CPA
EDITION

Practice Advisor

Today's Technology for Tomorrow's Firm

How to Streamline Your Firm's Tax Workflow

6 Tips for Tax Season Staffing at Accounting Firms

SALT: Let's Talk Turkey (And Sales Taxes)

PAYROLL: Start Planning for the Year Ahead

PRODUCT REVIEWS:

— Client Portals
— Cloud Hosting Providers
— Tax Document Automation

Two Roads That Lead to a Firm of the Future

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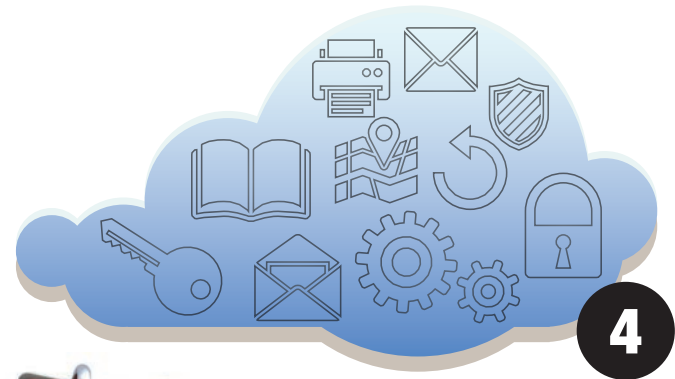
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Check out our Product & Service Guide
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2015 Ranking of the Top Online Graduate Accounting Programs
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FROM THE EDITOR

By Gail Perry, CPA, Editor-In-Chief

Ensuring Success:
The Year-End Conference for Everybody

Try to imagine your perfect day of continuing education. Here's mine:

- **World class, cutting-edge speakers delivering insights** and concepts designed and guaranteed to help move my business and that of my clients to a level of greater success.
- The **ability to interact with the speakers** and ask questions during the session - anonymously so I don't feel stupid in front of my peers.
- Several hours (10, in fact) of continuing education **eligible for CPE credit** in a variety of fields of study.
- No need to drive, fly, get a hotel room, eat mass-prepared food, sit with strangers, dress up.

MY BUSINESS and **MY CLIENTS** and I really need to learn these things.
- Oh - and **free** would be nice.

Ensuring Success is the CPE conference that achieves all of the above points.

- December 3 - **10 hours** of live, streaming continuing education, delivered to your computer, your laptop, your tablet, your smartphone. Watch from anywhere.
- **Outstanding speakers**, people who often keynote at the large national

- Learn about the **latest technology trends** from our sponsors who will present commercial breaks and who will provide information, links, contact information, and special offers through a **digital totebag** which will be made available to all registrants after the event.
- The **best information available** about how to make your business more successful.

And it's free! Register today at
www.ensuringsuccess.com

— Gail Perry, Editor-in-Chief
Follow me on Twitter at @gaperry
GPerry@CPAPracticeAdvisor.com

CPA Practice Advisor Presents

ENSURING
2015 SUCCESS
Strategic Growth for Accounting Firms

- The option to attend from home and **wear whatever I want**, or a coffee shop, or the beach, or the library, or the gym, or anywhere else I want.
- The ability to **eat whatever food I want** during the sessions - **even spicy smelly food** that normally would offend others who are sitting near me.
- The ability to attend from my conference room, with my colleagues, and talk about the concepts being presented - **out loud!** - without worrying about disturbing anyone else.
- Topics that are necessary and current and not likely to put me to sleep. In fact, topics that I wouldn't want to miss because they are **about ME** and

conferences, all gathered in one television studio spending the day serving up the latest trends and ideas and training that will make your future a better place.
- **Interactability** - submit questions, comments, suggestions to the speakers via email and various social media channels throughout the conference. No names will be mentioned on the air.
- **All 10 50-minute sessions qualify for CPE** in a variety of fields of study including Accounting & Audit, Taxes, Ethics, Marketing, Practice Management, and Specialized Knowledge & Applications.

Gail is the Editor-in-Chief of CPA Practice Advisor and a CPA. She is the author of over 30 books (including "Mint.com for Dummies" and "QuickBooks 2014 on Demand") and she maintains a small tax practice. She earned a bachelor's degree in journalism from Indiana University and studied accounting at Illinois State University before starting her professional career at Deloitte. Gail is the former publisher and editor-in-chief at AccountingWEB and is a former columnist for the Indianapolis Star newspaper.

If SaaS Won't Do It, What About Cloud Hosting?

Software as a Service (SaaS) is making great progress. However, if you can't solve your business needs with all SaaS tools, and you want to live in the cloud, how do you do that? We've discussed in prior columns the advantages of private cloud and public cloud approaches. What about hosting companies that specialize in the accounting profession?

This year we've had the pleasure of recommending software programs for accounting, payroll, document management and other critical areas of your practice. Now is the time to consider your remote access needs. There is no one answer that works for the profession. The equation and solution is a multi-variable problem. The technology factors that influence your practice, and the solutions are wide ranging. Consider the following:

- Private cloud vs. public cloud
- Top performance vs. acceptable speed
- Reliability vs. intermittency
- Simplicity vs. complexity
- Software vendor provided vs. third party
- SaaS vs. the requirement of desktop software
- In-house talent vs. outsourced talent
- Outsourced talent vs. specialty knowledge of the profession
- One-time costs vs. recurring costs
- Ownership vs. lease
- Flexibility vs. being told by the vendor your options
- Single site vs. multi-site
- Software updates provided vs. time used by in-house personnel (possibly a partner)
- Seamless experience by end users vs. separate steps and tools to do tasks
- Single vendor solution vs. multiple vendors
- Entry level security vs. strong, monitored security
- Shared scanners vs. network scanners
- Virtual desktop infrastructure (VDI) vs. remote desktop access (RDS)
- Convenient multiple monitor support vs. single window access
- Protection with subpoena vs. unknown access via Freedom Act PRISM order
- Retention policies vs. unknown copies
- Local control vs. questions about governance compliance
- Mitigating risk of single site disaster vs. promise of operating from data centers
- Choice vs. restricted options

Randy Johnston is executive vice president and partner of K2 Enterprises and Network Management Group, Inc. He is a nationally recognized educator, consultant and writer with over 30 years' experience. He can be contacted at randy.johnston@cpapracticeadvisor.com.

Note that for each of the considerations listed above, there may be additional items from your perspective. Your preferences and situation may dictate your solution. In other cases, there will be no clear winner. You may get frustrated, and simply give up by maintaining the status quo or conceding to use a cloud vendor to solve local installation issues. You may have firm politics, vendor sales pitches or physical considerations as well.

Today's environment is certainly more complex than the early days of DOS and Novell local area networks. It was fascinating to me in preparing this article, with my level of knowledge, to try to discern and understand how different the solutions are. It is hard to imagine with a knowledge of accounting, and not necessarily of technology, how difficult the decision in this area must be for you and your firm. In trying to simplify and easily portray your choices, it became clear why there is so much confusion in the market. There are dozens of right ways to solve the problem and hundreds of wrong ways that won't produce the result you want, possibly even when you spend more money and time.

The big options and providers by category for CPA firms look something like this:

≫ PRIVATE CLOUD
- In house network hardware
- Remote access with RDS, Citrix, VDI
- Maintained reactively with in-house personnel and local support or proactively by in-house IT and a managed service provider
- Examples include: Network Management Group, Inc.
- Support pricing $100-150/user/month

≫ HOSTED
- You purchase and install your equipment in a co-location
- Installation and maintenance is done with your personnel or a contracted vendor, which may be the co-location personnel themselves
- Examples: NetStandard

≫ HOSTED WITH MANAGED CARE
- The vendor provides the servers and storage
- You may bring the licenses or pay licensing fees

> THERE ARE DOZENS OF RIGHT WAYS TO SOLVE THE PROBLEM AND HUNDREDS OF WRONG WAYS THAT WON'T PRODUCE THE RESULT YOU WANT, POSSIBLY EVEN WHEN YOU SPEND MORE MONEY AND TIME.

