Computerized Estate Tax Returns

Form 706 is the tax return that must be filed by the representative of a deceased U.S. citizen or resident reporting the estate tax on the transfer of the decedent's assets to his or her heirs. It must be filed if the decedent had gross assets, plus lifetime adjusted taxable gifts, in excess of $600,000, even if there is no probate because all the decedent's property was in a (Revocable) Living Trust. The 17-page return consists of 20 separate schedules that compute the decedent's tax, credits, gross estate, and administrative, marital and charitable deductions. In some situations, the calculation of the decedent's taxable estate is made on the alternative valuation date, six months after death. In that case, each asset must be valued both at the date of death and six months later.

Form 706 Software

By Richard Malamud

Review Methodology

The method of reviewing the Form 706 software was very simple. Each program was used to prepare a sample estate tax return. Four software packages were tested:

- **Shepard's Federal Estate Tax Returns**, which was recently updated.

- **Quik 706**, which was in the final stages of beta testing when reviewed and started shipping May 1992.

- **TaxTime 706**, which has been on the market for quite a while. The new version, reflecting the IRS October 1991 update, had not been released at the time of the review, but should be available in late June 1992.

- **Zane Federal Estate Tax System (706)**, which was in the initial stages of beta testing when reviewed. The product started shipping in May 1992.

Software Criteria

Before purchasing Form 706 software, the practitioner should ask whether estate tax preparation software is cost justified based on the number of estate tax returns prepared. When selecting among the different software packages, the following criteria should be considered.

Computer Hardware

The products reviewed all require IBM or IBM compatible personal computers and a hard disk. Some programs state that a 386 computer is required, whereas others will perform adequately on an AT (286).

Simplicity of Data Entry

One of the major reasons for using a computer program is to save time. Because most practitioners prepare only a handful of returns each year, it must be obvious from the software how to select the proper screen to make the desired entry without (extensive) reference to the manual. It should be obvious where to enter assets or where to enter the executor's name. You should not have to review the manual to find out whether a comma, a dash or a code is needed to properly complete the form. And it should be easy to change a description or delete an item.

Lotus or Database Style

The Form 706 programs are either written as spreadsheets or as databases. Each has their advantages and disadvantages.

The spreadsheet programs are very easy to use because the data is entered onto a screen that somewhat looks like the government form. The downside of the Lotus-based programs is you may have to number each item or change the location of items manually. The upside is the form is right on the screen and previously entered items can be quickly located.

The database programs are very straightforward if you have a list of items and you know how the program categorizes the item. Changes are simple because the programs automatically number all items on the government schedules. However, items are harder to locate on a database system because they are not listed on the form as they are on the spreadsheet programs.

Another difference is that on database programs, if there are more items in a category than fit on the government's schedule, a continuation schedule is automatically produced and the total brought forward. With the spreadsheet programs, you must initiate the continuation schedule and may have to bring the subtotal forward to the main schedule.

Error Prevention

Several items are important. Does the software recalculate the estate each time an entry is changed prior to reviewing the results, or, like Lotus 1-2-3, is it left up to you to update the totals manually? Are totals from continuation schedules automatically carried to the main schedules? Are checklists provided to inform the

Shepard's Form 706 software is probably the most extensively documented program on the market.

user of any supplemental filing requirements such as attaching a will or a supplemental schedule which is not prepared by the software?

State Inheritance Forms

Most states require that a decedent's estate file an inheritance tax return. In some cases such as in California, this is a simple form. In other states such as Florida, additional information not on the federal estate tax return is required. Does the software company sell software for your state tax return?

Print Output

Laser Software: All of the software allows the use of a laser printer such as the Hewlett-Packard LaserJet series to produce a complete tax return, ready for filing. The results of the laser printed return are excellent on all of the products.

The software prints the government forms and the taxpayer data simulta-

neously on blank paper. You do not need to purchase government forms. There may be an additional charge for the laser software. A tax font cartridge costing about $195 may also be required to print the return.

Non-Laser Software: If you do not have a laser printer or do not want to incur the cost of the laser software and cartridge, many of the software companies provide government form overlays. The printed output contains only the taxpayer data and does not print the tax form. By placing the clear tax form overlay and the printed output into a photocopy machine, a complete filing copy of the tax return can be produced.

