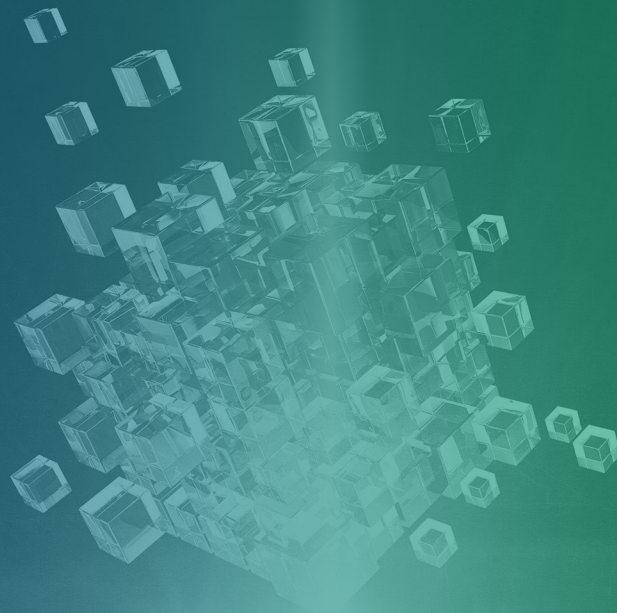


# 5 Steps to a Successful Tax Workflow

Automate and streamline  
each phase of the 1040 tax  
return preparation process



# Introduction: Implementing Tax Workflow Best Practices

The 1040 tax return preparation process has stayed the same for decades:

- Request documents and information from the taxpayer.
- Organize and prepare the workpapers.
- Review and sign off on the tax return.
- Deliver the finalized tax return and invoice the taxpayer.

While the process has stayed the same, the methods have evolved. Today's most successful firms leverage technology to increase profits, enforce standardization, and improve client satisfaction. In this whitepaper, we'll outline 5 steps your firm can implement this year to transform your 1040 process.

*Our 5-step path to tax workflow best practices:*

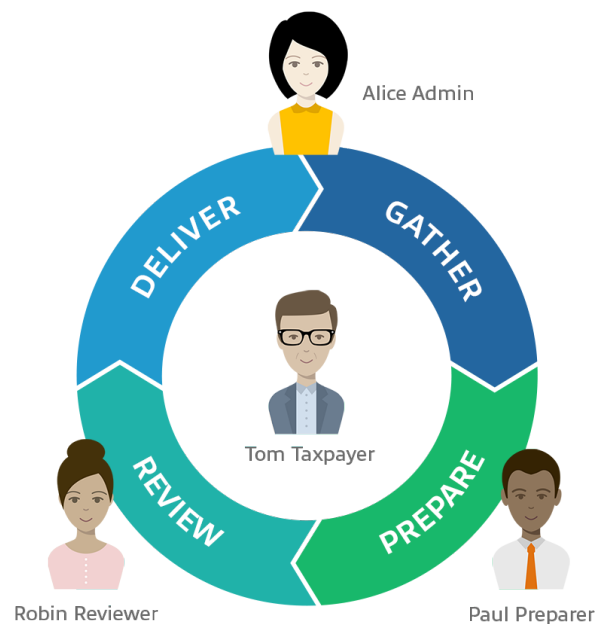
**Step 1.** Offer taxpayers a mobile app to scan tax documents, answer questionnaires, and render e-signatures.

**Step 2.** Scan tax documents up front to automate data entry.

**Step 3.** Automate OCR verification with 100% accuracy.

**Step 4.** Use a 1040-specific workpaper management system.

**Step 5.** Deliver finished returns and invoice clients through the same channel.



Firms that follow these steps benefit at each phase of the tax return process. You'll see the difference in reduced administrative costs, review time, and workload compression.

# 1. Offer taxpayers a mobile app

Before online portals, the 1040 process began with firms mailing bulky paper organizers to the taxpayers. Some firms still do. To taxpayers, these stacks of paper feel like homework. Organizers often end up forgotten in a drawer until the last minute. As a result, firms don't receive documents until late March, which leads to stressful workload compression.

Early online portals tried to solve these problems, but only compounded them. Firms asked taxpayers to log in, download forms, print them out, and scan them back in. This was more convenient for the firms, but predictably did little to improve the client experience or solve for procrastination.