- Examples include: CETROM, Cloud9 Real Time, Cloudvara, Infinitely Virtual, InSynq, NovelASPect, Xcentric
- Pricing $34-300/user/month (yes, there is that much variance)

≫ HOSTED WITH PRIMARY FOCUS ON A SPECIFIC APPLICATION OR FAMILY OF APPLICATIONS
- The vendor provides the servers and storage
- You may bring the licenses or pay licensing fees
- Examples include: Right Networks, Skyline (UniData), Qutera, other licensed QuickBooks hosting companies at: www.intuithostingprogram.com
- Pricing $17-60/user/month (yes, there is also that much variance in QuickBooks desktop hosting)

≫ SERVER LEASING
- The vendor provides the servers and storage
- You are responsible for the setup and generally must bring all the licenses except server operating systems
- There is minimal control of configuration issues and speed
- Examples include: Amazon, Microsoft Azure, RackSpace
- Pricing $49-999/user/month

≫ VENDOR PROVIDED
- The vendor provides the servers and storage
- The vendor provides the software, setup and support
- Examples: CCH Axcess, Thomson Virtual Office CS
- Pricing $99-1999/user/month

≫ SaaS
- The vendor runs a multi-tenant, multi-user data center
- Access is through a web browser
- You select and license apps from multiple vendors to solve the business problem

- Examples: Intuit QuickBooks Online, Intuit Tax Online, Thomson GoFileRoom, Thomson GoSystem Tax RS

You'll find that our advice is similar to selecting an appropriate accounting software for your firm and clients. If you are a larger organization, you might get a better, less expensive solution with a Do It Yourself (DIY) approach to private cloud. If you are smaller, you're more likely to have success with a hosted or managed service provider. As further guidance, consider the *CPA Practice Advisor* Reader's choice awards at: www.cpapracticeadvisor.com/12061061 (Listed under ASP/Hosted Solution Providers) or www.cpapracticeadvisor.com/12014681.

Is There A Conclusion?
One thing learned is that one size does not fit all. Another key point was that no one vendor solves every problem. Expertise and being clear about the offerings was obvious on some vendor's web sites, while others clearly wanted to get you on the phone to either understand your needs or to try to "sell you". It was also pretty clear that some vendors were not clear about their own offerings and that many were understaffed trying to provide an offering without enough resources, while others were doing a wonderful job of providing an excellent service at a fair price. My best conclusion?

If you want a hosted solution as a CPA firm, your best options are listed in this article. However, hosted is not for every firm, and going to the cloud doesn't mean you have to give up control by choosing a hosted provider that restricts your choices. However, if your internal IT or local providers restrict your firm, using a cloud provider with expertise is likely to give you a better experience than poor IT support. ●

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Client Portals Increase Efficiency, Provide Greater Convenience

By Mary Girsch-Bock

If you're one of the 42 percent of firms currently offering client portals, then you probably don't need to read any further. But for the 58 percent of accounting firms that currently do not offer client portals, or perhaps need a little convincing, here are some things to think about:

- A portal can increase customer service efficiencies. Using a portal, firms can offer their clients 24/7 access to tax returns and other sensitive documents. Accountants can upload completed tax returns and related data, with clients able to download the documents at their convenience. For firms using QuickBooks, some portals also offer access to QuickBooks files as well.
- Portals offer a secure way to exchange documents, eliminating the transfer of sensitive information via email. All data is securely encrypted, providing a level of security so that both accounting firms and their clients can be assured that sensitive and confidential information will remain secure.
- File size is no longer prohibitive if using a portal. If you've ever tried to email a large file, you'll know that many private mail servers simply cannot handle them. Portals allow both accounting firms and clients to exchange files easily, no matter what size they are.
- Many of the client portals available today offer more than a place to exchange documents. They also frequently double as a document storage option, allowing firms to place files in the portal for clients to access at their convenience. Once those files are no longer needed, they can be removed from the portal if desired, or continue to be stored in the cloud.
- Website access by your clients will increase with the use of a client portal. By linking a client portal directly to your website, your clients are always viewing the latest version of your website, where you can continue offer additional products and services.

While portals have been around for a while, their features have evolved over time. No longer just a place to exchange documents, portals offer a variety of related tools including the ability to be notified when a client accesses a document in the portal. Accounting firms can also set up notifications that will send an email to a client when a document has become available in the portal. Integration with popular tax software products has also increased efficiencies, with firms able complete a tax return and simply upload the file to the integrated portal.

Another advantage of using a client portal is that the portal can be custom designed to match your firm's website – allowing clients to simply login on your website and access the portal without having to leave the website.

In fact, tax software vendors such as AccountantsWorld, Office Tools, XCM, Doc-it, and others offer integrated portals in the software products. These portals are part of their suite of applications and are not designed to be used as a stand-alone solution, but are a necessity for software vendors when they are offering cloud-based applications.

The products reviewed in this month's issue can be used in conjunction with related tax and software applications, or as a stand-alone solution that is suitable for accountants no matter what tax software is currently being utilized.

Portals are also convenient for firms offering payroll services; allowing clients and their employees to access payroll related data such as paystubs and W-2's.

All of the products included in this review offer a free trial, so users can take some time and try out a few products to see what suits their needs and the needs of their firm. All of the products also offer complete information on encryption levels, pricing structure, and additional tools and functions available. ●

Mary Girsch-Bock

Mary Girsch-Bock began her career as an accountant in the property management and healthcare industries. She is now a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girsch-bock@cpapracticeadvisor.com.

CLIENT PORTALS

AccountantsWorld Client Portals

BEST FIT

The client portals within Accoun-tantsWorld are a central component of part of AccountantsWorld suite of products, making it a good fit for accounting firms already using Accoun-tantsWorld products.

PRODUCT STRENGTHS

• Client portals integrate with all AccountantsWorld products
• Portals can be branded with firm logos
• Users have the option to use portals for a variety of purposes

POTENTIAL LIMITATIONS

• Portals are part of the core Accoun-tantsWorld product and do not work directly with other accounting or tax products

SUMMARY & PRICING

Mentioned earlier, the portals are only available through AccountantsWorld Cloud Cabinet and Payroll Relief, and are designed to be used in conjunction with the entire suite of products. One of the best features of the Accoun-tantsWorld portals is that there is no additional charge for the portals, so firms can create an unlimited number of custom-branded portals for their clients. Pricing for the Power Practice System is $2,195.00 annually, or users can pay $220.00 per month, with the system including Accounting Power, Cloud Cabinet, Website Relief, Practice Relief, and After-the-Fact Payroll. Payroll Relief is priced separately at $1,495.00 annually.

www.AccountantsWorld.com

CCH Axcess Portal

BEST FIT

Accounting firms already using Wolters Kluwer products that want to provide their clients with the ability to send and receive data through an interactive portal.

PRODUCT STRENGTHS

• Offers solid integration with ProSystem fx and CCH Axcess products
• Product offers a brand new, simplified user interface
• A variety of file types can be shared using the portal

• Offers clients the option to add addi-tional users to the system

POTENTIAL LIMITATIONS

• Does not currently offer integration with CCH Small Firm Services products

SUMMARY & PRICING

CCH Axcess is an excellent fit for firms of all sizes, and can be particularly useful for those already using Wolters Kluwer, CCH products. Pricing for the portal varies and generally starts at around $670.00 per year, with pricing custom-ized to the firm's needs.

www.cchgroup.com

Citrix ShareFile

BEST FIT

Citirx ShareFile is a good fit for both accounting firms and businesses looking for a scalable product that offers online document storage as well as bi-direc-tional file sharing with clients and employees.

PRODUCT STRENGTHS

• Offers four different plans that can be customized to fit firms of any size

• Portals can be custom branded to match firm websites and logos
• Offers 24/7 product support
• Firms can automatically sync files across all connected devices

POTENTIAL LIMITATIONS

• Some of the smaller plans have data limits, so users can potentially go over the data limit

SUMMARY & PRICING

Citrix ShareFile is a scalable product; available in four versions. The Personal version is ideal for start-ups with a cost of $16.00 per month. The Team version supports five system users and is avail-able for $60.00 per month. The Business version supports five users as well, but offers expanded functionality and runs $100.00 per month, with $12.00 per additional user. The Vitual Data Room supports unlimited users, and offers advanced security functions, and runs $295.00 per month, with all plans billed annually. Custom plans are also available with costs varying, depending on the features and functionality.

www.ShareFile.com

SmartVault

BEST FIT

SmartVault offers both document and storage and bi-directional file-sharing capability. The product offers excellent integration with QuickBooks and QuickBooks Online, as well as numerous tax products.

PRODUCT STRENGTHS

• Offers an easily navigated user interface

• Product portals can be easily branded to match firm websites
• Product integrates with QuickBooks products, as well as a variety of other tax products
• Product can store a variety of file types

SUMMARY & PRICING

SmartVault offers two product versions for accountants; Solo Accountants, which includes one employee account, and is offered at $35.00 per month. The Solo Accountants version offers 100 GB of storage, and unlimited clients, with 10 QuickBooks companies per employee. The Team Accountant version offers three employee accounts, with unlimited storage, unlimited clients, and unlimited QuickBooks companies per employee. The Team Accountant version is $105.00 per month, with each additional employee billed at $35.00 per month, with all plans billed annually.

www.SmartVault.com

Thomson Reuters -NetClient CS Portals

BEST FIT

NetClient CS Portals, from Thomson Reuters, is a good fit for accounting firms using other applications from Thomson Reuters CS Suite, and is designed to offer clients easy access to invoices, payroll, and tax information.

