H.C. Sharp Software — 1040 Review

802-785-2993 www.HCSharp.com

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When the major tax preparation packages of today started gaining momentum in the 1980s, most of them all lacked a solid analysis system. So, Henry Sharp, an MIT-educated engineer and Enrolled Agent, set out to create what would become 1040 Review, providing tax professionals with an automated system to review client data. The program has since grown into a full-featured diagnostics program that not only helps identify potential IRS flags that can result in audits, but it also provides client-ready reporting and review process checklists. At $249, the program is an affordable addition to any practice that wants the peace of mind that comes with third-party checking and validation of client returns.

The program takes just a few minutes to download and install, and it is very straightforward in use. It offers a master screen that simplifies opening or creating clients and a client return form/worksheet menu, allowing users to quickly move to specific data. Users can enter data manually or import client information from most major tax systems, with the program allowing overrides or scenario testing to identify potential tax saving options or to find scenarios with less audit risk.

The core components of 1040 Review are the analytical and reporting functions in its benchmark-based diagnostic system, which compares a client's return with the data of taxpayers in similar income and tax situations. It then benchmarks AGI, rental income, average deductions based on business code, gross income, and specific itemized deductions. It then provides the professional with a client-deliverable analysis report. This report, generated in Microsoft Word, provides narrative and graphical components to show clients how their deductions and credits stack up against other taxpayers as well as revealing areas for potential tax savings and other recommended actions. It can also let them know whether certain aspects of their return may trigger a review or audit by the IRS.

The system supports Schedules A, C, D and E. 1040 Review also has an IRA determination feature that can help find the optimum deduction amount for each type of IRA or combination of IRAs, including those for each spouse on joint returns. But while analysis is the core function of the program, most popular among professionals is the customizable Due Diligence Checklist, which gives tax professionals an automated system to ensure that internal review processes are maintained, and letting them ditch their old spreadsheet or paper-based checklists. The Due Diligence Checklist can be tailored to meet a firm's preferences and individual reviewer/preparer roles.

While many of the major tax preparation systems have finally realized the value of having an analysis and diagnostics system, they still often lack the fully comprehensive capabilities of 1040 Review, not to mention the valuable Due Diligence Checklist. Even for firms using a tax package with diagnostics, 1040 Review is a must-have compliance enhancer since it provides deeper analysis and offers greater insight into a client's return, particularly for those with more complex tax situations. The program's client-ready reports also give added value, helping to communicate to clients what they can do to minimize their liability and audit risk.

Article

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