



Technology and Tax Practice

OSCPA Oklahoma Tax Institute
Cox Business Services Center
Oklahoma City, Oklahoma
December 6, 2002



Technology and Tax Practice

Edward K. Zollars, CPA
Henricks, Martin, Thomas & Zollars, Ltd.
Phoenix, Arizona



Homework:
Copy of slides available at

<http://www.cpematerials.com>
later this week

Topics to Be Covered

- Technology and the Tax Office of Today
 - Hardware
 - Connectivity
 - Using the Internet
- Technology and the Tax Office of the Future
 - Changes in Electronic Filing
 - Handhelds and staying in touch
 - Wireless networking options
 - Paperless systems

Henricks, Martin, Thomas & Zollars, Ltd.

Secrets of Implementing Technology

- “Success is the ability to go from failure to failure without losing your enthusiasm.”
Sir Winston Churchill
- “Even if you’re on the right track, you’ll get run over if you just sit there.”
Will Rogers

Henricks, Martin, Thomas & Zollars, Ltd.

Today’s Firm: Hardware

- Desktop Computers
 - Recent vintage machines
 - Old equipment costs you money
- Monitors – no need for eyestrain
- Network Hardware
- Labor is expensive, so don’t scrimp on hardware

Henricks, Martin, Thomas & Zollars, Ltd.

Today's Firm: Connectivity

- More speed is better
- Highly local situation – consider options available to you
 - Cable
 - DSL
 - Satellite
- Be careful not to convert broadband into narrowband

7

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Today's Firm: Connectivity

- Security Issues—You Will Be Scanned
 - Need for firewalls
 - Hardware
 - Software (Zone Alarm)
 - Consider issue of home use of machines
 - Site to check security <http://www.grc.com>
- Dangers of the Standard Software

8

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Today's Firm: Internet Presence

- Domain name
 - Easy and inexpensive to obtain
 - Email only can be very low cost
 - Firm domain becoming expected
- Web Site
 - Yellow Pages ad
 - Costs have dropped dramatically

9

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Today's Firm: Internet

- “In many of the more relaxed civilizations on the Outer Eastern Rim of the Galaxy, the *Hitchiker's Guide* has already supplanted the great *Enclopedia Galactica* as the standard repository of knowledge and wisdom, for though it has many omissions and contains much that is apochryphal, or at least wildly inaccurate, it scores over the older more pedestrian work in two important respects...

10

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Today's Firm: Internet

- First, it is slightly cheaper;
- and second, it has the words DON'T PANIC inscribed in large friendly letters on its cover.”

Douglas Adams
The Hitchhiker's Guide to the Galaxy

11

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Internet vs. Paper & CD Services

- Many omissions in the material
- Some material is simply wrong
- Much cheaper (in fact, much is zero cost delivered faster)
- Have to come up with your own “DON'T PANIC” sticker for your computer

12

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Internet Research

- Manual at following web site:
 - <http://www.cpematerials.com>
 - Arizona Society presentation
- Search logic—learn Boolean operators
- Reviews of additional sites

13

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

General Search Sites

- Yahoo!
 - <http://www.yahoo.com>
 - Most popular search site
- Google
 - <http://www.google.com>
 - Useful for “tight” search results

14

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- Taxsites
 - <http://www.taxsites.com>
 - Comprehensive index to tax and accounting information on Internet
 - Useful index of state revenue department web sites
 - Most important site we will discuss

15

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- IRS Web Site
 - <http://www.irs.gov>
 - Lesser known areas have
 - Recent Revenue Rulings
 - Recent Revenue Procedures
 - Private Letter Rulings

16

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- <http://www.irs.gov/pub/irs-drop>
 - Revenue Rulings (rr-YY-NN.pdf)
 - Revenue Procedure (rp-YY-NN.pdf)
 - Similar for announcements and notices
- <http://www.irs.gov/pub/irs-wd>
 - Private letter rulings
 - Drop first two digits, add “.pdf”
 - PLR 200234002 = 0234002.pdf

17

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- CCH Free Code & Regulations
 - <http://tax.cchgroup.com/freecoderegs>
 - Updated monthly
 - Searchable by citation or keyword

18

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- Oklahoma Tax Commission
 - <http://www.oktax.state.ok.us/>
 - Includes Rules of the Oklahoma Tax Commission
 - Publications

