

# ***Tax Preparation with Tax Software***



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# ***Intro***

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In this talk, I will review tax software options and my impressions of the top 3 offerings. I judged them on their ability to serve my needs ( require federal and state filing capability for a moderately straightforward filing - I itemize and have some Schedule D items).

- **Software pros and cons**
- **My decision process**
- **Program reviews**
- **Software Features**
- **Final Thoughts**

## **Additional Info on the VCC site:**

**Taxprepwithftware  
(2008)**

**Richard Woods, Paul Miller, John Campbell**

**Tax Presentation  
(2007)**

**Richard Woods, Paul Miller, Greg Gregoire, John Campbell**

# *Filing Strategies – Tax Software/Pros*

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- Avoids arithmetical errors
- Interview process – **simplifies tax code**
- Convenient import of info – **speeds up process**
  - support for Quicken, direct import from brokers.....
- Can do what if scenarios
- E-file available (federal/state)
- Convenient storage in PDF format (**backup!!**)
- **Free online versions – for use and evaluation**

**Software buys convenience**

# ***Tax Software - Cons***

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- Expense AND **year to year changes**
- **Accuracy in data entry important!**
- All-in-one solution - lengthy interview process
- Program errors in updating changes to forms
  - **need careful monitoring of calculations during data entry**
- Requires update via internet (usually) for complete accuracy
- Pricing strategy

# Software choice/Decision

The following chart lists 10 tax software packages together with a ranking. For the rest of this summary I will deal with comparisons of the first 3.

2009 Online Tax Software Product Comparisons										
TopTenREVIEWS   Software   Online Tax Software										
Rank	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10
	<a href="#">TurboTax</a>	<a href="#">TaxACT</a>	<a href="#">H&amp;R Block TaxCut</a>	<a href="#">CompleteTax</a>	<a href="#">TaxSlayer Premium</a>	<a href="#">TaxEngine</a>	<a href="#">TaxBrain 1040 Deluxe</a>	<a href="#">OLT Online Taxes</a>	<a href="#">Express Tax Refund</a>	<a href="#">TaxExact</a>
<b>Reviewer Comments</b>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>	<a href="#">READ REVIEW</a>
<b>Lowest Price</b>	<a href="#">BUY</a> \$49.95	<a href="#">BUY</a> \$16.95	<a href="#">BUY</a> \$59.95	<a href="#">BUY</a> \$29.95	<a href="#">BUY</a> \$19.95	<a href="#">BUY</a> \$19.95	<a href="#">BUY</a> \$39.95	<a href="#">BUY</a> \$7.95	<a href="#">BUY</a> \$29.95	<a href="#">BUY</a> \$34.95
<b>Overall Rating</b>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<b>Ratings</b>										
<a href="#">Intuitive Navigation</a>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<a href="#">Novice-Friendly</a>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<a href="#">Ease of Sign-up</a>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<a href="#">Feature Set</a>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<a href="#">Help/Documentation/Search</a>	★★★★	★★★★	★★★★	★★★□	★★★□	★★★□	★★★□	★★□□	★★□□	★★□□
<a href="#">View Specifications</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>	<a href="#">Go!</a>
<a href="#">View Screenshots</a>										

- Prices not accurate!!!!.....check for specials/Amazon

# *PC World Reviews(02/05/09)*

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## Turbo Tax Premier (\$85 version reviewed)

**Bottom Line:** First-rate advice and explanations keep TurboTax on top, but if your return is straightforward, you'll find better deals elsewhere.  
*(extensive data import – W-2, Schedule D, 1099s)*

## TaxCut (\$70 version reviewed)

**Bottom Line:** Excellent site with human backup from H&R Block pros, but state features not great and data import options are limited.

## TaxAct (\$17 version reviewed)

**Bottom Line:** A super deal for people who don't need the depth of help and Advice in TurboTax, or the human backing of TaxCut.  
*(can simplify interview process, data import limited)*



**All programs have free federal versions – great way to evaluate**

The following links provide in depth reviews of the software.

