



Tax & Accounting

Scaling Success: Integrated Tax Workflows for Smaller Firms

by Marc Staut and Hillarie Diaz, CPA

In many smaller firms, preparing tax returns still involves significant amounts of manual work, from chasing down documents and hand-keying in numbers to moving between disparate systems that don't communicate with one another.

The good news?
It doesn't need to be that way.

Today, firms of all sizes can take advantage of tools and technologies that streamline every part of the tax workflow, from client onboarding to post-filing support and consultation. By connecting systems and automating routine steps, firms can save time, reduce errors, and free up much-needed capacity to focus on what really matters: delivering superior service to clients.

This white paper shows the transformative potential of a fully integrated digital tax workflow, what tools can help your firm at each stage, and the benefits firms like yours can see by streamlining their tax processes and unlocking new opportunities for client service and revenue growth.



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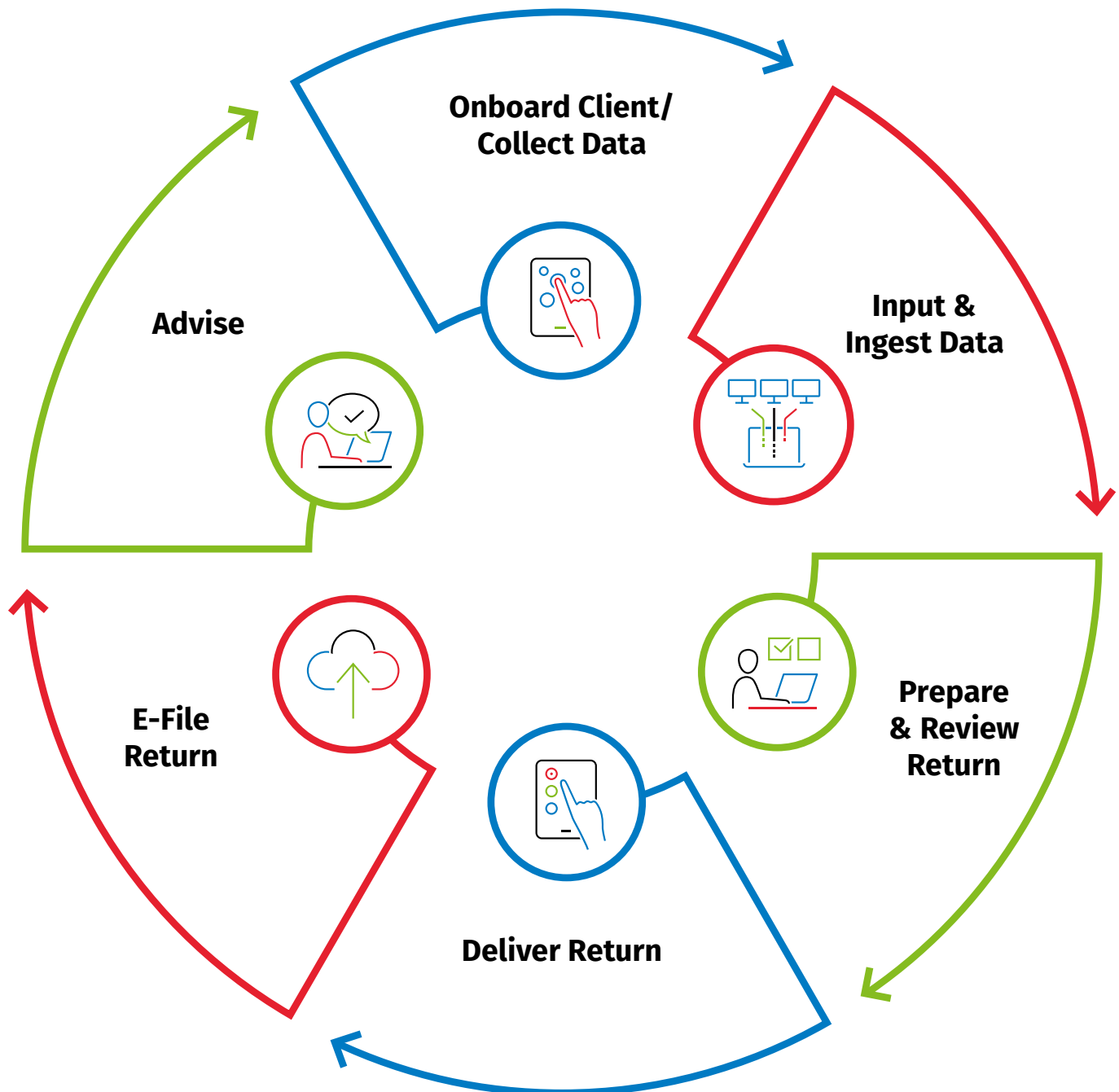


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What is an Integrated Digital Tax Workflow?