In 2016, SurePrep released a game-changing solution: TaxCaddy. This one-of-a-kind 1040 platform is accessible via browser and available as a mobile app for iOS and Android. We designed TaxCaddy around one core principle: increase convenience for both the taxpayer and tax professional.



“TaxCaddy did a nice job of organizing my documents and checking to be sure I had everything uploaded to my tax professional. **I rate it a 10 out of 10.**”

- A Sassetti Client

**“TaxCaddy, for our clients that use it, has replaced the paper organizer.[...] For our admin team, it’s really easy for them to push a button to send the documents to 1040SCAN.”**

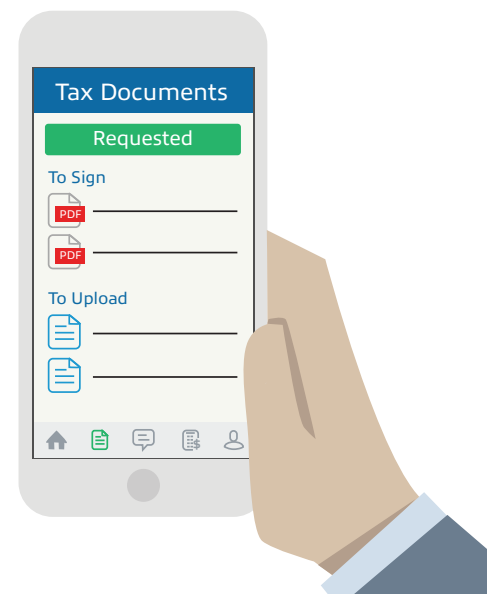
- Susan Penno, Partner  
Sassetti LLC

The most useful part of conventional paper organizers was the document request list (DRL). Taxpayers use DRLs to make sure they deliver everything their CPA needs to prepare the tax return. TaxCaddy simplifies DRL creation by referencing proforma data in your tax software to create custom DRLs at scale. On the taxpayer end, the DRL is interactive and automatically tracks completion as documents roll in.

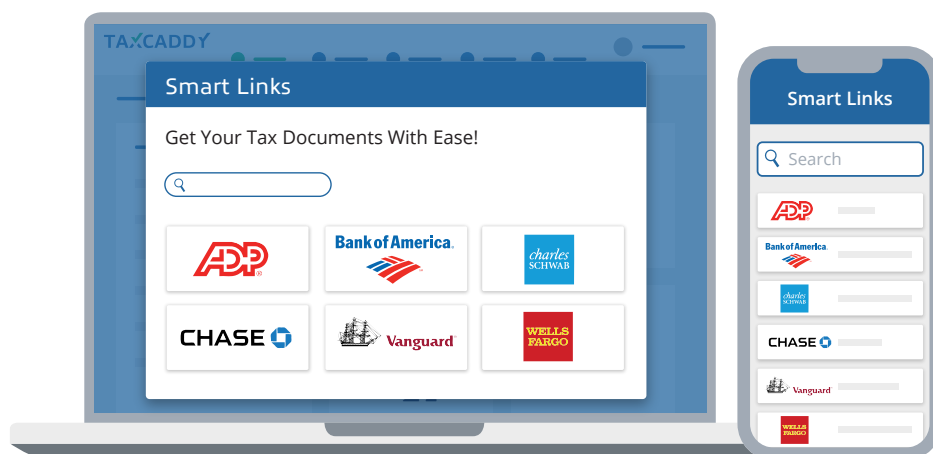
TaxCaddy gives taxpayers new ways to deliver documents and complete their DRLs:

- Photo-scan tax documents with the TaxCaddy app for iOS and Android. No more emailed photographs!
- Upload documents from a PC, Mac, tablet, or phone.
- Import files from iCloud, Dropbox, or Google Drive.
- Auto-retrieve documents with Smart Links.

In situations where no document exists, taxpayers can simply reply to a DRL request with an amount.



TaxCaddy's Smart Links feature automatically retrieves documents from leading financial institutions. It checks for new tax documents once per day and imports them as soon as they become available. The taxpayer doesn't need to lift a finger. Imagine having access to your clients' documents the day they're issued!



