

Accountants Reveal Electronic Filing Software Benefits



**Electronic
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Electronic Filing Functionality Continues to Improve

By Lori Widmer

It's a new year and a new tax season. That means software companies are eager to introduce users to bigger, better, bolder applications designed to make life easier for the tax preparer.

Gone are the days when preparers could only hope for an application a bit more intelligent than just another e-filing program that sported little functionality! No more will preparers fill in pre-determined fields and hope the returns aren't rejected. Nowadays, tax preparation software is an entirely new animal ... however, this animal no longer needs taming.

From online filing to complete online functionality, this season's software lineup comes with a variety of options as diverse as its client base. Some applications are sensible no-frills versions holding the same degree of usability as their bells-and-whistles counterparts. Others give users the experience of driving an expensive luxury car without the expensive luxury price tag. Truly, no matter what your needs may be, one or more of the vendors in this group can meet them.

It's clear that applications' designers are putting a lot more thought into what their products offer. Most applications appear very simple on first blush, but hold many possibilities for the end user. What's more, the depth of functionality is not difficult to navigate. Today's smarter application builders understand that even though they may ship bulky manuals and detailed instructions to clients, most want to open the application and be able to find their way around right away. While some vendors may still assume a bit too much that the client needs no hand-holding to maneuver through new software

applications, none of the vendors' applications were so difficult that this reviewer had to crack open a manual and search for answers. Although one or two did require some training, all of the titles can be opened and used immediately with minimal fuss. Other nice features include the user's ability to back up, amend returns, add forms easily, and file and check the status automatically.

"Smart" is the word most often used to describe this year's lineup; through user testimonials, smart, sophisticated ability in easy-to-use applications won over more than a few fans. With very few exceptions, all products were either instantly accessible via the Internet or easily installed without the need for technical support. In addition, most users were happy to see increases in the number of returns they were able to file, along with an increase in the market base the users were able to reach.

What's interesting in the e-filing reviews is the lean toward an all-online product offering. Vendors are showing more concentration in this model, which solves a few unforeseen storage problems, while allowing functionality across all computer systems. All products offer some form of online interaction, be it online filing capability or an all-inclusive online product.

Integration is key as well. One user, in particular, shaped his entire business model around his chosen product. Others are thrilled with how their product makes life a bit easier, while others are happy to be able to file one return every 30 minutes. All agree that the new breed of tax preparation software has come a long way in meeting the demands of the tax preparation professionals.

Easy View Icon Offers Simplicity

The Tax Warehouse tab gives a summary view of all clients in the system and allows users to quickly see each client's tax situation.



By Lori Widmer

Set up in a familiar, Microsoft Windows-friendly appearance, MAX by ATX/Kleinrock comes with a manual that is virtually unnecessary. Simple to use, MAX has users working within mere minutes of installation.

One of the added features of this product is the ability of the preparer to select the necessary forms at the start of the return. Users who know what their clients will need can designate those forms up front, as well as add forms at any time during the process. The forms open behind one another, with the main form designated as the primary form. The tab menu allows preparers to see the forms and quickly move to them.

ATX

MAX supports all individual federal forms (1040, 1040A, 1040EZ, 1040NR and 1040X) and all business and specialty forms (1041, 1120, 1120S, 1065, 990, 5500, Payroll Tax, W-2/1099, 940/941, Sales & Use, Foreign, and Estate & Gift). MAX also supports all state forms with all related localities, all supporting schedules (including Schedules A and C) and calculating worksheets, and W-2/1099 with free efilings.

Benefits and Features

- The Update Manager screen allows users to see all forms that require updating.
- The Total Manager system handles returns, accounts receivable, preparer information, client information, rollover information and efile. It also includes a bank management function that links to an HSBC bank account users can create on the desktop.
- An Easy View icon allows users to view all information on a client's return in a single summary window. Users can quickly scroll through the return summary.
- The Tax Warehouse tab gives a summary view of all clients in the system and allows users to quickly see each client's tax situation.
- A nifty Rollover Manager tab allows preparers to easily rollover last year's information for faster return preparation.
- The E-Service Manager tab links users to the efilings capabilities. Users can file returns, receive returns, view filing status and receive acknowledgement that returns were received.

Support

Like most systems, product support is accessible via a menu-bar icon. The 24/7 online support center is newly revamped to offer customized support. The support center sports a comprehensive community support forum, online tutorials, a knowledge base, form download center, online training and an efile center. Customers are able to contact the company via an email link. I discovered a toll-free number buried beneath the sales contact information, but there was no indication of the availability of phone support.