PRODUCT STRENGTHS

• Product offers solid integration with Thomson Reuters products including Accounting CS, UltraTax CS, File-Cabinet CS, GoFileRoom, Practice CS, and Virtual Office CS
• Portals can be easily customized to reflect firm branding
• User friendly interface offers easy access to client files
• Offers a View Portal, which allows accountants to view the portal as their clients see it, enabling better assistance with client issues

POTENTIAL LIMITATIONS

• Offers fewer integration options to those not using Thomson Reuters products

SUMMARY & PRICING

NetClient CS Portals is an ideal solution for accounting firms already utilizing Thomson Reuters products. Designed to work seamlessly with other Thomson Reuters CS Suite applications, the pricing structure includes up to 1,000 base portals in their monthly fee. Plans start at $185.00 per month, and fees varying depending on plan subscription levels.

tax.ThomsonReuters.com

6 Tips for Tax Season Staffing at Accounting Firms

By Paul McDonald

With tax season looming, now is the time for accounting firms to ramp up their staffing strategy. Determining your needed mix of full-time and temporary professionals — before holiday time-off — will set you on a course for success come 2016.

Here are six tips for setting a sound strategy:

ONE.

Review your recent payroll history. The first thing you'll want to do is to review your payroll records from this past January through April. How much overtime did your firm pay non-exempt, full-time staff? How many hours did interim employees work? What data do you have on the amount of comp time you provided to exempt accountants? By gathering all these numbers in advance, you will be better prepared to determine the staff levels you'll need for this tax season.

TWO.

Revisit your error rate. Mistakes on recent years' returns could indicate you may be stretching your staff too thin. Be sure to analyze what you find. If the error or omission rate is also high during slower months, you may need to consider longer-term staffing corrections.

THREE.

Do a morale inventory. Was there a worrisome number of complaints of stress in the workplace last tax season? Did you notice a higher-than-normal rate of absenteeism? Low employee morale could be a sign of understaffing. Extra hands going forward might help you take care of more clients and prevent burnout among your full-time accountants.

FOUR.

Ask for feedback from your core tax team. After each tax season, make it a habit to check in with your team about what worked and didn't. And if you missed the opportunity last year, there's no time like the present to get feedback as you prepare for the impending crunch.

Ask your staff to assess the manageability of workflow and identify obstacles, staffing shortfalls and areas for improvement. While providing valuable feedback, this exercise also will increase engagement and build morale as employees see you value their input and are committed to fostering a positive work environment.

FIVE.

Study what others in your field are doing. In the 2015 Benchmarking the Accounting & Finance Function report from Robert Half and Financial Executives Research Foundation, finance leaders reported they rely on interim staffing to manage workload peaks, secure specialized expertise and fill in for absent personnel. One of the biggest advantages of this strategy is flexibility: You can immediately access the specialists you need, when you need them, for as long as you need them.

Your network contacts are another source of valuable insights on managing through busy season. What strategies have proved successful — and unsuccessful — for them? Talk to them about how they keep their team's workloads manageable and motivation high. And don't forget about your peers outside of public accounting. Their different perspective may lead to innovative approaches to handling workload spikes.

SIX.

Enlist help. Working with a staffing firm specializing in placing accountants can help you find the full-time and interim help you require. By taking advantage of the firm's deep networks, you'll also be able to accelerate your hiring process, keeping key projects on track and avoiding productivity declines.

In addition, reach out to your team for their referrals, and stay in contact with former employees who may be looking to make a move. As long as they left on good terms, your firm's alumni may welcome the opportunity to rejoin your organization. These professionals know your culture, and their learning curve will not be nearly as steep as someone completely new to your business.

Tax season is a stressful period for public accounting firms, but you can lessen the burden by being prepared. Whether you decide to onboard full-time or temporary employees — or both —the most important thing to remember is firms rely on their employees to build their reputation and business. For the best results, get a head start on tax season staffing sooner rather than later. ●

Paul McDonald is senior executive director with Robert Half, the world's first and largest specialized staffing firm. Over the course of his 30-year career with the company, he has spoken extensively on employment and management issues based on his work with thousands of companies and job seekers.

Hosting Options Offer Many Benefits for Accounting Firms

By Mary Girsch-Bock

Not so long ago, buying software meant receiving a CD that needed to be installed. Installation was always the tricky part. Some products could be installed in minutes, while others required a dedicated IT staff that could configure the product correctly.

In recent years, many of these products have designed a more user-friendly approach; offering software-as-a service, where users simply purchase a subscription to the software on a monthly basis. Other software vendors, following that trend began to create online or hosted versions of that software. Unfortunately, many times the online versions of the software were not created equal to the traditional desktop model.

Enter application hosting. A terrific idea for businesses for a lot of reasons, application hosting allowed users to have online access to desktop versions of their software from any location – a win-win in the business world, where more and more employees are working from remote locations, whether that be in their home office, at the neighborhood coffee shop, or from a hotel room.

That great idea was then taken a step further with the creation of virtual private servers. This provided business owners with the opportunity to create a custom server much as they would in-house, but have that server, and all of the applications they needed, installed and managed on that server by a hosting provider. Users would have access to that server and applications online, allowing users to not only access popular applications such as QuickBooks, but Microsoft Office, Sage products, and in many cases, any software application needed.

The benefits of a hosted software solution are many, including system reliability. This is of particular importance to smaller firms without an IT staff. No more worries about maintaining a server 24/7. Someone else is now on the line to provide that service.

Hardware expense is reduced tremendously. Instead of building a mammoth IT department, resources can now be deployed to areas where they are needed most. Same goes for maintenance issues, such as product upgrades and patches. All of this is handled by the hosting company.

Hosted applications also offer more flexibility for accounting professionals. Ramping up office staff can frequently require additional hardware and other IT tools. By having software and other applications hosted, firms will simply need to add an additional user to their subscription. Everything else remains the same.

Help options are also frequently more abundant from hosting providers, with most offering extended or 24/7 support year round.

In this issue of the magazine, we looked at five popular hosting products, with their services ranging from standard QuickBooks hosting, to custom server creation with the opportunity to add an unlimited number of applications to your menu.

So whether your accounting firm is in the market to have a single application hosted or is looking for custom options with multiple applications, these products are a great place to start looking.

Mary Girsch-Bock
Mary Girsch-Bock began her career as an accountant in the property management and healthcare industries. She is now a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girsch-bock@cpapracticeadvisor.com.

Cloud9 Real Time

BEST FIT
Cloud9 is a good fit for both accounting firms as well as other business industries, including law firms, and general businesses that wish to expand internal capacity without the need to add expensive internal IT support and hardware. Cloud9 offers product hosting in both the U.S. and Canada.

STRENGTHS
- Cloud9 offers more than 750 applications that are commonly used by a variety of businesses, with more applications added regularly
- A standard app hosting plan is available, or users can choose to create a custom plan that suits their needs
- Bundled options are available to choose from

POTENTIAL LIMITATIONS
- System implementation may be challenging for smaller firms with limited IT resources

SUMMARY & PRICING
Cloud9 offers two pricing levels for standard QuickBooks/Sage product hosting. The Basic plan runs $39.99 per user per month, and the Plus plan option is $49.99 per user per month. Intuit hosting fees of $5.00 per user per month are also required and are not included in the pricing. Users will receive two months free if paying annually. There are also a variety of private virtual server options available, Sage Applications hosting, and Exchange Service hosting available. All plans are customized to suit the needs of the firm, with pricing based accordingly.

www.Cloud9RealTime.com

HOSTING PROVIDERS

Cloudvara Cloud Hosting

BEST FIT
Cloudvara is truly a custom hosting service, offering a number of application options for accounting firms and other businesses looking to have accounting, tax, and other business applications hosted. The product is ideally suited for smaller accounting firms and other businesses that do not require a high number of applications to be hosted.

