Tax Planning Transforms Tax Prep Into a Proactive Strategy

The annual cycle begins as the holiday season passes and taxpayers realize they need to assemble documentation to file their federal and state returns for the past year.

Many of those individuals react by turning to their accountants for help, which leads to dismay when their accountants inform them they owe more in taxes than what they had anticipated.

Practitioners of course, realize that if those taxpayers had only made some different choices during the past year, perhaps they would be facing more favorable tax scenarios.

Tax planning transforms tax return preparation from a purely reactive activity into a proactive strategy, a strategy that considers lifestyle objectives, a strategy that looks forward at least one year, and a strategy that saves clients considerable money.

Lacerte Tax Planner

“Being able to quickly devise disparate tax planning scenarios is important, especially when such work is performed in conjunction with preparing detailed tax returns,” said Joseph P. Handy, CPA, PLC, North Miami, Fla.

“The Lacerte Tax Planner helps with everything from ‘penalty-proofing’ calculations to preparing presentation-quality reports for clients. It also has features that integrate and go beyond the Lacerte 1040 program.” Handy said.

Jorge Olavarrieta, senior product manager for Intuit’s Lacerte, said, “Tax planning is an easy way to profit from a service that takes very little time. Application integration is an important factor in timesaving that can be realized with a tax planner that fits into a product suite. One of the biggest benefits of using Lacerte Tax Planner is the application integration with our other products. In this case, information from the Lacerte 1040 can be automatically transferred to the Lacerte Tax Planner.”

BNA Income Tax Planner

Sue Jones, marketing communications director – tax products, for BNA Software, said, “When I came to BNA Software over 15 years ago, I heard stories from CPAs who told us they literally built their business using the BNA Income Tax Planner. What was true then is still true today, except that more and more financial planners have joined CPAs in using the BNA Planner.”

Rick Kearney, CPA, Kearney & Company, Fairfield, Conn., uses one of the featured applications, BNA Income Tax Planner. He appreciates the ease in which it enables him to perform tax planning services for his clients.

“I’ve been using BNA Income Tax Planner for 15 years now. It’s very easy to use, very flexible, and extremely accurate. I’ve never had a situation where it did not generate accurate numbers. You can develop plans very quickly with it, and get as detailed as you want. It’s just great to use,” Kearney said.

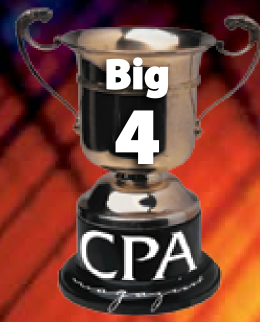
TaxWorks TaxPlanner

“The TaxWorks TaxPlanner provides our customers tax planning options for their clients by way of a user-friendly input interface. It allows our customers to compare five tax scenarios on the screen at one time. The TaxPlanner imports data from TaxWorks client files, which reduces input entry,” said Kelly A. Peterson, CPA, vice president of TaxWorks.

CCH ProSystem *fx* Planning

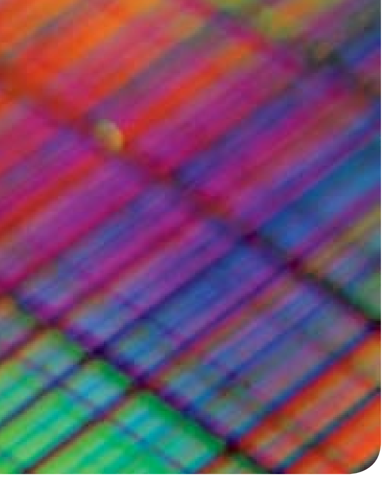
Jo Ann Cummings, Product Manager: “ProSystem fx Planning enables you to streamline tax planning engagements, quickly review multiple tax scenarios, and expand your professional services. It makes tax planning simple and helps users become more productive by allowing you to: get up-and-running in no time; set up personal preferences for each workstation and password-protect sensitive files; include detail transactions or amount totals; and start your planning with base-year amounts already set up by importing pertinent data directly from ProSystem fx Tax.”