Summary

MAX is an easy system to operate. Users who want to work quickly and efficiently through tax returns and efilings will find numerous layers of effortless functionality. Even the most complicated returns will go much smoother, thanks to a straightforward design that works wonders.

What Users Say

For user **John Verone** of Elwood City, Penn., the product came with a bonus – great tech support. “I love the software and the tech support is outstanding!”

Leslie Pearson, a CPA in Dripping Springs, Texas, said the price was definitely a plus. “A great tax program for the money!”

Wayne Brasch in Dallas, Ga. has been a MAX customer since 1998. He said, “MAX is so easy to work with and the error-check function is very useful, especially when filing unfamiliar returns.”

ATX/Kleinrock
www.atxinc.com
877-728-9776



Memory Allocation System Divides Tax Data

This system allows users more functionality than a number of desktop-based applications.

By Lori Widmer

What Users Say

Glenn Adams of Bessemer City, N.C., said the product allowed his group to enjoy greater results. "We are using ProSystem Global *fx* products exclusively for tax preparation. This system is totally Internet-based and always uses the latest releases. Our applications permit access to any tax product, whether in the office or remote with any high-speed Internet access."

Jeffrey Sapper with BSTco in New York City was more than happy with the results the product brought. "We've been using the product for six years. We have found ProSystem *fx* to be very proactive to our needs and recommendations. With the addition of the worksheet view and Global *fx*, our preparation time and 24/7 availability helps us maintain a much better work and personal life balance."

CCH, a Wolters Kluwer business
www.tax.cchgroup.com
800-739-9998

For any accounting professional who wants to create an online presence, ProSystem *fx* Tax is an all-inclusive system to prepare, efile and solicit clients through the Internet. ProSystem *fx* is not a forms-based program. Rather, it uses a memory allocation system to divide the preparer's tax data into three areas: entities, records and fields ... and it hums!

This system allows users more functionality than a number of desktop-based applications. Depending on the unique user's needs, that functionality can go quite deep.

Benefits and Features

- Data can be entered into the system with minimal effort.
- Automatic calculations, overrides and optimizations are available for federal and state returns.
- Comprehensive state programs are available for all entities, including full multi-state capabilities.
 - The system has full-featured depreciation and depletion capability for individual and business returns.
 - Partner, shareholder and beneficiary K-1 data can be exported directly to the ProSystem *fx* Tax Individual system or applicable business returns.
- A dynamic K-1 and state apportionment import/export spreadsheet link with Microsoft Excel makes the import/export process much easier.
- With ProSystem *fx*, preparers can skip ahead or go back to forms in one particular return.
- The system is a fully integrated client and tax return management system. All client, staff and return status information are easily viewed within the application.
- The application comes with a variety of modules that can be purchased separately or bundled, including Individual, Partnership, Corporation, S Corporation, Deferred Compensation, Fiduciary, Estate and Gift, and data conversion services.



CCH

a Wolters Kluwer business

Support

ProSystem *fx* Tax comes with nine levels of optional toll-free support, including basic sales, product, account renewal and seminar/webinar support. Also offered is support with tax products, the system itself, customer service, efile, accounting products, ProSystem *fx* Practice, ProSystem *fx* Document and ProSystem *fx* Scan. Single sign-on and permission key download issues are also addressed.

In addition, online demos, optional training classes, an online FAQ, and online tutorials and articles help users with more general issues. Online requests for support are available as well. Phone support is offered Monday through Friday, 6 a.m. to 5 p.m., Pacific Time. During tax season, support hours are extended, as are the support hours for filing extension due dates.

Summary

With this system sporting the most bells and whistles of any reviewed in this issue, ProSystem *fx* Tax has enough capability to handle any tax return and any client, no matter how unique the situation.

Diagnostic Tools Take Guesswork Out of Analyzing Results



Unlike some applications, Drake lets the user jump to a particular form without having to walk through the others.

By Lori Widmer

Packed with more than 6,000 federal and state forms – and offering up a sensible design – Drake Software makes tax preparation, as well as complete practice management, a simple process. We tested the Drake suite of tax products, including Tax Planner, Document Manager and Client Write-Up.

