

# Guide to a Remote 1040 Tax Automation Workflow

United by our common  
values, the world  
adapted to change



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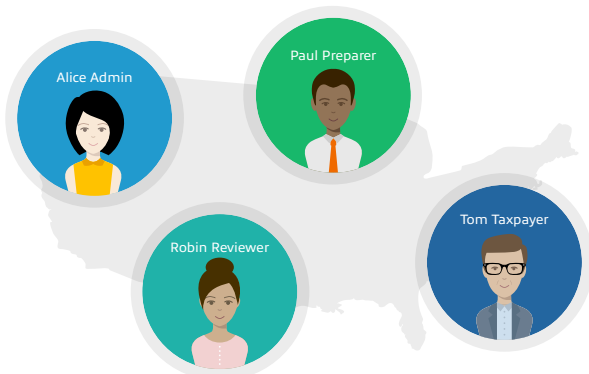
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# Introduction

In 2020, CPA firms navigated a tax season of unprecedented challenges. Lockdown orders closed offices across the nation, the tax filing deadline was extended, and businesses are still grappling with long-term projections.



United by our common values, the world adapted to change. Leaders in every industry, including tax return preparation, modeled the ethos of communal responsibility and turned to technology for remote work solutions to safeguard the health of their staff, clients, and stakeholders. Businesses that never operated outside the office before now embrace a remote contingency plan as an essential safety protocol. Leadership's openness to working remotely

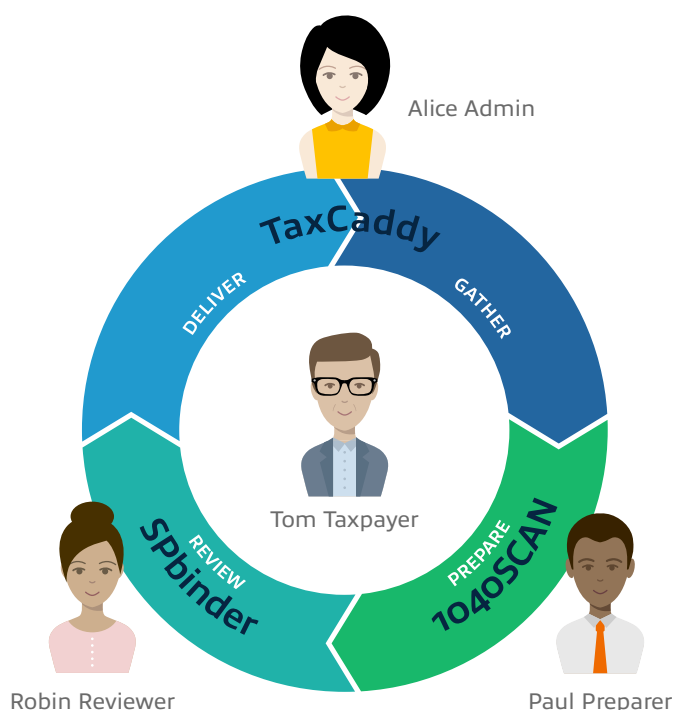
has taken a dramatically positive upturn, and everything indicates this trend is here to stay<sup>[1]</sup>. While COVID-19 may have been the catalyst for this culture shift, businesses have realized the lasting benefits of staying remote-ready: preparedness for future crises, a broader pool of qualified candidates, improved employee happiness<sup>[2]</sup>, and even increased productivity<sup>[3]</sup>. For tax and accounting firms, remote collaboration means digital transformation.

1. "24% of occupations in the U.S. can be performed remotely—and they employ 52% of the U.S. workforce."  
"Technology at Work v.5.0: A New World of Remote Work," Citi GPS: Global Perspectives & Solutions, Published June 2020, <https://bit.ly/newremoteworld>
2. "77% of respondents say continuing to work remote after COVID would make them happier."  
"State of Remote Work 2020," OWL Labs, Published Oct. 2020, <https://resources.owllabs.com/state-of-remote-work/2020>
3. "On average, remote employees worked 1.4 more days every month, or 16.8 more days every year, than those who worked in an office."  
"The Benefits of Working From Home," Airtasker, Updated Mar. 2020, <https://www.airtasker.com/blog/the-benefits-of-working-from-home/>

SurePrep is the industry leader in 1040 tax automation technology, which is the foundation for a remote-enabled tax preparation process. Our solutions integrate with your existing tax software to create a 100% digital workflow that enables processing a tax return from beginning to end without ever stepping foot in the office. This extends to everyone who touches the return, including clients and administrative staff. Through a combination of client- and staff-facing tools, we provide the infrastructure for a secure, streamlined, fully remote 1040 tax automation workflow that keeps everyone connected while physically apart.