By Richard Buse



Tax Planning

Tax Planning Software Selection Tips from Practitioners



Graphs Offer Visual Support For Tax Strategies

By Richard Buse

Flexibility and versatility characterize BNA Income Tax Planner. The application installs on older hardware and operating systems, enabling prospective users to capitalize on its features without making additional IT investments. Interfaces with popular tax preparation and business applications further alleviate implementation and compatibility concerns.

Familiar navigational characteristics guide new users, while seven modes of analysis provide ample comparison and scenario options. State income tax assumptions automatically integrate and calculate with federal tax scenarios.

Features

BNA Income Tax Planner loads on PCs using any version of Microsoft (MS) Windows, even all the way back to Windows 98. Automated interfaces transfer data to TaxWise, RIA Go System 2, Lacerte 1040, Prosystem *fx*, CrossLink 1040 and Creative Solutions' Ultratax 1040. BNA Income Tax Planner's Dynamic Data Exchange lets users link data from MS Word and Excel, Corel Quattro Pro, Novell Quattro Pro, Lotus 1-2-3 for Windows and Corel WordPerfect for Windows.

BNASoftware®

BNA Income Tax Planner incorporates the general operating characteristics users associate with Microsoft applications. A left-hand pane displays tax planning worksheet icons, with color coding indicating active, inactive and custom worksheets. Clicking on an icon opens that worksheet, with all open worksheets cascading in the work area for easy access.

The pull-down menu selection for Assumptions lets tax planners devise an array of scenarios for tax years beginning with 1987. Each analysis accommodates up to 20 cases or 20 years. Estimated tax annualization analyses address single, joint, separate, head of household, trust and estate tax statuses.

User-defined inflation rates factor into tax calculations. Alternative capital gains tax calculations address various loss/gain categories, while Alternative Minimum Tax computations incorporate phaseouts of exemptions, recomputed passive losses, alternative capital gains tax, rules for children under 18 and preferences for Section 1202 stock.

BNA Income Tax Planner displays up to 20 side-by-side columns of federal and state tax data for multiple years or scenarios—features that let tax planners devise the most appropriate tax strategies for clients with various age, investment, lifestyle and family considerations.

To further illustrate tax scenarios, BNA Income Tax Planner includes graphing capabilities. Users identify worksheet data fields, such as total state taxes, itemized deductions, adjusted gross income, and self-employment taxes for different years or cases for inclusion in graphs. BNA Income Tax Planner then represents that data in a two-dimensional bar, line or area graph formats, allowing planners' clients to further appreciate the value of recommendations.

Estimated tax annualization analyses address single, joint, separate, head of household, trust and estate tax statuses.

Client letter functions link totals from planning worksheets, while client files save in PDF format for email transmission. Auto backup saves files and columns lock to protect historical data. Worksheet data exports to MS Excel, while various print selections generate hard copies of worksheets, graphs and 1040-ES vouchers for clients.

BNA Income Tax Planner includes comprehensive operations and tax reference manuals. A help topics glossary, tutorials and support manual updates open from the Help menu. Online resources provide further assistance and application updates. BNA Software also offers CPE-eligible training and toll-free technical support, Monday through Friday, 9 a.m. to 7 p.m., Eastern Time.

Summary

BNA Income Tax Planner loads easily onto desktop PCs. This allays integration concerns for prospective customers, as do interfaces for transferring data among popular tax preparation programs and common business applications.

BNA Income Tax Planner generates an array of scenarios for quick comparison of tax strategies for clients with varying needs and priorities. Graphing capabilities produce visual representations of those strategies, while PDF file storage options allow for easy archival or email transmission of files. In all aspects, BNA Income Tax Planner delivers solid value.

