Lacerte ' Lacerte Tax 2004

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Lacerte offers a module-based tax preparation suite for virtually all year-end compliance reporting, including 1040, 1041, 1120, 1120S, 1065, 706, 709, 990 and 5500, as well as versions of these modules for all states with corresponding reporting requirements. The company also produces add-on productivity applications, such as a Tax Analyzer, Tax Planner, Document Management System and others that can be bundled into the tax preparation system. To meet the filing and user license needs of our prototype tax practice (detailed on page 8), a firm could expect the total cost of a bundled Lacerte package to be about $7,500, including e-file transmission costs. A 15 percent discount is available for customers renewing their software. Lacerte also offers a pay-per-return model starting at $400. This is for pay-per-return ONLY users. If a customer purchases any product for unlimited use, all other Lacerte tax products are available on a pay-per-return basis with no deposit required. (Pricing data is based on TY2004 information and may change prior to TY2005. Lacerte offers additional pricing programs, and individual firm characteristics may also influence final price.)

Learning Curve ' 4.5 Stars

Lacerte's interface provides good general use features, with access to its many tools via a combination of pull-down menus, icons and tabs, defaulting to a client selection screen that provides filtering tools in a left-hand panel. The program provides multiple methods of sorting and filtering the client list and offers a search function, as well.

Depending on the column the user uses to sort their Client display, the user can simply start typing, and the grid will automatically move to the client file matching the search criteria. For example, if clients are sorted by last name, typing the first few letters of the last name will take the customer to that client on the list). Users can access a client's forms and detailed information, or run diagnostics or an analysis on a client return either by entering the client return or through a series of tabs directly above the client selection matrix. Within a client's documents, the left panel provides contact information for the client, as well as general return information such as return status, states being filed with the federal, and e-file data.

The program is based on an interview data-entry method, with the primary screen for client data being the Table of Contents, a menu page that allows access to various sections of returns, including the following: General Information, which includes dependent data and invoicing instructions; Payments and Penalties, which includes prior year tax payments, estimated payments, extensions, penalties and interest; and sections for Income, Deductions, Credits, Taxes, State & Local information, and Miscellaneous forms. Each of these sections is further broken down, allowing users to easily jump to and enter, edit or review very specific areas such as non-cash charitable contributions, without needing to wade through other sections first.

Lacerte's Forms view opens into the left panel, providing a list of all forms available through the system that relate to the type of client entity, and can be limited to showing only those forms already associated with the client. The program does not allow data entry directly onto forms within this mode, but rather provides Forms view as more of a review tool. However, the system does provide links to supporting worksheets and calculated forms, allowing users to jump to these sections and make edits within the
interview mode of the program.

Use/Workflow & Productivity Tools ' 5 Stars

An array of useful tools complements Lacerte's overall design, which provides good workflow management functions with a generally intuitive layout. Starting from the system's Table of Contents menu, moving to any point within a client return is easily accomplished, although movement through a return would be aided by the inclusion of a 'Next' button or something to that effect. As is, it is a little awkward to have to return to the contents menu or select the next section's tab when reaching the end of one section's interview sheet. Overall, however, the system excels at providing an efficient process for data entry, review and managerial tasks, aiding users through many processes such as data entry by employing entry fields that remember common entries, and by allowing the use of audit checkmarks and placement of notes onto any field for future follow-up, as well as the ability to send e-mail to the client from within the system requesting specific data related to that field.

Lacerte specifically pointed out the significance of its Client Tracker tab in our recent product demonstration. The Client Tracker tab allows you to monitor the tax return preparation workflow in your firm. It allows you to keep track of all client returns, easily relaying the next step in the return preparation process for each client and alerting you of clients that need attention. Additionally, the program includes such increasingly important features as electronic client organizers that can be directly transferred into the system, potentially saving a considerable amount of data-entry time, yet allowing review by the practitioner. The system's letter writing functions include a built-in word processor with traditional text, style and font selection controls. Lacerte's recently enhanced Tax Diagnostics section maintains real-time tracking of calculation overrides, missing data and other items likely to cause transmission errors or flags. Its Tax Analyzer provides further utility by allowing tax professionals to quickly compare a client's Schedule A and C information to IRS norms for similar individuals or entities and identifies data that are outside the typical range for such clients. The Analyzer also helps identify clients that may be affected by changes to tax law and aids in finding additional treatments that may be beneficial to a client. Lacerte also includes a built-in Appointment Manager function as well as its Document Management System add-on, which provides support for capturing and managing almost any type of electronic file or document.

'The Document Management system has been very useful to our practice because it helps us manage the high volume of returns we deal with,' said Steve Sabba, founder and principal of New York City-based TaxPro Financial Network Inc. Mr. Sabba, whose firm specializes in providing tax services to entertainment professionals and has a satellite office in Los Angeles, expects his New York Office staff of six to prepare close to 3,500 returns this year, with 80 percent of them individual returns, he said. Mr. Sabba noted that many of his clients' entertainment occupations cause them to work in multiple locations, sometimes requiring them to file as many as 25 state returns for an individual. 'Lacerte is remarkable when it comes to proper allocation of income and expenses for nonresident state returns.'