In this whitepaper, we'll provide detailed information on our products [TaxCaddy](#), [1040SCAN](#), and [SPbinder](#). We'll show you how these industry-leading 1040 tax automation solutions enable your entire team—including administrative staff—to work from anywhere without sacrificing efficiency, security, or the client experience.

- **TaxCaddy:** Collaborate remotely with your 1040 clients on our mobile tax platform
- **1040SCAN:** Eliminate data entry with our next-generation scan-and-populate solution
- **SPbinder:** Review and collaborate remotely with our cloud-based tax workpaper system
- **Security:** Protect your reputation with ironclad security protocols



# TaxCaddy: Collaborate remotely with your 1040 clients on our mobile platform

Even before the first wave of mandatory lockdowns, the COVID-19 crisis highlighted a huge gap in work-from-home preparedness for CPA firms. On March 13th, the [Massachusetts State CPA Society](#) conducted a survey of over 70 CPA firms to assess their response to the situation. **77%** of respondents indicated they were allowing their staff to work remotely. However, when asked specifically about administrative staff, only **6%** indicated their administrative staff had been granted the same privileges.

The role of an administrator has always been intrinsically linked to the office. They manage the mailroom to receive incoming tax documents from clients, scan documents into the system, and mail out completed returns. In a traditional tax return preparation cycle, their presence in the office is essential for the process to function. This created a unique challenge in 2020 that can easily be solved with SurePrep's award-winning solution: [TaxCaddy](#).



TaxCaddy is a digital client collaboration platform that transforms the gathering and delivery of tax information into a fully electronic, cloud-based system, which eliminates the need to handle mail or scan paper documents. This empowers both admins and clients to complete their tasks from anywhere, including the comfort and safety of their homes, without the need

to print, scan, copy, or make trips to the post office. [TaxCaddy digitizes every client-facing step in the process](#): gathering tax documents, receiving e-signatures, collecting information and questionnaires, answering queries, delivering the completed returns, invoicing, and receiving payment.

*“TaxCaddy is the missing link. It’s allowed our entire team to adjust to this new world without any hiccups.” – Tom W., Partner*

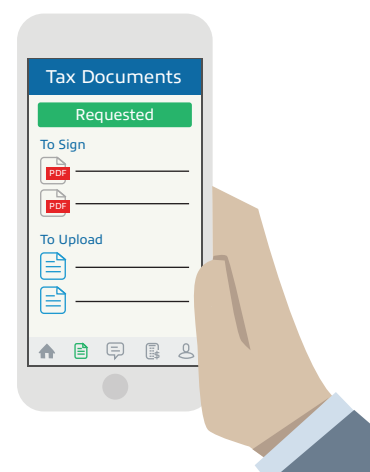
## Electronic document submission is easy

TaxCaddy uses proforma data in your current tax software to create a custom, automated Document Request List for each client. You can also supply the proforma data with a simple PDF import of last year’s tax return. The Document Request List makes it easy for clients to see exactly what they need to provide. Clients can submit their documents from any device, using several convenient options:

- Upload documents in the browser or mobile versions of TaxCaddy
- Photoscan documents using the TaxCaddy app for iOS and Android
- Import documents from Dropbox or Google Drive
- Connect an external account with Smart Links
- Manually enter amounts