Stand Alone or Additional Software Required?

Three of the programs run without any additional software, but one requires the use of Lotus 1-2-3 version 2.01 or 2.2. If you already use Lotus 1-2-3, a Lotus template may be as easy or easier than using a stand alone program. However, if you are not a Lotus 1-2-3 expert or if you do not own a copy of the correct version of Lotus 1-2-3, such a program will require additional training, additional cost or both.

Shepard's Federal Estate Tax Returns

Overview

Shepard's Form 706 software is a menu-driven interactive database program that is probably the most extensively documented program on the market. It also does most required calculations automatically, saving you substantial time over the other programs. It is generally user-friendly and most entries and selections can be made without referring to the manual. However, at times it is difficult to figure out which menu choice to make without referring to the manual because there is no on-screen help and some of the advanced features such as the word

processing macros can only be used after referring to the manual. The manual however, is very complete and it contains numerous examples and pictures of the menus.

Data Entry

Shepard's is essentially a database program that is completed by filling in the requested information. The original screen allows you to set up a new client or to select an existing client. If *Edit an existing estate* is selected, a menu with all of the client's names is displayed. The main menu has 24 choices broken into four categories, *Edit, Calculate, Reports* and *Utilities*.

Unlike most of the other programs that lump most of the preliminary questions onto one menu choice, Shepard's is a bit more complicated. It has broken the initial data into five separate screens: *decedent information, beneficiary information, preparer and estate administrative representative information, executor information* and *election and tax related information*. Questions are generally easy to answer with screen prompts stating whether to use complete years (1991 vs 91) and whether to use slashes (12/21/91). Entering the requested information is very quick.

The program is highly interactive. Accordingly, when answering questions such as *Marital status of the decedent at the time of death,* the program asks different questions depending on the marital status of the deceased. Similarly, unless the alternative valuation date is selected, the program will not allow the entry of alternative values. If the alternative valuation date is elected, the program immediately changes the asset screens and you can enter the alternative valuation. This information is retained even if the election is not made, but in that case, the alternative value is not displayed on the input screen.

Entering Assets

Assets are entered by selecting *Schedule*

Form 706 (Rev. 10-91)

Estate of: Wilma E. Shepard   123-45-6789

SCHEDULE B – Stocks and Bonds
(For jointly owned property that must be disclosed on Schedule E, see the instructions for Schedule E.)

Item number	Description including face amount of bonds or number of shares and par value where needed for identification. Give CUSIP number if available.	Unit value	Alternate valuation date	Alternate value	Value at date of death
1	1000 ss of the common stock of HON Industries, Inc. Unit Value .... $37.675 Exchange .... OTC	37.675 35.125	10/15/92	35,125.00	37,675.00
2	250 ss of the common stock of General Motors Corporation Unit Value .... $65.50 Exchange .... NYSE	65.5 57.25	10/15/92	14,312.50	16,375.00
3	500 ss of the common stock of Minnesota Mining and Manufacturing Co. Unit Value .... $104.25 Exchange .... NYSE Ex-Dividend Amount .. $250.00	104.25 106.75	10/15/92	53,375.00	52,125.00
	Dividend on above stock declared prior to decedent's death		10/15/92	250.00	250.00
4	200 ss of the common stock of Marine Corporation Unit Value .... $41.25 Exchange .... OTC	41.25 36.625	10/15/92	7,325.00	8,250.00
5	1750 ss of the common stock of Ohio Edison Power Company Unit Value .... $19.50 Exchange .... NYSE	19.5 20.125	10/15/92	35,218.75	34,125.00
6	800 ss of the common stock of Barnett Banks of Florida Unit Value .... $56.125 Exchange .... NYSE	56.125 54.000	10/15/92	43,200.00	44,900.00
7	United States Treasury note Face Value .... $20,000.00 Unit Value .... $104.00 Interest Rate .... 9.50% Due Date .... 6/5/04 Accrued Interest $127.55	104 102	10/15/92	20,400.00	20,800.00
	Interest on above bond accrued as of decedent's death		10/15/92	127.55	127.55
	Total from continuation schedule(s) (or additional sheet(s)) attached to this schedule. . . .			92,472.99	94,517.99
	TOTAL. (Also enter on Part 5, Recapitulation, page 3, at item 2.)			301,806.79	309,145.54

(If more space is needed, attach the continuation schedule from the end of this package or additional sheets of the same size.)
(The instructions to Schedule B are in the separate instructions.)