PRODUCT STRENGTHS
• Cloudvara can host a variety of applications, including many frequently used by accounting firms
• Affordably priced, with users able to choose from a variety of applications
• Product support is available 24/7 year round

POTENTIAL LIMITATIONS
• Not well suited to firms that need to host multiple applications

SUMMARY & PRICING
Cloudvara offers four plans for users to choose from. The Starter Plan is $45.00 per month, and is a one-user plan, with hosting for a single application. The Starter Plan offers 5GB of storage, with an option to add additional storage, additional users, and additional applications as needed. The Premier Plan is $199.00 per month, and includes 5 users, and hosting for 3 applications, with 20 GB of storage available. The Premier Plus plan includes 10 users, and hosting for 4 applications, with 30 GB of storage included. The Corporate Level Plan cost is available by quote, and includes 20 users, and an unspecified number of hosted applications.

www.cloudvara.com

InsynQ Cloud Hosting

BEST FIT
Accounting and CPA firms that utilize multiple tax and accounting applications and is actively looking for an established hosting business that specializes in hosting for accountants.

STRENGTHS
• InsynQ is designed to serve accounting firms and CPA's

• The product offers hosting for popular, in-demand applications such as QuickBooks, Sage 50, and Microsoft Office
• InsynQ hosts a wide variety of tax software, including Intuit Pro-Series, Lacerte, ProSystem fx Tax, and Drake Tax
• The product offers an excellent support system, with tutorials, demo videos, and PDF's available at the user's convenience

SUMMARY & PRICING
InsynQ has been offering hosting services to tax and accounting professionals since 1997, and continues to offer high quality services to accounting and tax professionals. With QuickBooks, Sage and MS Office hosting, along with over 600 applications, and custom servers available, the product offers the benefit of experience and the latest technology. Pricing is custom for each firm, with users able to create an account and choose the applications they wish to be hosted, with InsynQ providing a custom quote immediately.

www.insynq.com

Right Networks Cloud Hosting

BEST FIT
Accounting firms and businesses that desire to utilize cloud technology to access their host popular applications from QuickBooks to other accounting and related applications.

PRODUCT STRENGTHS
• All applications are installed by Right Networks
• Three plan levels are available for users to choose from

• Telephone support is available 24/7 throughout the year
• Right Networks guarantees 99.999% user uptime

POTENTIAL LIMITATIONS
• Does not offer custom servers for those wishing to host applications not on their availability list

SUMMARY & PRICING
Right Networks offers three plans; Bronze, which is a starter package, Silver, which is the most commonly purchased plan, and Gold, which offers premium features. All levels of the product offer QuickBooks hosting, and a QuickBooks Leasing option. All plan levels are guaranteed 99.999% uptime, and secure, encrypted data. The Silver level of Right Networks offers Microsoft Office Standard, and the Gold version offers Microsoft Office Pro Plus, along with Bill.com sync, SmartVault sync, and Tallie sync.

The Bronze level plan runs $50.00 per user per month. Silver level is $60.00 per user per month, and the Gold level is $80.00 per user per month. There is also an additional hosting fee of $5.00 per user per month for all QuickBooks users. An additional fee will apply to anyone leasing QuickBooks as well. Any additional applications that a firm wishes to have hosted will incur an additional fee ranging from $5.00 to $20.00 per user per month.

www.rightnetworks.com

Xcentric Hosting

BEST FIT
Designed specifically for accounting firms, Xcentric is a good fit for firms of all sizes that are interested in having their tax and related programs hosted.

PRODUCT STRENGTHS
• Xcentric currently hosts over 1,000 applications that are specific to CPA firms
• The product uses Citrix technology, which works with a variety of hardware devices

• The company offers product support 24/7 year round
• Product offers three different plans that will suit firms of just about any size

POTENTIAL LIMITATIONS
• Product only offers hosting and management services to accounting firms, and does not host single applications

SUMMARY & PRICING
Xcentric Cloud Core hosting plan runs $139.00 per user per month, and includes 25 hosted applications, 5GB of storage per user, and a 1 GB mailbox, making it an excellent starter option for firms looking to move to hosting. The Cloud Pro and Cloud Premier levels both offer unlimited application hosting, extra storage capability (10 GB for Pro and 20 GB for Premier), along with an increased mailbox size.

All versions of the product come with Microsoft Office, Exchange Server, and automatic application backups. For those opting for the Core level, additional features which are found in the more robust versions are optionally available at an additional cost.

www.xcentric.com

Let's Talk Turkey (And Sales Taxes)

By Kerry Alexander

Turkey and taxes. The U.S. has a long history of both. And in 2010, the two converged in Virginia as part of an annual Thanksgiving tradition where tribal and state leaders pay homage to a more than 330-year-old treaty: then-governor Bob McDonnell was presented with a turkey (and two deer) by tribal chiefs in lieu of taxes. Unfortunately, paying taxes in trade doesn't work for most of us. Depending on where and how you celebrate this year, your Thanksgiving feast could be served up with a side of sales tax.

Home cooking. Stop by your local supermarket for your traditional Thanksgiving dinner fixings – turkey, potatoes, cranberries, pumpkin, etc. – and you won't pay sales tax on those food items in most states. That's most, not all; 14 states tax groceries at either the full sales tax rate or a reduced rate. These states are Alabama, Arkansas, Hawaii, Idaho, Illinois, Kansas, Mississippi, Missouri, Oklahoma, South Dakota, Tennessee, Utah, Virginia and West Virginia. Buying local? Some states, like Virginia, consider farmers and co-ops that sell at outdoor markets or through Community-Supported Agriculture (CSA) programs or websites to be engaged in "direct marketing." Since they sell to consumers or end users, sales tax is collected on taxable goods and must be separated out from the item price. Some states, like Kansas, also require sales tax to be collected on monthly CSA subscription fees.

Eat out. Don't feel like cooking? You're not alone. An estimated 14 million Americans go to restaurants on Thanksgiving. Choose to dine out and there will be fewer dishes to wash but more sales tax to pay. Fifteen cities impose an additional tax on top of state sales tax for restaurant meals. These cities are Boston, Charlotte, Chicago, Denver, Indianapolis, Jacksonville, Kansas City, Miami, Milwaukee, Minneapolis, Omaha, Raleigh, Seattle, Virginia Beach and Washington DC. The add-on tax ranges from .05% in Milwaukee up to 5.50% in Virginia Beach.

Get it to go. Buy your pie already baked or get your potatoes pre-mashed from the deli and you'll pay a little extra for the convenience. A number of states, including Minnesota, tax prepared food. This can include food that is heated before sale; food where two or more ingredients are mixed together; and food sold with eating utensils. So whether you order take out from a restaurant or a complete Thanksgiving feast from supermarket catering, you'll likely pay sales tax.

Get it delivered. Nowadays you can get gourmet meals delivered right to your door through popular food retailers like Harry & David and Williams-Sonoma and culinary services like Blue Apron, Platejoy and Freshly. You can shortcut having to shop or cook, but you can't short change the state when it comes to sales tax. If you only receive fresh or frozen ingredients in their original form or package, then you would be taxed according to food taxability rules for your state. If any of the items have been re-packaged, combined, prepped or pre-cooked, then state sales and use tax rules for prepared items would apply.

Hire a chef. In some states, like Washington and California, personal chefs or professional cooks are considered independent contractors and services provided by the chefs are subject to retail sales tax. The amount of tax is determined by where the customer receives the prepared food. In the case of a home-prepared Thanksgiving meal, the sale tax rate would be based on the jurisdiction in which the host resides. Want to save a few bucks? Supply the ingredients. You'll only pay sales tax on the taxable items. If the personal chef does the shopping, the food is considered part of the service and, therefore, taxable.

And when it comes to complex sales tax rules, the states really know how to pile it on: 50 states. 50 Sales Tax Rules. 100% Frustrating. Having a hard time stuffing all this into your brain? Be thankful there's something easier: Sales tax automation software. ●
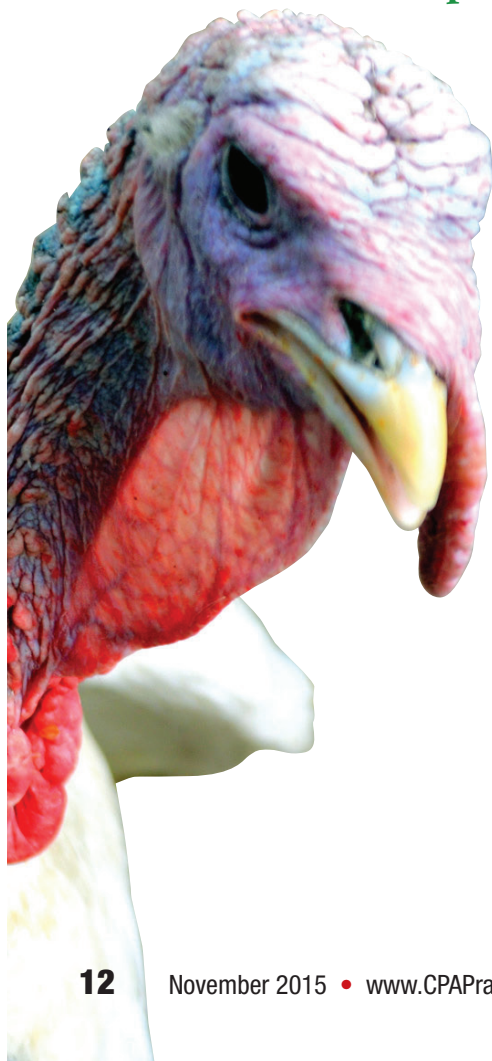
Kerry Alexander manages marketing programs for Avalara. She writes about the business challenges of managing sales tax and the benefits of automating compliance.

