## Charging for Bookkeeping Services

When you are newly qualified with little practical experience or industry knowledge, it can be hard to know what to charge for services as a contract bookkeeper.

It is helpful to compare work duties and rates to the modern award that governs bookkeepers, the [Clerks – Private Sector Award 2010](https://awardviewer.fwo.gov.au/award/show/MA000002#P407_29375), to understand better what to charge as a contractor.

The minimum award rate in 2022 starts at $21.62 per hour for someone with little experience who is working mainly under supervision and performing routine basic procedures. This equates to $42,713 per annum.

The top level of classification is paid at a minimum of $29.93 per hour, equating to $59,140 per annum.

Working as a newly qualified bookkeeper could be compared to level 3 in the award or a minimum rate of $25 per hour.

Review [The Bookkeeping Cycle](https://www.aat.org.au/AAT/AAT/Member_Resources/Student_resources.aspx) to understand what’s involved in the basic bookkeeping cycle and standard processes.

A Certificate IV in Bookkeeping and Accounting will provide the principles involved in establishing, operating and maintaining an accounting system for small businesses, a basic understanding of business technologies, and how to manage ordinary bookkeeping tasks.

However, the reality is far more complex than a certificate course can train you for, and you will need to learn a lot more before you can offer business owners the full suite of services they need from a bookkeeper, accounting technician or BAS agent.

It would typically take a newly qualified bookkeeper 3-5 years to work up to charging the standard industry rates, depending on the type of clients they have and how much extra learning is undertaken.

**Working as a Contractor**

As a contractor, you must factor in all the costs associated with earning an income. This includes paying your own superannuation, allowing for annual and personal leave, public holidays, professional development, administration, equipment and technology.

Use the [AAT Calculating Charge-Out Rate](https://www.aat.org.au/AAT/AAT/Member_Resources/Student_resources.aspx) template to input costs and calculate your charge rate.

For example, if you want to pay yourself $25 per hour as a new bookkeeper, plus superannuation, leave, and all business costs, you’ll need to charge clients $45 - $55 per hour.

**Guide to Recommended Bookkeeping Charge Rates**

As you become more experienced and gain other certifications or qualifications, particularly if you become a registered tax professional, you will have higher rates for other services.

This is a guide to rates for **general bookkeeping services** and should be considered with other factors discussed in this resource. These rates are based on 2022 figures.

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| **Level of Bookkeeping Experience** | **Rates per Hour** |
| Newly qualified up to 3 years | $45 - $60 |
| Some experience say 3 to 6 years | $60 - $70 |
| Experienced say 6 to 10 years | $70 - $80 |
| Experienced over 10 years | $80 - $90 |

Alternatively, if you are confident in your knowledge and abilities, there's nothing wrong with charging a standard experienced bookkeeping rate from your first client onwards.

A newly qualified contractor is likely to have more unbillable hours as you will likely make more mistakes in the early years that take time to learn and correct. This naturally reduces over time as you gain experience and become an expert accounting technician.

Note that if you are offering BAS or advisory services, these services should be billed at a higher rate or fee than bookkeeping.

**Charge Rate Factors to Consider**

Several factors will govern what you charge as a contract bookkeeper.

* How much experience you have in transactional bookkeeping.
* How good you are at problem-solving and trouble-shooting.
* How much of the bookkeeping and reporting cycles you are familiar with.
* Qualifications or experience from other industries relevant to providing bookkeeping services.
* Regional or metropolitan considerations.
* The range of hardware, software and applications you are familiar with.
* Your business goals.

**Engagement Letter**

You should use an engagement letter from your first client onwards.

Even if you are relatively inexperienced in the accounting industry, it’s important to promote yourself as a professional from your first interactions with clients.

Use the [AAT Engagement Letter](https://www.aat.org.au/AAT/AAT/Member_Resources/Student_resources.aspx) template and customise it as needed.

We recommend adding a clause to the template if you are charging a lower rate as a new bookkeeper. Let your clients know that you are setting a lower rate while you gain experience in the industry and that you will increase rates each year until you are charging in line with the current accepted rates for experienced professionals.

**Contractor Responsibilities**

A contractor has a greater degree of responsibility when acting on behalf of a business owner than an employee in the same role. Therefore, they must take extra care to get the bookkeeping accurate so that they can be relied upon by the business owner to advise them correctly.

An employee may make mistakes, and the employer must pay for the time taken by the employee to fix errors, whereas a contractor must fix mistakes in their own time.

Business owners often have higher expectations of contractors than employees in a similar role. However, because of this common assumption that contractors should be better than employees, you are justified in charging for your level of expertise.

Check the [AAT Contractor or Employee](https://www.aat.org.au/AAT/AAT/Member_Resources/Payroll.aspx) information for more detail about the differences between working as an employee or contractor.