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Tax Preparation in the Cloud

Introduction

CPA firms focused on tax preparation need to increase the efficiency and effectiveness of their tax workflows in order to meet client service expectations, deal with fee pressure and manage staffing resources during the busy tax season. Future-ready firms are turning to the cloud for technology that digitizes and automates their tax preparation processes for maximum productivity.

If designed correctly, a seamlessly integrated, cloud-based tax workflow has the potential to help your firm more effectively manage tax preparation from start to finish. There's a lot of confusion among CPAs about the technology. Many vendors advertise "cloud solutions" that are nothing more than traditional client/server tax preparation software hosted online in a Citrix environment, retaining all of the inherent flaws and weaknesses of these old applications.

A true cloud-based tax solution should be:

- Developed from the ground up to run in the cloud with a single common core database for client and staff information.
- Built on service-oriented architecture so it can share information easily with other solutions.
- Designed to provide a seamless workflow from the first piece of client information entering the office to the final invoice being sent.

CCH Axcess™ is a cloud-based tax preparation solution designed with all of the above-mentioned principles. It enables firms to stay focused on their core strengths — tax preparation and client service — rather than worry about software updates and IT resources during a busy tax season. It also empowers professionals to work when and where they want to, including home offices and via mobile devices.

The Value of Integrated Cloud Solutions

Tax firms need to utilize new cloud solutions and digital tax workflows to stay competitive and increase profitability through efficiency. If your competitors are using more efficient, effective cloud technology right now, how well is your firm competing? More important, how will you compete in one year?

By gaining efficiency throughout your firm's tax preparation workflow, you can:

- Improve realization.
- Find and win new clients.
- Keep up with changing tax regulations and research.
- Develop and market new value-added services.
- Focus energy on offering client services.

The foundation of an efficient tax workflow is the common core database. It is a single database in the cloud containing all of the information related to your clients, staff and affiliates. Information can be entered into the common core database just once and it will be available throughout the tax preparation workflow, from engagement letters to tax returns to invoices.

A common core database enables professionals to use a single login for all of the solutions within a firm's tax workflow. With all of the firm's data in a single centralized database, it is easier to set administrative privileges and ensure data security. Because it's in the cloud, any database updates happen automatically. In addition, the database is backed up by the vendor and its trusted partners, so it's safe even if a disaster or other unforeseen circumstance were to strike the firm location.

Other important benefits of a cloud-based tax preparation workflow include anytime, anywhere access to client information and customizable management dashboards. Over 80 percent of tax professionals complete some work from home, and cloud solutions enable secure access to returns from any location. Custom dashboards gather important information about project status and firm performance in one place. This enables professionals to know exactly what work they need to perform and helps firm leaders keep track of how the tax season is progressing.

Design Your Tax Preparation Workflow in the Cloud with CCH Axcess

With CCH Axcess, firms can enjoy a cloud-based workflow for tax return preparation, tax research and tax filing. It offers a common core database to share client information, a common look and feel across functions, visual dashboards, automatic capture of time and project status as well as an open integration platform that makes it easy to add new tools.

CCH Axcess offers the following integrated modules:

- **CCH Axcess™ Tax** — Represents the heart of a streamlined, digital tax process — supporting ease of tax preparation with thousands of automatically calculating forms and schedules for federal, state, county and city entities; robust diagnostics; and a state-of-the-art electronic filing system.
- **CCH Axcess™ Document** — Offers a feature-rich document management solution to electronically organize and store client source documents, letters and other communiqués as well as completed tax returns, achieving a true digital work environment.
- **CCH Axcess™ Portal** — Provides a secure online space where clients have 24/7 access to their financial documents and the ability to collaborate with firm staff in real time, at any time.
- **CCH Axcess™ Practice** — Provides a full-featured practice management system solution which helps you to capture and monitor staff time, produce invoices, manage receivables and handle all aspects of managing firm operations with ease.
- **CCH Axcess™ Workstream** — A powerful, flexible workflow management solution designed to streamline administrative tasks such as tracking due dates, identifying key milestones and monitoring project status.

Firms do not have to use all of the modules in CCH Axcess. Every firm is a little bit different, and your needs are completely configurable depending on your firm's preferences and how you like to work together. CCH Axcess was created to let you implement your own unique workflow.

The Cloud-Based Digital Tax Workflow

Let's take a look at what a Cloud-Based Digital Tax Workflow looks like when a firm uses CCH Axcess.

Step 1: Send an engagement letter to clients.

CCH Axcess Practice helps you automate and standardize a customized set of communications for your clients. Generate engagement letters and deliver them to your clients using CCH Axcess Portal. Clients sign the engagement letters and return them through their portals so your firm can store a digital copy.

Step 2: Receive client tax organizers.

CCH Axcess Portal provides a secure, online location for exchanging information with clients. You can send clients a digital tax organizer and have them complete and return it via the portal. Clients can scan and upload digital images of records or receipts. Some firms even invite clients to take photos of receipts with their mobile phones throughout the year and upload the images to a secure portal to save for tax season.

