Software is not a tax preparation system, but rather a diagnostic program that reviews data from an individual federal return and associated forms and schedules, comparing them with data from dozens of sources including court cases, analysis and IRS source documents. This enables the program to identify potential IRS flags and compliance issues, as well as help identify additional tax planning and tax saving opportunities. The company also produces software for diagnosis of state returns for New Hampshire and Vermont. The system also includes the company's highly regarded Due Diligence Checklist, which replaces manual and spreadsheet checklists for ensuring compliance with an internal return and review system. The software costs $249 for a site license that allows the program to be used on multiple workstations in a networked office environment.

Learning Curve – 5 Stars

1040 Review opens to a primarily blank window with options for opening or creating a client, with icons and pull-down menus for primary features of the program. When working within client returns, the left side of the screen contains an expandable list of forms and schedules associated with the client's return, allowing access to specific documents with one click. Once again, this is not a return preparation system, so screens that are accessed for each form or schedule show data-entry fields for a selected document. Data entry is performed on simplified screens that allow entry of information essential to the diagnostics. The system uses color-coded fields that show the user which figures have been manually entered, calculated or overridden. The diagnostic functions are accessed through the Report icon or a button on the bottom of each input form, after which the results of the diagnosis are presented in a tabbed window in the main work area of the screen, with options for viewing the Analysis Report, comparing the return with typical returns and accessing the Review Checklist. Movement throughout the program is intuitive, with support for keyboard or mouse-aided navigation, including the use of scrolling wheels.

Use/Workflow & Productivity Tools – 5 Stars

provides access to the Analysis Report, which contains hundreds of analysis procedures to check the return for tax elections, planning opportunities and compliance issues, resulting in a narrative report that notifies the professional of potential issues and also presents options for IRA, Roth, SEP, SIMPLE, Keogh, MSA and Solo 401(k) with anticipated savings from application of these plans. This report can be customized per client to remove items that are not pertinent to their tax situation.

The Compare Typical function compares client data with statistics of average taxpayer data. This information is determined according to the attributes of a client, such as comparing Schedule C average deductions with those of individuals with similar gross income levels or business industry codes. Similar comparisons are available for Schedules A and E, as well as the primary form, and the system provides full-color client-ready reports.

1040 Review's Due Diligence Checklist is one of the most impressive features, however, providing professionals with an automated and auditable system for maintaining return review procedures. This interactive checklist is much more efficient and productive than spreadsheet-based or paper-based systems because it allows more accountability, with user identifications for signoffs. Another productivity enhancer is the customizability of the checklist, which enables users to easily create a checklist for the needs of each client by adding or removing review items. The system allows users to filter the checklist view to show only the items they wish to see: whether unfinished steps or completed ones. This checklist template then stays with the client into following years, helping the professional to better ensure the integrity of the review process even through staff departures. Both the Analysis Report and the Review Checklist can be opened in Microsoft Word, allowing easy customization for delivery to clients.

Integration/Import & Export – 4 Stars

H.C. Sharp offers on-site and phone-based training
and support, but the easy-to-use program should require little assistance. The program includes context-specific help and right-menu options.
Additional support is available on the company's web site, as is a downloadable full version of the program. Updates are made throughout the year to incorporate new legislation, such as the tsunami relief bill that allows TY2004 deductions for charitable contributions made to this effort through January 2005. Like other potential tax saving
features in the Analysis Report, 1040 Review also identifies whether this deduction might best be saved
for use in TY2005, depending on current year tax lia-bility or potential bracket changes as a result of the donation.

Product Evolution & Vendor Vision – 5 Stars
H.C. Sharp has identified several needs of professional tax preparers. Many professional firms are often still relying heavily on paper- or spreadsheet-based review processes that cannot offer the accountability, audit and productivity-enhancing functions of an electronic system. And most of the programs in the market still lack in their diagnostic capabilities. The ingenuity of this small software firm has provided a product that can greatly enhance the service a professional provides to his or her clients, through better assessment of tax treatment options and identification of potential difficulties. As well, the system increases the reliability of the internal review process. The company constantly updates the program to reflect tax changes and actively seeks input from its users.

Relative Value – 5 Stars
Every tax professional should be using 1040 Review. Its analysis and review capabilities have not been matched yet by any of the built-in diagnostic functions that a few tax preparation vendors have started to include. The inclusion of the Due

Diligence Checklist is equally significant, providing a more efficient review