TaxCaddy also simplifies e-signatures. Your admins can easily send engagement and consent letters at scale. Clients can sign these and any other documents with a few taps. Documents that require IRS-compliant signatures, like Form 8879, are just as easy to sign with TaxCaddy's built-in Knowledge-Based Authentication (KBA) service.



Finally, TaxCaddy transforms the questionnaire. Like DRLs, questionnaires auto-generate at scale from proforma data in your tax software. They adapt dynamically as clients answer and only display relevant questions. TaxCaddy auto-saves after every answer, so clients can make progress when it's convenient for them.



Combined, these features radically simplify tax time for both your firm and your clients. The native mobile app makes the key difference. It puts the organizer, the scanner, the printer, and the pen in your clients' pockets. Offering a mobile app is the single most powerful change your firm can make this year.

"Other technology solutions have tried to reduce the tax preparer to a calculator. Your clients can get a calculator from anywhere. **This is all about the client experience.**"

- L. Gary Boomer, CPA, CITP  
Boomer Consulting, Inc.

"It took far less time to get the documents to our tax preparer and for her to prepare our return. So we were able to file earlier and at a more convenient time for us. **It saved so much time previously spent in gathering and sending documents to our tax preparer and it was EASY.**"

- a TaxCaddy user

## A CPA Firm's Experience with TaxCaddy

"We had many clients sign up for their free TaxCaddy account. **We had more organizers completed than in any previous year.** We received documents quicker than any previous year. But most impressive is the actual client base using this software. We had multiple clients use this option that have refused to use our client portal in the past and demanded paper returns and organizers . . . helping us realize that they didn't hate technology, they hated the technology we were offering. **As soon as we offered a solution that wasn't cumbersome to them, they jumped aboard the tech train.**"

- Jerica Hernandez, Client Experience Manager, Allman Johnson CPAs & Advisors from the [Boomer Guide to Simplifying Tax Time](#), with L. Gary Boomer, and Jim Boomer



## 2. Scan tax documents up front to automate data entry

In 2020, SurePrep surveyed tax professionals in senior positions about their firms' 1040 processes. Half of respondents admitted they did not use a scan-and-populate solution to automate data entry. A smaller fraction of respondents confessed they did not perform front-end scanning at all.

If your firm does not yet automate data entry, it's critical to start. Scan-and-populate solutions use optical character recognition (OCR) to extract data from tax documents. After verification, the data exports directly to your tax software. The potential time savings of ditching manual data entry are immense.

That said, it's critical to choose the right software. If your OCR software doesn't automate enough documents, you won't generate enough time savings to justify your investment. That's why we've invested significant resources to give 1040SCAN the broadest document coverage in the entire industry.

1040SCAN recognizes 4-7x as many documents as the closest competitors. In fact, it leads the industry in every document category. 1040SCAN recognizes 39 source document types like W-2s, 1098s and 5498s. In comparison, CCH Scan only covers 21 document types while Lacerte covers 11 and UltraTax covers 35.

1040SCAN also recognizes **546** brokerage statements compared to:

- **112** from ProSystem *fx* Scan,
- **136** from Lacerte Tax Scan & Import,
- and **60** from UltraTax Source Document Processing.





“We dropped about **20% on hours** spent processing roughly the same amount of tax returns. That’s a **huge savings** and an **incredible boost in efficiency!**”

- David Kelling, CPA and President  
Kelling, Bocovich & Co., LTD

1040SCAN recognizes 42 grantor letters and 22 state K-1’s whereas ProSystem fx Scan, Lacerte, and UltraTax recognize none. 1040SCAN is also the only scan-and-populate solution that extracts 100% of data from federal organizer pages. CCH, Lacerte, and UltraTax do not provide this feature at all.

In addition to recognizing many more documents, 1040SCAN is the only solution that exports margin interest, investment fees, foreign income, and over 65 other fields.

If you only plan to adopt one technology this year, OCR provides the most straightforward return on investment. Start scanning tax documents up front to take advantage of data entry time savings.



## SEE HOW 1040SCAN STACKS UP

ProSystem fx Scan vs 1040SCAN

Lacerte Tax Scan & Import vs 1040SCAN

UltraTax Source Document Processing vs 1040SCAN

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*Available in 3 versions to meet the needs of each firm and return type.*

- **1040SCAN ORGANIZE** automates the workpaper preparation phase by bookmarking and organizing source documents into a standardized workpaper index that follows the flow of the tax return.
- **1040SCAN PRO** has all the capabilities of ORGANIZE. In addition, PRO uses OCR to capture information from tax documents and exports the data directly to your tax software.
- **1040SCANverify** combines the software functionality of PRO with an outsourced verification service. SurePrep staff verify the accuracy of OCR data before any exports to your tax software.

