



TAX TRANSFORMATION
S U M M I T
NOVEMBER 3-5, 2019

How to Utilize Leadsheets to Maximize Review Efficiency?

Alok Birla

National Account Success Manager



Alok Birla

National Account Success Manager

17 years with SurePrep

- **12+ years in Tax Preparation service and Business Analyst**
- **5+ years in training, consulting & software implementation**

Chartered Accountant from India



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Agenda

- Leveraging excel-based workpapers linked to source document
- Benefits of change tracking
- How to maximize reviewer efficiency

Objectives

- At the conclusion of this session, you will have a better idea to identify returns in the office to activate leadsheets.
- You will also be able to overlay the tips and tricks discussed today on your current review process and assess the time savings and efficiencies to be gained.

What are Leadsheets?

- ✓ Excel based reconciliations
- ✓ They augment the tax workpapers with auto populating of standard information there-by reducing the amount of time to prepare them
- ✓ Designed to help reduce the review time and increase accuracy

Value of Leadsheets?

- Automated summary of multiple amounts that make up a line on 1040/Sch A or 1041
- Reduces reviewer time by tracking changes so the reviewer can focus on what has and has not been done
- Reduces time and bottlenecks by focusing on changes rather than re-reviewing the entire return

Key benefits

- Standard document data automatically creates the initial leadsheets



a Employee's social security number 111-11-1111	1 Wages, tips, other compensation 81444.72 1	2 Federal income tax with 16762.61 2
	3 Social security wages 83164.44 3 ✓	4 Social security tax with 5156.20 4 ✓
	5 Medicare wages and tips 83164.44 5 ✓	6 Medicare tax withheld 1205.88 6 ✓
	7 Social security tips	8 Allocated tips
c Employer's name, address, and ZIP code US BANK NATIONAL ASSOC. 4000 W BROADWAY NEWYORK, NY 10281		

Leads/Notes

A	B	C	D	E	F	G	H
---	---	---	---	---	---	---	---

Reviewed

WAGES

Employer Name	US NATIONAL BANK	TAXPAYER TOTAL	WHYNOT STOP INC	SPOUSE TOTAL	TOTAL
	Amount		Amount		
Ownership code = T/S	T		S		
(1) Wages, Tips, Other Compensation	\$ 81,445	\$ 81,445	\$ 61,208	\$ 61,208	\$ 142,653
(2) Federal Income Tax Withheld	\$ 16,763	\$ 16,763	\$ 6,776	\$ 6,776	\$ 23,539
(3) Social Security Wages	\$ 83,164	\$ 83,164	\$ 65,203	\$ 65,203	\$ 148,367
(4) Social Security Tax Withheld	\$ 5,156	\$ 5,156	\$ 4,043	\$ 4,043	\$ 9,199
(5) Medicare Wages	\$ 83,164	\$ 83,164	\$ 65,203	\$ 65,203	\$ 148,367
(6) Medicare Tax Withheld	\$ 1,206	\$ 1,206	\$ 945	\$ 945	\$ 2,151
(13) Retirement Plan	X		X		
		\$ -		\$ -	



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Key benefits

- All OCR captured and verified data from standard documents automatically creates the leadsheets (linked to the document). Huge time savings for preparer!
- Non-standard document data is manually updated into leadsheets



Sales:

33,155.36 ^{GR}

Expenses:

Advertising 1,108.34 ^{AD}
Legal Fees 565.00 ^{LP}
Office Expenses 1,980.50 ^{OE}
Supplies 3,205.68 ^{SU}
Utilities 750.85 ^{UT}
Telephone 1,240.29 ^{TP}

35 of 60 Pages 144

Forms/Leads/Notes

General Information E-File Income Gains and Losses Adjustments to Income Itemized Deductions Taxes Credits Payments & Extensions Estimates & Penalties Comp

Business Income

JILL'S CRAFT SHOP (S)

Inactive | Mark Amounts as Estimate

Advertising.....	1,108	-	Office expenses.....	1,981	-
Additional car and truck expense (including Parking and Tolls).....		+	Pension and profit-sharing plans.....		+
Commissions and fees.....		+	Machinery and equipment rent.....		+
Contract labor.....		+	Other business property rent.....		+
Employee benefit programs.....		+	Repairs and maintenance.....		+
Insurance.....		+	Supplies.....	3,206	-
Mortgage interest-institutions.....		+	Taxes and licenses.....		+
Other interest.....		+	Travel.....		+
Legal and professional services.....	565	-	Meals and entertainment.....		+
			Subject to Department of Transportation hours of service limits		
			Utilities.....	751	-

