

# Honest Feedback from Real Users of 1040 Tax Software



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## How a Firm Uses Software To Serve Clients Differs Based on the Practice's Size and Client Base

*Some have committed to larger, more complex practices that require additional functionality around business management and intricate tax returns*

by Tom Johansmeyer

### Software Providers Become More Focused

After years of commoditization, 1040 tax preparation solutions are beginning to change. In the past, all tax preparation suites rushed to offer a full complement of the same basic features, enhanced by a long menu of “extras” assumed to be important to all users. Everyone sought to deliver as many “bells and whistles” as possible. This year, though, the market has identified that different practices have unique needs. Thus, the software companies are choosing their battles. Some have committed to larger, more complex practices that require additional functionality around business management and intricate tax returns. Others have elected to target smaller practices with straightforward processes and routine tax returns.

### Everybody Offers the Fundamentals

Core functionality rarely varies. The tax code drives the underlying calculations, making differentiation among solutions, in this regard, slight at best. All tax prep solutions deliver the basics. With the solutions reviewed this year, practitioners will be able to create and file tax returns quickly and accurately for their clients, as usual. Glitches surface from time to time, but they tend to be remedied as quickly as possible. No tax professional would expect less. Further, intuitive screen designs, error-checking tools and other features to make return preparation easier remain the norm, regardless of the software's target market. Business drives how the users interact with the software, though, which is where the different providers distinguish themselves.

### Software for the Specific Practice Type

How a firm uses software to serve clients differs based on the practice's size and client base. A practice comprised primarily of homeowners bearing W-2s has different needs from one that serves small business owners with self-employment and partnership income. A sole practitioner may not need extensive scheduling, billing and approval features, while a larger practice will find them to be indispensable. Thus, some solutions have eschewed the extras in favor of delivering simple, accurate and straightforward software for the smaller office with simpler returns, while others have addressed the needs of larger practices with more complex clients—and sophisticated business operations.

The race to be feature-rich has ended, and the one to become customer-centric has begun. The winner, of course, is the tax preparer, able to select software to address the specific nature of the practice. The split between “big firm” and “small practice” solutions has always been evident, but this year it appears to have been embraced, with providers narrowing their scopes and addressing specific types of practices. Any solution will provide the tools of the trade. The decision comes down to the specific needs of the practice. The universe of tax prep software is no longer one-size-fits-all.

# Practice Management Reports Analyze Client Fees, Summarize Returns Being Prepared

*“Create master templates for charge-by forms, billing invoices and instruction letters.”*

At only \$99, TaxACT Preparer’s 1040 offers great value with features you’d expect in more expensive products. Available via CD and the Internet, TaxACT includes: multi-preparer support, client data organizers, summary letters, customizable invoice, and mail label printing.

## Benefits and Features

- No limit to the number of returns a preparer can print and at no extra fee. Preparers can select to efile for \$7.95 per return.
- With a few clicks of a mouse, TaxACT makes long processes easy. Batch import your clients’ data from year to year from the previous year’s TaxACT version. Better still, save time by being able to check on clients’ efile status from your desktop – TaxACT performs automatic, in program updates.
- TaxACT Enterprise Editions allows you to collaborate within a network. Share client lists and preparer data. Create master templates for charge-by forms, billing invoices and instruction letters.

### What Users Say

“I have used software from TaxACT for about five years. I have recommended it many times. It is easy to use and very accurate. This software is continually updated for any change in IRS Regulations, etc. I plan to use the TaxACT products as long as I continue in practice,” says **Chuck Matlack, CPA** in Llano, TX

**Johnny Rivera** of Ramona, California states “Today I was reminded why TaxACT has been my number ONE tax software program for many years. Not only does TaxACT Preparer’s Edition provide user friendly options throughout, but you continue to improve on the product. After downloading the latest 2007 version of TaxACT Preparer’s Edition, and viewing it, it appears the TaxACT team has been hard at work to provide us even more delightful features to make our work easier.”

## Summary

Practice Management Reports help analyze client fees, summarize the types of returns being prepared and more – ensuring you have the necessary information and tools to manage your busy practice.

