

AGENCY REPORT



The Time Tax

What untracked time costs agencies

KEY TAKEAWAYS

The short version

LOGGED AFTER THE FACT

24.9%

of tracked hours were entered more than 24 hours after the work started. In agencies with 50–99 people, it was 32.2%.

NOT TIED TO BILLING

32.1%

of hours on client projects were non-billable, almost all of it on projects set up as non-billable from the start.

OVER THE ESTIMATE

49.2%

of projects went over in the typical agency that sets estimates. Only 70 of the 233 agencies set estimates at all.

WHAT IT COSTS

\$431,250

a year for a 25-person agency losing 10% of billable time, at the \$115 median hourly rate.

WHAT FIXES IT

- ✓ Capture time where the work happens, not a day later
- ✓ Give every client project a rate, or a fee to compare against
- ✓ Check estimates while the project is still running

EXECUTIVE SUMMARY

In the 233 agency workspaces we studied, one in four tracked hours was logged more than a day after the work. A third of client-project time sat on projects with no link to billing. And in the typical agency, half of the projects with an estimate went over it.

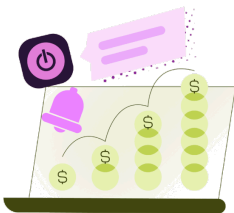
That is the Time Tax: the gap between the work an agency does and the work it gets paid for.

None of this needs a heavier process. It needs **time captured close to the work, a link between hours and money on every client project, and a check on estimates** while the work is still running.

THE PROBLEM

What the Time Tax is

The Time Tax is the revenue an agency loses between the hours its people work and the hours it gets paid for. Most agencies feel it as thin margins or projects that "ran over," not as a line on a report.



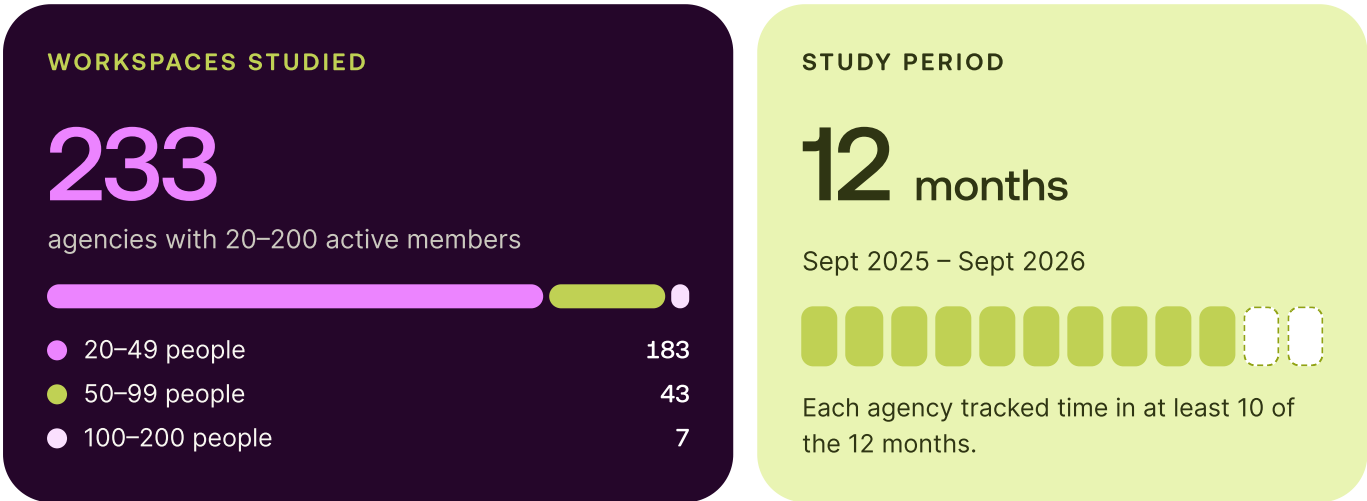
LEAK	WHAT IT LOOKS LIKE	WHY IT COSTS YOU
Logged after the fact	Time rebuilt from memory a day or more later	Short tasks drop out, and the record is least reliable when you need it to bill
Not tied to billing	Client projects with no billable rate, or set non-billable as a whole	Nobody compares the hours to the fee, so overruns go unnoticed
Over the estimate	Fixed-fee work that takes longer than quoted	Every extra hour comes straight out of margin

Each leak has a different fix, so this report looks at them separately.