+ Add - Delete

Sections

Sch C Inc/Exp



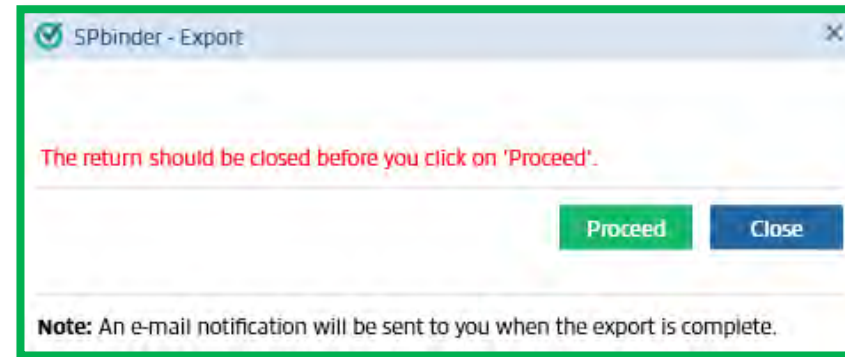
TAX TRANSFORMATION

SUMMIT

NOVEMBER 3-5, 2019

Key benefits

- All OCR captured and verified data from standard documents automatically creates the leadsheets (linked to the document). Huge time savings for preparer!
- Option to enter non-standard document data in the leadsheets or directly in the tax return. This too is linked with the document!
- One-click export to tax software



Key benefits

- All OCR captured and verified data from standard documents automatically creates the leadsheets (linked to the document). Huge time savings for preparer!
- Option to enter non-standard document data in the leadsheets or directly in the tax return. This too is linked with the document!
- With one click, all binder data is exported to tax software. Tax return numbers are brought back into leadsheets either manually or with one click.
- Amounts are identified with different color coding



Manually keyed amounts (black)

Amounts captured using OCR (green)

SCHEDULE -C: PROFIT OR LOSS FROM BUSINESS		
Description	JILL'S CRAFT SHOP	TOTAL
Ownership code = T/S/J	S	
(1) Gross receipts or sales	\$ 33,155	
(3) Subtract line 2 from line 1	\$ 33,155	\$ 33,155
(5) Gross profit	\$ 33,155	\$ 33,155
(7) Gross income	\$ 33,155	\$ 33,155
Part II - Expenses:-		
(8) Advertising	\$ 1,108	\$ 1,108
(12) Depletion (T/R)		\$ -
(13) Depreciation and Section 179 (T/R)		\$ -
Less: Disallowed Interest from Form 8990		\$ -
(17) Legal/professional service	\$ 565	\$ 565
(18) Office expense	\$ 1,981	\$ 1,981
(22) Supplies	\$ 3,206	\$ 3,206
(25) Utilities	\$ 751	\$ 751
Other Expenses	\$ 1,240	\$ 1,240

WAGES		
Employer Name	US NATIONAL BANK	TAXPAYER TOTAL
	Amount	
Ownership code = T/S	T	
(1) Wages, Tips, Other Compensation	\$ 81,445	\$ 81,445
(2) Federal Income Tax Withheld	\$ 16,763	\$ 16,763
(3) Social Security Wages	\$ 83,164	\$ 83,164
(4) Social Security Tax Withheld	\$ 5,156	\$ 5,156
(5) Medicare Wages	\$ 83,164	\$ 83,164
(6) Medicare Tax Withheld	\$ 1,206	\$ 1,206
(13) Retirement Plan	X	
		\$ -



Key benefits *continued...*

- Signing-off the document and green tick mark



SCHEDULE -C: PROFIT OR LOSS FROM BUSINESS

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(13) Depreciation and Section 179 (T/R)		\$ -
Less: Disallowed Interest from Form 8990		\$ -
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(13) Retirement Plan	X	
		\$ -



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Reviewed

SCHEDULE -C: PROFIT OR LOSS FROM BUSINESS

Description	JILL'S CRAFT SHOP	TOTAL
Ownership code = T/S/J	S	
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(12) Depletion (T/R)		\$ -
(13) Depreciation and Section 179 (T/R)		\$ -
Less: Disallowed Interest from Form 8990		\$ -
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(4) Social Security Tax Withheld	<input checked="" type="checkbox"/> \$ 5,156	\$ 5,156
(5) Medicare Wages	<input checked="" type="checkbox"/> \$ 83,164	\$ 83,164
(6) Medicare Tax Withheld	<input checked="" type="checkbox"/> \$ 1,206	\$ 1,206
(13) Retirement Plan	<input type="checkbox"/> X	\$ -

Reviewed

SCHEDULE -C: PROFIT OR LOSS FROM BUSINESS

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Ownership code = T/S/J	S	
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Part II - Expenses:-		
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(12) Depletion (T/R)	<input type="checkbox"/>	\$ -
(13) Depreciation and Section 179 (T/R)	<input type="checkbox"/>	\$ -
Less: Disallowed Interest from Form 8990	<input type="checkbox"/>	\$ -
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(6) Medicare Tax Withheld	<input checked="" type="checkbox"/> \$ 1,206	\$ 1,206
(13) Retirement Plan	<input type="checkbox"/> X	\$ -



Key benefits *continued...*

- Signing-off the document on any level puts a green tick mark next to each amount on the leadsheet. This tells you that you have reviewed the input in tax software!
- Variances, *if any*, indicate differences in the input versus the complex calculated output from tax software.