Year-End Insights for State and Local Taxes

By Ken Berry

November SALT Checklist

- ☐ Open Items - Work with clients to resolve any deficiencies and penalties for past due state and local taxes
- ☐ Payments - Help clients set up budgeting plans for monthly and quarterly SALT payments
- ☐ Online Businesses - Discuss online selling activities with clients and make sure they are aware of sales tax responsibilities (see related article)
- ☐ Planning - Start talking with your clients about 2015 SALT requirements now and determine if they need software support to stay current with their obligations in various states
- ☐ Legislation - Recent legislation has affected taxes in Alabama and Oregon. Make sure you stay current on SALT-related legislation in states where your clients are doing business
- ☐ Ballot Box - Tax issues were on the November election ballots in California, Georgia, Missouri, Ohio, and more. Make sure you check the election results in states where your clients are doing business

Usually, taxpayers who itemize their deductions can write off most of the state and local taxes they pay in 2015, providing an opportunity to lower their federal income tax bill. In fact, you might even accelerate payments so you can increase your current deduction.

But one year-end tax planning strategy remains in limbo: Until Congress moves to reinstate the alternative deduction for state sales taxes – if it ever does – this option is not available.

The deduction for taxes claimed on Schedule A includes amounts paid for state and local income taxes such as the taxes withheld from your paychecks and any estimated taxes paid during the year. It also includes property taxes if you're a homeowner. For many taxpayers, the deduction for state and local taxes is one of the biggest writeoffs they have on Form 1040.

Prior to 2015, taxpayers had another choice. In lieu of deducting state and local income taxes, you could elect to deduct the state and local sales taxes you paid during the year. It was one or another, but not both. The sales tax deduction was claimed in one of two ways.

- **You deduct the actual sales tax paid during the year.** To prove the amount, you had to keep receipts or other documentation of purchases.
- **You could deduct an amount under the IRS sales tax table.** The deduction varied from state to state and was also based on family size. Practically speaking, the table amount was often lower than the actual amount of annual sales tax paid, but less of a hassle for busy taxpayers.

Icing on the cake: In addition to the IRS table amount, you could add the sales tax for these "big-ticket items":

- Lease or purchase of a vehicle,
- Purchase of a boat or aircraft; and
- Purchase or substantial addition or renovation to a home.

Sometimes, the extra sales tax paid for qualified big-ticket items was enough to justify taking the state sales tax deduction. In any event, the state sales tax option was a no-brainer for taxpayers in states with no or a very low state income tax.

However, the alternative deduction for state and local sales taxes expired after 2014. Now you have to wait-and-see what happens in Congress. Don't throw out any sales tax receipts you've been keeping during the year. If the optional deduction is revived retroactively, as is generally expected, you can crunch the numbers at tax return time and choose the best alternative.

Regardless of your personal situation concerning state and local income taxes versus sales taxes, you can prepay property taxes due on January 1, 2016 so the extra taxes are deductible in 2015. But be aware that this might cause alternative minimum tax (AMT) complications for some taxpayers. The best approach is to develop an overall year-end strategy that makes sense. ●

(This is part of our series of "sweet 16" year-end tax planning ideas.)

Ken Berry, Esq., is a nationally-known writer and editor specializing in tax and financial planning matters. During a career of more than 35 years, he has served as managing editor of a publisher of content-based marketing tools and vice president of an online continuing education company in the financial services industry. As a freelance writer, Ken has authored thousands of articles for a wide variety of newsletters, magazines and other periodicals, emphasizing a sense of wit and clarity.

It's National Security Month, But Payroll Security Is An Everyday Effort

By Taija Sparkman

November is National Security Month and there will be a lot of focus on making sure data of all kinds is secure. Your clients rely on you to keep their payroll data safe and secure all year-long, not just during the month of November. Therefore, it's important to ensure that your firm's software and technology employs the proper security.
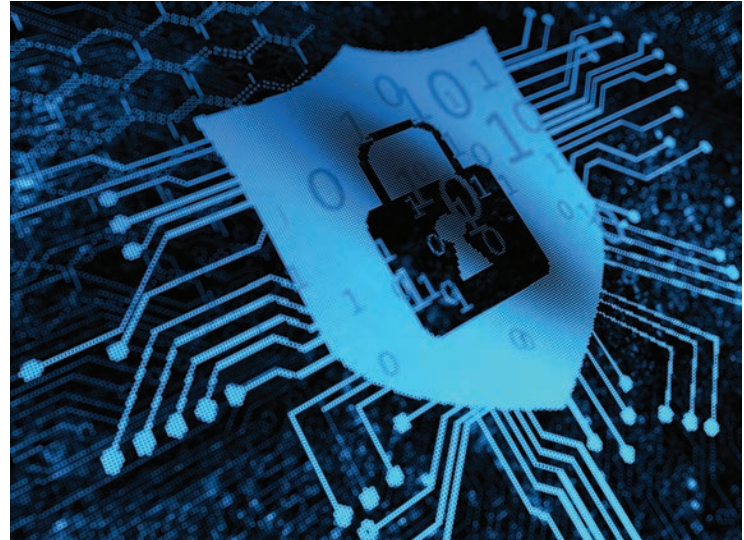
As you prepared to safeguard your clients' information against potential cyber threats, it's important to consider where your payroll information is being stored. Is it on a laptop, the Cloud, hosted on a server? Each comes with its own set of risks, such as laptop theft or inadequate security at the server host. However, each also comes with its own level of security and they are not equal. Hosting your clients' payroll data on a server or in the Cloud is more secure than keeping your data on a laptop. If your laptop is stolen or damaged, employees' confidential data, such as social security numbers, becomes compromised.

Regularly assess your firm's systems and processes for any potential risks. Develop a plan to safeguard against potential cyber threats and communicate that plan to your firm and clients. If your data is hosted on a server or in the Cloud, familiarize yourself with the providers' security systems and software. You should choose a provider that is dedicated to protecting your clients' payroll data and regularly updates and maintain their servers or software. Just because your data is stored in the Cloud doesn't mean it's automatically safe. Software such as RUN by ADP provides a secure Cloud environment and maintains a very stringent data security policy.

As a payroll practitioner, you are accountable for the security of your clients' data. They are entrusting you to manage their payroll and keep their employees' confidential data safe, so be aware of who has access to the servers your data is housed on and how often they are maintained. Additionally, have a process in place to determine who handles which data in case a glitch or issue arise. Actively log and monitor all network access and activity. Maintaining up-to-date logs will make it easier to pinpoint any unusual behavior earlier, if necessary. A process should also be in place to revoke access from all systems whenever necessary to prevent former employees from accessing and abusing sensitive client data.

Routinely update your virus and malware software and anytime a new threat occurs. Everyone in your firm should be required to routinely change their passwords and create strong passwords that are hard to hack. Many firms allow their professionals to access company data on personal devices. If this is the case for your firm, there needs to be a process in place to manage the access. Consider how data can be wiped from a device in the event of an employee's departure or lost device.

There should be a strong firewall in place to prevent any outside access to client data. If someone is able to breach your firewall, then your clients' data is at risk. As part of that firewall, you want to regularly consult with anyone that may have access to your internal systems, such as clients or vendors. Make sure that any clients or vendors that have access to your internal network is following the protocol that you have in place to prevent attacks against their systems as well. Any breach in your network or the networks that connect to yours puts all of your client data at risk.

Data security is about more than just protecting your clients' data from outside threats. It's also about protecting it from software glitches and malfunctions. If a server crashes or the Cloud is unavailable, will you still be able to access clients' data when you need it. Regularly backup your systems to a secure location, so that you can restore it at anytime if you need to. If you use a Cloud service provider, make sure backup and recovery services are not only included in your service agreement, but you are aware of the backup schedule. This should be done on a regularly basis to avoid the impact of data loss.

Your staff needs to be well-trained on the measures your firm is taking to protect client payroll data. Conduct regular employee training on data security to ensure everyone is aware of the threats facing that data and how to protect against them. As you consult with your clients, make sure they are doing their part, too, to aide in the protection of their payroll data.