### 3. Automate OCR verification with 100% accuracy

Though OCR saves tax professionals significant data entry time, it is not 100% accurate. Human verifiers must still check the data for errors before it exports to tax software. This was a fact of life until 2019, when SurePrep announced a revolutionary patent. Our auto-verification technology can eliminate the need for human verification of native PDFs.

Native PDFs are different from the PDFs you create when you scan tax documents. Native PDFs are documents downloaded directly from your clients' financial institutions, like a 1099 downloaded from the Schwab website. You're probably already receiving native PDFs from clients via email, your portal, or a file sharing service. 1040SCAN compares the OCR-extracted data to the text layer on the page and automatically verifies that the two sources match. The verification is 100% accurate.

Only SurePrep offers this feature. Firms that combine 1040SCAN's built-in auto-verification with TaxCaddy's Smart Links see especially steep time savings. All documents retrieved via Smart Links are native PDFs. On average, TaxCaddy client firms report that about 60% of taxpayer documents arrive in native PDF format.

Verifying OCR data takes a fraction of the time it would take to enter data manually. But if you want to optimize for maximum savings, choose the only OCR option with auto-verification.



## 4. Use a 1040-specific workpaper management system

One of the biggest mistakes firms make when switching to a digital process is choosing generic software. Tax workpaper preparation is highly specialized. You shouldn't choose a generic document manager—nor software built for something else entirely, like trial-based engagements.

Generic document management systems only sort documents at the file level. What happens when one file has several pages or sheets, and each is its own workpaper? Some vendors try to tack on tax preparation tools with a plug-in. These plug-ins create more problems than they solve because they only work on specific file types. If you're forced to convert all workpapers to PDF, what happens when you need to update an Excel formula?

There is no substitute for purpose-built 1040 workpaper software. The only workpaper management system designed bespoke for tax preparation is SurePrep's SPbinder.

SPbinder works with all file types, so you can prepare workpapers in their original formats: PDF, Word, Excel, and email. The built-in stamps, tick marks, and other annotation tools treat all file types the same. So does the powerful cross-referencing tool, which lets preparers create one-click links between documents. For example, a preparer can link an amount referenced in an Excel sheet to its PDF source document. This makes life easier for the reviewer.



SPbinder is designed to reduce review time. Thorough annotations and hyperlinked cross-references make the binder easier to navigate. The cross-reference links even work inside SPbinder's digital calculator tape, so every referenced amount can be sourced. The calculator tape is fully searchable, as is the workpaper index tree. Reviewers can open cross-reference links in new tabs or new windows for a multi-monitor workflow. Multi-level sign-offs and automatic change-tracking mean the reviewer knows exactly what's changed since the last time they opened the binder.

“It would be 7-10 days in peak time for a return to get through review. **Now we’re looking at 3 or 4.”**

- Cindy Bupp, EA, Manager  
Huth Thompson LLP

SPbinder comes included with all units of 1040SCAN. 1040SCAN automatically sorts your workpapers into the SPbinder index tree in an order that follows the flow of the tax return. An intuitive thumbnail panel makes it easy for preparers to click-and-drag non-standard documents into the index. Importantly, SPbinder lets preparers manage workpapers separately, even if there are several in one file.

“SPbinder offers thumbnails of all document types, including PDFs, Word, and Excel. **This makes it so easy to visually locate a source document,** like a consolidated mortgage brokers statement.”

- David Kelling, CPA and President  
Kelling, Bocovich & Co., LTD

SPbinder is designed to make tax workflow best practices come naturally. By giving your preparers the right tools, you’ll get thoroughly annotated workpapers with clear paper trails. This sets partners up for a quicker review. Because review is the most expensive phase of the return, shortening review time increases cost-efficiency. Switching to a 1040-specific solution this year can make a noticeable difference to your profit margins.