Put simply, an integrated digital tax workflow is a series of connected processes where information flows automatically. By leveraging technology to manage every aspect of the workflow, manual steps are minimized.

Innovative firms are taking the integration of digital tax workflows one step further, using AI-driven automation to intelligently streamline traditional tax preparation, minimize manual input, and maximize efficiency and accuracy.



Benefits of an Integrated Digital Tax Workflow



Improved efficiency and time savings with automation of repetitive tasks, faster review and processing, and centralized data storage. Unlike manual workflows, digital workflows can be quickly adapted to changing client or firm circumstances.



Enhanced client experience with seamless communication, faster response times, and more personalized service.



Enhance data security and risk mitigation with secure document storage, access control and permissions, and disaster recovery.



Elevated professional roles with automated routine tasks that allow tax professionals to focus on higher-level analysis and advisory work, accelerating professional development.



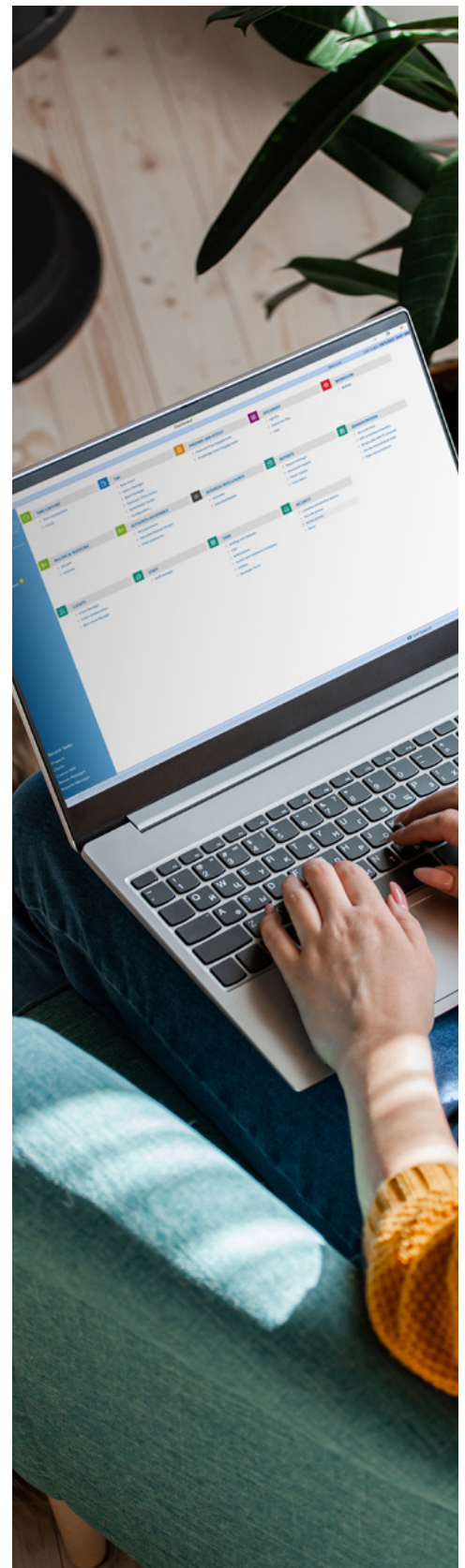
Improved accuracy and compliance by implementing digital workflows that reduce the potential for human error, provide real-time (or near real-time) updates on tax laws, and create a clear audit trail.



Scale and grow more easily, support additional clients and services with the same staff, onboard new clients, handle complex tax returns, and integrate their workflows with other business tools.



Improved work-life balance by improving workflow efficiency to reduce the long hours typically associated with tax season, a key component of talent retention.