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Shepard's Schedule B Screen

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information from the main menu. When trying to enter a stock, the user is asked which schedule to use. Unlike the other programs that list and describe all of the schedules when asking this question, Shepard's does not provide a submenu or have any help screen. You must either know the answer or consult a copy of the tax return contained in the manual's appendix.

Once the proper schedule is selected, you can either answer questions requested on the form or enter assets and liabilities. Entering assets is very easy. The

description is entered into a preset box and any description that does not fit on one line is automatically placed on the next line, just as in a word processor. The program provides the user basic word processing macros. As for the entry of the amount, the user strikes the F1 key to advance from the description to the value. Arrow keys cannot be used to advance. In the case of Schedule B assets, stocks and bonds, the program has a separate entry for unit value and number of shares. Once those two items are entered, the program automatically calcu-

lates the fair market value.

One feature that does not appear to exist is a pop-up calculator. That would be very handy since stocks must be valued based on the average selling price on the date of death. Since the program asks for the unit price and not the high and low for the date of death, you must calculate the average manually.

Several Time-saving Features

Editing descriptions and amounts is very easy so long as you know the item number within the schedule. If you do not know the item number of the asset to be changed, you can look through all of the items on the schedule by invoking the F3 key and advancing through each item. A function key should exist that causes the screen to display a list of the items on each schedule. However, the present system is fairly quick. Once the item is located by paging forward, changes can be made very quickly by editing the original entry. Since all items on the tax schedules are automatically numbered by the program, changes, additions and deletions are quick and easy.

If a continuation schedule is required, due to the large number of entries on a schedule, it is prepared without any prompting by the user. This is not the case with the spreadsheet programs.

Shepard's offers a time-saving feature not contained in the Lotus-based programs that saves you substantial time in preparing the return. If the alternative valuation date is elected, the program lists "default" under date and uses the default date unless you override the date. In the other programs, you must enter the proper date and then copy it for each asset. That can be very time-consuming on a large estate.

One burdensome and tedious problem exists with community property assets. Properly prepared, the return should list the full value of the community property and then make an entry, less one-half community property. The program is so well thought out that

where community property is present, an entry is made reducing the taxable estate by one-half the value of the property simply by placing a "Y" at the end of the asset description. The program automatically lists the one-half reduction either after each item or at the end of each schedule, whichever you prefer. It also prompts you for the description to be used. I inserted "Less: 1/2 Community Property:." This is a real time-saver.

Shepard's is extremely flexible and can save you substantial time in calculating the marital deduction on Schedule M.

One feature I found extremely user-friendly was the program's ability to determine each beneficiaries distribution if it is a percentage of the estate. The program prompts you for the amount of the beneficiaries specific bequest as well as the percentage of the residue. This makes it very easy to prepare the distribution schedule in the typical estate. This feature does not exist in the other programs.

The program is extremely flexible and can save you substantial time in calculating the marital deduction on Schedule M. It provides three ways to list the assets that make up the marital deduction. The description and amount of each asset can be entered, the asset can be copied to Schedule M, or the asset can be identified by entering its schedule and item number. In the last case, if the description or amount change, so will the marital deduction. This feature is unique to Shepard's and what a time-saver! The program also has a menu choice that produces on-screen the optimum marital deduction.

Help

Shepard's does not provide on-screen help. However, the manual is very complete and fairly easy to use. It contains an extensive index and an appendix that has sample of each of the Form 706 schedules.

Screen

The screens are generally very well laid out and easy to read. The menus could be a bit easier to read and they could use a larger type face, but the present menus are acceptable. You can change the screen colors and see a sample screen showing the effect of the change. This makes selection of an individualized screen easier than Lotus 1-2-3.

Interrelated Calculation

The program does an excellent job of preparing the interrelated marital and charitable deduction calculations. It prompts you for the required information and computes the proper deduction quickly and accurately.

