

Honest Feedback from Real Users of Electronic Filing Software



Electronic Filing

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Top 7 Electronic Filing Improve Their Verification Techniques

The top software companies make efilings fast and accurate, offering a validation layer between your office and the IRS

Balancing Fast and Accurate

The point of efilings is speed. Clients get their refunds faster, and you are able to reach a sense of finality with each return. The entire process is truly finished when the IRS accepts a file, whereas an error in a paper return can come back to haunt you months down the road. So, it is no surprise that most efile vendors process millions of returns every year. Pricing is becoming more competitive, with most software companies offering unlimited efilings in at least their more popular packages. Efilings are becoming less expensive, faster and more accurate. It is no secret that electronic is the IRS preferred method of filing.

Measure Twice, Cut Once

Nothing is more frustrating than having a tax return bounce back from the IRS. You have to hunt through the return to find the entries that triggered the error, usually when you are busy with another client. If it takes a few days to make time for the error, you are starting to erode the speed benefits of efilings. Most efile vendors check your return before sending it to the IRS, and they are continuing to improve their verification techniques. Instead of waiting for the IRS to reject an erroneous return, the efile vendor can tell you quickly if there is likely to be a problem with a particular return, saving you time and aggravation when you can least afford it ... during tax season.

Keep Private Information Private

Electronic transmission requires extra security. If the term “efiling” doesn’t make you think of all the ways that client data can be stolen, then you are not being diligent enough. Don’t worry; efilings do not mean that you are inviting the hackers of the world to steal your clients’ identity. In fact, efilings appear to be a high priority for the entire market. When choosing an efile solution, though, security should be front of mind. Take the time to understand the risks of electronic transmission, as well as the many measures that your efile vendor has implemented to keep your clients’ data secure.

Efilings used to be a source of competitive advantage. Now, it is the norm. While efilings have become ubiquitous among tax preparation professionals, you still should take the time to understand the features that a vendor offers, particularly for security. The top software companies make efilings fast and accurate, offering a validation layer between your office and the IRS. More important, though, they make efilings secure. Don’t just assume that your client data is protected; ask for details. A reliable vendor will bore you with endless detail about their security, and you should listen to every word of it.

Free, Unlimited eFiling of All Returns That Can Be efiled

“FreeCollect lets tax professionals deduct their fees from their client’s refunds at no cost to their clients.”

Electronic filing is an integrated component of all ATX tax compliance programs. ATX includes full diagnostics to audit each return before it is submitted to the IRS or state revenue agency, avoiding most rejection errors by insuring that the required information is included in the return.

The ATX MAX® package includes free, unlimited eFiling of all returns that can be efiled, including Federal and State individual, corporate, partnership, fiduciary and non-profit returns, payroll, and other specialty returns. There are no additional fees or per-return charges.

Benefits and Features

- Unlimited eFiling (with most tax packages) of all returns that can be efiled.
- Efilng programs and error diagnostics are integrated with the tax compliance software.
- Fast, reliable service using a proven eFiling center that handled 12 million returns this year.

What Users Say

“I like the fact that it is based on form-entry,” says **Robert Ellsworth, EA**; who has been doing individual, corporate and fiduciary returns in San Francisco, Calif. for 20 years. He recommends ATX for accountants who started out with, “pink pearl erasers and #2 lead pencils – those who look at the W-2 and know what to do with it.” he says. “The easy entry of stock sales is what really stands out. Its operating system is based on an Excel spreadsheet. This is a tremendous advantage. Very fast on Schedule D. The same thing applies to Schedule B,” reports Ellsworth. The majority of his returns are filed electronically so he appreciates the return manager, with “a lot of detailed client information on the screen.”

Summary

Professionals who offer bank products may choose from a full line of products offered by all five leading tax refund banks. ATX also offers FeeCollect™, a unique product that lets tax professionals who efile deduct their fees from their clients’ refunds at no cost to their clients.

EFile by ATX
www.atxinc.com
877-728-9776



Proven eFiling Center Handled 12 Million Returns This Year

“ETraining Electronic Filing Center, allowing tax professionals and their staff members to experience eFiling first-hand before tax season begins”.

Electronic filing has been an integral part of TaxWise for 22 years. TaxWise diagnoses and audits each return before it is submitted to the IRS or state, avoiding most rejection errors by insuring that all required information is included.

Efiling is included with the most popular TaxWise bundles, with no additional fees or per-return charges. The TaxWise eFiling center offers state-of-the art security and encryption technology.