[http://www.pcworld.com/article/158843/article.html?tk=nl\\_wbxrvw](http://www.pcworld.com/article/158843/article.html?tk=nl_wbxrvw)

[http://www.download.com/8301-2007\\_4-10158816-12.html?tag=nl.e415](http://www.download.com/8301-2007_4-10158816-12.html?tag=nl.e415)

# Software choice/Decision

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I have long been a user of Turbo Tax and based on the reviews of the 2007 tax year version I initially planned on buying the 2008 version again. However, Turbo tax has made several marketing changes listed below which I didn't like. Consequently, I decided to try a different program this year and the rest of the talk describes my experience (very good overall)

- **2008 reviews ranked Turbo tax (4\*), TaxCut (3.5\*), TaxAct (2.5\*)**
- **Initial bias towards Turbo Tax (20yrs.....federal&state)**
  - **free online & e-file federal).....but.....**
  - **price increased about \$15 (30%)**
  - **state charges hidden (e-file \$18)**
  - **charge for printing forms (\$10/copy!!!!)....rescinded**
  - **no live support (e-mail or \$20/20 minutes)**
  - **push to more expensive versions**
- **TaxCut**
  - **free federal (import charge - \$15)**
  - **clearer pricing (state e-file \$20)**
  - **no printing charge**
  - **cheaper overall**
  - **import Turbo tax data**

# *Software choice/Decision*

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- **TaxAct (2009 – ranked equal or better)**
  - **is much cheaper – better impression of charges**
  - **less than ½ the price and state e-file ½ the price also**
  - **previously lacking for complex forms – better for 2009**
  - **does not import Turbo Tax or TaxCut data (1 free e-file/federal)**
- **Pricing – TT, TC, TA all have free online federal and e-file**  
**(watch for upgrades \$\$\$, extra charges)**
  - **TT fed & state \$40 – 60 (Amazon/Best Buy)**
  - **TaxCut fed & state \$42 – 45 (Amazon/Best Buy)**
  - **TaxAct Fed & state \$20 - 25 (download/disk)**

**Abandon Turbo Tax and try TaxAct**



# TaxAct Features

TaxAct shows a split screen with the bottom showing the form with data showing up as it is entered. The next page shows the form with the split screen turned off. For those familiar with Turbo tax or taxcut, the interview process for entering data is very similar.

The screenshot displays the TaxAct 2008 Deluxe Edition software interface. The top window, titled "2008 Tax Return File vcc - TaxACT 2008 Deluxe Edition", shows an interview screen for "Name, Social Security Number and Date of Birth". It includes a menu bar (File, Edit, Return, Reports, Tools, Online, Help) and a toolbar (Q&A, Forms, Save, Alerts, E-file, Print, Help). The main area contains input fields for First name, Middle initial, Last name, Social security number, and Date of birth (mm/dd/yyyy). A "Federal Refund: \$0" and "HY Owed: \$6" indicator is visible in the top right. The bottom window shows the "FORM 1040 U.S. Individual Income Tax Return 2008" form, with fields for "Your first name and initial", "Last name", "Your social security number", "Spouse's first name and initial", "Last name", and "Spouse social security number". The Windows taskbar at the bottom shows the Start button, system tray, and open applications including "tax pitch", "shortcuts", "tax presentati...", and "2008 Tax Ret...".

2008 Tax Return File vcc - TaxACT 2008 Deluxe Edition

File Edit Return Reports Tools Online Help

Q&A Forms Save Alerts E-file Print Help

Federal Refund: \$0  
HY Owed: \$6

Topic Search:

Basic Info Life Events Federal Q&A State Q&A Review Filing Next Year

Name, Social Security Number and Date of Birth

Please enter your complete name, social security number and date of birth below.

First name:

Middle initial:

Last name:

Social security number:

Date of birth (mm/dd/yyyy):

As you enter your information the appropriate forms will be completed automatically. After completing the Q&A, you will have the opportunity to review the completed return. When you are finished, click the Continue button to advance to the next question. Any time you need assistance with a Q&A question, the answers are only a click away. Just click on the IRS Form Instructions icon to the right to access help specific for each entry.