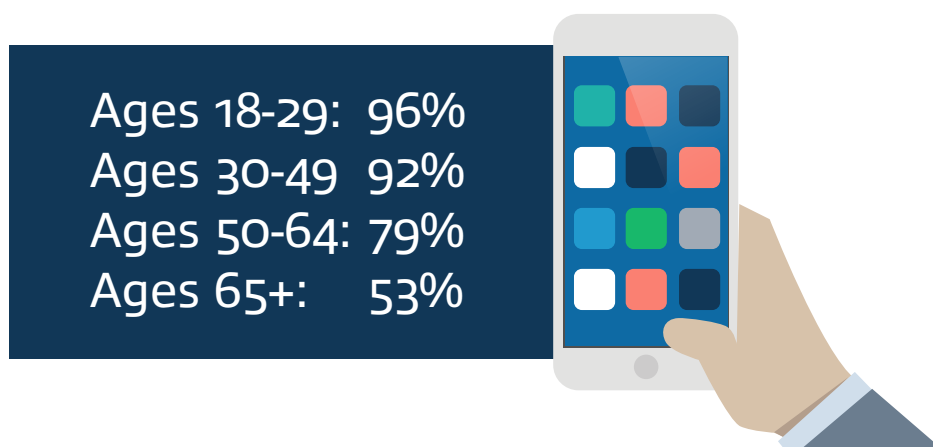
It’s worth looking at two of these options in closer detail.

**Photoscan:** TaxCaddy’s mobile photoscan feature helps clients take clear, legible photoscans that are Optical Character Recognition (OCR)-ready. The TaxCaddy app utilizes the same technology that allows

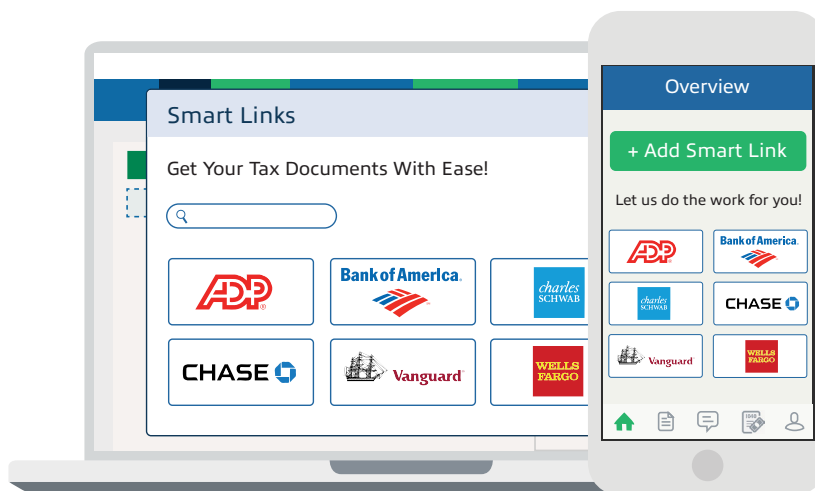


smartphone users to deposit checks by scanning them with their bank's mobile app. The ability to submit documents using a smartphone increases the likelihood that clients will submit documents incrementally, rather than hoarding them for one mass submission closer to the filing deadline.

It also increases client satisfaction: modern taxpayers expect the ability to submit documents using their phones. According to Pew Research, 81% of Americans currently own smartphones. Analyzing the market saturation by age range proves this trend will only continue to grow:

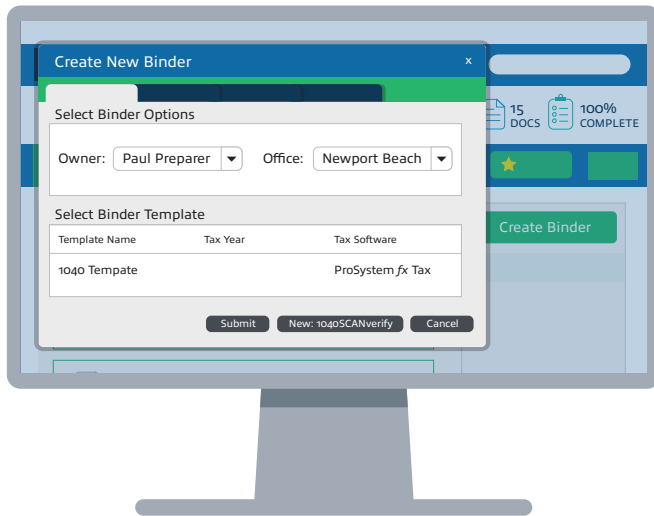


**Smart Links:** Your clients can authorize leading financial institutions—such as banks, brokerages, and payroll servicers—to send tax documents directly to TaxCaddy as soon as they become available. This has an obvious, positive impact on workload compression, since the documents become available to you the day they're issued, instead of when your clients find the time to send them to you. Smart Links also provide a unique, cost-saving benefit during the OCR verification stage. Keep reading to learn more.