**2nd Story Software**  
www.taxact.com  
800-573-4287

**TaxACT**

# Training Opportunities Include ATX University and ATX TV

*“Numerous training opportunities include national seminars, hands-on classroom events and webinars.”*

ATX MAX provides professionals with the widest range of tax forms available at any price. MAX comes complete with over 10,000 calculating federal, state and local tax income and sales tax forms.

## Benefits and Features

- Intuitive form-based input screens, identical to the federal and state forms, contain direct links to all supporting forms and worksheets.
- Effective error diagnostics save time and prevent return rejections.
- Tax software is integrated with research products, accounting programs and scanner-based document management system.
- Numerous training opportunities include national seminars, hands-on classroom events and webinars along with 24-hour access to ATX University and ATX TV.
- Toll-free customer support from U.S.-based customer service representatives is included free with extended hours during tax season and 7/24 online support.

### What Users Say

“It is user friendly, and input can be performed in a number of ways, whatever is comfortable for the user. Instructions are just a click away for those times when the preparer wants to reference the tax form instructions. In addition, when additional research is needed, I can immediately go to the ATX tax research program, whether to the IRC code, regulations or the ATX commentary. Over the years I have never been presented with a tax situation that the ATX software has not been able to handle. Furthermore, there has never been an instance whereby the tax software computed something incorrectly,” says **Gene Cummings, CPA** in Strongsville, OH.

## Summary

MAX includes unlimited e-filing, toll-free technical support and line-by-line integration with Kleinrock tax research along with access to CCH reference materials. As an added bonus, the package also includes easy-to-use W-2/1099 program that allows preparation and e-filing of those forms plus federal and state payroll forms.

**CCH Small Firm Services**  
www.atx.com  
877-728-9776

**ATX**

# Offers "Tax Equalization Calculation" Multiple-State Processing

*"Efficient generation of amended returns, powers of attorney and extensions for all states."*

The ProSystem fx Tax Individual System handles all individual tax preparation requirements, placing more than 300 federal, state, city and county modules at the user's fingertips. It simplifies tax preparation and review, with detailed reports that simplify audit and planning.

## Benefits and Features

- Users benefit from time savings on preparation and review through extensive automatic calculations; easy computation of complex depreciation calculations, and automatic computations between joint and separate filing statuses; detailed report creation for audit and planning purposes; comprehensive limitation processing, including basis, passive activity and at-risk limitations; extensive expatriate computations and easy recalculation of tax liability resulting from a foreign assignment.
- Offers powerful state features, including foreign assignment "tax equalization calculation" for all states; simple one-step multiple-state processing; flexible preparation of state estimated tax vouchers and "underpayment of estimated tax penalty" computation; and efficient generation of amended returns, powers of attorney and extensions for all states.
- Provides efilng capability with an IRS-authorized provider. Users experience immediate productivity gains with the convenience of being able to do everything online.

### What Users Say

"A primary benefit is the comprehensive coverage of the software. There are very few advanced forms and elections that can't be prepared. Also of great importance is that CCH has the resources to react very quickly in making changes to the software due to law changes. We have been using the product for many years and are very satisfied - we would not consider a change in vendors," says **Benn Magaon**, CPA in Roswell, Georgia.

## Summary

ProSystem fx Tax Individual System also works seamlessly with the ProSystem fx Office and other CCH solutions, as well as Microsoft® Office products to improve efficiency and decrease non-billable hours.

CCH, a Wolters Kluwer business

www.cchgroup.com  
800-739-9998



# Seamless Electronic Filing and Integration With The Refund and Transfer Products

*"Toll-free customer support in English and Spanish."*

The TaxWise Power package is a premium compilation of federal and state individual and business returns. Users can easily access the most popular federal forms along with companion modules for every state with a filing requirement. The package includes unlimited efilng and no network fees for additional users in the same office. Other program advantages are toll-free customer support in English and Spanish, along with free orientation sessions planned specifically for new users. As an added bonus, the package also includes the CCH® U. S. Master Tax Guide® Online to assist with current tax research.