Keeping your clients' payroll data safe can be a daunting task, especially if maintaining the proper technology and protocols interferes with providing quality payroll services. If necessary, appoint a Chief Information Officer or consider outsourcing the role to provide quality protection. Just as your clients hire you to expertly manage their payroll because they are not payroll professionals, it's okay to hire an IT expert to make sure you're keeping clients' data secure. Whether it's an internal or external role, someone should be solely responsible for ensuring employees are properly trained, data is securely backed up and anti-virus and anti-malware software is kept up-to-date. ●

Start Planning for the Year Ahead

By Taija Sparkman

The end of the year is a busy season for payroll practitioners. It's filled with lots of year-end tasks and checklists, making sure your clients are prepared for the upcoming tax season. This is also why it's a good time to start planning your year ahead.

It may be tempting to wait until after Tax Day to think about your 2016 goals when all of the filings and tax notices are behind you. But, in doing so, you've already missed out on one-third of the year to accomplish any goals your firm set out to achieve. Planning ahead now also gives you the opportunity to forecast your firm's needs for the busy tax season.

Identify both your short-term and long-term goals for your firm. Create a plan for the upcoming year, but also consider where you'd like the firm to be in the next five years. The goals that you pick for 2016 should be realistic and align with your overall vision for your payroll practice and serve to help you eventually get to the end goal in mind.

Create a plan for achieving your goals. If your plan is to increase marketing or grow your staff, outline how you will achieve these goals. What does increased marketing look like – more printed materials, increased social media usage, etc.? Your plan should also include the process you and your staff will use to monitor your progress. Will you hold a firm-wide campaign to celebrate the progress of certain goals or will a small team be responsible for quietly measuring metrics?

This is also a good time to access your tax season needs. If you think you will need more resources or staff to help you achieve your goals and serve your clients during filing season, now is the time to plan for the uptick. Determine how you will continue to process payroll for your clients and help them with filing notices. Identify any efficiencies in your current process and where there is room for improvement and build it into your business goal plan.

Assess your current processes and software. Are there any upgrades that need to be made in order to ensure you hit your goals? Invest in the needed technology now so that you can more effectively achieve the goals you have set in place. Examine the current tasks you carry out for clients and research the available technology to see if there is anything that will make you more effective or provide greater security.

Lastly, communicate with your firm and clients about your goals. Your staff needs to be onboard for successful implementation. Make sure they are able to see how the goals are best for your payroll practice, especially if they are particularly challenging to achieve. Other practitioners may be concerned that they cannot carry out the additional tasks required of them in order to help meet the firm's business goals. You'll also want to reassure your clients that any changes you make in attempts to achieve these goals will not interfere with the quality of service they are currently receiving. Clients may worry that a focus on growing your business makes them less of a priority.

Year-end is filled with forms and double-checking information accuracy, but it can be a great time to put the wheels in motion to start the new year off with a bang. ●

Year-End Payroll Checklist

- ☑ Balance clients' quarterly to annual figures
- ☑ Check the names, addresses and social security numbers of clients' employees for errors
- ☑ Review filing criteria with clients
- ☑ Compare UI and FUTA wages
- ☑ Provide clients' employees with correct forms
- ☑ Help clients with any notices
- ☑ File any amendments

For more resources, visit ADP's Small Business Resource Center and the Payroll blog by SurePayroll.

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Streamlining Tax Preparation

by Isaac M. O'Bannon, Managing Editor

In today's modern tax practice, eliminating data entry continues to be the holy grail. Manual data entry is, to be blunt, time consuming and error prone, and this limits how many tax clients a firm can manage each year.

Simply put: Time + errors = less revenue. Many firms, however, have found a way to literally do more with less.

When preparing client tax returns for any type of entity, accurate data is obviously a necessity, but finding ways to streamline it, and even improve accuracy, is the goal of tax document automation systems. While there are several such programs on the market, some of which work only with one tax software and some that work with several brands, they all are designed to increase the efficiency of the tax return production process.

Converting Raw Data to Digital

Tax document automation systems actually perform several functions, starting with the initial scanning of a client's tax documents into the firm's computer or, in some cases, through a secure cloud portal. When this is done, the software uses optical character recognition (OCR) to look at the digital version of the document and determine what it is, typically a tax source document such as a W-2, 1098 or 1099, but some systems can also identify K-1s, brokerage statements and other documents.

Digital Workpapers & Tax Form Population

After identifying what the form is, the software then grabs information from each field (such as Form W-2 line 1) and either automatically populates the information into a client's tax return (with review processes built in to ensure data is correct), or creates digital PDF workpapers. These digitized tax binders include bookmarks, contents pages and inter-related documents often linked for easier navigation when the professional goes through the documents. The digital binder is compiled in typical tax engagement order, with types of documents grouped together. Some of the systems even help keep track of which documents are still missing, providing the preparer or the client with automated reminders to get those documents to the tax preparer.

The systems that offer automatic population of tax returns include the review features because there is still occasional error in the scan, usually when client documents are in poor shape (crumpled, folded or faded). But the OCR technology the systems use is now quite accurate and has been in use for more than a decade. The tax software also offers drill-down access from a tax return field down to the scanned original document

Whether a firm has a solo-practitioner or a larger staff of professionals and admins, tax document automation systems are now well-proven to reduce the time associated with entering client data, particularly for clients with multiple documents. That increased efficiency, in addition to decreased rates of manual data errors, allows firms to take on more tax clients with the same number of preparers, resulting in greater revenues and profit for the firm.

The reviews in this section look at the core functionality of each tax document automation system, which documents their scanning systems can identify and pull data from, determine which tax preparation software the programs work with for integration purposes, and which types of firms would typically see the greatest benefit from using the product. Firms considering such a program should use a demonstration of a product before committing to the new technology. ●

Isaac M. O'Bannon, Managing Editor

Isaac M. O'Bannon is the managing editor and digital content manager for CPA Practice Advisor (www.CPAPracticeAdvisor.com), drawing on nearly two decades of experience covering the areas of professional accounting, taxation, business productivity and consumer technologies.

	CORE PRODUCT FUNCTIONS/FEATURES	PAPERLESS WORKFLOW	INTEGRATION	HELP/SUPPORT/ TRAINING	OVERALL RATING
CCH ProSystem *fx* Scan & AutoFlow	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
GruntWorx	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Intuit Lacete and ProSeries Scan and Import	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
SurePrep 1040SCAN Pro	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Thomson Reuters UltraTax CS Source Document Processing	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

TAX DOCUMENT AUTOMATION SYSTEMS

CCH ProSystem *fx* Scan and AutoFlow

2015 OVERALL RATING

4.5

BEST FIT
Professional accounting firms who want to automate their tax workflow within the ProSystem *fx* and CCH Axcess Suite of tax and accounting programs.

STRENGTHS
- AutoFlow Technology feature facilitates validation of data
- Fast and accurate optical character recognition (OCR)
- Good options for user customization with annotation and bookmark features
- Options for annotating, managing bookmarks and repaginating PDF documents
- Dual screen review interface offers view of forms and source documents

POTENTIAL LIMITATIONS
- The AutoFlow feature (for populating tax returns) only imports data into Wolters Kluwer's CCH tax products, although the OCR functions can be used regardless of tax program.
- The program is geared toward firms with a moderate or large volume of individual returns with multiple related tax documents

Wolters Kluwer
CCH

SUMMARY & PRICING
CCH ProSystem *fx* Scan offers excellent firm management and review options, with highly accurate OCR capabilities, and is available in both firm-hosted and SaaS versions. Digital PDF workpapers include annotation, bookmarking and pagination options. Pricing for CCH ProSystem *fx* Scan varies, starting around $5,250 for the firm-hosted version with unlimited use. CCH ProSystem *fx* Scan (SaaS) starts at $675 annually based on the number of client files processed. AutoFlow Technology costs $14 per client return (which includes all documents associated with a return). The Scan (SaaS) version is sold in bundled quantities.

www.cchgroup.com

GruntWorx Organize, Populate and Trades

2015 OVERALL RATING

4.75

BEST FIT
Tax-focused firms using any major tax package who are looking for a cost-effective way to digitize their tax workflow, turning client documents into organized and bookmarked PDF workpapers.

STRENGTHS
- Secure web-based system (SSAE-16 Type II) means firms can instantly ramp up during tax season, taking on more client returns than ever, with the ability to access the system from anywhere
- Strong security options
- Combines all client tax documents into a single, bookmarked and linked PDF organized in tax folder format.
- Optional module can transfer client tax data directly into the tax software, saving data entry time (for select major tax systems: Drake, GoSystem Tax RS, ProSystem *fx* Tax and UltraTax CS)
- System recognizes and pulls data from W-2s, 1099s, 1098s, K-1s, and many brokerage statements

POTENTIAL LIMITATIONS
- System is optimal for more complex returns, since it can take two to four hours for the system to create a digital PDF tax binder.