## Transferring taxpayer data to our scan-and-populate solution is fast

TaxCaddy integrates with SurePrep's scan-and-populate solution, 1040SCAN. Taxpayer documents transfer securely from TaxCaddy to 1040SCAN with just a few clicks. No need for complicated middle steps like downloading and re-uploading or printing and scanning.



1040SCAN extracts information from tax documents using OCR technology. Information extracted with OCR requires verification. However, firms that collect documents using TaxCaddy's Smart Links feature enjoy a major cost-saving advantage during the verification stage. Why? Documents that arrive through Smart Links are always in native PDF format.

When 1040SCAN extracts OCR data from a native PDF, it can [automatically verify the information with 100% accuracy—no human verification required](#). This technology is patented by SurePrep and not offered by any of our competitors. In the 2019 tax season, 64% of the documents submitted through TaxCaddy were in native PDF format. Our latest user data shows that SurePrep customers who collected tax documents through TaxCaddy saw a 22% decrease in verification costs. If your scan-and-populate solution doesn't auto-verify native PDF OCR data, it's costing you time and money, which negatively affects your bottom line.

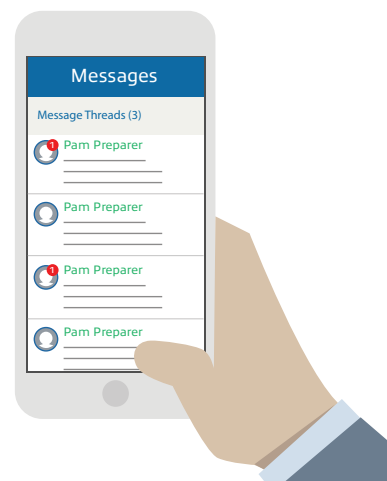




## The lines of communication stay open and secure

TaxCaddy features a built-in messaging center that facilitates direct, secured communications between taxpayers and tax professionals. This keeps communication flowing without the need for in-person meetings. The messaging center uses the same end-to-end encryption that keeps taxpayers' documents safe, which makes it a more appropriate place for sensitive tax information than email. It also eliminates the problem of email messages becoming lost in a crowded inbox. Both sides can initiate a chat, and messages can be attached to specific documents so that the referenced item is always clear.

Taxpayers and tax professionals can access the messaging center from any device through the TaxCaddy mobile app or browser. The mobile app also offers optional push notifications for incoming messages, which will allow you to elevate your client service with quick response times.



TaxCaddy also makes it easy to personalize outbound letters and communiqués at scale. The built-in mail merge feature can be used to mass-generate engagement letters, statements of work, 7216 consent forms, privacy policy statements, and service and preparation fee notices. These documents are pushed directly to the taxpayers' TaxCaddy accounts; no paper mail required.

Clients may be feeling anxious during office closures. The assurance that their tax professional is just a tap away is critical to satisfaction and retention.

**TAXCADDY**

**\*|Firm\_Name|\* invited you to create a TaxCaddy account**

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Mail Merge

Hello \*|Client\_First|\*

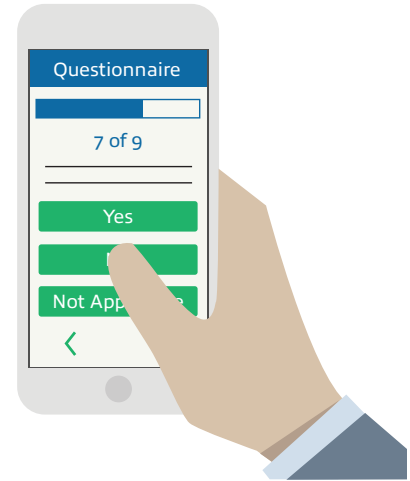
\*|Firm\_Name|\* has invited you to create your free TaxCaddy account! TaxCaddy simplifies tax time by allowing you to:

- Easily gather documents year-round by
  - Uploading them from your PC or Mac
  - Automatically retrieving them from financial

## Questionnaires sync across devices

Questionnaires are filed alongside all other documents and tax information in TaxCaddy, which serves as your client's electronic tax organizer.

The intuitive interface displays one question at a time to prevent taxpayers from feeling overwhelmed and to encourage completion. TaxCaddy automatically saves questionnaire progress, which means clients can pick up where they left off on any device, any time.