Benefits and Features

- Multi-year planning options enable users to explore income adjustments, filing status, retirement savings and other areas.
- Document management enables paperless processes. The system links to email and document distribution functions, allowing for better, faster communication and file handling.
 - The system's Client Write-Up feature processes monthly accounting, payroll and financial statements for smaller businesses.
 - Preparers can easily locate client information and forms, and the system adds or deletes information at any point. Unlike some applications, Drake lets the user jump to a particular form without having to walk through the others before being able to access it.
- Electronic filing is a three-click process. Users locate the return(s) to be efiled, choose Transmit/Receive to review the returns to be sent and push Send/Receive to transmit. The system also downloads information regarding the status of already filed returns.
- Drake provides free conversion programs to help transition client data from one program to another much faster. The list of programs the application can transition files from is impressive.
- Meaty reporting and banking functions, as well as diagnostic tools, enable users to analyze to their heart's content.
- Data can be imported from QuickBooks.



Support

Boasting a nine-second wait time, Drake's phone support operates under seasonal schedules. The call center is open from Dec. 1 through April 15, Monday through Friday, 8 a.m. to 10 p.m., and Saturday from 8 a.m. to 6 p.m. During off-season, the call center is open variable hours. All times are Eastern.

Drake's website offers 24/7 online assistance. Users may access training tools online, as well as earn CPE credits through the company's Electronic Training Center. Regional seminars are also held throughout the year at Drake Software locations.

Summary

It took mere minutes for me to understand the system, with part of the credit going to the step-by-step booklet that accompanies the software – written so users of any level can understand how to operate within it. The short tutorial booklet that comes with the program walked me through new processes rather quickly. The fact that I was up and running within minutes speaks well to the design of the program. What's more impressive is just how much is included in the Drake Software suite. It's as though they thought of everything.

What Users Say

Charlotte, N.C.-based **Marshall Lowery** has used Drake since 1990 and sees no reason to change. He feels it's a product that allows his company to be competitive. "Drake has limited the amount of paperwork we have to keep. It is super user friendly; in fact, it is so user friendly that it allowed me to get into some advanced features (of the product)."

Kevin McGoldrick, a preparer in Winston-Salem, N.C., said the product has helped his offices with efilings. "I have searched for better software, switched and came running back. I am much more comfortable with the company at every level than with other products."

Based in Statesville, N.C., **Dorothy Reep** has stuck with Drake for a long time. "People who work for me can learn it easily. I have had interns who have learned it very well. It's also very comprehensive." She says her assistant likes it because "it works when you want it to."



Always Online Solution Eliminates Storage and Access Problems

There are no system requirements – anyone able to access the Internet can use this application.

By Lori Widmer

What Users Say

Ralph Lloyd, a CPA in Jackson, Miss., used PEI's other product, Crosslink, for his brick-and-mortar locations. Lloyd said V-Tax enabled his company to form a solid online presence. "It works extremely well. We've signed up customers for four years, and this year, it looks like we're going to have in the neighborhood of some 350 customers using the product through our website. That's over and above our local stores. We're very pleased with this product."

Suriya Davenport, vice president of PCW in Michigan, said the product has served as a "business model." "We've built our entire business process around this product. We have seen 975 percent growth since implementing this product. We built a franchise around it, plus we are able to compete with the large applications easily. We have taken the use of the product to a whole new level."

Petz Enterprises, Inc.
www.petzent.com/vtax
800-345-4337

Why not put a tax preparation product online? What could be easier than a product that does not require an application installation? Petz Enterprise Inc.'s (PEI) V-Tax is an all-online solution that works with any operating system so that preparers can experience the full functionality of the product.

It is with this simple concept that PEI's V-Tax has taken hold in the tax preparation software space. In fact, some users are so enamored with it, they've built entire businesses around it – just check out the user quotes below and you'll understand what one user means.



PETZ ENTERPRISES, INC.
www.petzent.com

Petz also offers CrossLink Software as another 1040 product that also does electronic filing for federal and state returns; it also interfaces with financial products. For more information on CrossLink, visit www.petzent.com/crosslink.

Benefits and Features

- Fast, efficiently organized information pages allow the user to drill down into any return.
- The menu is separated into four categories: status reports, financial reports, client lists and administration reports.
- The application site is fully hosted, with client files stored at the company's headquarters. This adds yet one more level of protection.
- Setup for the first 10 offices is free.
- Users can organize and manage multiple locations from a single computer.
- Because the system is Internet-based, users can manage business from any computer, anywhere.
- Returns are searchable by Social Security number, last name and other criteria.
- All client information is stored online, including phone numbers, birthday lists and mailing lists.
- Preparers are able to see what returns were declined, accessing those files for review when needed.
- Preparers can solicit business nationwide. There are no boundaries because the entire process is Internet-based.

Support

When V-Tax is open on the Internet, a customer service number is prominently displayed on every page. During tax season, the company offers live 24/7 support. Users are also able to fax or email the Support Department, as well as interact with the company in order to customize the application to suit their own specific needs.