Key benefits *continued*...

- Signing-off the document on any level puts a green tick mark next to each amount on the leadsheet. This tells you that you have reviewed the input in tax software!
- Variances, *if any*, indicate differences in the input versus the complex calculated output from tax software.
- Learning opportunity for preparers to explain differences



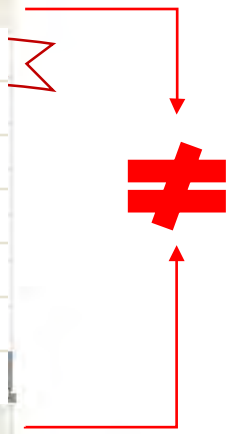
Schedule E Page 2 - Income or Losses from Schedule K-1's

(± - Refer to K-1 Reconciliation for details)

Description	1065, 1120S and PTP	1041
(f) Passive Loss Allowed	\$ -	\$ -
(g) Passive Income	\$ 4,294	\$ -
(h) Nonpassive Loss	\$ (3,371)	\$ -
(i) Section 179 expenses deduction	\$ -	\$ -
(j) Nonpassive Income	\$ -	\$ -
30. Add line (g) & (j)	\$ 4,294	\$ -
31. Add lines (f) (h) & (i)	\$ (3,371)	\$ -
Total income or Loss (I+II)	\$ 923	\$ -

SUB TOTAL \$ 923
 GRAND TOTAL \$ 14,279

Schedule E & Schedule K-1 Summary Variance Analysis	
Per Lead	\$ 14,279
Per Return (Schedule 1, Line 17)	\$ 15,000
Unreconciled Variance	\$ -



Key benefits *continued...*

- Signing-off the document on any level puts a green tick mark next to each amount on the leadsheet. This tells you that you have reviewed the input in tax software!
- Variances, *if any*, indicate differences in the input versus the complex calculated output from tax software.
- Provides an opportunity for preparers to explain the differences, thus concentrating more on how the tax return is generated instead of simply keying numbers.
- Reviewers are made aware if preparers **explained the differences, or not** via colored asterisk.

3b	\$	737,968	*
----	----	---------	---

3a	\$	689,713	*
----	----	---------	---

Classic Leadsheets

Schedule 1
(Form 1040)
Additional Income and Adjustments to Income
Attach to Form 1040

Classic Leadsheet

Per Leadsheet	#	Per Tax Return	Variance
	1-9b		
\$ -	10		\$ -
\$ -	11		\$ -
\$ -	12		\$ -
\$ -	13		\$ -
\$ -	14		\$ -
	15b		
	16b		



Simplified Leadsheets

The screenshot displays a tax software interface for Form 1040, U.S. Individual Income Tax Return, 2018. The main window shows the tax form with various sections like 'TAXPAYER', 'Standard Ded. for', and 'Single or MFJ'. A 'Per Tax Return' leadsheet is overlaid on the form, listing line numbers 1, 2a, 2b, 3a, and 3b. The leadsheet is a table with two columns: '# Per Tax Return' and a blank column for data entry.

#	Per Tax Return
1	
2a	
2b	
3a	
3b	



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Availability of Leadsheets

Applicable areas	Simplified Leadsheets	Classic Leadsheets
Binder Type	Only 1040	1040 & 1041
Tax Software	Only GoSystem Tax RS and CCH Axxess Tax	GoSystem Tax RS, CCH Axxess Tax, ProSystem fx Tax, Lacerte and UltraTax CS
Reconciliation structure <i>(Columns in 1040 Pg 1, Pg 2, & Sch A)</i>	Per Tax Returns column only	Per Leadsheet, Per Tax Return, and Variance columns
Forms Tab	Not available. Don't have to learn it! Prepare in tax software	Available. Have to learn it. Prepare using the Forms tab.

