Drake Software — Drake Tax

www.DrakeSoftware.com

800-890-9500

Strengths:

- Top-rated live support
- All-inclusive pricing includes all entities, states, e-filing, tax planning, document management, and write-up system with live & ATF Payroll
- New online client collaboration system

- Integration with GruntWorx for paperless and automated tax prep

locations of kiosks, and with increasing need for compliance for other entities. Also for firms looking for an integrated suite that includes payroll, write-up, document management and other utilities.

The Drake professional tax and accounting software suite has long been a favorite for tax-focused practices wanting an all-inclusive, comprehensive compliance system and several recently added options should continue to please small and mid-sized firms. New for the 2011 tax year (2012 tax season), Drake added SecureFilePro, a secure web-based file sharing site for preparers and clients to share documents. As a result of the acquisition of GruntWorx, Drake users now also have an option for paperless tax return engagements and zero data entry, with GruntWorx automatically finding appropriate client information from scanned in documents. These are both great additions that bring more of the benefits of "tax document automation" to main street tax practices.

Core Product Functions/Features

Drake's core tax capabilities include preparation of returns for all entities with annual federal and state reporting requirements (1040, 1040NR, 1041, 1065, 1120, 1120s, 990 and 990PF), plus estate and gift tax returns. It also includes compliance for all states with an income tax (and Washington D.C. and Puerto Rico), supports multi-state filers, and includes compliance for New York, Pennsylvania, Michigan and Ohio cities. For firms in bilingual markets, many of the system's client communications, forms and instructions, plus live support, are offered in English and Spanish.

After the guided and simple installation, Drake opens into a user-customizable home page called the Personal Client Manager, that displays only the clients, returns and other engagements that an individual user is assigned. The screen includes links to recent returns, system alerts and the built-in appointment management utility,

while menus and icons across the top offer quick access to key function areas such as

adjustments, credits, taxes, state information, miscellaneous and other forms. Each of these tabs offers multiple text-based links to specific tasks, such as entering a W-2 or 1099, working on the EIC or entering allocated income to multiple states.

The program also features a quick MFJ vs. MFS comparison tool, and built-in diagnostics automatically check AMT applicability and the validity of other data. From the home screen, users can also access the included tax planner, data import functions, document management and built-in email utility. The full version of Drake includes unlimited e-filing of federal and state returns, and the system includes a management console for monitoring receipts and acknowledgements. A similar tool is available for tracking client refund status and optional bank products.

Paperless Workflow

Drake has taken a couple of impressive steps in this review category, most notably with the addition of integration with GruntWorx (www.GruntWorx.com) and the new SecureFilePro (www.SecureFilePro.com) online client portals. Both are optional add-on features for firms using Drake. The GruntWorx system provides three different optional services that firms can use to streamline and automate their tax return preparation processes. (Our 2011 review of the GruntWorx tax document automation tool is available at www.CPAPracticeAdvisor.com/10281750.)

First, users scan in a client's source documents, securely upload them to the GruntWorx engine, and in return they get a fully bookmarked and properly organized set of client workpapers in PDF format. Since the system can recognize virtually all documents and know what they are and what order they go in, users also have the option to have the system automatically extract key client data from forms and populate them into the client return where they are ready for review. This can result in no data entry for many clients. Documents come in digital format, so there's no re-entry required. Finally, with GruntWorx Trades, tax preparers can

transform consolidated brokerage statements into an Excel spreadsheet, eliminating

name.

Drake includes document management system with their tax package and client returns prepared in the program can be saved to PDF format. Documents can be linked to each other, and the system offers direct emailing, although the SecureFilePro system is recommended as an alternative to emailing client documents. Many of the instructions, cover letters and communication templates can be produced in English or Spanish and automatic copies of returns are maintained.

The document management system's security features includes the encryption of client files, password protection and assigning of client groups, and a full-time audit trail manages all user actions. A Multi-Office Manager feature is available for tax offices with multiple locations or remote preparers, and synchronizes data with the home office.

Integration

Drake's modules share data throughout, including import of K-1 data across returns and connection of parent and child tax returns. The system includes a trial balance import tool that can import from Excel, and data can also be imported from QuickBooks. Free conversions are offered to new users of Drake.

Additional included features in the Drake system are a tax planning utility with multi-year scenario testing which has built-in rules for AMT and limitations, and a basic fixed asset management tool with multiple books, depreciation schedules and support for Sec. 179 and various disposals. For tax research, Drake recently added TheTaxLibrary, an online research system option from the publishers of TheTaxBook Series (www.TheTaxBook.com), which includes the Internal Revenue Code, Treasury Regulations, revenue procedures and rulings, and notices and announcements.

Through partnerships with multiple financial institutions, Drake users can offer

most users applauding the live, U.S.-based support, including bilingual support, and no automated phone systems. Live assistance is available during tax season from 8am-10pm (ET) on weekdays, and 8am-6pm on Saturdays with the average call answered within 9 seconds. Within the program, several assistive features also aid users, including a help/search utility, tutorials, a setup assistant and a full user manual. Line-by-line form instructions are also available from a right-click menu.

The program's online support center includes manuals and documentation, FAQs, a knowledgebase, state taxation resources, preparer regulations, sample 7216 letters and a free sales tax calculation lookup engine for all U.S. jurisdictions. Several training options are offered through the e-Training Center, including interactive tax courses, tutorials and practice returns and videos that train users on Drake software products.

Drake is also an accredited continuing education provider with various organizations, including NASBA and the IRS, as well as opportunities for online CPE credit , including webinars and interactive tax courses Program updates can be set to automatically update, and the company offers free preparer websites to all Drake users. The system has been made available to select firms as a hosted solution.

Summary & Pricing

Drake is one of the most popular professional tax compliance systems, and the addition of new options for client portals and integration with GruntWorx for automated return preparation makes it a great fit for firms with high volumes of 1040s and business clients. The inclusion of document management, client write-up with payroll, asset management and scheduling features make it an excellent bundled solution for small and mid-sized practices. With multi-office support, it can also help these firms ramp up and branch out during tax season.

Pricing for the Drake program is $1,495, unchanged from last year, and various

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