Let's look at each step in the typical tax workflow and how it can be digitized and integrated. →

Breaking Down the Digital Tax Workflow

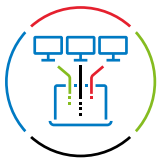


1. Initial client engagement

This stage in the digital tax workflow offers significant opportunities for automation and efficiency gains. Whether signing the initial client engagement, reviewing source documents to ensure everything was received, or ensuring clients receive timely and relevant communication, process automation and an integrated digital tax workflow can reduce the number of times staff need to touch a return.

Client-facing mobile apps let clients answer questions and quickly scan requested documents from their smartphones whenever and wherever convenient.

Digital forms and secure online portals let firms automate client onboarding and initial data collection. Portals provide a single point of contact for document uploads and storage, eliminating the need to send information through the mail or email.



2. Data processing and management

With the digital tax workflow, most data is integrated or imported rather than manually entered. Focusing on integration and importing data helps reduce errors associated with manual data entry, speed up the preparation process, and ensure data is current and accurate.

Automated data extraction and validation tools

leverage Optical Character Recognition (OCR), machine learning (ML) tools, or API-based utilities to eliminate manual data entry, automatically extract (and even validate) data from client documents, and import it into tax preparation workflows.

K-1 automation streamlines workflows and simplifies importing K-1 data into a 1040 return from an existing 1065 return, helping firms that regularly handle complex returns with multiple K-1s.

Connections between trial balance information and the firm's tax preparation software allow staff to seamlessly pull financial information directly into tax preparation workflows through API-based or native integrations with the client's general ledger accounting solution.



3. Preparing the return

During the compliance and calculations stage, an integrated digital tax workflow can help reduce the time spent preparing a return, the risk of errors, and the need for amendments after filing.

Tax preparation solutions that leverage advanced tech, such as anomaly detection, pattern recognition, and predictive analytics, perform tasks such as automatically checking entries against current tax laws and regulations to ensure compliance and calculating tax liabilities based on the latest tax rules and rates.

Tax research, integrated into the tax compliance solution, can help reduce time spent switching between solutions. Embedded, context-based research tools – including summarized research, Q&A tools, and suggestions – tailored to the client's situation can help tax professionals answer questions, potentially before they know the question.





4. Review and finalization

Often one of the more labor intensive parts of the tax workflow, a review and finalization process that leverages the latest technology streamlines reviews and provides clients with secure and easy access to finalize returns and pay the invoice.

Digital checklists and preparer notes that roll forward to retain important information help reviewers communicate with preparers clearly and collaborate efficiently while preserving insights from prior years.

Digital payment solutions are often integrated into digital tax workflow through API integrations, allowing clients to pay invoices digitally before the firm files them electronically.

Return dashboards in the tax preparation solution can help reviewers quickly determine how this year's return differs from last year's (if applicable), evaluate return complexity, and leverage validation tools highlighting discrepancies or unusual entries.

Secure client portals, eSignature, and collaboration solutions allow clients to review, approve for filing, and sign Form 8879 electronically. These solutions protect sensitive client data and PII while allowing continued visibility and accountability into the return status.