TaxTutor Guidance  
IRS Form Instructions

Back Continue

Form Form Instructions TaxTutor Guidance Topic List History

FORM Department of the Treasury - Internal Revenue Service  
**1040 U.S. Individual Income Tax Return 2008**

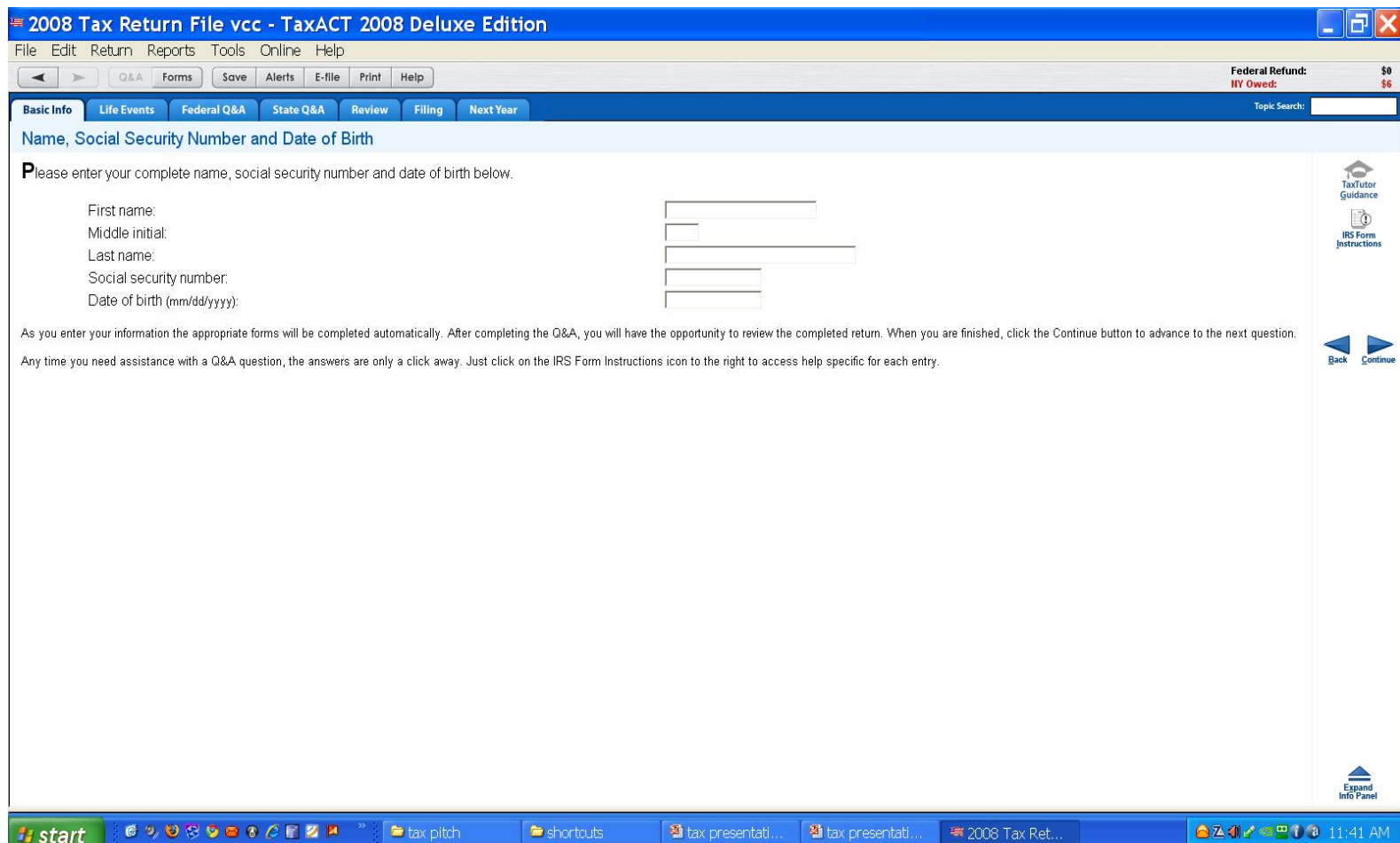
For the year Jan. 1-Dec. 31, 2008, or other tax year beginning , 2008, ending ,20 OMB 1545-0074

Your first name and initial	Last name	Your social security number
Spouse's first name and initial	Last name	Spouse social security number

start tax pitch shortcuts tax presentati... tax presentati... 2008 Tax Ret... 11:39 AM

# TaxAct Features

Same page as before with the split screen turned off.



# TaxAct Features

Split screen page with data being entered.