METHODOLOGY

About the data

This report draws on aggregated, anonymized time tracking data from 233 agency workspaces in Toggl, from September 2025 to September 2026.



How agencies were identified	Company industry data matched to each workspace's email domain (advertising, PR, design, and marketing agencies). A hand check of 60 random matches found about 3 that were not agencies.
How figures are reported	Medians across workspaces, so a few very large agencies don't skew the result. Results for the 100–200 band aren't shown separately because the group is too small.
Privacy	Aggregates only. No figure is based on fewer than 10 workspaces, and no individual workspace, person, or client is identifiable.

TWO THINGS TO KEEP IN MIND

- 1** **These are agencies that already track time consistently.** Agencies that don't track are not in the data, and their Time Tax is unlikely to be smaller.
- 2** **Time logging delay is measured only on entries made in Toggl's own apps.** Entries synced from other tools are left out, because their timestamps don't show when a person logged the time.

FINDING 1

A quarter of hours are logged after the fact

In the typical agency, 24.9% of tracked hours were entered more than 24 hours after the work started. In a quarter of agencies it was 45% or more.

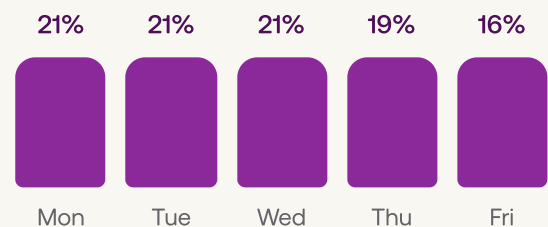
It isn't a Friday habit. Late-logged time is spread across the working week. The delay follows everyday work, not a single catch-up day.

Hours logged 24+ hours late, by team size



Median across workspaces.

Share of late-logged time, by weekday



Monday to Wednesday each account for about 21%.

The typical team member tracked **30.1 hours** in a week they tracked at all. Among the 28 agencies that record expected hours, the typical expectation is **40**. Some of that gap is holidays, part-time staff, and work nobody expects to track, so it is an upper limit on untracked time, not a measure of it.

Why it matters: Time rebuilt from memory is where short tasks go missing. A 10-minute call or a quick revision rarely survives until the next day.

TIP

Start a timer when the work starts, not when the day ends

● Client project \$

10:00 – 10:10

0:10:00



FINDING 2

A third of client time isn't tied to billing

In the typical agency, 32.1% of hours on client projects were non-billable. Almost all of it, **30.8 percentage points**, sat on projects set up as non-billable as a whole, not on hours written off one by one.

Hours on client projects (median agency)

67.9%

30.8%

● Billable ● On non-billable projects ● Written off one by one · 1.3%

That usually means fixed-fee or retainer work, and that is a valid way to sell. The Time Tax appears when nobody compares the hours to the fee. On those projects, extra hours don't show up as a cost anywhere.

MEDIAN BILLABLE RATE

\$115 / hour

Across 149 agencies that set rates, converted to USD at ECB rates on 30 September 2026.

Every hour not tied to a rate or a fee is roughly that much revenue the agency can't see.

ALL OR NOTHING

Agencies set rates on every client project, or on none.



In at least a quarter of agencies, no client project had a billable rate.

Why it matters: Hours that are tracked but not tied to money are the easiest Time Tax to recover. The record already exists. It needs a rate, or a fee to compare against.

FINDING 3

Half of estimated projects run over

In the typical agency that sets estimates, 49.2% of projects went over their estimate. For agencies with 50–99 people, it was 63.1%.