## Benefits and Features

- Training opportunities with live seminars, classroom events and webinars along with 24/7 access to TaxWise University and TaxWise TV
- Offers integrated programs such as client write-up, payroll, trial balance and fixed asset management
- Scan-based document management system exports data directly into clients' tax returns
- TaxWise partners with all five major lending banks

### What Users Say

"I have been a TaxWise devotee since 1994. I have had great success with the 1040 TaxWise Software and Business software. The tech support is the secret to their success. They are the best!" says **Glenda Norton** in Summerville, Georgia.

"I drove to Chicago, IL to the Rosemont Convention Center to shop for software. I tried many, but always came back to TaxWise. All of the different areas of the software fascinated this senior citizen. I felt very comfortable with it. This was in 1990 that I purchased the TaxWise software. I would highly recommend it," says **Valerie Malecki** in South Bend, Illinois.

## Summary

From its inception 22 years ago, TaxWise has specialized in seamless electronic filing and integration with the refund loan and transfer products that are so important to a large segment of the professional tax preparation industry.

CCH Small Firm Services

www.taxwise.com  
866-345-4171



## Tax Planner-Upgraded PAL and AMT Calculations

*“A live person answers no matter when I call.”*

Drake Software offers over 30 years of experience and a quality product at a great value, providing over 26,000 tax professionals the tools they need for a successful tax season. With a dedicated staff of programmers, including numerous CPAs and EAs. Drake customers receive federal software in early December, followed by all state programs the first week of January.

### Benefits and Features

- Improved Scheduler
- Import Schedule D items from MS Outlook
- Support Multiple Return scenarios
- Tax Planner – Upgraded PAL and AMT calculations

#### What Users Say

“**Brian Bharat** in Sunrise, Florida says “Simply put, Drake Software is the best Tax Software in the market today. Their customer service is second to none. And that’s my final answer.”

“I give Drake Software a five star thumbs up for ease of use. They also have the best customer service of any company I have ever dealt with. I rarely get a recorded message. A live person answers no matter when I call and their people are extremely well trained in the use of the software. I would recommend them to anyone. The price is also reasonable and worth every dollar,” says **Ron Angus** in Montville, New Jersey.

“Absolutely 100 percent satisfied. Been with them over five years and the service is tremendous and the system is good. Nothing but good things to say about Drake Software,” says **Don Reed** of Pittsfield, New Hampshire.

### Summary

Prepare more returns with time saving features like flexible data entry, hotkeys and macros, custom letters, and more.

**Drake Software**  
www.drakesoftware.com  
800-890-9500



## Diagnostic Additions Throughout the Product Library

*“A more automated process for creating Registered Domestic Partner returns for California, support for the new Texas Margin tax.”*

The Lacerte tax product is built to maximize the accountant’s productivity in preparing tax returns through its unique design that clearly follows the tax preparation workflow. In addition to the design, Lacerte is a full featured, comprehensive tax product that allows the accountant to prepare virtually any federal and state tax return.

### Benefits and Features

- The Client Tracker – a workflow management tool embedded in the tax program that enables collaboration across multiple staff and simplifies the process of tracking work in the office.
- Missing Data Utility – a patented function that allows the accountant to easily mark data entry fields as missing in order to allow them to generate reports or email the list of missing items to the taxpayer.
- Tax Automation – automated calculations for complex tax returns that greatly increase productivity by eliminating manual calculations, which also leads to increased confidence in the accuracy of the tax return.

#### What Users Say

“Lacerte is an excellent tax program – though not inexpensive. Their modules are generally comprehensive for both state and federal filing. Their support is top rate – I don’t think I have ever stumped them – and they are generally accessible in 10 minutes. They integrate between modules (K1 export – Children taxed at parents rate etc.) and if you so desire – a QuickBooks file can be downloaded directly to the corporate program. I have no plans to change – and would recommend them to anyone who asked my opinion,” says **Bruce Downs**, CPA in Birmingham, Alabama.

### Summary

Intuit continues to invest in compliance for filing and electronic filing of returns. Examples include a more automated process for creating Registered Domestic Partner returns for California, support for the new Texas Margin tax, and various efile and form, worksheet and diagnostic additions throughout the company’s product library.

