



How We Improved the **Productivity of California based CPA firm during Peak Tax Season**



Industry:
CPA/Accounting Industry

Geography:
California, USA

Case Study



ABOUT THE CLIENT

Our client is a San Francisco, California-based CPA firm with a combined team of 45 CPAs and support staff and over 2,000 clients. Serving clients ranging from individual taxpayers to mid-sized businesses and high-net-worth individuals, our client specializes in federal and state tax compliance, financial planning, and business advisory services.

OBJECTIVE

The client was looking for a solution to alleviate tax season strain, as workload volumes grew by 35% year over year. They were looking for a strategic outsourcing partner who could:

- Handle tax preparation work overflow for individual returns (Forms 1040), business returns (Forms 1120, 1065), and complex state returns.
- Deliver specialized tax support for California-specific tax requirements, including FTB forms and local tax compliance.
- Scale resources flexibly between January and April to match peak demand
- Maintain quality standards while significantly reducing turnaround time.



PROJECT HIGHLIGHTS

With a rich pedigree of service to North American CPA firms for over a decade, we tailored an engagement model specifically for California tax compliance requirements.

Key highlights of our solution included:

Secure Infrastructure

100% work completed through encrypted Remote Desktop Connections (RDC) with SOC 2 Type II (audit standard for security and confidentiality) compliance

Comprehensive Tax Services

Preparation of over 1K individual returns, 500+ business returns, and 300+ trust and estate returns during the engagement period. California Expertise: Team specializing in Franchise Tax Board and local compliance requirements.

Extended Hours Coverage

Continuous team availability to accommodate West Coast business hours



BUSINESS CHALLENGES

Our client was battling multiple operational bottlenecks that severely impacted their service quality and client satisfaction:

1.

Volume Outpouring

Tax return filings surged 65% over the previous year, causing a heavy backlog during the peak mid-February period.

2.

Compliance Complexity

Handling intricacies of California tax regulations, including Assembly Bill 150 (AB 150) pass-through entity (PTE) tax elections, which allow certain business entities to pay state tax at the entity-level, and varying local tax requirements.

3.

Staffing Shortage

Several positions remained unfilled, reducing capacity.

4.

Technology Integration

Need for seamless workflow integration with their existing tax preparation and accounting software platforms



APPROACH & METHODOLOGY

We adopted a two-phased approach for seamless integration and continuous improvement:

✓ Phase 1 - Transition (Week 1-2)

- Complete knowledge transfer sessions with the client's senior tax managers
- Creating completely secure remote access protocols and data handling procedures
- Creating detailed style guides and quality checklists aligned with firm standards



✓ Phase 2 - Execution (Week 3-14)

- Daily allocation of tax returns through an automated workflow system
- Preparation of work completed by experienced tax preparers
- First-level review by senior tax consultants before client submission
- Weekly performance reviews and process refinement meetings



✓ Phase 3 - Quality Assurance

- Random sampling of 15% of completed returns for quality audits
- Error tracking and root cause analysis for continuous improvement
- Monthly training sessions addressing identified knowledge gaps



BUSINESS **GAINS**

Our team delivered measurable improvements in key business areas:

✔ **Operational Efficiency**

- Brought down the average processing turnaround time, defined as the period from task initiation to completion, from 72 hours to 42 hours, exceeding the target
- Processed 2K+ tax returns during the peak season (January through April)
- Eradicated tax return backlog by March, allowing early focus on extension planning

✔ **Business Growth**

- Empowered our client to accept new clients without compromising service quality
- Reduced overtime costs for internal staff by 58%, improving team morale and retention

✔ **Quality Excellence**

- ~ 99.9% accuracy rate with minimal IRS or FTB notices
- Zero data security incidents throughout the engagement

✔ **Strategic Value**

- We established year-round engagement with our client to handle extensions, amendments, and quarterly compliance work.
- Expected to extend our association beyond tax preparation to include bookkeeping (recording financial transactions) and payroll services (managing employee compensation)
- Requested dedicated resources for special projects, including tax research and planning support



marketing@datamaticsbpm.com
www.datamaticscpa.com

Datamatics Business Solutions Ltd.

North America: +1 571-297-6166
EU & ME: +44-20-3005-2151
APAC: +91-22-6671-2001