19

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- United States Tax Court
 - <http://www.ustaxcourt.gov>
 - Final piece of tax information puzzle on the Internet
 - Decisions posted each day at 2:30 p.m. Central Time
 - Archived decisions back to January 1, 1999

20

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites

- FindLaw
 - <http://www.findlaw.com>
 - Yahoo of legal related sites
 - Court opinions for
 - US Supreme Court (to day one)
 - 10th Circuit Court of Appeals (1995-)
 - Oklahoma Supreme Court & Court of Appeals

21

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites (Subscription)

- Application Service Providers
- RIA Checkpoint
 - <http://checkpoint.riag.com>
- CCH Internet Research Network
 - <http://www.cch.com>
- Bureau of National Affairs
 - <http://www.bna.com>

22

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites (Subscription)

- CCH US Master Tax Guide Plus
 - <http://tax.cch.com>
 - Interesting alternative to Kleinrocks and Tax Analysts CDs from price perspective
 - Case law coverage is excellent, missing only the old Board of Tax Appeals cases

23

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Related Sites (Pay per View)

- WestDoc
 - <http://www.westdoc.com>
 - Access to any case in the West library
- Lexis by Credit Card
 - <http://www.lexis.com>
 - Includes pay per use access to *Shepard's Citor*

24

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Tax Practice of the Future

- Changes in Electronic Filing
- Handhelds
- Paperless Office
- Wireless Networking

25

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Electronic Filing

- Still not quite there for most CPAs
 - All forms/all schedules
 - Plain paper attachments
 - Real electronic filing (no paper/signature)
- Need to prepare for it in any event
 - IRS is moving on the issues above
 - By the time your clients ask for it, it may be too late to learn
 - Suggest you ready yourself today

26

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Electronic Filing

- Proposed filing deadline extension
 - Bush administration has proposed granting e-filed returns a due date of April 30 and appears likely to attach to a bill next year
 - Lots of unresolved problems
 - IRS is planning for this eventuality
- Need to get ready now and apply for status

27

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Wireless Networking

- Growth of 802.11b Equipment (Wi-Fi)
- Advantages
 - Free users from wires
 - Simplifies the use of laptops
 - Cost has dropped significantly
- Disadvantages
 - Security (especially defaults for equipment)
 - Interference with other signals (cordless phones) and limits on signal
 - Top speed 11 Mbps unless use more expensive 802.11a equipment—and actual throughput much less than that

28

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Wireless Networking

- Equipment
 - Wireless access point for wired network (about \$110)
 - Wireless cards for machines
 - PC Card for laptops
 - USB based options for other machines
 - Combination routers/access points being marketed for home market
 - Note that these home networks may have security impact on your corporate network if employee has remote access

29

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Wireless Networking

- Security issues
 - Watch out for defaults that give away your equipment and likely methods to access
 - Encryption on transmission
 - Limit MAC addresses that can access network
 - Consider not having SSID broadcast
 - Some equipment defaults to zero security
 - Broadcasts manufacturer name as default SSID
 - Sets up for no encryption
 - Allows any MAC address to enter the network

30

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Wireless Networking

- Future Developments and Other Options
 - 802.11a
 - Higher speed throughput
 - Uses different radio frequency (5 Ghz rather than 2.4 Ghz)
 - Less range than 802.11b (may be an advantage)
 - More expensive than 802.11b
 - 802.1x security
 - Standard has been issued
 - However, much equipment does not support
 - 802.11g – Faster 802.11b, but will it go anywhere?

31

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Handhelds & Wireless

- Handheld computers are here
 - Price is dropping (now less than \$100)
 - Capabilities growing (Multiple megabytes is standard)
 - Seeing some convergence with phones
- Palm OS the largest group, followed by PocketPC
- Also seeing wireless connectivity added

32

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Handhelds & Wireless

- Wireless
 - Email
 - Web access

33

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Paperless Office

- Good scanner is crucial
- Legal issues
 - General legal issues
 - IRS requirements (Revenue Procedures)
- Office procedures
 - Scan at desktop/central location
 - What to do about old files

34

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.

Conclusions

- Technology is a tool—nothing more, nothing less
- Your time and that of your staff is the most expensive item—don't scrimp on technology and waste the more expensive asset
- And, finally...

35

12/6/02

Henricks, Martin, Thomas &
Zollars, Ltd.



Don't Panic!

Any Questions?