49.2%

of estimated projects ran over in the typical agency

63.1%

ran over in agencies with 50–99 people

70 of 233

agencies set time estimates at all

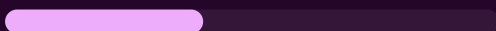
The bigger finding is how few agencies check. **Only 70 of the 233 agencies** had projects with a time estimate. The rest have no built-in way to see a project running over until it's finished.

WHEN IT RUNS OVER, IT RUNS FAR

2.5× the estimate

In a quarter of agencies, the typical project took more than two and a half times as long as estimated.

Estimate



Actual



WHERE IT HURTS

On fixed-fee work, every hour past the estimate is an hour the agency pays for and the client doesn't.

In the median agency, the typical project lands close to its estimate. The risk sits in the tail.

Misallocated time is a smaller leak

Most hours land on a real project. The exception: in a quarter of agencies, catch-all projects like "admin" or "internal" held **16% or more** of all hours.

1.9%

of hours with no project

5.5%

on catch-all projects

THE COST

What it adds up to

For a 25-person agency, losing 10% of billable time is 3,750 hours a year. At \$115 an hour, the median billable rate in our data, that is \$431,250. The calculation is simple on purpose.

$$\text{Time Tax} = \text{Team size} \times \text{Billable hours per person per year} \times \text{\% untracked or unbilled} \times \text{Billable rate}$$

25 people $\times$ 1,500 hours $\times$ 10% = **3,750 hours** a year
3,750 hours $\times$ \$115 / hour

\$431,250

THE INPUTS

TEAM SIZE

Example

25 people

Where to find yours: People doing billable work

BILLABLE HOURS

Example

1,500 per person / year

Where to find yours: Your utilization target $\times$ working hours

UNTRACKED OR UNBILLED

Example

10% of billable time

Where to find yours: Gap between hours worked and hours billed last quarter

BILLABLE RATE

Median in our data

\$115 per hour

Where to find yours: Your blended rate across roles

The team size and the 10% are example inputs; the calculator on the report page lets you use your own.

THE FIX

How agencies cut the Time Tax

Each leak has a practical fix. None of them means tracking more rigidly; they make tracking easier and put the numbers in front of someone sooner.

Logged after the fact

- ✓ Track where the work happens: a timer in the browser, the project tool, or the calendar, not a timesheet filled in later
- ✓ Fill gaps from calendar events instead of memory

Not tied to billing

- ✓ Give every client project a billable rate, or a fee to compare hours against
- ✓ Review billable and non-billable hours before each invoice run

Over the estimate

- ✓ Set a time estimate on every fixed-fee project
- ✓ Compare tracked hours to the estimate while the project is running, not after

Misallocated

- ✓ Require a project on every time entry

The one fix with a clear result

Agencies that require a project on every entry had no unassigned hours at all.

0.0%

hours with no project when required

3.7%

when it isn't

**A PRINCIPLE WORTH KEEPING**

People track honestly when tracking is quick and isn't used to watch them.

Tracking that feels like surveillance gets skipped, and the Time Tax goes up.

YOUR NEXT STEP

Find your Time Tax this quarter

You can size your own Time Tax in about an hour with data you already have. Work through these with last quarter's numbers.

- 1 Check how much time was logged more than a day after the work. Compare it to the 24.9% median in our data.
- 2 Compare hours tracked per person per week to contracted hours.
- 3 List client projects with no billable rate, and fixed-fee projects with no fee recorded against them.
- 4 Compare billable hours tracked to hours actually invoiced.
- 5 For your three biggest fixed-fee projects, compare logged hours to the estimate. If there is no estimate, that is the first fix.
- 6 Add up hours with no project, plus anything in catch-all projects.
- 7 Put the totals into the Time Tax calculator to see the annual cost.
- 8 Pick one fix from the previous page and check the same numbers again next quarter.

ABOUT TOGGL

See where your agency's time goes.

Toggl is a time tracking and capacity management platform. Agency teams use it to capture time where the work happens, see billable and non-billable hours by client and project, and plan workload around how long work actually takes.

In a demo, we'll walk through your setup and show you how to spot each part of the Time Tax in your own data.

[Book a demo →](#)