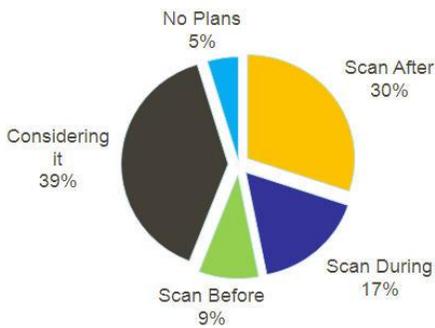


## Unlocking the Power of Scanning Tax Documents

Scanners, data management systems, and tax document automation tools are great productivity enhancers for tax professionals. However, the productivity gains from these tools are largely being missed because most firms continue to scan AFTER they've prepared individual tax returns. In these cases, scanners are replacing photo-copy machines and filing cabinets, but not unlocking the potential of the paperless environment. What's preventing tax professionals from taking full advantage of these solutions?

Industry surveys highlight the significance of this problem. Surveys of more than 300 tax professionals across the United States showed that finding, organizing, and entering tax data averaged almost 50% of the total time to prepare a 1040 from start to finish and continues to be the most critical bottleneck in preparing taxes. Yet less than 10% are taking advantage of scanning before preparation to improve productivity (Figure 1). The good news is that tax professionals recognize the potential productivity gains available with scanning.

**Table 1: Survey Data - Do you scan client tax documents?**



Source: GruntWorx industry survey of 325 tax professionals

## New Tax Document Automation Solutions

The difficulties of scanning and using scanned tax documents for more than just electronic photocopies have been some of the primary inhibitors to achieving the benefits of paperless workflows. The introduction of new tax document automation solutions brings the ability to convert scanned images into a logically organized, meaningful set of data that can be used to accelerate entering tax data, create workpapers, and in some cases populate data into tax software. Tax document automation solutions provide the ability to automatically identify, organize, and bookmark scanned tax documents. Bookmarks let you quickly find any tax document with a single click of a mouse.

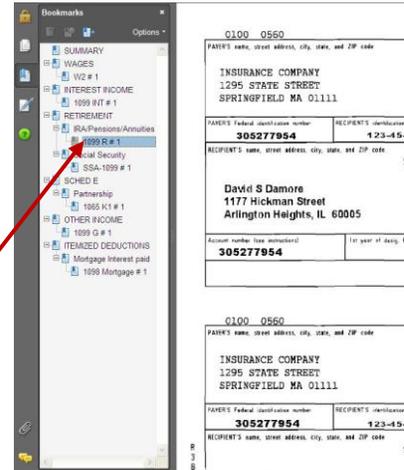
The core of a tax document automation solution is its ability to identify scanned tax documents accurately. The best solutions use a number of different technologies like OCR and biometric pattern recognition to deliver >90% accuracy in identifying and bookmarking tax documents from the thousands of possible variations. The capabilities of tax document automation solutions to turn scanned paper documents into meaningful electronic data can save as much as one hour per return.

Table 1: Tax Document Automation Solutions – Organize and Bookmark Scanned Tax Documents

This example shows a series of client tax documents that have been scanned and saved as PDF files. Note how the images can be seen in the Acrobat Reader pages menu, but the images are in random order and they are not identified or bookmarked.



In this example, a tax document automation solution identified, organized, and bookmarked so you can quickly jump to any document with a single click of a mouse.



**Overcoming the Challenges of Using Scanners**

Using scanners to convert a stack of client tax documents into a useful set of images involves a number of challenges that can potentially sap productivity. The documents could be randomly ordered. Some pages could be upside down, sideways, or facing backwards for scanning. Some pages could be faded, wrinkled, or difficult to read creating a need to optimize the scanner settings for each individual page. Do you even have the right kind of scanner designed to handle volumes of paper documents? The ideal goal is to be able to place a pile of tax documents into a scanner and then simply press the SCAN button to quickly get all of that client’s tax documents into a single, organized, bookmarked file in as few steps as possible. The right type of scanner combined with a solution to optimize scanning and the capabilities of a tax document automation solution can unlock the potential productivity gains of paperless workflows.

**How to Choose a Scanner**

Listed below are some initial guidelines to consider when choosing a device to scan tax documents before preparation.

- Choose a device that will be dedicated to scanning. A scanner will have better throughput, automatic document feeding, and reliability for scanning than an all-in-one device that is designed for multiple tasks. Consider using a sheet-fed scanner that is designed to scan documents instead of a flat-bed scanner that is designed to scan items laid flat on the scanner like books.
- Choose a scanner that has fast throughput with an automatic document feeder. Scanners that can scan at least 15-25 pages per minute (PPM) single sided (simplex), or 15-25 images per minute (IPM) double-sided (duplex) for monochrome would be a good starting point. Choose a duplex scanner that can scan both sides of tax documents. Look for an automatic document feeder that can handle 50 pages or more.
- Scanning tax documents is very effective at monochrome, 300dpi optical resolution. Most scanners support 600 dpi optical resolution. Color scanning isn’t critical for scanning tax documents.

- Look for scanners that support industry standards including drivers that support the TWAIN industry standard and a USB2 hardware connection. TWAIN and USB2 will help maximize compatibility with your computer and software applications.

### **Making it Easier to Use Scanners**

The difficulties of using scanners to produce a complete set of good quality scanned tax documents has inhibited adoption of scanning by tax professionals. High quality scanned images are an important factor that contribute to the overall accuracy of converting paper tax documents into the kinds of organized, bookmarked files that save time when entering tax data. Many leading brands of scanners include additional software with their scanners to make it easier to use scanners to produce high quality images. These applications optimize scanner settings including brightness, contrast, and resolution. The applications will re-align images that might be skewed. They also reduce speckling and noise to produce cleaner images. Running these applications requires a fast computer with lots of memory to keep your scanner running at full speed. It's also another application that you have to install and learn how to use.

Now the functionality to simplify and optimize scanning is starting to become available in tax document automation software. You'll find the same capabilities to automatically optimize scanner settings on the fly for each individual page, cleaning the images, and rotating them to the correct orientation to produce a complete set of scanned tax documents. A web-based tax document automation solution can manage the entire process through a browser window with no additional software to install. Simply load a stack of documents into a scanner and one mouse click causes the tax document automation solution to manage scanning, optimize image quality and organize and bookmark the scanned tax documents. Now it's easier than ever before to harness the power of scanning using tax document automation solutions to increase productivity this tax season.

To learn more about scanning tax documents and tax document automation solutions, please visit [GruntWorx.com](http://GruntWorx.com).