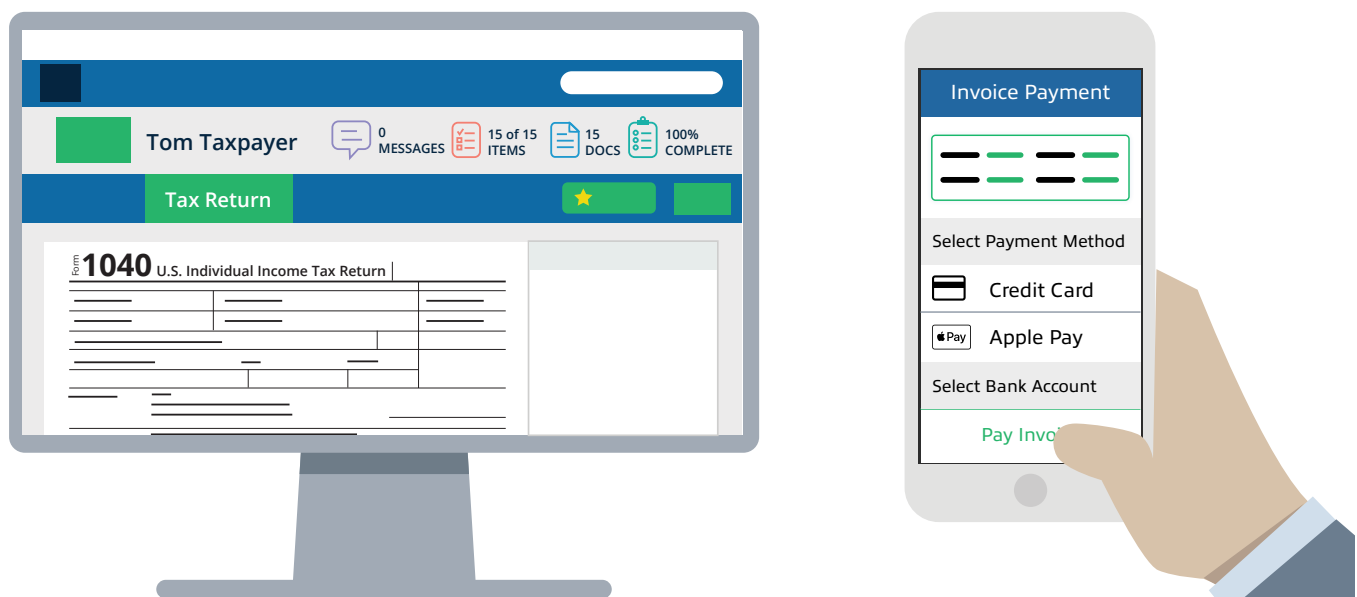
## 5. Deliver finished returns and invoice clients through the same channel

Who doesn't want to get paid sooner? Your firm can make a simple change to increase client happiness and see faster turnaround on invoices. Send the finished return, 8879, and invoice through the same channel.

Many firms use a stitched solution for the delivery phase of the return. They'll deliver the finished return through a document portal, send the client to a third party KBA service for the 8879 signature, and dispatch the invoice via mail. This creates a disjointed experience for your clients and delays invoice payment.

TaxCaddy unifies the process. Your admin pushes the completed return, 8879, and invoice to your client's TaxCaddy account. It only takes a few clicks. Your client can download the return, sign the 8879, and pay the invoice without ever leaving the TaxCaddy app.

Already use SafeSend returns for easy one-click delivery? TaxCaddy integrates fully. [See a demo video here.](#)



# Start improving your tax workflow with these best practices!

Implement these 5 tax workflow best practices this year to see a transformation in your practice. You'll reduce administrative costs, increase profit margins, and improve the client experience.

1. Offer taxpayers a mobile app.
2. Scan tax documents up front to automate data entry.
3. Automate OCR verification with 100% accuracy.
4. Use a 1040-specific workpaper management system.
5. Deliver finished returns and invoice clients through the same channel.

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## About SurePrep

SurePrep was founded in 2002 and is the leader in 1040 productivity for firms that process 1040s. We deliver seamless integration with your existing tax software to automate and streamline the entire 1040 process for both the taxpayer and tax professional. Our solutions are used by over 32,000 tax professionals ranging from Big 4 firms to sole practitioners to reduce administrative costs, automate workpaper preparation, maximize review efficiency, and improve client service.

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