BNA Software
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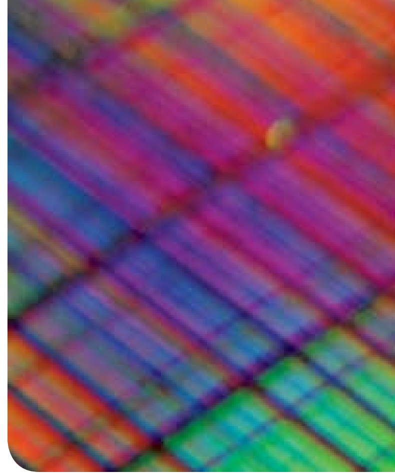

Anticipate Your Clients' Needs With Model Scenarios

By Tom Johansmeyer

Effective tax planning prepares clients for the inevitable obligations to be faced at the end of the year and provides an opportunity to anticipate tax events, model scenarios and develop the most effective outcome for clients. CCH ProSystem *fx* Planning equips tax professionals with the tools to explain options and develop scenarios that clients may face in the coming tax year, often delivering services that can lead to tax savings for future years. Especially useful for practices that serve self-employed clients, divorced clients and clients with varied real estate holdings, this solution can make Tax Day predictable rather than an experience fraught with anxiety.

Features

CCH's planning solution uses the same look and feel as the other software packages in the ProSystem *fx* Office suite, with grids for data entry, summary reports, and drop down menus that reduce data entry time and add uniformity to business practices and reporting. Consequently, ProSystem *fx* Planning is among the most user-friendly solutions on the market. Color contrast adds clarity, and fonts are large enough to be readable. Further, users can import data from a client's previous tax return and modify current year information to project different contingencies into future tax years.

Installing ProSystem *fx* Planning was fast and needed little effort, with an automated installation process and few windows that required a user's response. The compact software package was running within a few minutes, though networked installations may occupy more time and call for a resource with technology expertise. Once installed, Planning does not need any additional configuration, though options do exist to meet specific practice management or security requirements.

Navigating the modeling and worksheet screens of ProSystem *fx* Planning was intuitive. Grids are available for entering both state and federal returns using an interview style worksheet that translates to the fields used on forms issued by the IRS and state departments of revenue. The interview grids allow practitioners to drill down from the summary level into more detailed questions that may address specific client concerns, including farm income, royalties and passive loss carryovers. For worksheets that are supported by more granular forms, the software offers a button that helps users navigate to deeper levels of the modeled tax return to examine the ultimate implications of what appear to be subtle entries.

Reporting is vital to effective tax planning, especially the development of modeled returns to project the tax implications of current tax considerations into the future. ProSystem *fx* does not offer a specific reporting module, instead enabling practitioners to print specific summary worksheets based on the data entry grids. The system outputs reports that show the implications of tax decisions from 2005 through the 2007 tax year, and different models can be compared with the variance feature. With worksheets and modeled returns, practitioners can guide clients through the complex maze of decisions and tax challenges that result from new streams of income and asset disposition.

Import data from a client's previous tax return and modify current year information to project different contingencies into future tax years.

Summary

Tax planning requires sharp thinking from practitioners and software tools to project the results of current decisions into the future. The ability to model tax scenarios rapidly and accurately puts clients at ease and allows them to understand what their tax burdens are likely to be into the future. ProSystem *fx* Planning offers the tools that tax practices need to deliver planning services efficiently, using the familiar and effective look and feel that pervades the ProSystem *fx* Office suite, as well as integration with other ProSystem *fx* modules for a smooth tax operation. Accurate software is easy to find; however ProSystem *fx* combines accuracy with usability and integration into a complete tax technology offering.