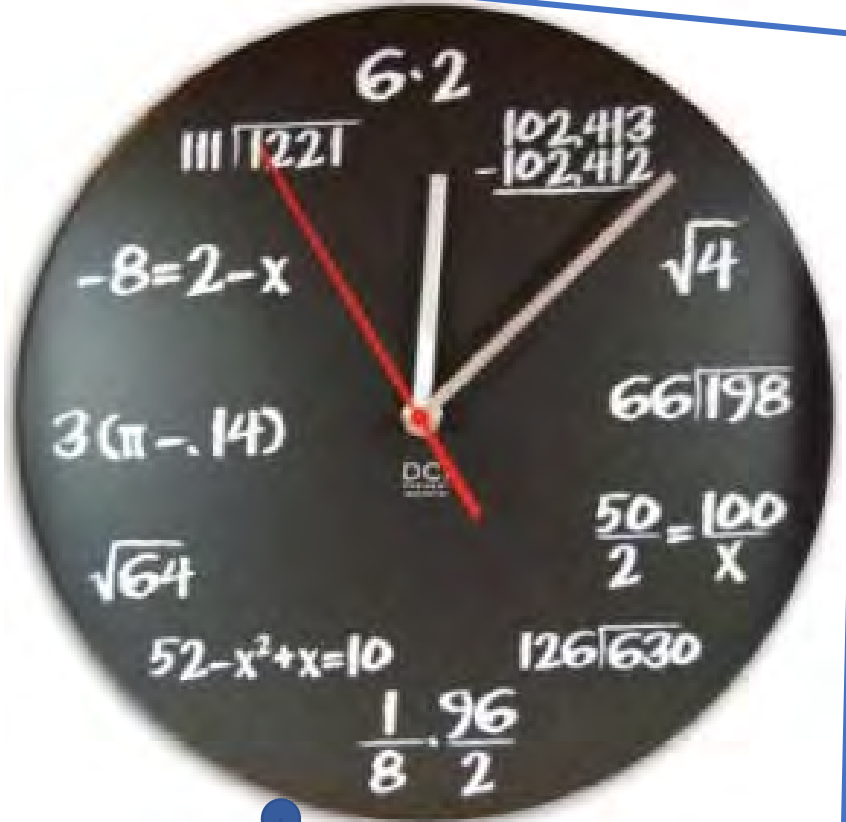




>250 additional pages



Oh no! I need to review everything again 😞

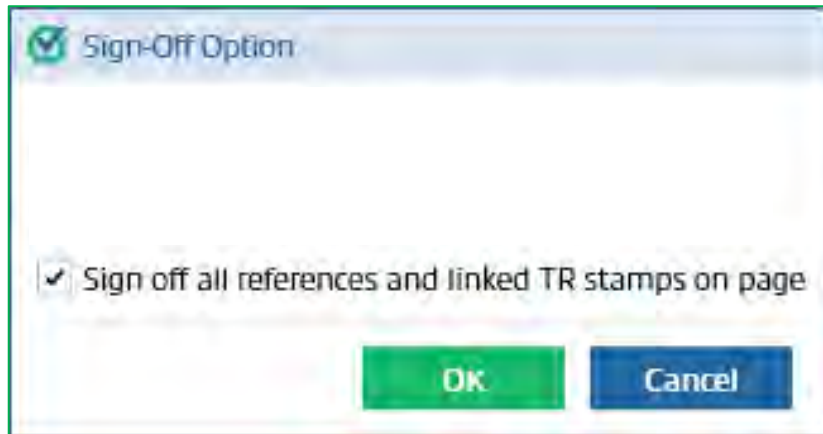


Wish there was a way around to review ONLY new stuff



Change Tracking in Leadsheets

- Signing-off documents *and/or* leadsheets enables the SPbinder to track ***future changes*** for you.

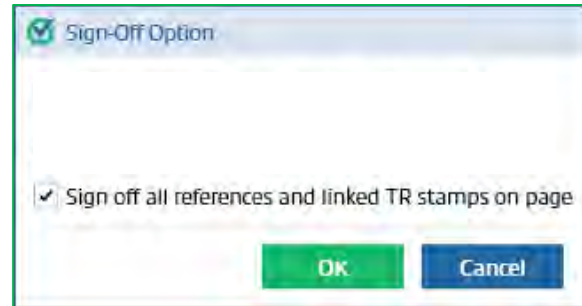


	A
1	<input checked="" type="checkbox"/> Reviewed
2	WAGES



Change Tracking in Leadsheets

- Signing-off documents *and/or* leadsheets allows the SPbinder to track *future changes* for you.



	A
1	<input checked="" type="checkbox"/> Reviewed
2	WAGES

- Changes can be tracked at different levels of review.