SUMMARY & PRICING
GruntWorx Organize, Populate, and Trades each help streamline different parts of the tax workflow process, helping to reduce or eliminate manual data entry and collection. The digital tax workpapers produced by the web-based system can be edited and annotated. The GruntWorx Populate system can automatically extract data from source documents and enter it into client returns for firms using Drake Tax, GoSystem Tax RS, ProSystem *fx* Tax or UltraTax CS.

GruntWorx is priced on a per-return basis, which lets firms use it for just a few client returns or across a larger number. The Organize system costs $5 per use (regardless of the number of source documents in a client return). The Populate system costs $30 per income tax return. Discounts are available for high volume firms who plan to use it on more than 100 returns.

www.gruntworx.com

Intuit Lacerte and ProSeries Scan and Import

2015 OVERALL RATING

4.5

BEST FIT
Tax professionals who use either ProSeries or Lacerte who want to automate tax workflow processes by creating paperless PDF workpapers and importing tax data from scanned in client documents, as well as from financial institutions.

STRENGTHS
- A two-stage optical character recognition function increases data reliability
- The ability to directly download W-2 and 1099 data electronically from the financial institutions and payroll service providers that issued them
- Review feature streamlines data verification
- Various pricing options, including per-return, bundled and unlimited

POTENTIAL LIMITATIONS
- Integrates only with Lacerte and ProSeries tax and the document management systems in those tax programs

SUMMARY & PRICING
ProSeries and Lacerte Scan and Import streamlines tax data entry two

LACERTE
THE FIRST NAME IN TAX SOFTWARE

ways: By allowing users to scan in client documents, which are then processed into PDF tax workpapers with bookmarks and links; and via the financial institution import functions, which can pull W-2 and 1099 information instantly via secure integration.

The system can be used on a per-return basis or firms can purchase multiple usage for a discount. Pricing for up to 25 returns is $199 (about $8 per return). Up to 50 returns is $399; 150 returns is $999; and an unlimited use license is $1,499.

http://taxpro.intuit.com

SurePrep 1040SCAN

2015 OVERALL RATING

4.75

BEST FIT

Tax firms with complex clients who want a comprehensive system that will handle large volumes of clients and tax documents, providing a digital PDF workbook that is editable and offers additional features. The system also offers excellent tools for multi-preparer returns, with preparation, review and final sign-off steps.

STRENGTHS

- The program includes a variety of options for firms clients of any complexity, with 1040SCAN ORGANIZE, 1040SCAN TRADES and 1040SCAN PRO offering a wide choice of tools and capabilities
- Firms have the option of auto-population of tax returns (GoSystem Tax, Global *fx*, Lacerte, ProSystem *fx* Tax and UltraTax CS)
- The SPbinder tool is exceptionally function, organizing and annotating PDFs, Word documents, Excel files and Outlook emails
- SurePrep includes many firm customization options for workflow practices
- Fast turnaround time from scanned-in documents to complete PDF workpapers

POTENTIAL LIMITATIONS

- Extensive workflow features may require additional time to gain full benefit of system.
- Creates PDF workpapers in a proprietary format that cannot be modified using other PDF editing applications.

SurePrep™

YOUR TAX PREPARATION PARTNER

SUMMARY & PRICING

SurePrep is comprehensive and offers several different options for tax season, letting firms use as much or as little of the options as they need. The system can handle the most complex returns, and includes enhanced practice workflow features that help to further streamline tax preparation, review and sign-off processes. It includes integration with GoSystem Tax, Global *fx*, Lacerte, ProSystem *fx* Tax and UltraTax CS for automatic population of client tax forms.

Pricing for SPbinder costs $5 per client return, regardless of the number of client source documents. 1040SCAN ORGANIZE is $10 per return and includes SPbinder. 1040SCAN TRADES costs $20 per engagement and includes the SPbinder and ORGANIZE programs. The comprehensive 1040SCAN PRO system, which includes the other three, costs $30 per client engagement. Rates are discounted for firms that purchase early in the year or make multi-year purchases.

www.sureprep.com

Thomson Reuters UltraTax CS Source Document Processing

2015 OVERALL RATING

4.5

BEST FIT

Source Document Processing is offered as an add-on for firms using UltraTax CS and FileCabinet CS, as well as the other programs in Thomson Reuters' CS Professional Suite. It is best geared toward firms looking to easily create digital workpapers that maintain a standard organization structure, and offers automatic population of the data into client tax returns and schedules in UltraTax CS.

STRENGTHS

- Source Document Processing integrates directly with other programs in the Thomson Reuters CS Professional Suite
- The system automatically labels and organizes source documents into an electronic tax binder that can be stored in FileCabinet CS
- Automatically transfers data from scanned documents into client tax returns (within UltraTax CS)
- Cost-effective pricing on a per client basis

POTENTIAL LIMITATIONS

- The system requires current licensing on UltraTax CS and, for paperless workpaper management, with FileCabinet CS
- Does not integrate with other document management or tax programs

SUMMARY & PRICING

The Source Document Processing system from Thomson Reuters offers an intuitive interface that helps streamline tax workflow, and which should be familiar in design and process to firms using UltraTax CS and FileCabinet CS. The program has

THOMSON REUTERS

strong optical character recognition (OCR) functions that can identify and extract data from a broad array of source documents, with verification processes that help ensure data integrity. The system is offered at service-based pricing costing $6 per client per tax year, for any number of source documents uploaded, including documents that may need to be added later. An unlimited license is available for $1,560.

http://tax.thomson-reuters.com

Improve Your Firm's Tax Production by Eliminating Muda

Eliminating Muda is one of the most effective byproducts of Lean Six Sigma analysis techniques which make any process more efficient and profitable. So what exactly is Muda? It is the Japanese term for waste, which is defined as "any human activity which absorbs resources but creates no value."

Not surprisingly, the haphazard adoption of various technologies, accounting applications, and workflow processes without training or follow-up on new features has created a significant amount of Muda in firms, so the lull before yearend provides a great opportunity to take an objective look at your production processes and see where waste can be eliminated to make your more efficient.

Roman H. Kepczyk, CPA.CITP is Director of Consulting for Xcentric, LLC and works exclusively with accounting firms to optimize their internal production workflows within their tax, audit, client services and administrative areas. His Quantum of Paperless Guide (Amazon.com) has been updated with 2015 paperless benchmark statistics and outlines 32 digital best practices all accounting firm partners need to understand today.

In accordance with Lean Six Sigma thinking, "any action or resource expenditure that does not contribute directly to the goal of creating value should be eliminated to the greatest extent possible." So where to begin? Below we list the eight most common categories of Muda and examples of production waste we discover during our consulting within accounting firms:

1 APPROPRIATE SKILLS: Does your firm have the right level of staff doing appropriate level tasks needed by the firm? Today's workflow tools allow for stratification of tax returns so that complex returns are routed to the optimal reviewer, whereas there is no need for the simplest returns to follow that same route when they can be prepared, reviewed, and billed by a seasoned four year person in one pass. Setting up different workflows targeted towards the complexity of the return minimizes the wasted resource of having partners doing simple returns allowing them to focus on those returns that are more in line with their higher billing rates.

2 MINIMIZING ERRORS/ REWORK: For any step to be considered value added from a lean perspective it must be done correctly the first time. This means that preparers should be trained and mandated to do a quality control review of any return prior to submitting it for review. This can be done with an express review checklist covering the most common reasons that returns are being sent back for corrections. Today's workflow tools have the ability to store this checklist and require staff signoff before submission for review. Mandating that every return be pre-reviewed by the preparer will teach that preparer to one day be a reviewer and at the same time produce the return at a lower overall cost as the reviewers should have fewer returns sent back for correction and "re-review."

3 TRANSPORTATION: Manually moving tax source documents from one location to another takes time and is considered Muda when compared to the alternative of having the documents scanned and available in a digital format to any preparer from their desktop, regardless of their location. Today's digital workflow tools can link the source documents to the return workflow so they are retrieved when the return is pulled up. Even with front end scanning, many firms continue to move the physical documents with a tax lead sheet even though the data has been digitally captured. This is often a direct result of preparers not trusting that all items have been properly scanned in, pointing to the requirement of firms to have adequately trained scanning personnel that also must adhere to quality control processes to verify the scanning is done consistently and completely. Organizing the scanning workspace so that inbound physical documents are organized, processed, and stored in close proximity with a dedicated scanner instead of moving them to a duplicator in one room to be scanned and to another room to be reviewed is another example of wasted transportation.

