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of Professional Tax Compliance Systems & Tax Specialty Products

Although most of the tax programs on the market now provide their own built-in analysis tools, the true science of 1040 return diagnostics was mastered by H.C. Sharp Software, which offers the 1040 Review system. The program does exactly what its name implies, providing a reliable third-party diagnostic check of a return. It supports Form 1040 and Schedules A, C, D and E.

The key focus of 1040 Review is that it identifies potential IRS flags that can result in audits. It performs this task by analyzing client return data, benchmarking key information such as gross income, AGI, deductions and business industry code, and then comparing that data against other similar returns. In short, it looks at the same things that the IRS' computers do, looking for outliers that may prompt an audit. The system costs \$249, making it easily affordable to all practice sizes, but particularly well-suited to professionals using less comprehensive compliance packages.

Data can be imported into 1040 Review from most tax systems or can be manually entered in a few minutes, and offers easy scenario testing to identify less risky treatments or potential tax saving options. The program produces a narrative, client-ready Word formatted report that explains and shows graphically how a client's return data compares with similar taxpayers. It also highlights potential areas for lessening their tax liability, such as with its IRA feature that can determine the optimal deduction amounts for various IRA types or combinations.

The 1040 Review system also provides a customizable Due Diligence Checklist,

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internal review errors or missing information. The value in 1040 Review is that it looks at the factors that may cause an audit and also provides an outside view on the validity of the data — a second opinion at a good price.

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