CCH, a Wolters Kluwer business
www.cchgroup.com
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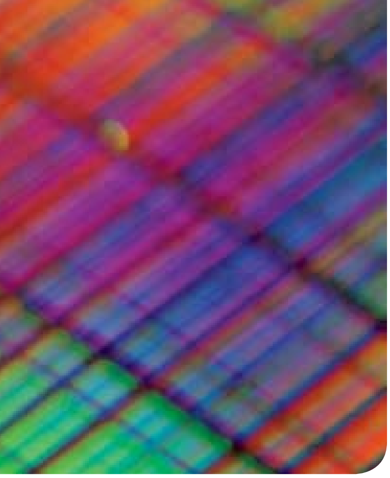

Users Define Content For Reports, With Graph Options

By Richard Buse

Tax Planning

By now, most practitioners know that Intuit—in addition to creating software designed specifically for the small business sector—designs and markets its applications to larger full-service accounting firms. Its subsidiary company, Lacerte Software, reflects that focus through Tax Planner.

Tax Planner's tools for devising tax scenarios are rather comprehensive, with functions and navigational guides based on the steps practitioners take in preparing extensive individual tax returns. Graph capabilities, an array of reporting options and a tax planning questionnaire for clients serve as marketing tools for demonstrating the impact and value of tax planning services.

Features

Tax Planner loads on workstations deploying Microsoft (MS) Windows 98 or newer versions of the MS Windows OS, as well as MS, Novell and Citrix servers. Data transfers to Tax Planner from Lacerte's 1040 tax preparation program. Lacerte also offers free data conversion services for importing data from many other widely used accounting and tax preparation applications.

LACERTE
THE FIRST NAME IN TAX SOFTWARE

Tax Planner's functions and navigational characteristics reflect the issues and needs accountants address in preparing individual tax returns. A left-hand pane lists main worksheet icons, along with icons for supporting worksheets. A series of tabs above the main work area represent worksheets for summary, income, adjustments, deductions/exemptions, tax credits, other taxes, and payments—the same subject areas accountants address in preparing tax returns.

Tax Planner generates plans based on married filing singly, married filing jointly, year or case tax statuses. Yearly plans present various cases for a corresponding year, while case-based plans incorporate user-defined ranges of years. Difference and Adjustment analyses let users determine the most appropriate tax strategies for clients.

Tax Planner incorporates a variety of tools to reduce data entry and preparation time. For example, the Adjust feature defines a percentage or fixed amount that a particular figure will increase or decrease each year. The Copy Column function copies data from one annual column to another, eliminating the need to manually enter repetitive data. A W-2 prorating tool projects annual compensation based on a single pay period, enabling an accountant to determine annual income for a client recently hired for a new position.

In addition to such time-saving features, Tax Planner incorporates a variety of tools for emphasizing and marketing the value of such tax planning. Users define content for tax planning reports, with graph options presenting that data in a more visual format. A questionnaire calls clients' attention to activities and events throughout the year that affect tax planning, helping them recognize the importance of such consultation.

Yearly plans present various cases for a corresponding year, while case-based plans incorporate user-defined ranges of years.

Reports, worksheets and related files save in PDF format, allowing for electronic file transmission and archival.

The Help menu addresses a diverse range of informational topics, and includes a link to Lacerte's website for updates and current information. Phone support is available, Monday through Friday, 6 a.m. to 5 p.m. from April 15 to the first week of January. Extended tax season support includes Saturday phone support, 7 a.m. to 2 p.m., and Sunday support, 9 a.m. to 2 p.m. All times are Pacific.

Summary

Tax Planner is designed for accountants with clients requiring extensive tax planning. The tax planning tools reflect that focus, allowing planners to devise a range of detailed scenarios.

While providing comprehensive tax planning capabilities, Tax Planner's navigation guides and tools reflect an accountant's work flow patterns with features for reducing repetitive entries and automatically calculating the future impact of various financial activities.

The software supplements its planning capabilities and ease of use with graph and reporting options to illustrate the importance of tax planning to clients. Tax Planner delivers power and convenience to accountants, giving them the tools they need to demonstrate the value of their services.

