ACCOUNTING

2015 Review of Tax Research Systems

Taxation is no longer a once-a-year engagement, at least not for clients with more than a couple of W-2s and 1099s. Complex and high net worth clients require strategic tax planning, which in turn requires their professional to stay on top of changes ...

Isaac M. O'Bannon • Dec. 21, 2015

The American income tax system is complicated, which is a positive for tax professionals, after all. If it were simple, few people would pay to have their taxes prepared by a professional. Unfortunately, this silver lining is accompanied by the immense and dark cloud of the tax code that seems to get even more complex each year, with the addition of endless add-ons and patches, credits and deductions.

For firms with fairly simple, "retail" tax clients, almost any professional tax system can satisfy their tax preparation needs, since most include the basic rules and line-by-line instructions for the forms they prepare. But as clients get more complex, as their income comes from more diverse sources, and as their work and family lives necessitate more deductions and credits, the more their tax professional needs access to not only the basic instructions, but also analysis from tax and legal experts, news sources to keep abreast of tax changes, and access to federal, state and even international tax codes and treatises.

2015 Reviews of Tax Research Systems

- BNA Tax & Accounting Center
- Thomson Reuters Checkpoint

- Wolters Kluwer, CCH IntelliConnect

It is at this point that tax becomes a profession, not just a commoditized service. After all, the most experienced tax professional knows that he or she doesn't know everything and can't possible memorize the Internal Revenue Code or state taxation laws, so having the expertise to know where to look for the answers becomes imperative.

About 10 years ago, most tax research systems moved to the internet, transitioning from the old-school libraries of tax code books, into web-based services that give tax professionals resources they never could have had before. Initially, those online tax research systems focused primarily on just providing source material (tax code) and analysis from legal experts. Since then, they have been greatly enhanced to include integration with client tax returns, allowing preparers to drill down directly from a form into instructions, code and even court cases.

The tax research systems reviewed here also offer collaboration tools, letting professionals attach research documents to client returns, while also offering tools annotate and add notes, and even share the materials with their peers via email, message or social media. More importantly, these systems offer dynamic content that is updated when Congress or the states make changes or allow provisions to expire, and when court rulings affect application of tax treatments.

Taxation is no longer a once-a-year engagement, at least not for clients with more than a couple of W-2s and 1099s. Complex and high net worth clients require strategic tax planning, which in turn requires their professional to stay on top of changes as they occur and even beforehand, as an anticipatory approach.

There are now only three major web-based tax research systems that are designed for professionals and, quite honestly, the systems have grown so comprehensive and offer extensive productivity tools that they are the best of the breed. The primary differentiating factors among them are in layout, mobile tools, workflow styles and design, and firms should explore which works best for them.

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