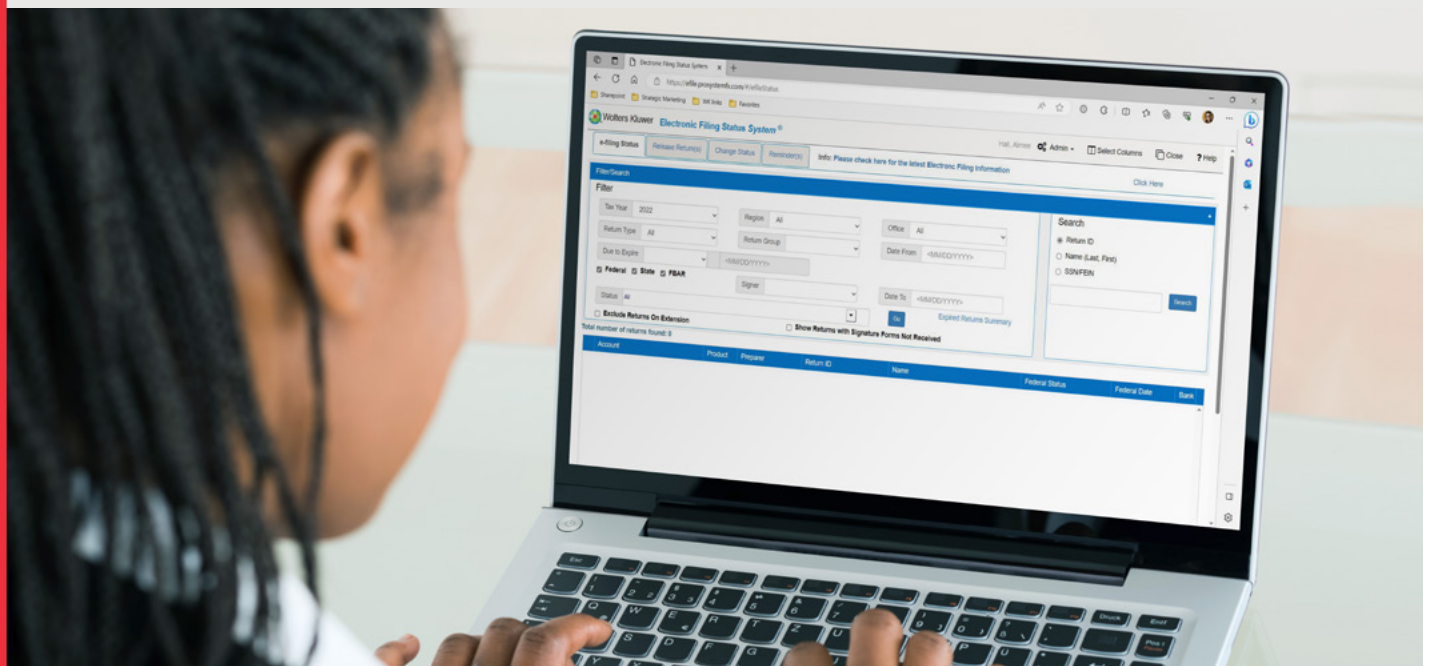


5. Post-filing activities

Common post-filing activities such as tracking return statuses, reminders for estimated payments, and checking on refund status can be highly manual tasks. With an integrated digital tax workflow, reminders can be set automatically, and some tasks can be automated with minimal human interaction needed.

Automated tracking dashboards allow firms to track a return's real-time (or near real-time) status, including signature, filing, and tax authority acceptance for federal and state returns on one screen.

Automated post-filing alerts and reminders to help staff stay on top of any required follow-ups or actions, such as reminders for estimated payments or checking on the status of a refund.