Output

The laser printer generated Form 706 is excellent. Overlays are also available.

The menu choices for printing a return are very straightforward and you can select the complete return or any combination of schedules. The menu places an asterisk next to each completed form making it easy to select only those forms that are necessary to review the return. The program supports numerous laser printers besides the HP LaserJet series.

Checklist

One of the nicest features of this program not present in the other programs is the ability to print a "Form 706 Checklist." It lists all of the items that need to be prepared or included with the return that are not generated by the program. For example, the checklist states that the will, the death certificate, the Check to the Inter-

nal Revenue Service and Form 712 should be included with the return. Although most estate tax preparers know what must be included, it's nice to have a checklist.

The program allows you to view the schedules on-screen by printing the return to the screen. The screen looks very similar to the government form. However, only about two-thirds of each line is displayed on the screen. The arrow keys have to be used to go from the right of the screen to the left. This inconvenience makes the screen option of little value except for those who use the overlay system and do not want to photocopy each form to see what it looks like. An alternative is to enter the tax calculation selection, but it only displays the totals of each schedule and the line items on page one. It is not the same as seeing what is actually on each schedule.

Other Products

Shepard's also sells a program for fiduciary accounting entitled Fiduciary Accounting for Trusts and Estates (FATE). If FATE is used for fiduciary accounting prior to setting up the estate tax return,

the assets and liabilities can be brought over from FATE to the Federal Estate Tax program making Form 706 preparation almost automatic.

Conclusion

Shepard's federal estate tax program is very easy to use and generally more extensive and expensive than its competitors. It may be cost prohibitive if you only prepare a few estate tax returns a year. Its extensive features may also be overkill if you prepare only simple returns, but its ability to automatically handle community property, makes it a must for those who live in community property states. For other returns, the program can be used to make almost all required calculations. Changes and editing are easy; the only hitch is it sometimes takes a few seconds to find the item that needs to be changed.

If a return has special use valuation issues, deferred taxes, or other unusual treatment, this may be the only program to order because it does just about everything. It will even calculate the estate tax after adjusting for interest paid on deferred payments of tax relating to closely held businesses under 6166. The manual is vastly superior to its competition and is

easy to follow. It is presently the only program with software that can be purchased for state inheritance tax returns and it is the only network version presently available. It does all the complicated forms while at the same time, it is easy for the beginner to pick up the program and go. If the program calculated accrued interest, had a pop-up calculator, prepared Form 712 and had supplemental schedules, this might be the ultimate program. It is that complete.

QUIK 706

Overview

Quik 706 is a combination of a true menu-driven program and Lotus 1-2-3. However, you do not need to own Lotus 1-2-3 to run this program. The preparer fills out basic information about the estate and selects the schedules that are required by use of extensive, very easy to follow, pull down menus. The program was in the initial testing stages when reviewed and started shipping in May 1992.

Data Entry

The program uses self-explanatory pull down menus with selections that include *Input, GoTo, File, PrintSets, Options* and *Quit*. Lotus commands can also be invoked by pressing the / key. Unlike Lotus however, you do not see what formula is contained in a cell or any of the other standard information Lotus displays.

It is easy to select the proper schedule to enter assets or liabilities since the menu lists the options, *A – Real Estate, B – Stocks and Bonds*, etc. It is a little confusing that the same schedule can be entered either from the *Input* or *GoTo* menu choices. I also found myself occasionally choosing the continuation schedule rather than the main schedule.

An asset description often takes more than one line in the spreadsheet format so the program cannot determine when a line represents a new item or the con-