## Delivering returns and invoices completes the digital 1040 workflow

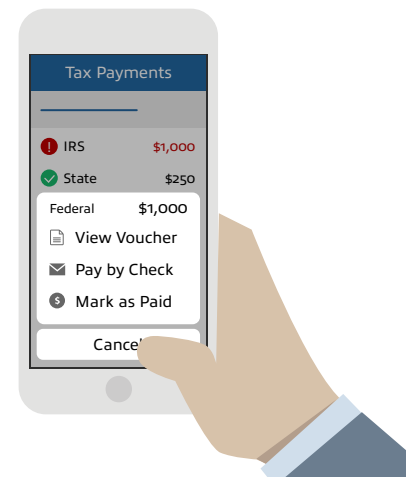
Once a tax return is finished, it can be electronically delivered through TaxCaddy. Your administrative staff doesn't need to print, fold, stamp, or mail a thing. A digital tax return delivery is a one-step task: upload the completed return to TaxCaddy, along with the Form 8879 and invoice. Clients can then log into their TaxCaddy accounts, instantly view and download their returns, provide their e-signatures, and pay their invoices—from any device. Taxpayers can pay their invoice from within TaxCaddy using credit card, ACH, Apple Pay, or Google Pay.



It's important to note that not all e-signatures are created equal. The IRS requires Knowledge-Based Authentication when e-signing Form 8879. TaxCaddy's e-signatures are 100% IRS compliant.

TaxCaddy also integrates fully with SafeSend Returns, for firms already using this service.

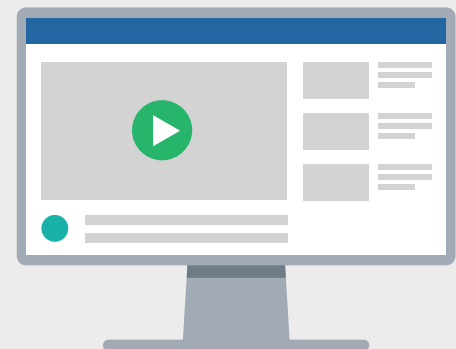
As of June 2020, taxpayers can also [make their state and federal tax payments using TaxCaddy's new Pay by Check feature](#). A digital check display makes it easy for taxpayers to confirm payment information before TaxCaddy mails the physical check on their behalf. Keep an eye on the SurePrep blog for new feature announcements as we continue to evolve the frictionless tax experience that clients love and use.



## Maximize Client Acceptance of Your Firm's Technology Initiatives

Explore the 5-step process used to maximize taxpayer acceptance of new technologies.

[VIEW RECORDED WEBINAR](#)



## In summary...

The taxpayer experience drives our development process. It's our goal to make products with high adoption rates that your clients love and use. To that end, we use an independent 3rd party service called TechValidate to impartially survey TaxCaddy users.

[READ REVIEWS](#)

### TAXCADDY CUSTOMER SATISFACTION RATING

A user of TaxCaddy would be very likely to recommend for this reason:

“ I work in multiple states and this process was easy to complete remotely! Very convenient! [I rate it a] 10/10



Source: A user of TaxCaddy

✓ Validated Published: Jun. 3, 2019 TVID: 005-D88-E17

TAXCADDY

TechValidate  
by SurveyMonkey

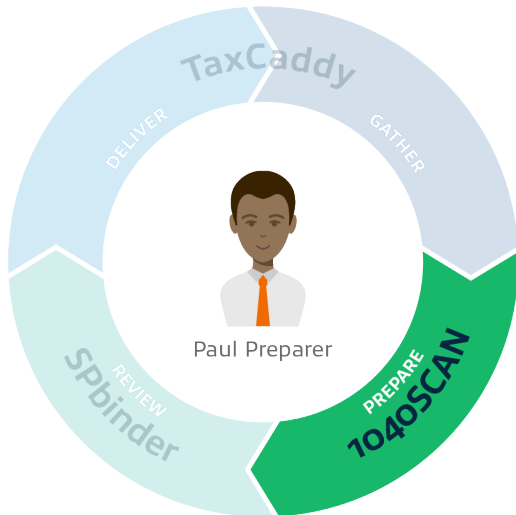
Based on a response of 10 to the question "On a scale of 0-10, how likely would you be to recommend TaxCaddy?"