Sr No	Leadsheets	Sheet Reviewed	Date & Time
1	FORM 1040 (Pg 1)	✓	Sep 24, 2019 02:06 PM
2	FORM 1040 (Pg 2)	✓	Sep 24, 2019 02:06 PM
3	SCHEDULE 1	✓	Sep 24, 2019 02:06 PM
4	SCHEDULE 2	✓	Sep 24, 2019 02:06 PM
5	SCHEDULE 3	✓	Sep 24, 2019 02:06 PM
6	SCHEDULE 4	✓	Sep 24, 2019 02:06 PM
7	SCHEDULE 5	✓	Sep 24, 2019 02:06 PM
8	SCHEDULE A	✓	Sep 24, 2019 02:06 PM
9	TWO YEAR COMPARISON	✓	Sep 24, 2019 02:06 PM
10	TAX DEDUCTION WORKSHEET	✓	Sep 24, 2019 02:06 PM
11	WAGES	✓	Sep 23, 2019 02:46 PM
12	INTEREST	✓	Sep 24, 2019 02:06 PM
13	TAX EXEMPT INTEREST	✓	Sep 24, 2019 02:06 PM
14	DIVIDEND	✓	Sep 24, 2019 02:06 PM
15	ALLOCATION OF INVESTMENT FEES	✓	Sep 24, 2019 02:06 PM
16	SCHEDULE-C	✓	Sep 24, 2019 02:06 PM
17	FORM 2106-SCHEDULE C	✓	Sep 24, 2019 02:06 PM
18	FORM 8829-SCHEDULE C	✓	Sep 24, 2019 02:06 PM
19	SCHEDULE-D SUMMARY	✓	Sep 24, 2019 02:06 PM
20	1099 B-RECONCILIATION	✓	Sep 24, 2019 02:06 PM



Unreview All sheets





Change Tracking in Leadsheets

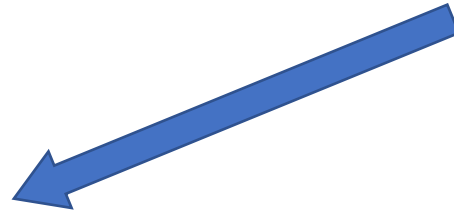
- Signing-off documents *and/or* leadsheets allows the SPbinder to track *future changes* for you.
- Changes can be tracked at different levels of review. Uniqueness of everyone's review time is maintained in the Review Sheets summary.
- How change tracking really works?





15			<input checked="" type="checkbox"/>		
16	SCHEDULE-C		<input checked="" type="checkbox"/>		Sep 24, 2019 02:06 PM
17	Accept All Changes in Sheet SCHEDULE-C				
18	 Double click on change icon to accept changes				



#	Per Tax Return	
1-9b		
10	<input checked="" type="checkbox"/>	\$ 1,050
11		
12		\$ 27,036
13	<input checked="" type="checkbox"/>	Modified By : Birla, Alok : 9/24/2019 11:25:31 AM
14		Old Value : 27,036.00
		New Value : 27,036.00
		Difference : 0.00
15b		 Double click on change icon to accept changes



(22) Supplies	<input checked="" type="checkbox"/>	\$ 3,206	\$ 3,206
(24a) Travel		20,000	\$ 20,000
(25) Utilities	<input checked="" type="checkbox"/>		
Other Expenses	<input checked="" type="checkbox"/>		
		Modified By : Birla, Alok (Sep 24, 2019 02:18 PM) : Form Name : JILL'S CRAFT SHOP (S) Field Name : TR:Travel Old Value : 0.00 New Value : 20,000.00 Difference : 20,000.00  Double click on change icon to accept changes	



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Change Tr⚠️cking in Leadsheets

- Signing-off documents *and/or* leadsheets allows the SPbinder to track *future changes* for you.
- Changes can be tracked at different levels of review. Uniqueness of everyone's review time is maintained in the Review Sheets summary.
- After your initial review, any changes made in tax software *and/or* the leadsheets, will trigger tracking of all the changes
- **Materiality based review. Accept changes if satisfied with output**




15			<input checked="" type="checkbox"/>	
16	SCHEDULE-C		<input checked="" type="checkbox"/>	Sep 24, 2019 02:06 PM
17	Accept All Changes in Sheet SCHEDULE-C			
18	 Double click on change icon to accept changes			

#	Per Tax Return	
1-9b		
10	<input checked="" type="checkbox"/>	\$ 1,050
11		
12		\$ 27,036
13	<input checked="" type="checkbox"/>	Modified By : Birla, Alok : 9/24/2019 11:25:31 AM
14		Old Value : 27,036.00
		New Value : 27,036.00
		Difference : 0.00
15b		 Double click on change icon to accept changes

(22) Supplies	<input checked="" type="checkbox"/>	\$ 3,206	\$ 3,206
(24a) Travel		20,000	\$ 20,000
(25) Utilities	<input checked="" type="checkbox"/>		
Other Expenses	<input checked="" type="checkbox"/>		