The screenshot displays the TaxACT 2008 Deluxe Edition software interface. The top window, titled "2008 Tax Return File vcc - TaxACT 2008 Deluxe Edition", shows the "Name, Social Security Number and Date of Birth" section. The user has entered the following information:

First name:	JIM
Middle initial:	A
Last name:	Villager
Social security number:	123-45-6789
Date of birth (mm/dd/yyyy):	01/01/1900

The bottom window, titled "Form", shows the "Disability Status" section. The user has selected "6a X Yourself" and entered the date of birth "01/01/1900". The "Date of Birth" field is highlighted with a red arrow pointing from the top window's date of birth field.

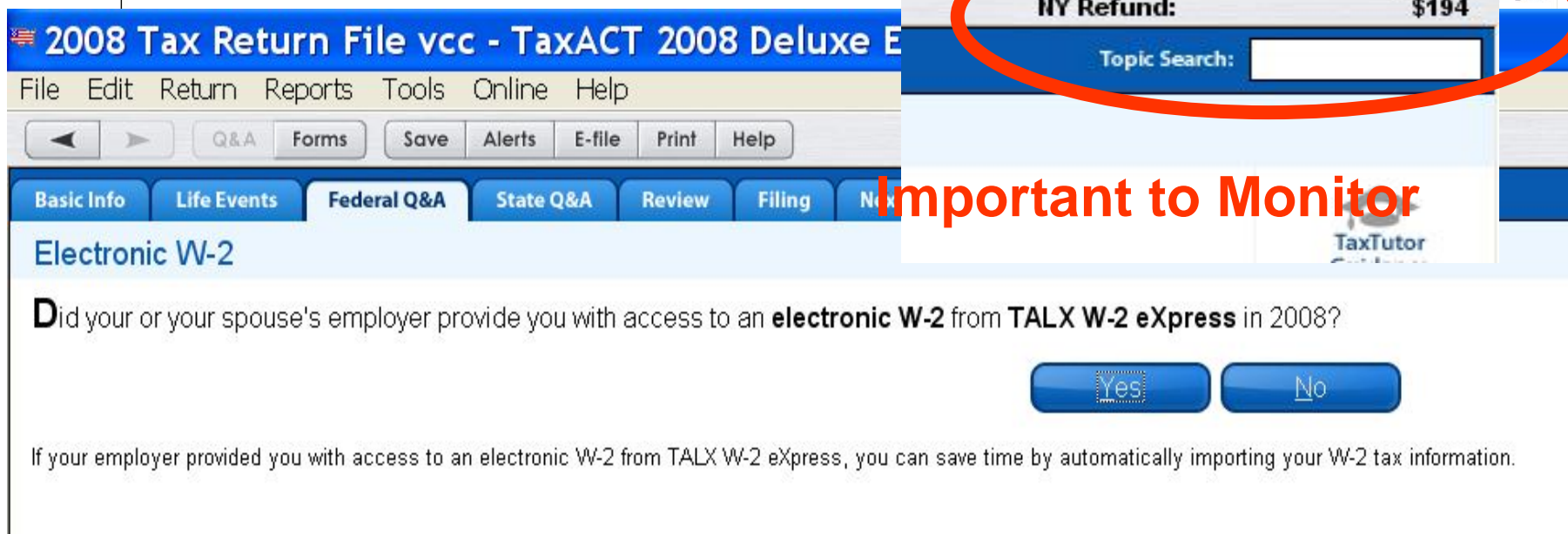
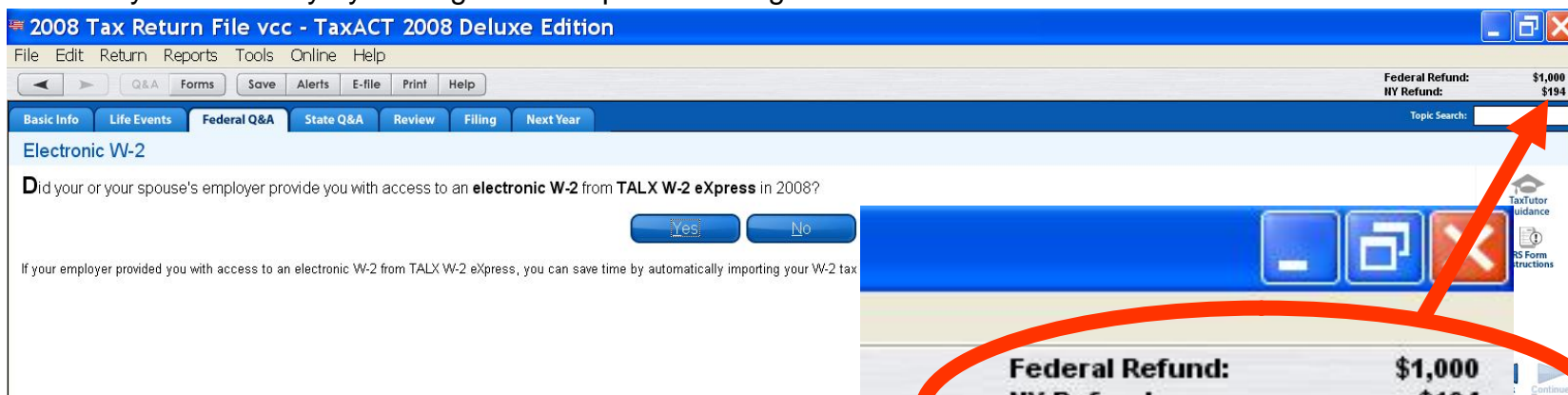
**Disability Status**  
Check to indicate whether the taxpayer or spouse were permanently and totally disabled during any part of 2008.