TaxCaddy is a two-time finalist for the CPA Practice Advisor Technology Innovation Award with great ratings in the [Apple App Store](#) and [Google Play Store](#). It gives your administrative staff the flexibility to work remotely without any interruption in service. It provides your clients a way to do their part from anywhere, on any device, and sends the message that their wellbeing and convenience is also top-of-mind.

Next, we'll examine how TaxCaddy integrates with 1040SCAN and SPbinder to enable remote options during the preparation and review phases of a return.



# 1040SCAN: Eliminate data entry with our next-generation scan-and-populate solution



The paperless tax information gathered through TaxCaddy flows into the most powerful scan-and-populate software in the industry: [1040SCAN](#). This integration eliminates the printing and scanning normally associated with OCR. That said, if there are any paper documents collected outside of TaxCaddy, running them through 1040SCAN is as simple as uploading a PDF of the scan.

Tax document automation occurs in three steps:

**Step 1: Extraction:** 1040SCAN extracts information from tax documents using OCR.

**Step 2: Verification:** 1040SCAN can automatically verify the OCR data extracted from native PDFs with 100% accuracy. Information retrieved from other sources can either be verified by your staff with our user-friendly Review Wizard or outsourced to trained SurePrep verifiers.

**Step 3: Export:** 1040SCAN exports the verified information directly into your tax software. The documents are automatically bookmarked and organized in SPbinder to follow the flow of the tax return.

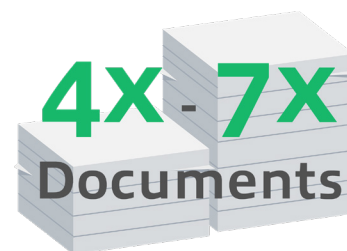


The entire 1040SCAN process is cloud-based. Workpapers are stored in our highly secure, encrypted servers, which means your team can access them from any authorized device. Keeping documents centralized in this way is essential for remote collaboration and eliminates the painstaking logistics of sending documents back and forth.



## Versus the competition

1040SCAN also distinguishes itself from other scan-and-populate solutions in three important ways:



1. 1040SCAN automates **4–7x as many documents as the competition** [[see how 1040SCAN stacks up](#)]. It also extracts more granular data by recognizing fields that other scan-and-populate software ignore, such as margin interest, investment fees, and foreign income on brokerage statements.
2. Our patented technology verifies OCR data from native PDFs. For the remaining data, SurePrep is the only company that offers an optional verification outsource service. **1040SCANverify** is a hybrid of software and service where our professional staff verify OCR data on your behalf. This is our most popular option, as firms of all sizes have found it to be a cost-effective alternative to hiring seasonal staff or outsourcing the entire preparation phase of the tax return.
3. Some scan-and-populate solutions require users to insert cover pages between document types. 1040SCAN needs no such assistance; it automatically recognizes, bookmarks, and sorts documents, even when you scan in bulk.

Once 1040SCAN reads and organizes your digital tax workpapers, your team is ready to begin preparation and review in SPbinder.

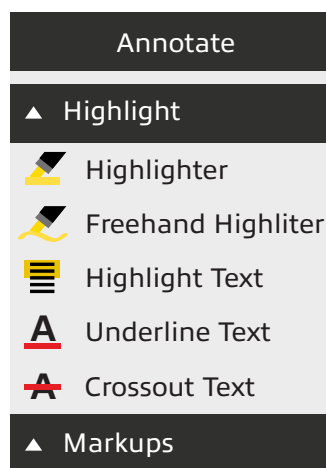
# SPbinder: Prepare, review, and collaborate remotely with our cloud-based tax workpaper system

Now that all your workpapers are digital, you can prepare and review remotely more efficiently than ever before with SPbinder's cloud-based binders.

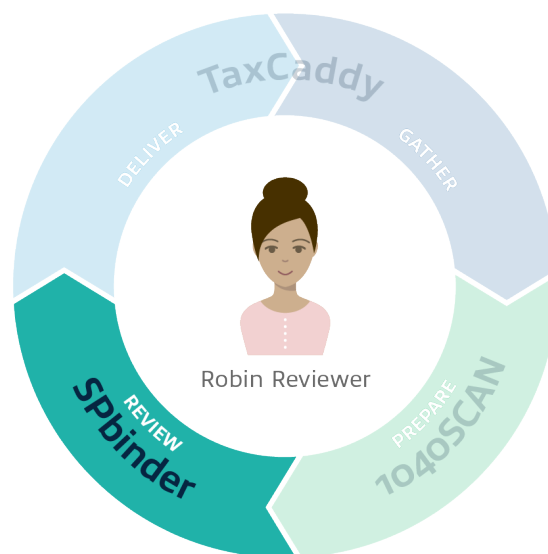
[SPbinder](#), our award-winning tax workpaper system, is included with all 1040SCAN purchases to cost-effectively bring your digital workflow full circle.

