

Top 5 Ways **to Ensure a Successful Tax Season**

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WHITE PAPER



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Thanks to an ever-changing regulatory and legislative environment, a complex Internal Revenue Code and a rise in globalization, ensuring accurate tax compliance is no small feat for many of today's practitioners.

Implementing a robust tax preparation solution is important, but practitioners must also possess the knowledge and technical skill set to effectively assist clients. By planning ahead, redefining your workflow and tapping into practical tools and resources, you can help your clients ensure accurate tax compliance.

This report will examine the top five steps you can take and provide actionable insights and key takeaways to help make your tax season a success.



1. Know Your Clients

Communication is critical in any successful relationship, and the relationship you have with your clients is no exception. One of the easiest, yet most effective, ways to better serve your tax clients is to create multiple touch points throughout the year.

Staying close with your clients year round not only further strengthens your role as a trusted advisor but also facilitates the tax planning process and helps ensure accurate tax compliance. Did your client experience a lifestyle or other change (i.e., marriage, acquired real estate, had a child, retired, etc.) that could impact their tax situation? Does your business client qualify for Code Sec. 179 expensing and have excess availability for possible year-end purchases? The better you understand your client, the better you can serve them and avoid potential miscommunications come tax season.

There are several ways in which you can regularly communicate with your clients and, thanks to available tools and resources, you can do so with minimal effort and time. Consider the following:

- Identify key tax and accounting needs among your clients and reach out to them in batches via targeted communications. For example, you can leverage tools, like UltraTax CS data mining, to identify 1040 clients who are required to make estimated tax payments and generate reminder letters to be distributed in batches during the year.
- Stay top of mind with clients and provide thought-provoking and actionable content via client newsletters. Consider a solution that offers newsletters in multiple formats (i.e., email and print) with a wide range of content and personalization options so you have access to the solution that best meets your needs.
- Develop a solid social media strategy to showcase your expertise and arm clients with valuable insights to help them make better, more informed decisions throughout the year. Social media can also help new clients discover your firm. By utilizing a social media solution designed specifically for accounting firms, like Thomson Reuters Checkpoint Marketing for Firms Social Media Solutions, you'll be able to build your social media strategy more easily, better communicate with your clients and prospects and stay competitive.



"The hardest thing in the world to understand is the income tax."¹

- **Albert Einstein**
Physicist

¹ Tax Quotes. (n.d.). Retrieved October 14, 2017, from <https://www.irs.gov/newsroom/tax-quotes>



Make sure you are up to speed — leverage products and resources to gain a deeper understanding of timely changes and developments.

2. Stay Up To Speed

In today's ever-changing regulatory and legislative environment, staying on top of tax developments can prove challenging for tax professionals. By leveraging products and resources to gain a deeper understanding of timely changes and developments and how they may impact your clients, you can better serve your clients and help ensure accurate compliance.

Whether it be the uncertain fate of the Affordable Care Act (ACA); tax relief efforts for those impacted by hurricanes Irma, Harvey or Maria; FASB's Accounting Standards Update (ASU) or the impact of the Tax Cuts and Jobs Act, staying abreast of the latest developments is no easy task. Now, throw into the mix an influx of multi-state and multi-national clients as firms tear down their geographic borders. The interconnected, global marketplace has meant a rise in U.S government disclosure and reporting requirements for international holdings and transactions.

In fact, many smaller firms cited keeping up with the changes and complexities of tax laws as a key issue for 2017.

"Throughout the year, many practitioners are so tied up in delivering their returns or services that they gain an awareness of what happens, but they may not deep dive into [the issue] at that point in time," said Blake Smith, Senior Director of Product Development at Thomson Reuters.²

When gearing up for tax season, consider the following to ensure you are up to speed on the latest developments:

- Review annual tax updates, such as the Thomson Reuters Quickfinder Annual Tax Update, which covers significant tax developments that occurred during the calendar year.
- Get up to speed on recent legislation by reviewing up-to-date coverage and analysis, such as the Complete Analysis of the Tax Cuts and Jobs Act on Thomson Reuters Checkpoint.
- Take an update or refresher course prior to busy season.
- Ensure your employees are familiar with the user bulletins embedded within your firm's tax and accounting software solutions. These bulletins notify users of any software updates and explain what developments, such as a tax law change, prompted the update.
- Create a subject matter expert (SME) designation within your firm. These in-house experts would be responsible for tracking software user bulletins and other regulatory and legislative developments related to their respective jurisdiction and would report those developments to others within the firm.
- Utilize checklists, such as the List of Substantive Changes and Additions in the Thomson Reuters PPC 1040 Deskbook. They can be a convenient way to help ensure you aren't overlooking an important change and can help you identify those areas in which you need to gain a deeper understanding.
- Subscribe to weekly alerts to stay on top of fast-breaking developments in Congress, the courts, the Treasury, the IRS and other federal agencies.



80% of potential professional services clients use social media to research firms.
– CPA Trendlines, Aug 2015

² AICPA Private Company Practice Section (PCPS). (2017, June 14). Staffing Concerns Are Dominant Issue for CPA Firms in 2017, AICPA Survey Finds [Press release]. Retrieved from <http://www.aicpa.org/press/pressreleases/2017/pages/staffing-concerns-are-dominant-issue-for-cpa-firms-in-2017-aicpa-survey-finds.aspx>



3. Plan Ahead

Tax season is stressful. By planning ahead you can take control of the busy season, help ease workload compression and reduce stress-related errors and mishaps.