Summary

V-Tax is one easy application to use. It's sensible in that all information is stored online, which solves a number of dilemmas, two of which include offsite storage of customer data and accessibility. The home page is a simple, smartly designed starting point that allows preparers to create new files just as easy as using an online search engine. There are no system requirements – anyone able to access the Internet can use this application.

Redundancies Eliminated in Import Processes

While some software programs charge per printing, TaxACT comes with the ability to print returns free.



By Lori Widmer

2nd Story Software brings home a winner with the TaxACT Preparer's Edition of its popular tax preparation application. This is effortless tax preparation for even the most complicated of returns – and that's the hallmark of the latest edition. We tested the 2005 Preparer's Edition.

Benefits and Features

- Setup is simple. The system walks the user through the process of setting up form letters, including the “charge by” form.
- TaxACT easily imports all client information from another program or file, adds new clients or opens existing client information.



- Forms are readily available, and the application has all the latest forms and schedules. There are well over 120 forms and schedules.

- While some software programs charge per printing, TaxACT comes with the ability to print returns free.
- TaxACT can be shared among multiple users. The product also can be customized for each preparer in the firm.
- Managing client files is simple. All client information is readily available and drill down is effortless.
- The application is available for instant purchase on the website.
- Preparers are able to efile the client return from the desktop. There are discount prices for multiple efiled returns.
- Summary letters, mailing labels, invoices and other collateral are available as customizable templates within the system.
- Previous client information is easily incorporated into the new software. The system takes care of redundancies and alerts preparers to any possible errors or omissions.

Support

2nd Story Software offers an online FAQ, as well as online access to its support center. Users can call the toll-free support line or use the online live support for tax-related questions. The toll-free line is open weekdays, 8 a.m. to 9 p.m., Saturday 8 a.m. to 5 p.m., and during tax season, Sundays from 12 to 5 p.m. All times are Central.

Summary

Why buy a product with more expensive bells and whistles when this one does the job and does it for less cost? It doesn't take a genius to know that ease of use and economies of scale make good accounting sense.

What Users Say

Eric Rippeth, CPA, in Wellston, Ohio, said, “I'm a CPA with 14 years of tax experience. I have used many different preparation software packages over the years; when it comes to pricing, customer service and user friendliness, TaxACT is simply the best available.”

From **Robert Schwartz**, president of Robert Schwartz, P.A., there is only praise. “TaxACT is by far the easiest, most comprehensive program available – and the price makes it even more attractive. I have clients in 38 different states; the savings to me runs into the thousands of dollars every year just on programs and state modules. Compared to several other professional programs costing hundreds of dollars more, TaxACT is, in every way, as good or better.”

User **Norman Adkins**, tax preparer, echoed Schwartz's enthusiasm. “Until I stumbled onto TaxACT in 2000, I used several different tax programs. TaxACT became my instant favorite. Although I have only purchased the individual TaxACT program, I now have some clients asking me to do their taxes, so I will be buying the Preparer's TaxACT program this year.”

2nd Story Software, Inc.

www.taxact.com

800-573-4287



Refund Monitor Offers Side-by-Side AGI and Refund Comparisons

Screens are nearly identical to the paper forms preparers use.

By Lori Widmer

What Users Say

Mike Hamblin, a CPA in Renton, Wash., loved the product. "I have been a TaxWise customer for 10 years, and watched my company grow from a small firm to a business with more than 1,000 clients. I believe TaxWise has been an asset in helping my firm reach such success."

Linda Cox, CPA, in Deshler, Neb., likes the ease of use. "The TaxWise efile process is very easy to use. I efile about 99 percent of my prepared returns and always am very pleased with my program."

For **Susan Shultz**, a Danville, Penn.-based accountant, TaxWise components offer assurance of accuracy. "I particularly like the TaxWise Diagnostic tool when efile. The system points out errors and then provides a link to directly take you to the line where the error is located."

Universal Tax Systems

www.taxwise.com
800-755-9473

Given the choice, tax preparers looking for a comprehensive application that facilitates paper and online form filing should consider Universal Tax Systems' TaxWise. This tax software offers numerous levels of functionality, allowing users to choose according to their own needs.