## Annotations and hyperlinks work across all file types

Just as they would on paper, your preparers can place tick marks, notes, and calculator tape directly on any document, regardless of file type. Other programs restrict these functions by file type, which is odd; there's no wrong type of paper for your pencil, so why should there be a wrong file type for your keyboard?

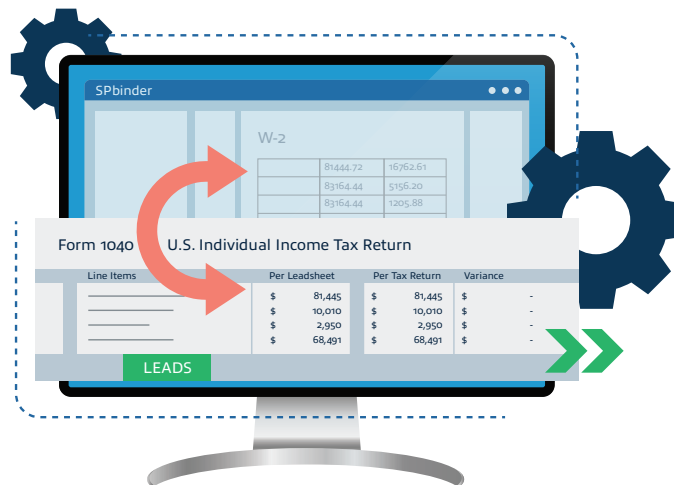
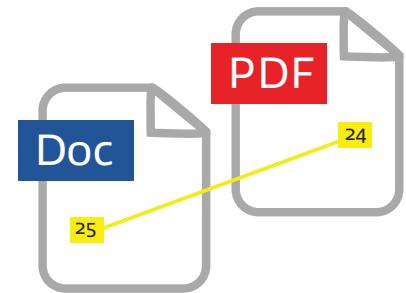


Each of these familiar paper-emulating tools come with technological boosts. Digital tick marks are standardized, which increases legibility. Notes can be linked to specific documents, and other users can add threaded responses. A dedicated Notes tab means you never lose track. SPbinder's calculator tape even has built-in OCR functionality; simply click and drag across the amounts you wish to capture, and they'll appear in the calculator tool.



## Review is lightning fast with digital leadsheets

One of SPbinder's most powerful functionalities is hyperlinked cross-references. Users can create clickable links between any two points on any two documents—again, regardless of file type. If you opt to use SPbinder's [leadsheets](#), hyperlinks are automatically generated between the final amounts listed on the leadsheets and the underlying source documents. When reviewers want to know where an amount came from, a single click will open the source document in a split-screen view. This creates a lightning-fast review process compared to the hours reviewers once spent digging through piles of paper to verify information.



## Remote collaboration stays centralized with cloud-based binders

There are three key aspects that make SPbinder the perfect remote collaboration tool: cloud-based binders, change tracking, and multi-level sign-offs.

### Cloud-based binders

All binders live in one centralized location in the cloud. This means team members are always working on the same version. If you've ever tried to pass a digital file around the





office and ended up with file names like, "John\_Doe\_1040\_FinalVersion2\_ActualFinal.pdf," you know how essential centralized files are to collaboration.

### Change tracking

When multiple team members are touching the same document, it's essential to know who did what. SPbinder tracks what changes were made by whom, and when. This information is readily available in an easy-to-read change log, so your team can avoid a game of phone tag to find out who made a change. Reviewers who use leadsheets will see change alert icons whenever SPbinder logs a change that could affect a final amount. Reviewing the change is as simple as hovering your mouse over the icon. If the change is immaterial, double click to accept it.