4 INVENTORY BACKLOGS: Excessive WIP (stacks of returns) slow down production compared to efficiently producing smaller batches by personnel at the appropriate level. Usually the first inventory backlog occurs in firms that require all source documents received from clients be sent to the partner in charge of that client to review the file for completeness, which can add days to the process. Workflow tools can direct those documents immediately to an appropriate level production pool, leaving only the most complex returns to those partners for review. We also see a large backlog when returns stagnate at the review level, which can be alleviated by re-assigning work to appropriate level staff.

5 EXCESSIVE WAITING: Another backlog is producing tax production invoices after busy season instead of billing and collecting with every stand-alone return. Today's practice management and workflow tools allow for the previous year's amount and the projected current bill to be always available onscreen (with today's triple or dual oversize monitors) so the reviewer can make a billing amount determination. This can then be documented in the workflow tool, processed by administration and provided to the signer with the return for final approval. ●

Two Roads That Lead to a Firm of the Future

There are two roads to becoming a "Firm of the Future" – adaption by choice and adaption by obligation. Earlier this year, Intuit announced it would host a contest to identify firms taking the first road. Several months later and Two Roads, a small tax and bookkeeping firm from Nashville, Tenn., has been named the winner.

The concept for the "Firm of the Future" contest was birthed about a year ago through conversations with Intuit customers and accountants.

"As we talked to our customers and other professionals about where the industry was going, a theme started to emerge. The firms that were successfully making the transition had three things in common – they embraced the Cloud, they were trusted advisors and they were connected," said Jim McGinnis, Vice President, Intuit Accountant and Advisor Group. "At the same time, we were also noticing four key technology trends within the accounting profession. Everything is centered around data, mobile, social and the Cloud."

Intuit's "Firm of the Future" contest asked firms to self-identify and show how their firms were exemplifying the three pillars of a "Firm of the Future." From the applicants, 20 finalists were selected and submitted videos to the contest's website. From those 20 videos, Intuit selected its final winner – Two Roads.

"The videos showed some of the most energetic, creative, forward-thinking people you're ever going to meet and it was hard picking just one winner. What really made Two Roads stand out was how focused they were on becoming a trusted advisor for their small business clients," said McGinnis. "In watching their video, it became clear that they embody the same principles and values that Intuit has stood for from day one."

Two Roads frame who they are as a firm to their clients – everything they do is focused on helping their clients become better. Getting into the cloud for the cloud's sake is "ridiculous." The firm was started in April 2011 when founder Chad Ridner saw a need for small business bookkeeping and tax services. Before it was a "Firm of the Future," Two Roads operated along the same traditional methods as most accountant firms – clients drop their files off and pick them up after Rinney and his team were done with entry and filing. About six months in, they soon discovered there was a more efficient way and started the transformation.

"We had some friends in the IT profession that offered to host QuickBooks Desktop on a secure server. That was really the genesis of it all. If we could host our accounting software, what else could we host on the server?" said Ridner.

Today, Two Roads is 100 percent in the Cloud. Most of their clients use QuickBooks Online and only two clients operate QuickBooks Desktop on the hosted Cloud server.

"We loved being a part of the QuickBooks environment. With the improvements to QuickBooks Online, we were able to move everyone to the Cloud. I like to think we've made a lot of progress and are very competitive," said Ridner.

Once Ridner saw the benefits of operating in the Cloud, he quickly moved his firm and clients to the Cloud. One of the biggest benefits for

The Two Roads team: (L to R) Joe Carufe, Adam Tinker, Chad Ridner, April Randolph, Zach Cochran

the firm has been enabling the team to work from home. Many of the firm's staff members have young families and it's important to Ridner that they are able to be engaged in simple things such as picking up their children from school.

Life balance is really important to Ridner and is a core part of the Two Roads culture. Majority of the team members work from home and the rest work in the firm's office in the heart of Downtown Nashville.

"The beauty of the Cloud is that it allows our team to have the flexibility needed to create work-life balance. And, that's huge! We believe that if we take care of our team members, they'll take care of our partners because we created a work environment where they just love what they do," said Ridner.

Another important benefit of the Cloud for Two Roads is the efficiency they have achieved by digitally exchanging files with clients and no longer printing checks. In addition to operating in the Cloud, Ridner believes accountants can really leverage their efficiency and value with a fixed rate model. Clients know the payment is going to be the same every month, so they are going to focus on the value of your services as a whole and not each task.

"Most clients feel like they are being nickeled and dimed. If you have a client wondering, 'Should I just Google this or call my accountant?'

you have a problem. They don't think you're worth that phone call," said Ridner.

Ridner believes the key to becoming a trusted advisor is to recognize your clients' proactive touchpoints and use them to consult with your clients on how they could proactively improve their business. Instead of working with clients after the fact, accountants should focus on providing useful and relevant information throughout the year that allows business owners to take action in the present for the future, as opposed to for the past.

"People can often view their accountant or bookkeeper as a transactional relationship – someone you engage from time to time, but not really a trusted advisor. We wanted to change that, so we started calling our clients partners, and worked to change their view of us from someone whose phone calls they returned to someone they wanted to actively include in their business' success," said Ridner. "We're a part of our partners' stories but we're not THE story. Our partners are passionate about what they do and we want to participate in that. We want to help them be more successful because it's important to us that we help them become better at what they already do well."

Two Roads is also busy rebuilding its website to engage more clients and prospects. ●

A Simple Approach to Training

Effective and efficient new hire training is the goal for most firms. We want a methodology or delivery method that sticks with employees early and often. The luxury of unlimited time to train and retrain over and over until the employee gets it is not afforded to most of us. We need to put the time in up-front to ensure achievement of a baseline competence.

While you certainly have to take into account learning styles, I would like to share a simple training approach that I learned from my partner, Dustin Hostetler. It is a proven process that has been used successfully by our clients and in a variety of professions outside of accounting. It engages employees and ensures effective learning from Day One.

The Traditional Approach

Historically, firms take a catch-all approach to new hire training. A group of new employees or interns enters the firm at some point in the year and spends two days to a week in orientation and training. The presenter(s) typically goes through every software program in the firm and provides a high-level walkthrough of the actual work that you may be performing.

Whether it's a tax return or an audit engagement, it is essentially a high-level look at the process. Unfortunately, most of that training and learning is going right over their heads. And in that group environment you don't always have the trust and the engagement necessary to feel comfortable asking questions. This significantly restricts their learning because they're afraid of asking a dumb question. A lot of that time ends up being wasted.

If this sounds like your approach to new hire training, don't stop doing it, just take it a step further. There is value in the group learning approach, especially to set a foundation around software programs and processes. You just can't expect them to get everything they need to function at a high level. This is where the four-step approach comes in.

The Four Step Approach

After you get through the initial orientation and general group learning, a new employee's first four projects should be done collaboratively with a more experienced team member. To illustrate the approach, we'll assume a senior is training a new hire at the staff level on tax return preparation.

Step 1: I Do, You Watch

In this step the senior is in the driver's seat and the staff is along for the ride. The senior walks through every phase of the process: how the process works and the tools used; how client information is received; how we send information to the client; what our work papers look like; how we begin reviewing or inputting the numbers; all the way through the process to a completed tax return. During this time the staff person is watching and should be diligently taking notes.

Step 2: I Do, You Help

In this step the senior stays in the driver's seat and goes through the entire preparation process. As the senior is preparing the return he or she is asking the staff person questions to see what they remember while also soliciting their help at various points. The senior may ask, where can I find these client source documents? How do we organize and bookmark this workpaper? Where do I input this number into the tax program?

Step 3: You Do, I Help

In this step the staff takes control of the wheel and is now the driver. The senior is there to offer assistance but the staff is going to prepare the entire return. The senior's roll is to help and quickly get them back on-track if they deviate from the process or make a mistake. This provides real-time learning through instant feedback.

Step 4: You Do, I Watch

Similar to step 3, the staff is driving the process from start to finish. The senior is watching and remaining silent unless there is an imminent crash on the horizon. In that case, they provide a gentle nudge but they are essentially letting the staff prepare the entire return.

Slow Down to Go Fast

Firms that have invested the up-front time required for this approach have recognized tremendous benefits in terms of staff competence and productivity. One of Dustin's recent clients told him that during this past busy season their interns were operating at the level of two-year staff. Slowing down on the front end to spend the time to train and develop your new hires with this collaborative approach will lead to big gains in the future. Slow down to go fast - you have to invest time to save time. ●

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