Benefits and Features

- Unlimited eFiling (with many packages) of federal and state individual returns, 1120, 1065 and 1041 returns and many state business returns.
- Efilng programs and error diagnostics are integrated with the tax compliance software.
- Fast, reliable service using a proven eFiling center that handled 12 million returns this year.

What Users Say

“**Diana Aliffi**, of Diana Aliffi Tax and Accounting Services in Riverhead, N.Y. said “Almost immediately [TaxWise] interfaces with the IRS and gives you specific information; electronic transmission numbers and the date that the return was processed, proof of acceptance, date and time.” Aliffi also notes the benefit of having a red-line warning on things that are questionable. She cites the verification of the Social Security number as increasingly important. “It [TaxWise] has wonderful back-up reports, client letters, and helpful reports for eFiling,” adds Aliffi.

“This year the benefit became apparent,” says **Mark Rampanelli**, EA, of Saltcay Enterprise Inc. in Selden, N.Y. “I didn’t have 16 to 20 clarifications with New York State and the Federal government,” he says.

Summary

TaxWise works with the five leading tax refund banks. TaxWise also offers FeeCollect™, a unique product that lets tax professionals who efile deduct their fees from their clients’ refunds at no cost to their clients. In addition, TaxWise provides the Training Electronic Filing Center, allowing tax professionals and their staff members to experience eFiling first-hand before tax season begins.

EFile by TaxWise
www.taxwise.com
800-755-9473



NET-based Electronic Filing Status System

“The electronic filing, portals, and security of the filings made us appear cutting edge to our clients.”

Professionals can save hours of administrative legwork, experience immediate productivity gains and take advantage of the convenience and time savings of being able to do everything online, anywhere, anytime by relying on CCH's ProSystem *fx* Tax for their eFiling needs. ProSystem *fx* Tax offers a .NET-based Electronic Filing Status System, which addresses workflow issues associated with eFiling.

Benefits and Features

- Several new client-requested features will be added to the online efile status system.
- Users will now be able to electronically file mixed group consolidations (those containing 1120-L and 1120-PC subsidiaries).
- Global *fx* users now have the ability to batch efile their 1040 extensions. Users can choose which extensions to efile from a list of opened or unopened returns.

What Users Say

“The efile programs new ability to “pull back” a return, even after being submitted, was a life saver more than once.” said **Michael Parmet, CPA, CFP®** of Parmet, Chapman & Madsen, P.C., “The electronic filing, portals, and security of the filings made us appear cutting edge to our clients. CCH has helped us with our filing solutions and we are extremely pleased with the efforts to grasp the most difficult filing issues and get them accomplished.”

Glenn Adams, Adams & Hook, CPA, LLP said, “Very, very positive response. Has come light years of where it was three years ago using efile and worked extremely well all during tax season.”

Summary

With CCH's ProSystem *fx* Tax, users can view and check the status of all returns; release returns to taxing authorities; stop processing of a return in its early stages; view separate statuses for federal and multiple-state efilings; customize views with the unique filter; and easily export all views to Excel® spreadsheets.

CCH

www.fixedassetsoftware.com
858-679-8555



File Transmissions Can Be Sent Encrypted

“Up to 16 states can be Efiled simultaneously.”

Today, over 23,000 customers use Drake Software with 4,000 first-time purchasers in 2006. Drake processed over 7 million federally accepted returns and over 6 million state returns in tax year 2006.

Benefits and Features

- Safe and Reliable - Security File transmissions can be sent encrypted (if using the HTTPS filing method).
- Experience - Drake Software has been part of eFiling since its inception in 1986.

What Users Say

Muhammed Kareem, Tax Accountant for Heritage Tax Service in Forrestville, Md. says “Efileing is very fast and efficient. You have time to do more clients.” Training himself with the Drake Manual and CD, Kareem feels the software is straightforward. “I find it very easy to use.” He has no complaints. “Lately, the tech support is 100%.”

“Whenever you are going into something new you kind of cringe,” admits **Kim Hardin**, Enrolled Agent at Controguerra & Associates in Columbus, Ohio. To transition from the software she'd used for 21 years, Hardin attended a training session taught by Warren Drake. “They have so much more we need to learn to use,” she says. “We make a return as correct as humanly possible and anything we can do better and help our clients, we give thumbs up to that.” Hardin notes that, with Drake, “so much is available that is already inclusive. We're not paying modular pricing.” She says, “We had our tough moments. We are looking forward to a great season next year.”

