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Steven M. Phelan • Apr. 29, 2013

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As we wrap up another busy season, we have the chance to catch our breath and reflect on the past few months. When thinking about the beginning of 2013, many of us recall the fear of the unknown on various tax guidance and advice we had given the previous year. Thankfully most of this guidance was remedied in early January as a variety of anticipated changes and extensions to the tax code came to pass.

Note: We divide tax software reviews into two categories. For more the reviews of Professional Tax Preparation systems, see page XX.

Unfortunately, many of these changes and extensions delayed the filing of returns a large number of clients, with even some simple clients prevented from filing until mid-March when final versions of forms were available. This resulted in a more compressed time frame than many were expecting and are accustomed to.

Today's tax and accounting vendors need to be efficient and proactive about changing user needs and tax laws. This year, they deserve praise for delivering updated products quickly after the new laws were enacted. With few exceptions, the tax vendors were forward thinking to include these anticipated changes and quickly adapted as the code and respective forms were finalized.

Adapting to Current Trends

As technology changes and is widely adopted, vendors must adapt as well. The advanced tax workflow compliance systems reviewed in this section are all

compatible with Microsoft Windows 8 and recent versions of Microsoft Office.

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For cloud-based tax solutions, most are reliant on small client-side interface programs that install on a desktop, laptop or Ultrabook. These client-side interfaces are necessary to interface with data entry and back-end calculations. Generally, these solutions require a Microsoft Windows based operating system and many further require a recent version of Internet Explorer. This will pose a problem for tablet users outside of Windows 8 Professional based tablets.

Other current technology trends focus on IRS requirements. For tax year 2012, the IRS is requiring all electronically transmitted returns to be on the Modernized e-File (MeF) platform. Most vendors have been developing their electronic filing systems to integrate with the MeF platform over the past few years. This year all vendors have converted to this new platform which may result in additional data entry that historically has not been required. Thankfully, diagnostic systems are in place to aid and inform users of potential issues and additional or different requirements.

Along with the movement to MeF, vendors are also enhancing the interfaces used to display electronic return filing status. Tax professionals now have more information displayed to them and keep them up to date. Tax vendors are also introducing web interfaces to checkup on electronic filing status. These sites can generally be accessed on the go from any Internet connected device with a browser, including smartphones and tablets.

Import and Integration is Key

Data entry efficiency is a focus of current year releases. Although manual data entry screens remain unchanged from prior years, integration points continue to improve. All the advanced tax workflow systems reviewed in this section are the tax compliance offering for their respective vendor suite. As part of a vertical product suite, most components will integrate in and out of the tax software in real time. This

allows changes in one product, an address or email address, for instance, to be

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Tax research is another key integration point. The tax compliance systems reviewed each have integration points with their respective tax research offerings. This integration is now advanced to the point where research is automatically focused based on the data input or tax return form currently in view. This allows users to directly log in and access pertinent information with minimal additional effort.

Tax compliance is an involved process and we are reliant on vendors to help us along the way. Though tax systems are getting more complex in their development, the data entry required by tax professionals is lessening. A variety of tools are now being integrated to reduce manual data entry efforts. This will ultimately reduce the time spent on the preparation side of tax compliance. Compliance systems are also maturing to work not only on the desktop but also on the go. As technology changes and as the profession changes, tax vendors are making thorough efforts to converge the two.

[Editor's note- On April 16, 2013, Thomson Reuters announced the acquisition of TaxWorks, which had been owned by H&R Block since 2009, but had been a notable tax preparation system since the mid-1970s.]

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