



PCPS BRIEF

Focus on Technology

Keeping up with technology is a critical concern for firms of all sizes as busy season approaches. This issue will offer tips on how to stay up to speed.

Upgrade to maintain peak efficiency. Take further steps toward a paperless office. Keep abreast of the latest technical developments. These are three important technology-related steps for CPAs during busy season. How can practitioners accomplish them?

Be Prepared

One key action for firms is simply to ensure that they have all the latest versions of necessary software. According to Bob Fay, a sole practitioner in Canton, Ohio, that would include not only the newest tax program updates, but also utility software to keep the system working quickly and efficiently; and any upgrades of other small business and finance programs that the firm uses.

What software are fellow practitioners using? The *Journal of Accountancy's* latest annual tax-preparation software survey found that although industry consolidation has narrowed the number of choices available, practitioners generally felt the programs were better and faster than in the past. The article contains details on the most popular brands, the brands that won the greatest user satisfaction, and the programs that CPAs had abandoned or were planning to purchase. It can be found at <http://email.aicpa.org/cgi-bin15/DM/y/hYE80MfID10EUQ0Vvb0EB>.

Software is not the only tool that Fay upgrades regularly. "As a small practitioner, I update any hardware that I can see increases my productivity as technology improvements continue to accelerate," he says. For example, he has recently moved from storing files on CDs to using flash drives, which are small, lightweight storage devices. "We went from diskettes to CDs and now to flash drives," he says, because he believes that keeping up with technology and the efficiencies it can offer are particularly important in a small firm. In this case, "flash drives are more portable, smaller and easier to use," than other options, he says.

Fay also regularly updates his printers because falling prices continually make better and better choices more accessible to a small firm. "I try not to keep a printer more than a couple of years," he says, "because they just get smaller, faster and more affordable." After transitioning away from ink jets, for example, he has now switched completely to laser jet printers in his office.

The Push to the Paperless Office

Does your office still include a storage room crammed full of copies of client tax returns? Converting to a paperless environment in which files are stored digitally rather than in hard copy provides a number of benefits. It can:

- Minimize the need for storage space.
- Free staff for work that's more productive than filing.
- Allow faster access to returns from a desktop.
- Improve document security and privacy.

"Keeping a hard copy for the next seven years comes with a substantial storage cost as well as the cost of time spent physically locating and moving files," concludes Roman Kepczyk, CPA.CITP, of InfoTech Partners North America, Inc., in an article in his firm's newsletter. Firms can also store images of a return's supporting documents, he notes.

Good organization is what makes this effort work. "The key to success in this step is to have a standardized directory structure and file-naming convention so that documents go to the right location with a name that can be easily identified," he says.

The transition to a paperless environment may seem like a daunting one to some practitioners, however, so it's possible to make the move gradually. Kepczyk recommends that the first step should be to create a digital PDF version of the return when the final hard-copy return is processed, something most tax programs can accomplish. That way, firm members can get used to the idea of working with digital copies without making an abrupt transition to them. Practitioners can start trying this practice during busy season and continue it through the extension season to give firm members time to gain familiarity with the procedure and feel more confidence in the process, he notes.

To include support documents, Kepczyk cites two options:

- Firms that typically make copies of support documents and returns once work is completed can simply use the scanner option available on most copiers to scan these papers into the system, or preferably a dedicated scanner and workstation to streamline the process.
- Practices that copy materials before returns are completed can scan just the support documents as they arrive.

For more detailed advice on the process, please click [here](#).

Among his other tips, Kepczyk also recommends ensuring that the system has sufficient capacity to back up all data. Since digital files are large, practitioners should consider storing infrequently used files on Web-based providers, CDs or DVDs. He covers this and other tips on digital options in a newsletter article that can be seen [here](#).

Keep in Touch with the IRS

The Internal Revenue Service has made clear its commitment to electronic filing of returns. Over 56% of all filings last tax season were electronic, and the number of e-filings

by tax professionals rose to 45 million from 43.2 million the year before, according to an article on Telberg.com (<http://email.aicpa.org/cgi-bin15/DM/y/hYE80Mfid10EUQ0Vve0EE>). The story goes on to discuss some of the reluctance CPAs and their clients may feel about a switch away from paper returns.

To promote the process, in "Electronic IRS," a recent Web cast of Tax Talk Today, a panel of Internal Revenue Service officials and tax experts discussed e-filing requirements for corporations and described ways to interact electronically with the Service. A transcript of the Web cast can be found at <http://email.aicpa.org/cgi-bin15/DM/y/hYE80Mfid10EUQ0Vvf0EF>. More information on future Web casts can be found at <http://email.aicpa.org/cgi-bin15/DM/y/hYE80Mfid10EUQ0DVj0ET>.

To get regular updates on IRS news and developments, practitioners can sign up for e-News for Tax Professionals, which has replaced the former Digital Dispatch e-newsletter. To find out more, go to <http://email.aicpa.org/cgi-bin15/DM/y/hYE80Mfid10EUQ0Vvg0EG>.

Attention to Detail

Which errors does the Internal Revenue Service see most often on returns prepared by tax professionals? In the overwhelming majority of cases on Form 1040, the problem is that the dependent's last name did not match Social Security Administration or IRS records (in which case the exemption was not allowed). This occurred in 141,290 cases, well ahead of the second-place finisher, an incorrectly calculated or entered earned-income credit figure, which came in at 39,778.

The IRS site contains lists of the top 20 errors for paid preparers on 1040s, 1040As and 1040 EZs (all from paper versions). Practitioners can use this information to alert staff to possible problem areas and how to avoid such errors. It can be found at <http://email.aicpa.org/cgi-bin15/DM/y/hYE80Mfid10EUQ0Vvh0EH>.