Modified By : Birla, Alok (Sep 24, 2019 02:18 PM) :
 Form Name : JILL'S CRAFT SHOP (S)
 Field Name : TR:Travel
 Old Value : 0.00
 New Value : 20,000.00
 Difference : 20,000.00

 Double click on change icon to accept changes

(22) Supplies	<input checked="" type="checkbox"/>	\$ 3,206
(24a) Travel	<input checked="" type="checkbox"/>	\$ 20,000
(25) Utilities	<input checked="" type="checkbox"/>	\$ 751
Other Expenses	<input checked="" type="checkbox"/>	\$ 1,240

15			<input checked="" type="checkbox"/>	
16	SCHEDULE-C		<input checked="" type="checkbox"/>	Oct 01, 2019 09:31 AM
17			<input checked="" type="checkbox"/>	
18			<input checked="" type="checkbox"/>	



Review using Leadsheets

- Demystify the source of each tax return amount with a top-down review
- Drill-down from the tax return numbers to the underlying source documents



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Schedule 1

Additional Income and Adjustments to Income

(Form 1040)

Attach to Form 1040

Name(s) shown on Form 1040

Jack Anderson and Jill Anderson

Category	#	# Line Items	#
ADDITIONAL INCOME	1-9b	Reserved	1-9b
	10	Taxable refunds, credits, or offsets of state and local income taxes.	10
	11	Alimony received.	11
	12	Business income or (loss). Attach Schedule C or C-EZ.	12
	13	Capital gain or (loss). Attach Schedule D.	13
14	Other gains or (losses). Attach Form 4797.	14	

Category	Amount	Line Item #
10	\$ 1,050	10
11	\$ -	11
12	\$ 4,304	12
13	\$ 164,090	13
14	\$ -	14



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SUMMIT

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Part II Long-term Capital Gains and Losses - Assets Held More Than One Year

Line #	Description	Sales Proceeds	Cost or other basis	Adjustments to Gain/Loss	Gain / Loss
Line 8a	Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b	\$ 34,015	\$ 33,601		\$ 414
Line 8b	Long-term totals from all Forms 8949 with Box D checked in part II				
Line 9	Long-term totals from all Forms 8949 with Box E checked in part II		\$ -	\$ -	\$ -
Line 10	Long-term totals from all Forms 8949 with Box F checked in part II	7,192	\$ 3,298	\$ -	\$ 3,894
Line 11	Gain from form 4797, 2439, 6252, 4684, 6781 & 8824		\$ -	\$ -	\$ -
Line 12	Net Long-term gain or (loss) from Schedule(s) K-1				\$ 250
Line 13	Capital gain distributions				\$ 142,872
Line 14	Long Term Capital Loss Carryover				\$ 1,309
Line 15	Net long-term capital gain or (loss)				\$ -
TOTAL					\$ 148,739
Allowable Gain/Loss on Form Schedule 1					\$ 164,090
TOTAL					\$ 164,090



Capital Gain Or (Loss) Variance Analysis	
Per Lead	\$ 164,090
Adjusted Lead	\$ 164,090
Per Return (Schedule 1, Line 13)	\$ 164,090



SCHEDULE-D SUMMARY



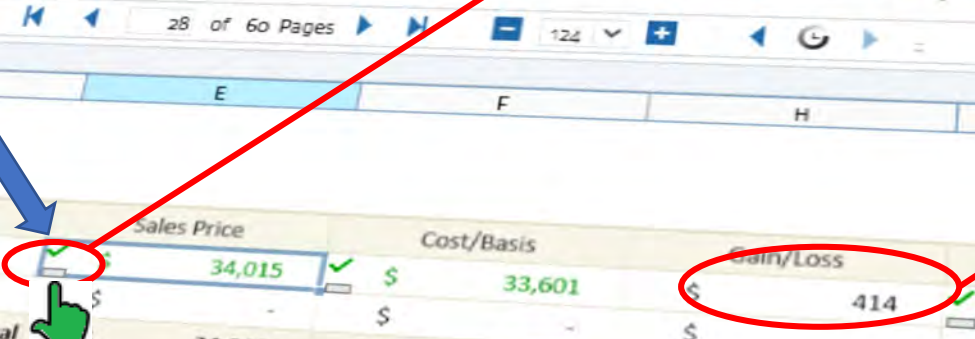
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SCHEDULE D LONG TERM OTHER
CONSOLIDATED 1099's

Brokerage Firm	A/C No.	Description	Sales Price	Cost/Basis	Gain/Loss	Date Acquired	Date Sold
CHARLES SCHWAB & CO., INC	3702-0028	CHARLES SCHWAB & CO., INC -0028	34,015	\$ 33,601	\$ 414	1/1/2017	12/31/2018
		Sub Total	34,015	\$ 33,601	\$ 414		
TOTAL - SCH-D LONG-TERM OTHER			\$ 34,015	33,601	\$ 414		