Benefits and Features

- Simple icons enable choices among the type of return package needed, from 1040 individual and 1041 Fiduciary, to S Corporation and Puerto Rico.
- Screens are nearly identical to the paper forms preparers use. This makes it easier to enter data and find specific information or line items. Data is mapped automatically from federal to state returns.
 - Fixed asset worksheets make it easier and faster to calculate and track clients' depreciable assets.
 - A built-in "Refund Monitor" allows preparers to see the adjusted gross income and refund amounts side by side. As the application automatically recalculates with each entry, those amount totals are displayed.
- The system comes with a built-in Social Security database that can help avoid errors in keying information into a client return.
- TaxWise comes with integrated electronic filing capabilities for federal and state returns. Information regarding filed returns is updated with each new efile.
- With its integrated document management system (included with some packages and optional with others), offices may go paperless and preparers are able to offer electronic versions of returns to clients.
- An ODBC (open database compliant) platform enables users to track returns, outstanding payments and other items, such as marketing efforts.
- TaxWise integrates with Microsoft Excel and Access, or Crystal Reports.
- The TaxWise University function allows users to offer online training using the system, as well as CPE credits to preparers.
- The system comes with six packages, including ProFiling for preparers handling high volumes of 1040s; ProBusiness for preparers with corporate and partnership returns; and Power Accounting for those who do multiple levels of business in many states.



Support

Phone support, as well as instant online support for registered users, is offered. During tax season, the phone support center is open, Eastern Time, weekdays from 7:30 a.m. to 12 a.m.; Saturdays from 8:30 a.m. to 6 p.m., and the first four Sundays of tax season from 1 to 4 p.m. In the off season, support is available Monday through Friday, 8:30 a.m. to 6 p.m.

Summary

Tax preparers should find this application a breeze to use. The product allows for easy input of data and attaches the standard forms to each return in that package set. TaxWise has a sensible design built by tax professionals for tax professionals – it's an intelligent product.

Information Readily Available on the Desktop Screen



By Lori Widmer

The Audit Statement window displays the area of concern, the suggested fix and a hyperlink that allows the preparer to jump to that section of the return to make the repair.

Utah-based TaxWorks rises and shines with its tax software, giving users plenty of bang for the buck. The company has won over fans of its efilings tax program, as well as the company's comprehensive approach to tax preparation.

Benefits and Features

- Fast, simple data input allows users to quickly work through returns.
- Mirroring a Microsoft Windows-based application, the workspace is familiar, so users can find information quickly.
- A split-screen view of the input screen, the output screen (the tax return), a list of available forms and a summary of the current client form provides at-a-glance data, AGI, refund information and the return itself.
- Preparers can drill down into separate screens to locate specific information or view the federal/state form.
- The Audit Statement window displays the area of concern, the suggested fix and a hyperlink that allows the preparer to jump to that section of the return to make the repair.
- Administrators set security levels for users.
- The system features real-time calculation, network compatibility, an asset manager, interactive input, standard and customized letters, standard and customized organizers, email return capability, two-year comparisons, and standard and custom reports.
- An upload button on the screen menu allows preparers to upload any return to the support staff.
- Menu icons offer automatic return status.



Support

During tax season, TaxWorks offers extended support hours. From Jan. 8 through April 12, hours are 7 a.m. to 8 p.m., Mountain Standard Time. Select Saturdays in January, February and April offer support from 7 a.m. to 4 p.m. Extended hours are available April 13-16. Hours during the off-season are Monday through Friday, 8 a.m. to 5 p.m., Mountain Standard Time. The company offers an online knowledge base, and email and fax support.

Summary

A great deal of thought went into the design of TaxWorks, which appears to be much more complex than it really is. Information is readily available on this desktop screen. Unlike some efilings software, preparers have instant access to custom letters and reports. Even the user manual is sensibly designed – you don't notice the need for a wire-bound manual until you have to fold back and anchor down a manual with a spine. It's just one example of how the company paid attention to the details. The ease of use this application provides makes the job of tax preparation, as well as client management, that much easier.

What Users Say

Centralia, Ill.-based **Terry Bill** said he was so happy with TaxWorks' user-friendly platform that he switched to the system midway through tax season. Based on a friend's recommendation, Bill gave the system a try and was instantly impressed. "It's the best system we've ever used. I like the way it pulls information from the Depreciation Schedule to the 4797. We also like the seminars provided. We'd tried two other programs and hated both of them. Now we will never change programs; I give TaxWorks five stars out of five."

Roxine Burch, an Oakland, Ark. preparer, has used the product for four years. She loves how easy the product is to use, as well as the service the company provides. "It's easy to function through, whether you're using a mouse or the keyboard. I like the ease of stroke, and have gotten to the point where I can finish a return in under 30 minutes. I can efile directly through TaxWorks and they take care of directing the returns to the different states."

TaxWorks

www.taxworks.com
800-230-2322, x2