as the global acceptance of virtual working which has made people accept work done by remote staff. Firms who were already using remote staffing for their accounting and tax work have reaped the benefits during the pandemic since they were able to sustain their business as well as keep their on-shore employees onboard which has led to higher employee satisfaction. What was considered as a threat to an employee is now been seen as an opportunity of growth as employees become empowered to handle larger remote team of accountants, tax preps, audit assistants and payroll clerks.

GOAL FOR 2021

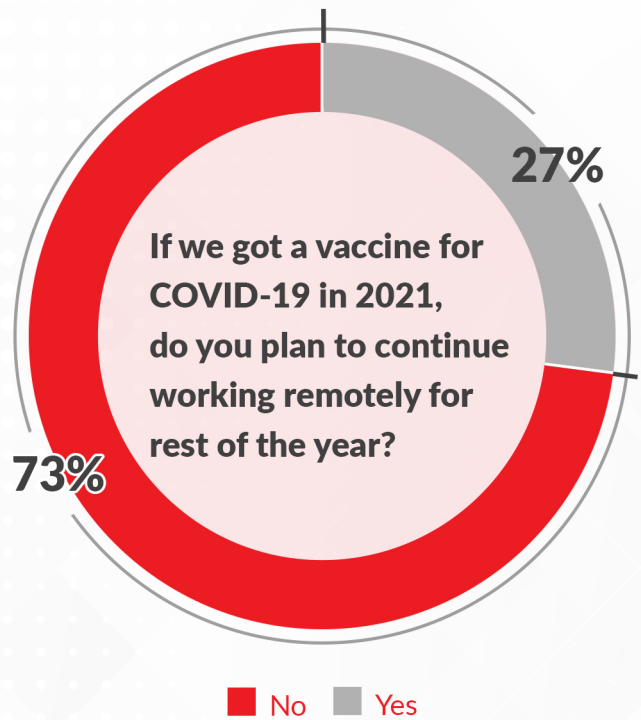
Planning has been the most important skill for 2020 and it will probably continue to remain the most wanted skill as we move into 2021. Businesses have gone back to the drawing board and redone their forecasts for survival and growth.

CPAs and Accountants are considered one of the best planners and strategic thinkers since they are able to mix their practical experience of running the practice with client's business needs and provide right advice. This also goes a level deep into how they continuously keep planning for growth and their perspective for 2021 is full of enthusiasm as economies continue to get back on track. When we asked them about their goals for 2021, here's what they had to say about the top 3 questions:

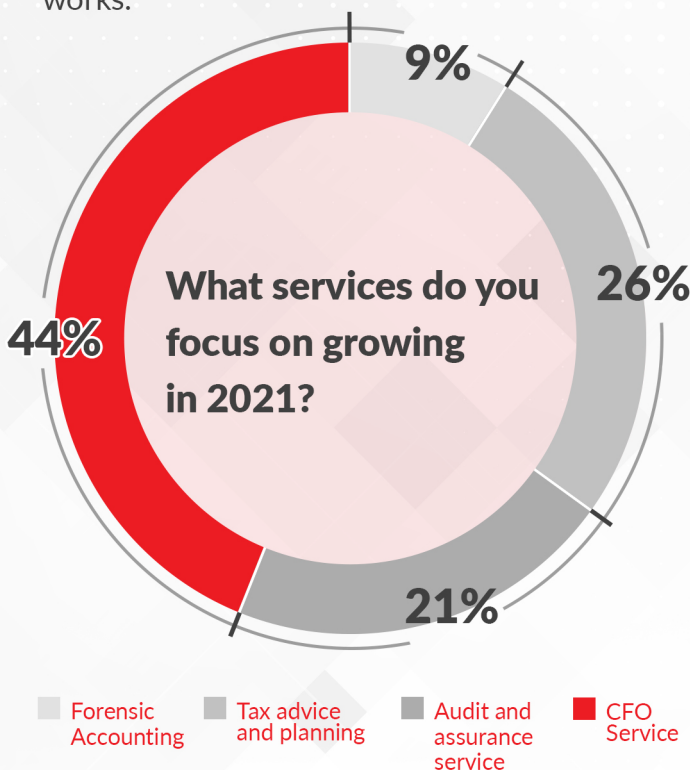


Tax Season 2020 was like a never ending tax season. There was legitimate reasons for the deadline extensions but nonetheless, it was tiresome. Every year, as the business year comes to an end, CPAs and Tax Firms begin with getting the documents from their clients in time so that they can get the returns filed as soon as possible and most importantly, the more returns you can churn in, the most clients you can take in for the rest of the year. However, our participants anticipate 2021 is be nothing close to normal and hence, they have already begun preparations of addressing the problems faced this year. New firms focused on getting more people and get more organized whereas established firms focused more on personal wellbeing which suffers every year during the tax season. Working long hours with little time for self and family has been a top concern for many professionals and they anticipate they will be able to better optimize due to heavy adoption of cloud solutions and enhanced remote working capabilities.

Working from home was never new for the Accounting Industry but this year, it changes the entire perspective of working remotely from home. As lines between personal and professional lives dissolved, the overall industry has become acceptable to the random peeks of their pets or kids during video calls. Infact, a lot of the participants felt working from home has allowed them to connect at a personal level with their clients creating a lasting relationship.



The greater benefit to working remotely has been to be have more time with family which has helped professional beat work stress as well as improve their mental wellbeing. As global firms continue to embrace work from home as a norm of doing business, a significant lot have become comfortable with working remotely and they plan to continue to work remotely irrespective of the vaccine for COVID-19. Only those involved in more client interaction, admin and business development preferred to return back to office provided we get a vaccine that works.



“In the middle of difficulty lies opportunity”. Participants have seen a rise in need for higher level services of Accounting Professionals like CFO, Audit, Tax Advise and Fraud Detection. Accordingly to a study by ACFE this year, they anticipate more than half of the organizations plan to increase their anti-fraud tech budget over the next two years as businesses move much closer to going completely digital and cloud based. This also anticipates a rise in roles involving risk assessment and assurance services.

Also, the advent of the new government and its proposed tax reforms has given rise to a need for better year-round tax advisory services and Accounting Professionals will continue to focus on growing in these domains which leaving the regulatory compliance work to third-party organizations.

WHAT LIES AHEAD?

Nobody can predict the future but what is certain is that 2021 is going to be a better year than 2020. Despite that fact that the road to recovery for global economies is slow and long, the global human race is looking towards a beautiful dawn as the storm clouds of pandemic begin fading with the rise in Pharma firms across the world towards finding a cure. One key take away for businesses is to focus on reserves and savings. Finding new ways to cut costs without hurting the ethos of the organization as well as a finding new ways to grow business will be the mantra for coming years. Relig as an organization continues to bring innovative solutions for the Accounting and Tax industry with the focus on the Accounting Industry's growth. We wanted to thank all our participants for their participation in helping us making this guide and we hope it has helped enlighten fellow readers.

Wish you all a successful 2021.

Thank you

✉ info@religsolutions.com

☎ +1 855 329 2227



US

NEW YORK | DELAWARE

INDIA

AHMEDABAD | VADODARA