CPA Practice Advisor

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2011 Review of Traditional Workflow Professional Tax Systems

Maximize Your Tax Prep Efficiency: It's All About Workflow

From the April/May 2011 Issue

Congratulations on what was hopefully a successful busy season. While you may be thinking about a well-deserved vacation, now is the best time to evaluate how your tax compliance software and workflow processes actually worked. Professional tax compliance has become about much more than just finding a program that offers the

could be more productive than immediately on the heels of busy season.

As with last year's review of professional tax compliance systems, we've separated the dozen or so major tax packages into two groups: Traditional Workflow and Advanced Workflow (available at www.CPAPracticeAdvisor.com/go/3247. This is not a reflection on the size or even necessarily the complexity level of clients, but rather on how firms work internally. In "traditional" practices, nearly all of an engagement is handled by a single preparer. Although there may be an administrative person at the front end (scanning, handling primary basic data entry, etc.) and a manager/partner reviewing the return at the end of the engagement, for the most part the engagement is owned by a single professional who guides all client communication, information gathering, data input and processing. This typically takes place in a single interview with the client, and is the most typical firm workflow method for high-volume 1040 practices with anywhere from one to 10 or more staff, and is how most tax packages are designed.

"Advanced Workflow" programs are typically used at firms where several staff may work on a series of returns for an entity, while also offering support for the most complex tax situations. More information and reviews of these types of programs is on page 20.

While workflow complexity is an important factor, even traditional practices can significantly increase efficiency through many of the major advancements of the past few years. Foremost is automated "scan and populate" systems that can pull data directly from client tax documents. For firms with clients who have only a couple W-2s, a 1099 and a mortgage statement, this may only help minimally, but for those with increasingly document-heavy clients with multiple K-1s, 1099s, 1098s and brokerage statements, it can reduce data entry significantly, while helping to enforce a firm's document storage and management standards, especially when document scanning is one of the first steps in an engagement.

Another feature that reduces data entry is direct integration with financial

mail, text messaging, client refund alerts and integration with other programs, are helping to make tax engagements more efficient and tax firms more successful.

Web-based technologies also continue their advance, with online professional compliance suites now available for the largest and smallest of firms. Only a few years ago, the only truly web-based tax prep program was Thomson's GoSystem, but now Intuit and Orange Door are offering built-for-the-web compliance systems for small and mid-sized firms. Thomson and CCH offer SaaS versions of their systems for advanced workflow practices, and Drake Software offers a hosted version of its tax suite. Next up is TaxWise, which has started to roll out a 1040-focused online system. While this migration to "the cloud" for professional tax may take awhile, the benefits are proven: No more IT management headaches or having to constantly keep up with the multiple updates that come in at the beginning of the year, the ability to access the program from anywhere at any time, and the ability to quickly ramp up during busy season and even add remote staff.

If you're considering a new tax system, or starting a new practice, first consider the volume and complexity of your clients, the services they want, and your firm's staff. Then determine how various technology features, along with technical support, pricing and other factors, relate to those needs. Each of the systems reviewed here has attributes that can make them a valuable addition to a firm, but not every firm. It's all about finding the compliance suite with features that help you be more productive.

CCH Small Firm Services – ATX

The ATX tax preparation system offers a comprehensive suite of compliance for all entities, with accounting and payroll programs, integrated practice management tools, and workflow features that are best-suited to small and mid-

CCH Small Firm Services – TaxWise

TaxWise is one of the professional tax compliance systems offered by CCH's Small Firm Services, providing small and mid-sized practices with a system designed for high-volume firms looking to expand their business. The system supports all taxing entities and all states and offers a "scan and fill" source document automation system, document management, tax research, and tools and resources for practice management, invoicing and staff training. New for TY 2010, TaxWise introduced the Central Office Manager, a web-based portal that provides additional support for multi-location practices. Other professional accounting products available under the TaxWise brand include trial balance, fixed asset management, live and after-the-fact payroll, and W-2/1099 compliance.

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Drake Software – Drake Tax

Drake Software's tax practice suite offers an all-inclusive system with broad compliance support and built-in tax planning, write-up and document management features. Drake has routinely won our Readers' Choice Awards for best tax prep system, with users consistently pointing to the vendor's live support staff, as well as the benefit of the all-in-one package. Over the past few years, Drake has expanded its offerings to include a debit card method of refund disbursement, a web-hosted version of the tax system and 2-D barcode scanning of W-2s and K-1s. (The company noted that it believes this approach provides greater accuracy than OCR-based scan and fill systems.)

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Intuit – ProLine Tax Online Edition

Last year's introduction of ProLine Tax Online marked the first widely marketed totally web-based tax compliance system for professionals, but it was somewhat limited in its initial capabilities. Most notably, the TY 2009 version supported

small and mid-sized practices, providing a comprehensive suite and a user-friendly interface that offers forms-driven data entry, customizable checklists, unlimited e-filing, document automation tools, billing and communication management, in addition to research options and integration with accounting and other software applications. New for the 2010 tax year, Intuit has added additional state e-filing support for businesses and fiduciary entities, a new online resource center, financial data import functions and BNA-developed research integration.

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Orange Tax Suite Pro

Orange Door, Inc. has been offering its completely web-based Orange Door Tax Suite Pro compliance package since 2006, and has grown the package to include support for most entities and all states with integrated e-filing, while also providing digital document storage, practice management and client collaboration tools. The system is generally geared toward smaller firms with mobile needs, and is available in various bundles or on a pay-per-return basis.

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RedGear Technologies – TaxWorks

TaxWorks was initially introduced as a service bureau in the early 1970s, launched its first 1040-focused PC version in 1978, and has since grown into a suite of tax compliance and tax practice management tools, including free e-filing, integrated bank products, multi-state filings, depreciation management, tax planning, appointment scheduling, tax research options, invoicing and client communications.

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TaxSlayer Pro Premium

TaxSlayer Pro is a professional tax compliance system designed for high-volume

system.

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2010 Review of Advanced Workflow Tax Compliance Systems

For reviews of additional professional tax compliance systems, please see the this review category.

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AdvanceCPA — Tax Tools

While many of the leading professional tax compliance suites on the market offer tools and features that help firms serve clients, some practices desire more customization capabilities that enable them to take greater advantage of tax planning strategies, research and best practices.

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BNA Software – 706 Preparer & 709 Preparer

Almost all of the professional tax compliance suites on the market today include basic compliance tools for estate and gift tax reporting, but for those tax, accounting and other professional firms that specialize in such returns or are involved with more complex wealth transfer scenarios, the systems from BNA Software offer the most comprehensive capabilities available. BNA offers individual programs for 706 and 709 preparation, as well as a unified estate and gift tax planner.

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DynaTax — Tax-Aside

Most small business owners, independent contractors and other consultants love the freedom and financial independence that comes from working for themselves, but when tax time comes, many seem to be unprepared for the selfemployment taxes. This can be due to inconsistent revenue making it hard to

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