**Intuit**  
www.lacertesoftware.com  
800-765-7777



# 1040 TAX COMPARISON CHART

	2nd Story Software	CCH Small Firm Services	CCH, a Wolters Kluwer Business	CCH Small Firm Services	Drake Software	Intuit	Intuit	TaxWorks
<b>I. Program Features:</b>	<b>TaxACT Preparer's 1040</b> www.taxact.com 800-573-4287	<b>ATX</b> www.atxinc.com 877-728-9776	<b>ProSystem fx Tax</b> www.cctgroup.com 800-739-9998	<b>TaxWise</b> www.taxwise.com 866-345-4171	<b>Drake Software</b> www.drakesoftware.com 800-890-9500	<b>Lacerte Tax</b> www.lacertesoftware.com 800-765-7777	<b>ProSeries</b> www.proseries.com 800-934-1040	<b>TaxWorks</b> www.taxworks.com 800-230-2322
709 included with 1040	No	Yes	No	Yes	Yes	No	No	No
709 conversion	No	No	No	No	No	N/A	No	No
706	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
706 included with 1040	No	Yes	No	Yes	Yes	No	No	No
706 conversion	No	No	No	No	No	No	No	No
1120, 1120S & 1065 conversion	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1041	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1041 conversion	No	Yes	Yes	Yes	No	No	No	Yes
<b>III. Electronic Filing :</b>								
Price per electronic filing	Volume dependent: \$0-\$7.95 each. Unlimited Federal efile also available	Included	\$110 plus \$3.25 per return or \$1,075 unlimited processing	Included	Included with full pkg	\$3 per fed/state \$995 unit	\$3 fed, \$2 state, unitd EF pkgs	FREE
Electronic filing years in use	8	15	From initial IRS acceptance	22 years	21 years	17	Over 10	22 years
Multi user version	Yes - TaxACT Preparer's 1040 Enterprise Edition	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Multi user price	\$159 (Introductory Pricing)	\$532 (>3 users)	Included	No additional charge for multi-users.	yes	\$450 first 4 users, \$200 per add'l 4	Included	No
Do you process RALs	Yes	Yes	Provided by bank partner	Yes	Yes	Republic Bank provided	Yes	Yes
Can accountant print RAL checks	Yes	Yes	Provided by bank partner	Yes	Yes	w/ Republic Bank software	Yes	Yes
How many states do you process	All states that assess state income tax	All	All	All states with a filing requirement	All States	All	41-1040/7-biz	All states
Price for states	Volume dependent: \$0-\$3.50 each. Unlimited state also available	Included	\$55 per state, \$110 for all states + \$1 transmission fee, Unitd processing \$265 per state or \$530 for all	Included	N/A	\$395 per state	\$2 each	FREE
Does it print IRS and bank reports	No	Yes	Provided by bank partner	Yes	Yes	w/ Republic Bank software	Yes	Yes
Does it print rejection reports with the form name and line number	Email or Website has this info	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Extra charge to run the software on additional computers in the office	No	Yes, for more than 3 users	No	No	No	No	No	No
Can the accountant use software to transmit for other professionals	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
<b>III. Technical Support:</b>								
Toll free support number	No	888-455-0183	800-739-9998	888-455-0184	No	800-933-9999	800-434-6818	800-843-1139
Support staff during tax season	Y - 8am - 9pm (M-F) and 8am-5pm (Sat) and noon-5pm (Sun) CST	Yes, with extended hours	450+	Yes, with extended hours.	Yes	170	Over 100	200
Alternative support methods	Email, Web Knowledge Base	Yes	Internet and Fax	Yes	Yes	M-F 9 am to 8 pm	M-F: 8 am-10 pm, Sat: 11 am-6 pm, Sun: 12 am-5 pm	Email
Switch input methods/views during data entry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Skip fields based on prior input	No	Yes	Yes	Yes	No	Skip to screens	Yes	Yes
On-demand calc during input	Calcs with every entry	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Itemized deductions compared with national averages for AGI	Yes	Yes	No	Yes	No	Yes	No	No
<b>IV. Input:</b>								
Interview/interactive entry	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes

