From the May 2013 issue.

In our May issue each year, we review tax preparation systems designed for professionals who prepare federal and state income tax returns for individuals, businesses and other entities.

There is a significant difference between the types of professional preparation systems on the market, but differences in capabilities are often intentional, as the software developers design their programs for use by different types of firms. That said, it wouldn't really be appropriate to compare a system designed for smaller, 1040-focused firms, to a system that might be used by top 100 tax and accounting practices with offices and clients across the country.

Therefore, we divide the tax systems into two categories based on how firms operate: Traditional Workflow and Advanced Workflow. This review section looks at those that we believe are designed for tax practices with a Traditional Workflow. Our review of Advanced Workflow systems is on page XX.

For clarification, here is how we define these categories:

Traditional Workflow – Defined
In firms with a "traditional workflow," nearly all of a tax 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. The primary preparer 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.

Advanced Workflow – Defined

oil & gas partnerships, cross-border or expatriate returns, or elections for special treatment of transactions.

The Traditional Workflow tax preparation systems reviewed here meet the needs of a wide range of different preparers, from recently trained volunteers at an IRS VITA site all the way to large firms who do not need the overhead or complexity associated with the more advanced products. These applications are designed to meet the everyday needs of the practitioner without being designed to address every niche practice area at lower price point.

While many readers may not want to even think about tax software after the challenges many firms faced this tax season (which included software reliability issues, delayed e-file acceptance, and some state calculation issues), May is still the best time of the year to switch tax software.

Software vendors are ready to make deals with deep discounts, and users have time to learn the software with extended returns over the summer before the crunch of the next winter busy season. Two popular packages included in last year's review, RedGear's **TaxWorks** and CCH Small Firm Services' **ATX**, declined to participate.

The tax application is only one part of the process of preparing a return, and users should consider many other features when purchasing the tax application. We reviewed Tax Document Automation systems in our January 2013 digital issue, which are being used successfully by many practitioners.

We will review many of the Document Storage Systems which have integrations with tax applications later this year. Many applications have support for importing balances and securities trades from small business accounting software or Microsoft Excel spreadsheets.

True web-based tax software has taken over the consumer-prepared return market

Once again, our reviews of Advanced Workflow systems begins on page XX of this issue.

Software