Summary

There are no per return transmission fees, no third party efilers. Everything required to efile individual and business returns, both federal and state, is included. Up to 16 states can be efiled simultaneously!

Electronic Filing by Drake Software

www.DrakeSoftware.com
800-890-9500



ONLINE Solution for the Multi-Office Business

“You can be anywhere and log on.”

V-Tax is a totally ONLINE professional tax software solution that is designed for the multi-office business. V-Tax secure web-based technology allows Service Bureaus to easily support hundreds of individual tax offices without having to install software.

Benefits and Features

- No Software to Install
- Can access V-Tax anywhere you have Internet access.
- Multiple levels of security: Service Bureau Level, Office Level and Preparer Level
- All information is stored on secure servers.

What Users Say

“I had a traditional tax business, for 17 years,” says **Ralph Lloyd**, owner of EZ Tax Online in Jackson, Mississippi. Four years ago, he started an online tax business. “Having returns on the internet, allows us to expand our customer base,” he reports. Small businesses, like pawn shops, offer tax services to their clients through his site. “They don’t have to buy expensive software. It’s very easy to use. We provide tech support for our customers and train them to use the service.”

David Levine, Office Manager at Totally Taxes in Philadelphia, Pennsylvania; has been using V-Tax for eight years. “We don’t even bother to try other software. We don’t have problems,” he reports. “It’s good if you have multiple offices. You can be anywhere and log on.”

Summary

With a complete set of Federal & State forms available online, and a built-in verification feature to help eliminate rejects, V-Tax e-filing does not require any extensive formal training.

V-Tax by Petz Enterprises
www.petzent.com
800-345-4337



Supports the Self-Selected PIN Program

“Batch eFiling can transmit multiple returns all at once.”

The seamless integration incorporated into TaxACT 2007 Preparer’s 1040 and State 1040 Editions simplifies eFiling – just click the Electronic Filing button and the program guides the preparer through the process of eFiling clients’ tax returns. All efile returns pass through the TaxACT SSL (Secure socket layer) transmission via the Internet and are then sent to the appropriate IRS Service Center for processing.

Benefits and Features

- Smaller practices simply pay per-return with automatic, progressive volume discounts. After the first 100 efiled returns, the rest are free.
- For larger practices, preparers can choose to purchase the unlimited efile package for both federal and state editions.
- With batch eFiling capabilities, professionals can transmit multiple returns all at once.
- TaxACT provides preparers with confirmation when the efiled tax return is received by 2nd Story, the IRS, and when the return is accepted or rejected and why the return was rejected.

What Users Say

Deborah Bettencourt, President, Lighthouse Financial Services, Inc. in Warwick, R. I. She says with TaxAct, “You don’t have to know everything there is to know about taxes. If you choose to use it, there is a question and answer lead in. I go directly to the forms.” Bettencourt advises, “I do think it is good for beginners.”

Dotty Moreland, owner and tax practitioner of Moreland Tax & Services. Bolingbrook, Ill. started her business with TaxAct. “They send me an email letting me know if a return was accepted or rejected and why. I don’t have to go to the website and enter all the information off the form to find that out.”

Summary

All correspondence regarding the efile return is handled through the TaxACT.com Preparer’s Corner and email. TaxACT also supports the Self-Selected PIN program – the latest paperless eFiling available with the IRS. State efile is available for ALL States that support efile.

TaxACT by 2ND Story Software
www.TaxACT.com
(800) 573-4287



Accurate, Reliable Electronic Filing Services

“Control from anywhere, anytime; and it’s FREE!”

With TaxWorks, you receive accurate, reliable electronic filing services. TaxWorks E-File Center uses advanced web-based technology giving you the ability to review your clients’ real-time status and access bank product information from any location with internet connection. Millions of returns have been e-filed through our center.

Benefits and Features

- Free e-filing
- Individual federal e-filing, and all 42 e-file states
- Business federal e-filing for 1120, 1120S, 1065, 990, 1041, and several states.
- Offers an intuitive, step-by-step process.
- Internet communication allowing e-file transmission of tax files and receipt of acknowledgments.
- Can check and track the status of your return.
- E-File process fully integrated with tax preparation.

What Users Say

“Every tax professional should try TaxWorks if they really want to feel equipped to handle the most detailed client issue,” says **Paul Lamonaca, CPA**, of Lamonaca and Williamson, CPAs, near Falls Church, VA, “The technical support is terrific.”