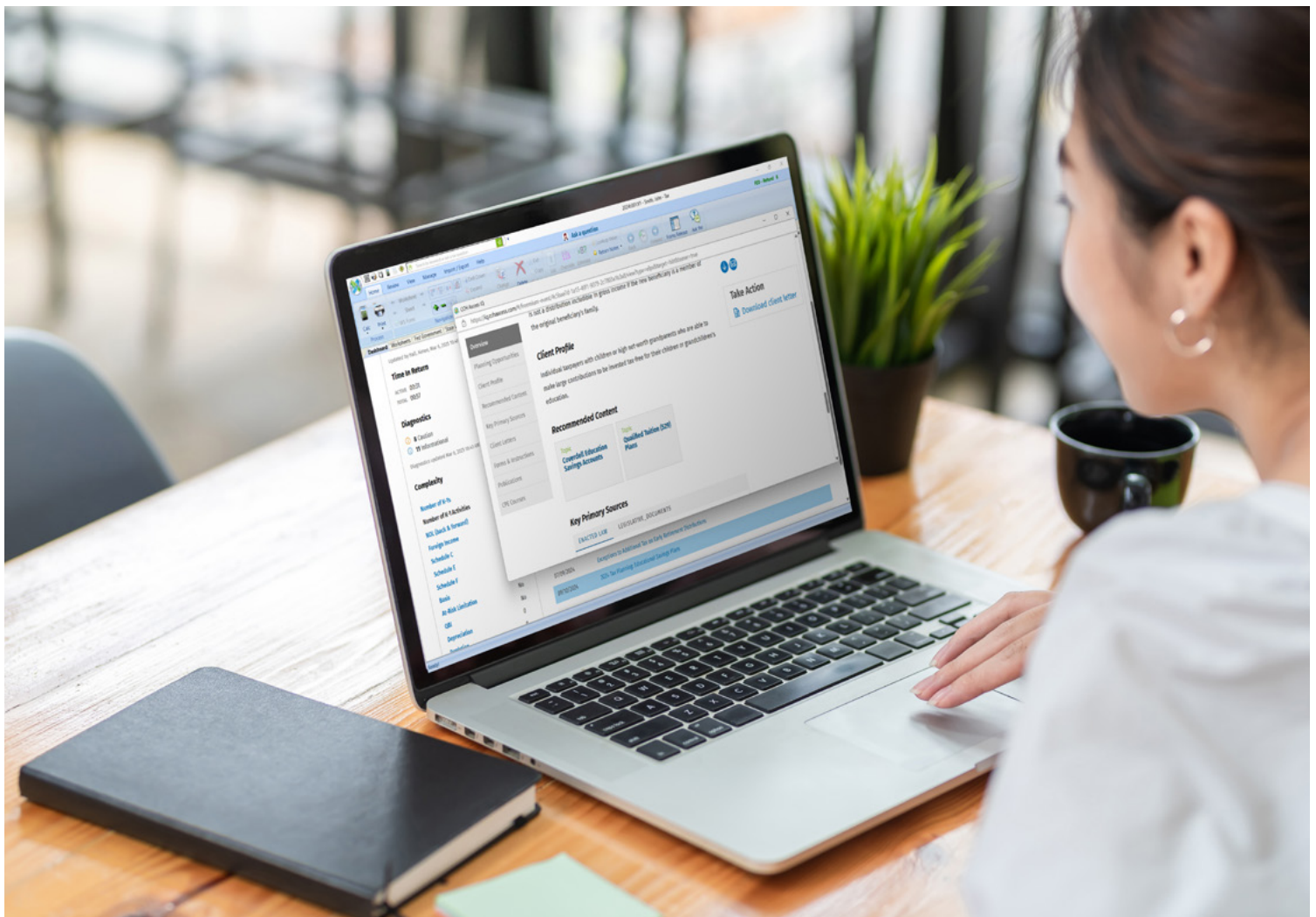


6. Advisory and insights

Advisory services are increasingly part of an integrated digital tax workflow – data collected and processed during the tax workflow are critical components to helping identify potential ongoing advisory services. By integrating tax planning, strategy, and other advisory services as part of the integrated tax workflow, they also become part of a continuous client engagement strategy.

Predictive analytics-based advisory solutions leverage client data collected and processed during the tax workflow to automatically determine which federal and state tax legislative changes will affect specific clients and forecast the impact of those changes without any additional calculations by staff.

Tax research solutions that support natural language queries, summarized research, Q&A tools, and suggestions, can help tax professionals answer client questions quicker and more accurately while providing clients with easy to understand insights.



An end-to-end digital workflow simplifies and speeds up the tax return process and helps the firm deliver a higher level of client service. By automating routine tasks, professionals can spend more time on higher-level advisory services and strategic client interactions to transform their role within the firm.

Creating a Client-Focused Experience

Adopting a digital tax workflow provides several advantages, including enhancing the client experience at every step. Integration and automation speed up the entire tax preparation process, allowing firms to deliver results to clients faster.