The portal does not replace face-to-face client meetings but it can enable you to have a more meaningful dialogue with clients when you meet. With document exchange out of the way, focus your time together on tax planning or other value-added services.

Step 3: Scan incoming client documents.

The ability to scan paper documents and receipts received from clients is necessary to create an all-digital workflow. But to really gain efficiency, you need a solution that is much more than a scanner — it should also be able to identify and extract information for import into tax returns, as you'll see in the next step.

Step 4: Identify and extract information for the 1040.

CCH® ProSystem *fx*® Scan is available as an on-premise solution or in the cloud, and it automatically identifies and classifies scanned source documents. It creates bookmarked PDF files, which provides a consistent set of digital workpapers and significantly speeds the preparation and review process.

CCH ProSystem *fx* Scan's AutoFlow Technology extracts 600 different fields for importation into 1040 tax returns. It doesn't matter what order the documents were in; the AutoFlow process extracts the information and drops it into the right spots in the return. AutoFlow provides a real productivity boost that creates a savings of time and labor costs for the firm.

Step 5: Prepare the tax return.

Preparing the return with CCH Axcess Tax is much faster and easier than using desktop software or a workflow that is partially reliant on paper. Access the return from your work or home office and pick up wherever you last left off. If you have a question while working, a single click will provide context-sensitive tax research from CCH® IntelliConnect®. There's no need to exit the return or interrupt your workflow in order to conduct your research, so you save time and stay focused.

Step 6: Review the tax return.

With CCH Axcess, there's no longer a need for route sheets to guide a return through the office or sticky notes to provide extra information to reviewers. If you are working in a return, simply add a note as part of your normal workflow. Automated routing provided by CCH Axcess Workstream ensures that when you are done with your part of the project, it progresses to the next person who needs it.

Using the digital review tools in CCH Axcess Tax, you can do a very detailed tax return review without ever needing to print it out on paper. If you have CCH IntelliConnect for tax research, a right mouse click within the return can take you straight to contextual research you need to complete your review. If you need additional information from the client, you can request that through CCH Axcess Portal.

Step 7: Deliver a copy of the return for the client to review.

Because CCH Axcess Tax, CCH Axcess Portal and CCH Axcess Document work together seamlessly, sending a copy of the initial return for client review is a quick and easy process. From within CCH Axcess Tax, simply choose to create a digital PDF of the return and then post it to the client's secure portal and store it in the firm's document management system. You don't need to exit or log in to any additional programs.

Step 8: e-File the finalized return.

Generate Form 8879 and deliver it to your client through CCH Axcess Portal. The client can sign and then upload the form in the portal. Save completed Forms 8879 and e-File returns from within CCH Axcess. Both your client and the firm will receive notifications of a successful filing.

Step 9: Deliver and store the finished return and workpaper.

Once the return is finalized, CCH Axcess gives you the option to print and save the file to both CCH Axcess Document for your firm's internal records and CCH Axcess Portal for delivery to your client.

Step 10: Update the firm's internal project status and record billable time.

CCH Axcess Practice helps you capture billable time and project status at the point of work. There is no need to exit one program and log on to another; entering time and status information becomes a natural part of your tax preparation workflow. When using CCH Axcess Tax, CCH Axcess Practice and CCH Axcess Workstream together, exiting a return will automatically prompt for time entry and an update of project status.

Step 11: Send the client an invoice.

Because the system automatically prompted your staff for status updates and billable hours, you know as soon as a return is finished and have all of the information needed to send the client an invoice. The flexibility of the CCH Axcess workflow can enable your firm to request payment prior to e-Filing returns, if you have clients with a history of delayed or late payments.

Mobility Is Key

A tax preparation workflow in the cloud is of limited use unless your staff can work using the devices they want. Over 50 percent of practitioners own mobile devices and use them at work. Being able to access projects, do research and deliver documents from smartphones or tablets is essential. CCH Mobile™ enables you to access your research subscriptions, while the CCH Axcess™ app allows you to get the instant status on returns, update client information and send documents to client portals or your document management system from mobile devices.

Dashboards Put You in Control

To help you better manage a busy tax season, CCH Axcess empowers every professional in the firm, including home or remote workers, to communicate and collaborate better with the rest of the team. Team members can leave notes for each other within projects and can go to Microsoft® Outlook® to send an email without leaving CCH Axcess.

CCH Axcess features a staff-configurable dashboard that can be customized to show important due dates, project status and other firm performance information. Firm leaders can track due dates, monitor the performance of each professional, see where any project bottlenecks are occurring and even monitor budget to actual data for projects.

In the future, traditional tax preparation firms will have a hard time remaining competitive and addressing fee pressure unless they find ways to gain efficiency and add valuable services. Cloud technology and mobile devices help professionals work smarter, get more done and provide flexibility to work easily when away from the office.

To take full advantage of the cloud, firms should consider developing new, all-digital workflows for tax preparation. Efficiency will not be gained merely by replicating paper-based processes in the cloud. Firms need to evolve to fully-integrated, modular tax preparation workflows, such as those provided by CCH Axcess.