As noted earlier, the more you communicate with your clients throughout the year, the better. This facilitates the tax planning process and helps ensure compliance. As the tax season nears, send out organizers or information requests to your clients and manage your calendar by scheduling client interviews. If your clients have failed to complete an organizer in prior years, you may need to rethink how you request information. Perhaps a one-page checklist makes more sense?

To further ease workload compression, consider establishing “due dates” or “extend dates” for clients. Assigning clients an interview date/time and a due date may help reduce the number of last-minute filers.

Acquiring and reviewing tax transcripts for new and existing clients can also help you plan for the coming season. Such transcripts are often used in tax resolution work, but they can also prove valuable for tax preparation. Transcripts can, for instance, help you track notices the IRS is sending to your client, gain greater awareness of your client’s overall standing with the IRS and help you detect if your client is a victim of tax return fraud.

Ensuring that you have proper staffing come busy season is also essential. If staffing is an issue that keeps you awake at night, you’re not alone. Research has shown that finding and retaining staff are among the top issues facing CPA firms, and talent pool challenges are expected to have the biggest impact on public accounting practice operations over the next five years. To help set your firm apart from the competition and attract high-quality talent, consider adopting a result-oriented work environment that enables preparers to work remotely and have a more flexible work schedule.



4. Redefine Your Workflow

Redefining your workflow and ironing out inefficiencies is another great way to ease the stress of tax season.

Begin by taking a look back at the prior year. What worked? What didn’t? One way to do this is to review prior year data, such as time and billing data, to identify bottlenecks in your workflow. Once you’ve identified problem areas, then consider the steps you can take to remedy the issue.

“Studying what’s happened in prior years and applying those learnings to planning for the future can only help firms,” said Jordan Kleinsmith, Senior Product Manager, Tax and Innovation at Thomson Reuters.



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Redefine your workflow and iron out inefficiencies by standardizing your workflow process.

Part of weeding out inefficiencies involves standardizing your workflow process. This could mean bidding adieu to performing tasks on a client-by-client basis and not enabling your clients to dictate your workflow. For example, inform all clients that, going forward, all tax returns will be delivered in an electronic format. No more paper. No exceptions.

Additional steps you can take include:

- Review or institute a due diligence process. If you need assistance, checklists for due diligence review can prove helpful.
- Leverage tools like the Practice CS Project Management module, which is an add-on module that helps users to manage and track their firm's projects and tasks in Practice CS.
- Review your firm's data security plan. Be sure to eliminate weak passwords and utilize multi-factor authentication.
- Be sure to identify the direct income tax filing requirements for each of your business clients' entities, such as withholding requirements and returns for non-resident partners, composite return requirements and possible entity level fees. Ensure you do not miss any of the filing requirements for multi-tiered entities in multiple states with a tool like Checkpoint State Clear Comply, which has also shown to help reduce research time by as much as 3 – 4x.
- Avoid tedious and unproductive post-busy season activity by utilizing a resource to quickly and accurately respond to your clients' IRS notices, such as the Checkpoint IRS Response Library.



Save time during the busy season by looking for resources that go beyond interpretation and analysis.

5. Access the Right Resources

Not all resources are created equal. Save time during the busy season by looking for resources that go beyond interpretation and analysis and bridge the gap between interpreting the tax law and reporting real-life client transactions.

"[With] many of the resources, you'll look up an issue, and it explains the issue but it doesn't provide the reporting guidance required when preparing a return. By that, it could be: What forms have to be filled out? What information needs to be attached? What elections are available in that particular instance?" Smith said.

When you're in the midst of busy season, you don't have time to search multiple sources to resolve reporting issues. Resources focused on return preparation and reporting provide all the guidance you need to efficiently address issues encountered when preparing returns.

On a separate note, tools like UltraTax CS, with data mining functionality can help firms maximize their ROI. For example, data mining enables you to quickly identify those sole proprietors in your client base who pay employee health benefits or file Form 8941. You can then notify them of the need to participate in an insurance exchange to benefit from tax savings under the Credit for Small Employer Health Insurance Premiums. Your proactive call will further strengthen your role as a trusted advisor and opens the door to additional services.

It is also important for firms not to overlook the learning opportunities that reside within their current applications. Within UltraTax CS, for instance, users will find walk-through guides and exercises that firms can utilize and implement as part of the new hire onboarding process, and subscribers can access related Checkpoint Learning courses directly via links from topics being researched in Checkpoint.

Conclusion

There's no denying that today's dynamic market has made ensuring accurate tax compliance an ongoing challenge for many practitioners — and it doesn't appear to be changing anytime soon.

The good news is that you hold the key to success. By following the five steps outlined above, you can gain greater control of the busy tax season and help your clients ensure accurate tax compliance. It's a win-win-win that will benefit you, your firm and your clients.



Related Products

Guidance

PPC's Tax Deskbooks on Checkpoint™

When you need complete and easy-to-understand answers for solving real-life tax return and planning issues, turn to PPC Tax Deskbooks on Checkpoint. Bridging the gap between interpreting the tax law and reporting real-life client transactions, these Deskbooks have been enhanced with hundreds of Interactive Practice Aids. Get fast answers to your tax questions right in your workflow with UltraTax CS integration, so you can go quickly from answer to action.

For more information, visit store.tax.tr.com.

Software

ULTRATAX CS®

Running a thriving tax practice requires more than just preparing tax returns. Firms need to be profitable while staying on top of ever-changing tax laws and client needs. Thomson Reuters UltraTax CS combines advanced technology, seamless integration and powerful features to streamline your tax workflow all year long.

For more information, visit tax.tr.com/ultrataxcs.

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