<input type="checkbox"/> Taxpayer was disabled.	<input type="checkbox"/> Spouse was disabled.
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6a  Yourself      Date of Birth: 01/01/1900      Date of Death

# TaxAct Features

TaxAct does have some limited data import for W-2 data import but none for 1099 or brokerage firm data import – a key advantage for Turbo tax if this is a desired option. Taxact does show ongoing calculations as data is added – an important way to monitor accuracy of data entry by looking for the expected changes in tax owed/refund.



# ***TaxAct Features***

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- Extensive topic list with guidance on filing

## Life Events

**F**or guidance on a specific Life Event, make a selection from the list below, then click the Review Life Event button at the bottom of the screen.

- |  |  |   |
|--|--|---|
| <input type="radio"/> Bankruptcy                             | <input type="radio"/> Foreign nationals (VISAs)        | <input type="radio"/> Moved (changed residence) |
| <input type="radio"/> Birth/Adoption                         | <input type="radio"/> Gambling and prizes              | <input type="radio"/> Multiple state filings    |
| <input type="radio"/> Bought a home                          | <input type="radio"/> Gifts                            | <input type="radio"/> Nonbusiness bad debts     |
| <input type="radio"/> Changed jobs                           | <input type="radio"/> Home equity loans                | <input type="radio"/> Premature IRA/401(k) dist |
| <input type="radio"/> Child care expenses                    | <input type="radio"/> Hosting an exchange student      | <input type="radio"/> Purchased a vehicle       |
| <input type="radio"/> College                                | <input type="radio"/> Hurricanes and other disasters   | <input type="radio"/> Received an IRS notice    |
| <input type="radio"/> Community property states              | <input type="radio"/> Inheritance                      | <input type="radio"/> Receiving tip income      |
| <input type="radio"/> Death                                  | <input type="radio"/> Lawsuits                         | <input type="radio"/> Retired                   |
| <input type="radio"/> Disabled                               | <input type="radio"/> Living together, but not married | <input type="radio"/> Separation                |
| <input type="radio"/> Divorce                                | <input type="radio"/> Major illness                    | <input type="radio"/> Sold a home               |
| <input type="radio"/> First job or Student/First time filing | <input type="radio"/> Marriage                         | <input type="radio"/> Started a new business    |
| <input type="radio"/> Foreclosure/Abandonment                | <input type="radio"/> Military                         |   |

Review Life Event

Skip Life Events

# ***Final Thoughts***

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- Overall impression of TaxAct is very good
- Clean, easy to use
- Little sales pitch to upgrade
- Import function more limited than TurboTax
  - import pay/pension info
  - no import of broker info without fee
  - Turbo Tax has extensive import options (1099)
- First choice for 2009 form

**... finally, relax, it's only your money going to the IRS!!!!!!**