Jonathan Medows MBA CPA of Medows CPA, PLLC in New York City says, “Very easy to use. Fantastic. No problems at all.”

Summary

Did you know a return with TaxWorks can be processed with up to 42 states at one time? The CD-ROM gives you access to all state packages if you prepare multi-state returns. A credit will show resident returns.

AMS Deals With Multi-State Employment

AMS is a company which has evolved over the years. AMS has over 13,000 customers today. The founder, Tom Douglas (Masters in Industrial Engineering from Oklahoma State University) worked for oil companies for 15 years. While living in Edmond, OK he started a little programming business where Douglas wrote a freeware program for file directories. His friend, a CPA, requested a program to track 1099 forms for non-employee income. Success followed from programming all fifteen versions of the business’ 1099s and W-2s.

At this point Douglas “started a computer store in Oklahoma in 1990-1992, a two man operation that built PCs.” Douglas’ business grew in demand “the software business was taking up all of my time, so I put a sign on the door that said, ‘Taking Inventory’ and kept it up for three months while I serviced software customers.”

Douglas bought his partner out, “when customers hit 500.” The thing that sets AMS apart is working with all 50 states, Puerto Rico and D.C.” We provide payroll filing in all states for quarterly reports as well as the unemployment form for all states,” Douglas added. “We are almost fully compliant in all states with scanning and MICR.

AMS continues to adapt to customers needs. AMS deals with unusual filings like third party sick pay and multi-state employment filing. Also, credit wages that survives under new management, with the same E.I.N., “the new company can take the credit they earned toward the limit, so they don’t have to re-start,” Douglas explained.

In 1994, AMS started payroll beyond the 1099, etc. products. A-T-F payroll does live and after the fact payroll. It includes electronic tax deposits and net pay deposits. Quarterly unemployment is filed by diskette or electronic. “More are filed on diskette at the best price point,” he said.

They are known to have the best service with all positive letters raving about their support. In January employees work six days a week, 8-7, 11 hrs a day on weekdays to handle W-2 form orders & service. AMS can export payroll data from QuickBooks and Peachtree, by using the integration tool from Data Box.

In 2001, AMS took over all Turbo Tax W-2 customers. The target customer base is the smaller firms, 1-5 person, and some regional firms. AMS does some special payrolls for Nanny’s and Agriculture. “The biggest payroll checks and forms are for W-2G-Gambling winnings and celebrity names that exceed \$1,000,000,” Douglas mentioned. “The toughest form is the 1042-S for foreign source income,” said Douglas. With 13,000 W-2, 1099, and payroll customers, he is certainly the person who would know. ☺

TaxWorks
www.taxworks.com
858-679-8555



EFILING SOLUTIONS COMPARISON CHART

	CCH Small Firm Services	CCH Small Firm Services	CCH, a Wolters Kluwer Business	Drake Software	Petz Enterprises	2nd Story Software	TaxWorks
	ATX	TaxWise	ProSystem fx Tax	Drake Suite	V-Tax	TaxACT	TaxWorks
Has diagnostics that determine whether a return is eligible for e-filing and tell the user what needs to be fixed if return is ineligible	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Diagnostics take the user directly to the data which is missing or must be corrected before return can be efiled	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Interact with transmitters e-filing center so IRS acknowledgements or rejections are automatically sent back to tax professional	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assist professional in determining the nature of any reject codes and in fixing problems so return can be re-submitted to IRS	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Provide all features for state e-filing	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has a feature that color codes missing entries in red	Yes	Yes	No	Yes	Yes	No	No
An authorized IRS efile provider	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Have accountability or an accuracy guarantee for calculations as well as efile status update	Yes	Yes	Yes	Yes	Yes	No	N/A
Is product free to print, free to prepare and free to efile?	Yes	Yes	No	Yes	No	No	Yes
View and check status of all returns, including viewing of separate statuses for federal and multiple-state efilings	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Release returns to taxing authorities, including amended and superseding returns	Yes	Yes	Yes	N/A	No	Yes	Yes
Customize views with unique filter	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Easily export all views to Excel® spreadsheets	Yes	No	Yes	Yes	No	No	Yes
Ability for a user to 'stop' a return previously released prior to its actual transmission to the taxing authority	No	No	Yes	Yes	Yes	No	Yes
Encrypted for secure transmission	Yes	Yes	Yes	Yes	Yes	Yes	Yes