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TRADE NAMES

Henrico-based tax businesses filling niches in industry

BY JOAN TUPPONCE
Special correspondent

Charles “Chuck” McCabe refers to the past 30 years as a “roller-coaster ride” for Henrico County-based Peoples Income Tax Inc.

“Every business goes through an evolution, from its original core to a transformation business,” said McCabe, who founded Peoples Income Tax in September 1987. “What I’ve learned is that a business has to evolve in order to stay viable over the years.”

The company expanded aggressively its first six years, from three offices to 22 offices.

In 1996, it reorganized and gradually began reducing the number of offices over a 15-year period to the four it has today.

“We expanded too aggressively and ran out of cash at the end of tax season, causing us to take on a 50 percent partner to reorganize in order to continue the business,” McCabe said. “The investor was bought out by a group of our employees, and our family eventually reacquired all shares of the company stock.”

In 1988, McCabe opened The Income Tax School Inc. as a division of Peoples Income Tax to recruit and train tax preparers to staff its offices.

“In our third year, we started to license a turnkey income tax school system to independent tax firms nationwide,” said McCabe, adding the school became a separate corporation in May 2010. “In 2003, we embarked on e-learning using a learning management system to teach students directly.”

The Income Tax School helps generate year-round revenue.

“The school helped us get through the off-season. Its revenue is now bigger than the tax business,” said McCabe, noting that 95 percent of Peoples Income Tax’s revenue comes in the first three months of the



JOE MAHONEY/TIMES-DISPATCH

Charles “Chuck” McCabe (from right), his wife, Marilyn, and his daughter, Terry McCabe Judge, all have roles at Peoples Income Tax Inc., as does his son, Steven. Chuck McCabe opened The Income Tax School in 1988.

year.

Revenue at both companies combined rose 5 percent last year, compared with 2016, he said.

Today, the school enrolls around 3,000 students in all 50 states.

“We have also enrolled small numbers of students in about a dozen foreign countries,” McCabe said. “Our licensees teach live or online classes or a combination of both live and online. We teach one local class each fall to recruit and train tax preparers for our offices.”

The school also enables students to start their own tax businesses using a set of four tax practice management guides

and McCabe’s new book, “Guide to Start and Grow Your Successful Tax Business.”

The main offices for Peoples Income Tax and The Income Tax School are integrated together in a 4,600-square-foot space in The Forum Office Park in western Henrico. The school takes up the majority of the space, with only about 1,000 feet dedicated to the tax business.

“Many of our employees do both taxes and also work for the school supporting students or updating curriculum or marketing materials,” McCabe said.

John Safarik, owner of Cardinal Financial Planning in Albany, N.Y., and a certified financial planner, took an e-

learning course from The Income Tax School to learn to become an enrolled agent with the federal government.

“It was very comprehensive,” he said of the course. “They had good communications with the instructors through online messaging and emails.”

Bev Stitely, owner of Saunders Tax and Accounting in Hagerstown, Md., licensed the school’s materials for the Saunders Tax School.

“It’s been a wonderful resource for us,” she said. “They have stayed on top of the changes in the tax law.”

McCabe founded the company after working for H&R Block for more than 19 years.

Peoples Income Tax Inc.

What is it? provides tax preparation services for individuals and small businesses. (The sister company is The Income Tax School Inc., which provides e-learning tax courses, seminars and certificate programs.)

Locations: main office is at 10120 W. Broad St. in The Forum Office Park; other offices at Willow Lawn shopping center, on Huguenot Road and on Commonwealth Center Parkway

Employees: 25, including the owners

Owners: Charles McCabe; his wife, Marilyn McCabe; his daughter, Terry McCabe Judge; and his son, Steven McCabe

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His daughter, Terry McCabe Judge, joined the business in 2001 and now serves as vice president of marketing and sales. His wife, Marilyn, vice president of human resources and administration, started 15 years ago, and his son, Steven, became an owner and a director in 2000.

“If my wife and daughter had not joined the business and made their respective very significant contributions, we may not still be in business today,” Chuck McCabe said. “With their contributions, we have morphed from being a business where I was the sole top decision-maker to being a true family business, which has been a very positive transition.”

Most of Peoples Income Tax’s clients are in the metro Richmond area, but it does remotely serve clients who have moved out of the area. About 35 percent of the business is related to individual tax returns. Small businesses represent the remaining 15 percent.