Security Subtotal	\$	1,300.30	\$	1,056.70	-	\$	243.60
Total Long-Term (Cost basis is reported to the IRS)	\$	34,015.11	✓	35,670.64	-	\$	(1,655.53)
	\$			33,600.79	✓	\$	414.32 ^b



Reviewed	B	C	D	E	F	H	J	K
SCHEDULE D LONG TERM OTHER								
CONSOLIDATED 1099's								
	Brokerage Firm	A/C No.	Description	Sales Price	Cost/Basis	Gain/Loss	Date Acquired	Date Sold
✓	CHARLES SCHWAB & CO., INC	3702-0028	CHARLES SCHWAB & CO., INC -0028	34,015 ✓	\$ 33,601	\$ 414 ✓	1/1/2017 ✓	12/31/2018
	Sub Total			34,015	\$ 33,601	\$ 414		
	TOTAL - SCH-D LONG-TERM OTHER			\$ 34,015	\$ 33,601	\$ 414		



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Review using Leadsheets

- Demystify the source of each tax return amount with a top-down review
- Drill-down from the tax return numbers to the underlying source documents
- Instead of looking at each document in the binder, concentrate on color coded amounts that pose high-risk
- Specials: Two-year comparison, 1040pg1 /pg2 /Schedules, Schedule A, Schedule D & 8949 reporting, Schedule K-1 reconciliation & change tracking
- Explained or unreconciled variances reveal the accuracy or errors made during return preparation. Also, catch overrides made in tax software



New → 2yr Comparison Leadsheet

TWO YEAR COMPARISON												
Description	Tax Year		2018	2019	Leadsheet Variance	Difference	Difference %	Prior Year Accounts			New Accounts	Comments (†)
	1040 pg 2 #	Schedule #	Amount	Amount Per Tax Return				Missing	Received	N/A		
Filing Status			MFJ	MFJ	Help							
Wages, salaries, and tips etc	1		\$ 122,500	\$ 101,999	* ?	\$ (20,501)	-16.74%	1	2	1	1	
Schedule B - taxable interest	2b		\$ 34,726	\$ 55,566	* ?	\$ 20,840	60.01%	4	4	1	2	
Schedule B - qualified dividends	3a		\$ 62,698	\$ 79,064		\$ 16,366	26.10%					
Schedule B - ordinary dividends	3b		\$ 92,697	\$ 89,416		\$ (3,281)	-3.54%	2	2	0	2	
IRAs, pensions and annuities (Gross amount)	4a					\$ -	-					
IRAs, pensions and annuities (Taxable amount)	4b		\$ 65,000	\$ 25,500		\$ (39,500)	-60.77%	5	4	0	1	
Social security benefits	5a					\$ -	-					
Taxable social security benefits	5b		\$ 44,200	\$ -		\$ (44,200)	-100.00%					
Total income	6		\$ 1,568,404	\$ 531,001		\$ (1,037,403)	-66.14%					
<u>Additional Income</u>			Schedule 1									
Taxable refunds of state/local tax	10					\$ -	-					
Alimony received	11		\$ 100,000	\$ 162,500		\$ 62,500	62.50%	0	1	0	0	
Schedule C or C-EZ (business income or loss)	12		\$ 420,094	\$ 166,973	* ?	\$ (253,121)	-60.25%					
Schedule D (capital gain or loss)	13		\$ 36,421			\$ (36,421)	-100.00%					
Form 4797 (other gains or losses)	14		\$ (9,931)			\$ 9,931	-100.00%					
Schedule E (rental and passthrough)	17		\$ 311,184	\$ (70,953)		\$ (382,137)	-122.80%	1	1	1	1	
Schedule F (farm income or loss)	18		\$ 294,067			\$ (294,067)	-100.00%					
Taxable unemployment compensation	19		\$ 8,000			\$ (8,000)	-100.00%					
Other income	21		\$ 49,446			\$ (49,446)	-100.00%					
Total Additional income	22		\$ 1,209,281	\$ 258,520		\$ (950,761)	-78.62%					
<u>Adjustments and AGI</u>												
Certain business expenses	24		\$ 7,756			\$ (7,756)	-100.00%					
Moving expenses	26		\$ 480			\$ (480)	-100.00%					
One-half of self-employment tax	27		\$ 8,244			\$ (8,244)	-100.00%					