### Multi-level sign-offs

Your firm can enable up to four sign-off levels. This means that someone from each level in the preparation and/or review workflow must sign off on every workpaper. For example, you may mandate that one preparer, one mid-level reviewer, and one partner must sign off on every item before the binder is considered complete. If anyone makes a change to a workpaper, the sign-off levels reset for that individual item. This feature creates a structure for accountability that is extra necessary in a remote work environment, and clearly defines which areas of the tax workpapers still need to be reviewed.



SPbinder will keep your team on the same page, eliminate labor redundancy, and allow you to maintain a standardized digital 1040 workflow. Once a binder is fully reviewed, the information exports to your existing tax software with a single click.



# Security: Protect your reputation with ironclad security protocols



Your first consideration when evaluating web-based applications should always be security. If you're going to transmit sensitive client data to a cloud-based service, you need to know the security protocols that protect those servers are ironclad. Your reputation depends on it.

SurePrep adheres to strict security standards that are well-documented, transparent, and recognized by independent third parties. Consider the following...

## Protocols

- All communications that pass through TaxCaddy use industry-standard 4096-bit Secure Socket Layer encryption—the same encryption technology used by banks to secure online banking transactions.
- Our IBM-based servers are monitored on a 24/7 basis by NOC personnel. Physical access to the facility is limited to IBM IT staff who utilize proximity security badges and individual card keys for entry. The facility is under digital video surveillance at all times.
- We perform monthly patch management to update our security software and protect against unauthorized access.



- In addition to standard protocols like multi-factor authentication, log-in access can be restricted to client-specific IP ranges. This means that even if a bad actor succeeds in mining credentials with a phishing attack, they will be unable to make use of the information.
- SurePrep's information security policies and procedures adhere to the high standards of regulatory requirements such as Gramm-Leach-Bliley, Payment Card Industry, and Massachusetts 201 CMR 17.00.
- We use Cloudflare, a leader in web-infrastructure and security, to accelerate, protect and secure our websites and applications, utilizing their Content Delivery Networks (CDN), DDoS mitigation, and SSL services.

### Third party evaluations

- The American Institute of Certified Public Accountants has given SurePrep a SOC 2 Type 1—an independent service auditor's report on controls relevant to security, availability, confidentiality, and processing integrity.
- SurePrep's software is regularly audited, tested, and validated by C-Level Security, LLC—an independent security-focused consulting firm that employs leaders in the industry.
- Three of the Big 4 CPA firms have conducted independent audits of our protocols and now use SurePrep solutions.



## Client trust

With over 250,000 taxpayer accounts, TaxCaddy is the most trusted, most recognized name in digital tax client collaboration. For the 2021 tax year, clients submitted approximately 1.9 million documents using our secure system. That's 1.9 million votes of confidence, and for good reason.



Tom Taxpayer

As part of your custom onboarding plan, SurePrep will provide taxpayer communication templates that outline our extensive security measures. Proactive communication about privacy and security will bolster trust and adoption rates.

Learn more about our strict security standards by visiting our Security page.

[VISIT SECURITY PAGE](#)

Bottom line: Transitioning to a remote-capable workflow does not mean sacrificing security.



# Final Words

Global events have prompted businesses to reconsider their reservations about remote collaboration. In 2020, the technology exists to go remote without sacrificing efficiency, client experience, or security.

Tax practices are in an especially fortuitous position to make the transition, as digital tax transformation began long before the COVID-19 pandemic. SurePrep's automated 1040 tax technology is well-established, time-tested, and trusted by the over 32,000 practitioners who use our solutions. While we could never have imagined this use case, we are grateful that our technology can enable the well-being and safety of tax professionals and their clients during this global crisis.

If you would like to know whether SurePrep's 1040 tax automation technology can help your firm establish a remote-capable workflow, please fill out our Contact Sales form.

[CONTACT SALES](#)

View the webinar *Enable Work From Home, Reduce Workload Compression, and Improve the Client Experience with a Completely Digital 1040 Workflow* to learn more:

[VIEW WEBINAR](#)

## About SurePrep

SurePrep was founded in 2002 and is the leader in 1040 tax automation. We deliver seamless integration with your existing tax software to streamline the entire 1040 process for both taxpayer and tax professional. Over 32,000 tax professionals use SurePrep solutions, ranging from Big 4 firms to sole practitioners. Firms use SurePrep solutions to reduce administrative costs, enable remote work, automate workpaper preparation, maximize review efficiency, and improve client service.

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