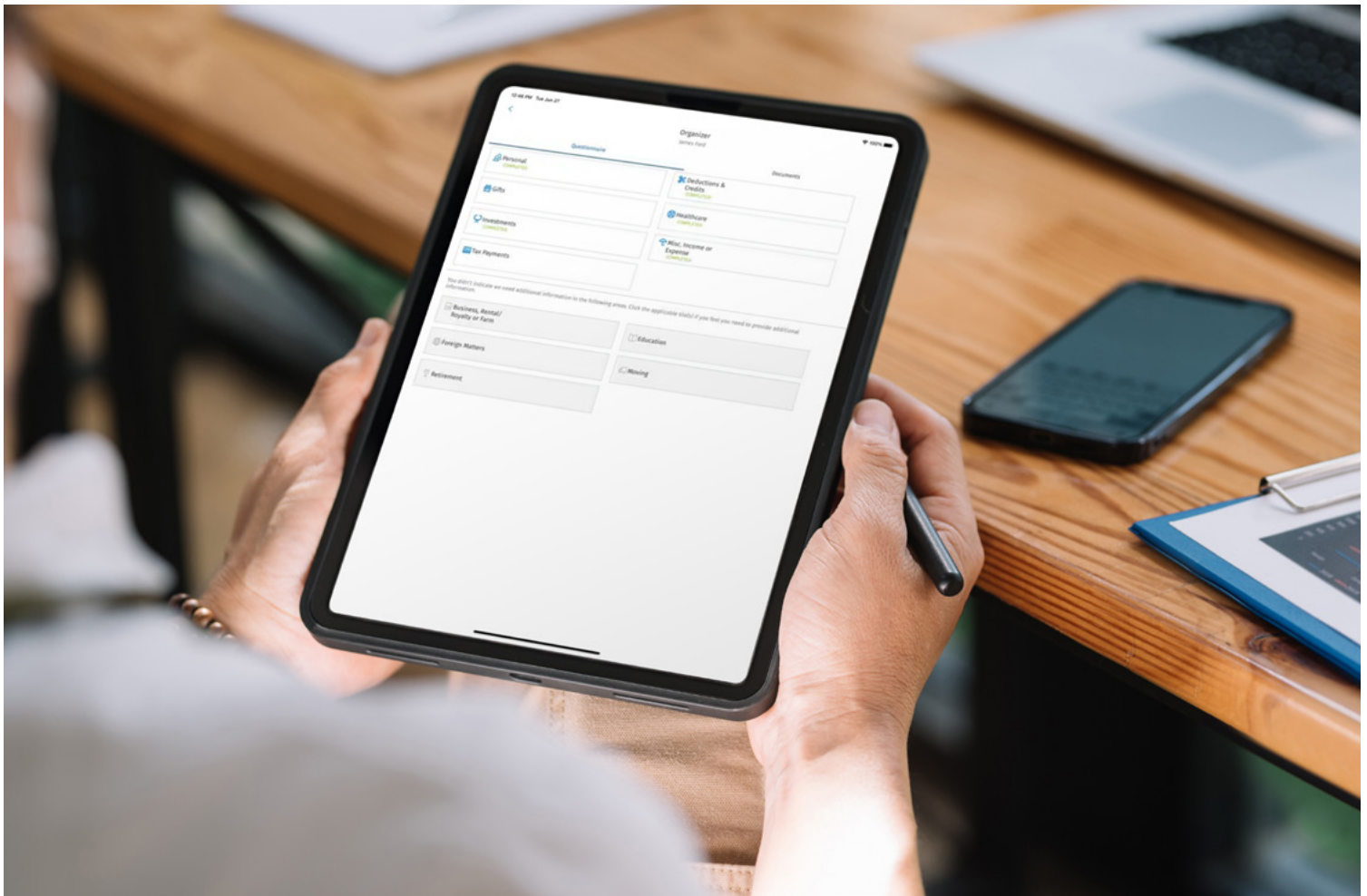
With an integrated, automated, digital tax workflow, firms are able to offer clients:

Transparency and improved communication. Client portals and digital communication tools offer clients real-time access to the status of their tax returns and direct lines of communication with their tax advisors, enhancing transparency and trust.

Data-driven insights. Integrating and analyzing financial data throughout the tax workflow allows firms to provide strategic insights and proactive advice, transforming the client relationship from transactional to advisory.

Year-round engagement. With a streamlined tax process, firms can maintain contact with clients throughout the year for planning and advisory services rather than limiting interactions to tax season.

By integrating a digital tax workflow, your firm can optimize operations and offer a value proposition that is distinctly modern and client-focused. These competitive advantages are crucial in retaining existing clients and attracting new business in an increasingly technology-driven marketplace.



Conclusion

An integrated, end-to-end digital tax workflow enhances accuracy, improves compliance, increases scalability, and delivers superior client service, especially when combined with AI, machine learning, and APIs that help integrate and automate routine and time-intensive tasks.

Meanwhile, tax professionals have the opportunity to engage in higher-level activities much earlier in their careers, leveraging digital workflows, automation, and AI to augment their expertise and help deliver advisory services to clients.

Strategically managing the entire digital tax workflow allows firms to better allocate resources, tailor services to client needs, and optimize their operations throughout the year—not just during tax season.

Your firm's future depends on your ability to evolve, leveraging technology to enhance productivity and the strategic value you offer to clients. As the profession continues to evolve, innovation and embracing integrated technologies is key to securing a leading edge in the market.



How Wolters Kluwer Supports the Digital Tax Workflow

95 of the top 100 firms trust Wolters Kluwer and CCH Axcess™ to help automate and transform the way they do business.