Although the system requires a bit more of an investment than some other systems, Mr. Sabba said the program is absolutely worth it. 'We file 40 to 45 clients per day with only six of us in the office. We could never do that if we didn't have Lacerte.'

Integration, Import & Export ‘ 4.5 Stars

Lacerte’s individual, business and special entity modules all share data as necessary and generally share the same interface, allowing users to move data between entities and switch modules without moving out of the system. Since Lacerte is owned by Intuit, it is little surprise that the program offers direct integration with QuickBooks, including import of trial balance data and transfer of client billing functions. It offers direct integration with EasyACCT for accounting, Tax Planner, Client Manager and Document Management System. As well, you can use the Data Conductor function to import from other accounting packages. Lacerte provides conversions from many other tax programs and can export some data to text files.

Support/Training & Help System ‘ 4.5 Stars

Within Lacerte, several features such as right-click menus aid in program use, in addition to the system’s built-in help utility. An optional Help Me window can be displayed on the right side of the screen, automatically providing links to support related to the form or tax line the user is working on, as well as offering access to support bulletins and ‘How Do I’ tutorial videos addressing specific tasks and functions within the program. Lacerte also has an online help system that offers additional tips, FAQs, tutorials and reference resources. The company offers several training options including webinars, webcasts and teleseminars, self-study tutorials and live seminars. CPE credit is available for the webinars and live seminars, which have an additional cost of $95 and $75, respectively.

Product Evolution & Vendor Vision ‘ 4.5 Stars

Intuit has devoted much of its development efforts for Lacerte toward increased integration with outside products, greater data sharing between the program’s modules, adding client management features and simplifying use of the product. To gain perspective on what their users need, the company has initiated a ‘Follow me to the office’ strategy. Staff performed more than 300 observations of program use in real preparer offices throughout the country last year. In our recent meeting with Lacerte, they explained the process. ‘Spending time with the customers and watching them as they go through the data-entry process gives us better access to what they need,’ said Brian Andrews, Director of Product Management. ‘We get live feedback as they prepare their client returns. It’s invaluable to us as we continually try to meet their needs.’ Lacerte also seeks user feedback through a variety of other methods.

Relative Value ‘ 4.5 Stars

Geared toward multi-preparer firms with clients ranging from simple 1040s to complex entities with multi-state returns, Lacerte provides a comprehensive preparation system adept at providing full compliance processing for tax reporting, from return preparation to analysis and return tracking, planning, document management and client management. Although the program does not quite hold the hand of preparers on their way through the preparation process, it provides interview-mode data entry as well as batch data entry, which is input sheet-based, with data-entry personnel working off of the data presented on the input sheets. The program also provides very good support throughout these processes via a selection of help resources such as status messages, the Help Me panel and a variety of self-service training resources.

2005 Overall Rating: 4.5

Each of the programs was assessed in the following areas: Learning Curve addresses the ease with which new users are likely to grow comfortable and proficient with the program. This encompasses expected prerequisite knowledge and whether average users will likely need advanced training or support in order to use the program productively. Use/Workflow & Productivity Tools addresses how well a user can move around in the program and perform necessary tasks as a result of the interface, and the way work is handled from the start of a tax engagement (interview) to finish (delivery of return and possible planning for next year). This section notes tools that help professionals keep track of client and tax authority status for returns, as well as additional functions such as integrated calculators and cross-form linking that streamline the entire process.

The Integration/Import & Export section concerns a system's ability to transfer and work with data within its various modules, as well as whether it supports importing from and exporting to software from other vendors, as well as how the program retrieves existing data from the previous year. A program's Support/Training & Help System includes how the vendor has incorporated assistance features into its program through components such as its help utility, the quality of its support documentation, and the extent of its online help component, whether it be simple FAQs, online user communities or other more advanced systems.

The Product Evolution & Vendor Vision segment looks at the vendor's apparent commitment to continued development of its product by looking at the technological culture of the company and its product development history. No professional wants to invest in a preparation package that stagnates or whose vendor goes out of business. Finally, Relative Value offers the reviewer's subjective assessment of the dollar-value ratio of the software. The most expensive option does not necessarily guarantee the best value, nor is the product with the lowest sticker price always the greater bargain.

The Overall Score will provide an average of the review components, rounded to the nearest half-star. Following the review section, the Executive Summary provides a synopsis of the review and is accompanied by a summary chart with all products and grades. To add more value and insight to our reviews, we invited the various tax preparation vendors to visit our office for a hands-on demonstration of their respective products. Each vendor had an opportunity to demonstrate the functionality of their product and highlight the various aspects they believe sets their product apart from those of their competitors within the specific review sections outlined above.

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