Prior year amount / 'X' is missing / Comments

WAGES

'X' If missing in current year	X			
Comments	None Selected	Taxpayer confirmed this account is N/A	Taxpayer confirmed this account is N/A	
Employer Name	WAGES	WAGES 1 RECEIVED	WAGES 3 RECEIVED	TAXPAYER TOTAL
2018 Box 1 Wages Amount	\$ 100,000	\$ 75,000	\$ 5,000	
	2019 Amount	2019 Amount	2019 Amount	
Ownership code = T/S	T	T	T	
(1) Wages, Tips, Other Compensation			\$ 7,000	\$ 87,000
(2) Federal Income Tax Withheld			\$ 1,500	\$ 9,500
(3) Social Security Wages			\$ 7,000	\$ 87,000
(4) Social Security Tax Withheld			\$ 434	\$ 5,394
(5) Medicare Wages			\$ 7,000	\$ 87,000
(6) Medicare Tax Withheld			\$ 102	\$ 1,262
(13) Statutory Employee	X			
Sch. C entity no.	3			
(13) Retirement Plan		X	X	



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Prior year amount / 'X' is missing / Comments

INTEREST INCOME

Payer's Name	*(1) Interest /OID/ Seller Fin.Mort Inc	2018 Amount	'X' If missing in current year	Comments (†)
INTEREST 1 RECEIVED	\$ 7,800	\$ 7,700		
INTEREST 2 MISSING		\$ 4,140	X	
INTEREST 3 N/A		\$ 1,500		Taxpayer confirmed this account is N/A
INTEREST 4 RECEIVED	\$ 160	\$ 150		
INTEREST 5 MISSING		\$ 120	X	
INTEREST 6 N/A		\$ 750	X	
INTEREST 7 RECEIVED	\$ 6,500	\$ 6,000		
NEW INTEREST	\$ 5,300			
Form 1099-INT - Sub Total	\$ 19,760			
CONSO 1 RECEIVED	\$ 24,000	\$ 23,798		
CONSO 2 MISSING		\$ 2,430	X	
CONSO 3 NEW RECEIVED	\$ 11,000			
Form 1099-Consolidated - Sub Total	\$ 35,000			



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Prior year amount / 'X' is missing / Comments

SCHEDULE -C: PROFIT OR LOSS FROM BUSINESS

'X' If missing in current year	Taxpayer confirmed this account is N/A		Comment (+)		Comment (+)		X	Comment (+)
Description	BUSINESS 1 RECEIVED		BUSINESS 2 MISSING		BUSINESS 4 RECEIVED		BUSINESS 3 N/A	
	2019 Amount	2018 amount	2019 Amount	2018 amount	2019 Amount	2018 amount	2019 Amount	2018 amount
Ownership code = T/S/J	T				T			
(1) Gross receipts or sales	\$ 150,000	\$ 250,000		\$ 75,000	\$ 45,000			\$ 50,000
(2) Returns and allowances plus any other adjustments	\$ 5,000	\$ 10,000						
(3) Subtract line 2 from line 1	\$ 145,000		\$ -		\$ 45,000		\$ -	
Beginning Inventory	\$ 1,006	\$ 1,001	\$ 5,000	\$ 1,000				
Merchandise purchased less items withdrawn for personal use	\$ 500	\$ 1,002						
Cost of Labor	\$ 600	\$ 1,003						
Materials & Supplies	\$ 650	\$ 1,004						
Other Costs	\$ 300							
Less: Ending Inventory		\$ 1,006		\$ 5,000				
(4) Cost of goods sold	\$ 3,056		\$ 5,000		\$ -		\$ -	
(5) Gross profit. Subtract line 4 from line 3.	\$ 141,944		\$ (5,000)		\$ 45,000		\$ -	
(6) Other Income, Federal & State gasoline/fuel tax credit/refund	\$ 1,003							
(7) Gross income. Add lines 5 and 6.	\$ 142,947		\$ (5,000)		\$ 45,000		\$ -	
Part II - Expenses:-								
(8) Advertising	\$ 100	\$ 501		\$ 1,000				\$ 100
(9) Car and truck expenses	\$ 101	\$ 502			\$ 7,000	\$ 5,000		
(10) Commissions and fees		\$ 503						
(11) Contract labor	\$ 105	\$ 504		\$ 1,100				



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Conclusion

- ❖ Leadsheets can be used on a mix of returns in your office (some determining factors are level of return, data entry heavy, multiple amounts for 1040 line, etc)
- ❖ Simplified and Classic leadsheets:
 - varied levels of learning curve for preparer, but
 - similar benefits for reviewers:
 - ✓ Standardized, Automated & Reconciled workpapers
 - ✓ Easy to learn review tools
 - ✓ Change tracking ⚠
- ❖ Diverse review process provides increased efficiencies and time savings. Time saved can be spent on complex returns *or* reviewing more returns.





Q & A



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