Intuit
www.lacertesoftware.com
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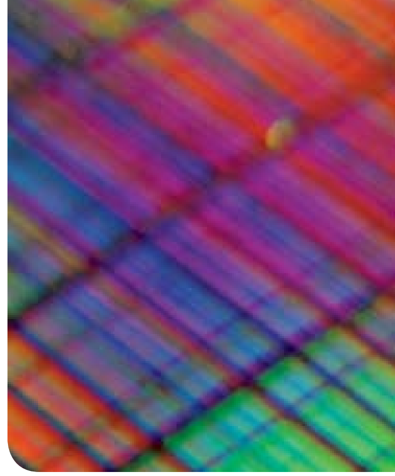
TaxWorks Delivers Planning For Five Tax Years



By Richard Buse

TaxWorks promotes its software as delivering major league performance at a minor league price. That's an apt description. While the tax planning module is not as elaborate as some dedicated tax planning programs, it *is* very capable. TaxWorks lets customers bundle that module—along with fixed assets and document management modules—in its tax preparation program, enabling tax professionals to access a variety of tools from one application. The TaxPlanner is also available as a standalone program.

Features

TaxWorks loads on workstations or servers using Microsoft (MS) Windows 2000 or newer editions of the MS Windows OS, and uses MS Data Access Components (MDAC), a SQL Server Desktop Engine, and the .Net framework.

Data transfers from TaxWorks' tax preparation module into TaxPlanner for both prior and current years. TaxWorks also provides automated bridge conversion services to new customers for importing data from Drake, Lacerte, ProSeries, Prosystem *fx*, UltraTax, TaxWise, and other widely used accounting and tax preparation applications. Once data has been imported into TaxWorks, it can then be opened up in TaxPlanner. The TaxPlanner module opens from TaxWorks' main File menu or can be accessed by clicking on the desktop TaxPlanner icon.

Toolbar icon selections include a calculator, state tax worksheets, client or firm data, and a bridging tool for importing tax return data from TaxWorks. A Preferences selection from the pull-down menu bar lets users define annual inflation rates.

Table headers appear for five tax planning years. Users select filing status – Joint, Single, Married Filing Separate/Living Together, Married Filing Separate/Living Apart, Head of Household or Widow(er) – for each tax year.

A vertical column for the tax planning table lists tax items for each year, including ordinary income, Schedule D entries, adjustments to income, standard/itemized deductions, exemptions, Alternative Minimum Tax, non-refundable credits, other taxes, and payments and refundable credits. Clicking on a tax item opens more detailed worksheets, making it easy for planners to review and revise scenarios.

For example, clicking on the Adjustments to Income item in a tax year column opens a worksheet for entering amounts for self- employment tax deduction, moving expenses, student loan interest, IRA contributions, health savings account deductions, and other items.

Tax planning items are entered in a similar manner for state tax items. Tax planning tables update with each entry, allowing users to immediately view the outcome of pursuing various tax strategies. Worksheet data saves in PDF file format for archival or transmission as an email file attachment.

A Preferences selection from the pull-down menu bar lets users define annual inflation rates.

The Help menu opens a selection of related topics on how to use TaxPlanner, although the program is very self-explanatory. Users can get to the TaxWorks website by clicking on the Help menu and choosing website. Users also receive notification of available updates when opening TaxPlanner.

In addition to other modules, TaxWorks offers planning tools for two-year tax return comparisons, net worth, retirement planning, and education planning, enabling users to further provide financial planning services to clients.

TaxWorks offers phone support 7 a.m. to 8 p.m., Mountain Time, Monday through Friday, from January 9 through April 13. Saturday phone support is also available during that span. Monday through Friday phone support is available through the remainder of the year from 8 a.m. to 5 p.m., Mountain Time.

Summary

For someone needing to make five years' worth of tax planning projections, however, TaxPlanner performs superbly. Intuitive navigation guides new users, and drilling down to more detailed worksheets requires only a few mouse clicks. These functions enable planners to quickly generate, review, and revise tax scenarios.

Data saves in PDF format for export and electronic transmission. The tax planning module also offers seamless integration with other TaxWorks' modules, making this an application that is easy to implement and appreciate.

TaxWorks
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