Save time with a streamlined, integrated workflow.

End-to-end integration includes accessing research and advisory opportunities without interrupting your workflow and maximizing your tech investment by integrating related third-party solutions.



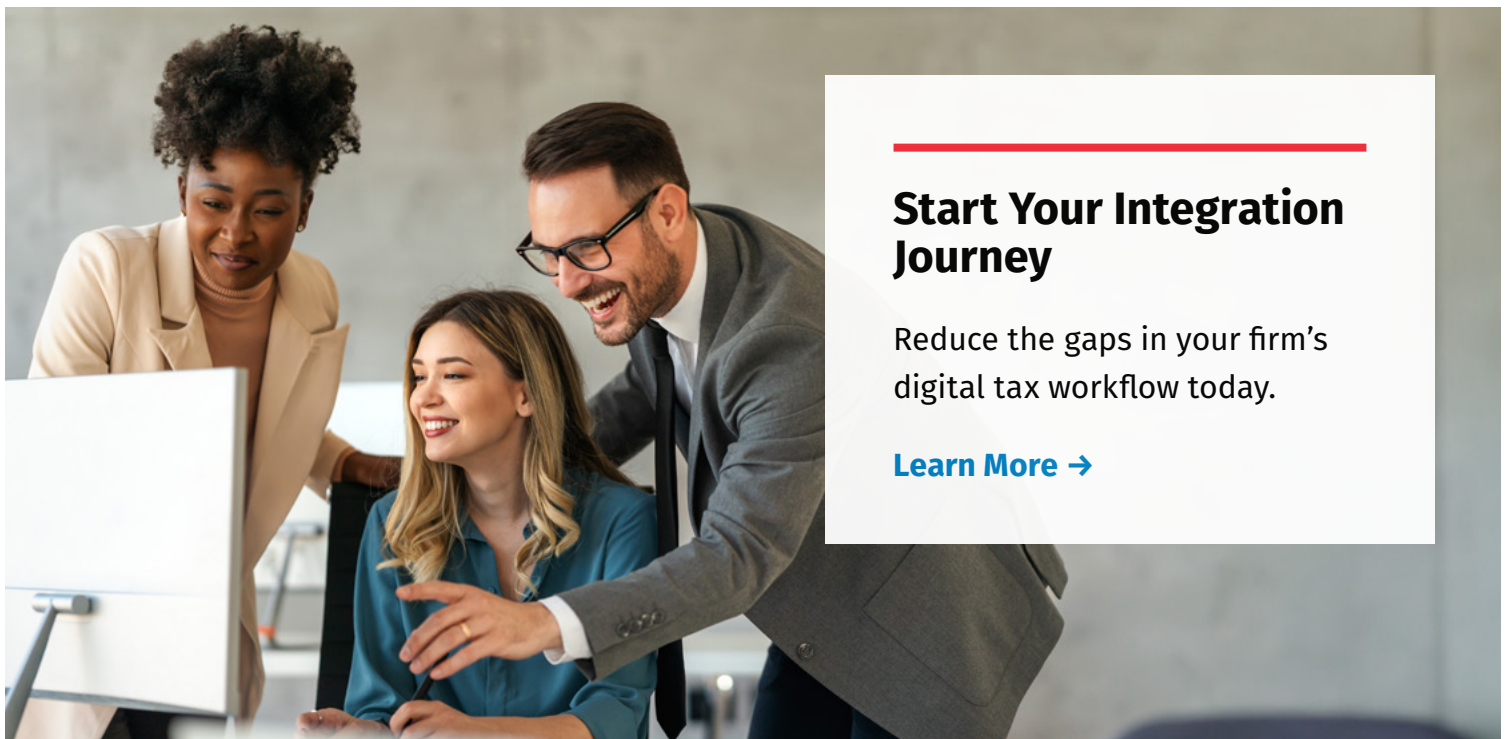
Add value and enhance the client experience.

Powerful client collaboration tools provide your firm with an experience tailored to fit the firm's needs and serve clients more effectively.



Reduce errors and make corrections earlier in the workflow.

Comprehensive and accurate tax workflows allow you to take care of simple returns quickly and easily and handle complex returns with greater accuracy and fewer hassles.



Start Your Integration Journey

Reduce the gaps in your firm's digital tax workflow today.

[Learn More →](#)

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