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        Quik 706 (Rev. October 1991)  Estate of              View
                              [Esc] or Alt-M: MENU  [F1]: Help
CALC OF OPTIMUM MAR DEDUCTION/DOD VALUE    CLAIMED     OPTIMUM #1
1.  Gross Estate......................   24,562.58    24,562.58
2.  Allowable Deductions:
        J&X.....:        8.88                            8.88
        L-1.....:        8.88                            8.88
        L-2.....:        8.88                            8.88
        M.......:        8.88  Optimum Marital=>         8.88
        O.......:        8.88                            8.88
        Total Allowable Deductions.......    8.88         8.88
3.  Taxable Estate......................  24,562.58    24,562.58
5.  Taxable Estate + Adj Taxable Gifts.   24,562.58    24,562.58
8.  Total Tentative Tax.................   4,883.75     4,883.75
9.  Gift Tax re Gifts Post 12/31/76....      8.88         8.88
10. Gross Estate Tax....................   4,883.75     4,883.75
13. Unified Credit......................  192,888.88   192,888.88
14. Gross Est Tax less Unified Credit..      8.88         8.88
15. Credit for State Death Tax.........      8.88         8.88
16. Net Est Tax Before Credits L17-L19.      8.88         8.88

STEP #1:  INCREASE MARITAL DEDUCTION BY THIS AMT====>    8.88
          (this will zero out Line 16)               [PgDn]

     F1 Help
```

Quik 706 Optimal Marital Worksheet

tinuation of a description. You must number each item, 1, 2, 3, etc. as compared to the database programs where item numbers are automatically generated. The problem is that if an item is deleted or moved, each of the remaining items must be renumbered manually. Although this generally looks and feels like Lotus, descriptions can be entered beginning with a number and the entry is accepted as a label.

Entering Information on Schedules

On schedule input, the program often advances the user to the next line once the present line is completed. This is a very nice feature which most experienced Lotus users would have written in a macro, but which is nice to see in a program where you can not write your own macros. Another nice feature that does not exist in a Lotus template is you can override the computer calculation in many of the cells and later reinstate the original formula by moving to the cell and striking the F10 key.

When a main schedule is completely filled in and additional data is required, the continuation schedules are very easy to invoke and very easy to use. However, you must remember the last item number on the main schedule in order to start numbering the continuation items.

One feature unique to Quik 706 is that if the units of stock are listed in the description, such as 100 shares of XYZ Corporation, and the unit price is listed, the program automatically calculates the fair market value at date of death. This saves time compared to the other programs where the number of shares must be listed both in the description and in a data area in order to calculate the fair market value.

Math Functions

Unlike Lotus, this program has limited math functions. It is either impossible or

very difficult to use the program to calculate 50% of item 6 or all of the property in the estate, less $600,000. This is not a major problem since you probably already know the required input, or the calculation can be made on the always present 10-key. It does mean that unlike in Shepard's, you must determine how much each of the residuary beneficiaries receive.

Although this is not Lotus 1-2-3, being able to use most of the Lotus / commands can prove very practical. The program allows the user to move, copy, etc. However, since you can not see the cell formula, commands such as *move, copy,* and *erase* have the potential for disaster. Those problems can be avoided by back-

One feature unique to Quik 706 is that it automatically calculates the fair market value of shares at date of death.

ing up the file prior to moving data and using the F10 reformat command.

There is one very nice math feature built-in relating to the marital deduction. The program has a screen that calculates the optimum marital deduction. It also has a nice screen display of the availability of the alternative valuation date election. As with Shepard's you must manually calculate accrued interest on bonds.

One of the limitations with this type of a program is that too much of the program is similar to a word processing system. If one of the assets on Schedule A is deleted because it was determined it was owned by the spouse, you must move all of the remaining assets on schedule A. In

addition, all of the items that have been moved must be renumbered manually Just as in a manually typed return, the government's limitation of about three and one-half inches of description per line requires the use of several lines to list the legal description of property. The program does not wrap the information, and requires you to erase any portion of a word that does not fit and re-enter the word on the next line.

Interrelated Calculation

Entry of the data for the interrelated calculation for the charitable and marital deduction is very straightforward and easy to use. The calculation is done very quickly and it updates quickly as the value of the taxable estate changes.

Help

The help screen includes the Internal Revenue Code Sections 2001-2056 and the official government instructions for Form 706.

The beta test version also includes many of the chapters from the reference book, Bolton's *The Federal Estate Tax: Preparation of the 706.* This is an excellent resource. Hopefully, it will be included in the final product.

The beta version screens allow you to pick from numerous code sections, topics or chapters. It did not contain case sensitive help screens, although the company is working on it.

Screen

The screen colors and layout are very nice for a spreadsheet program. If you do not like the preselected screen colors, you can use the / video command to change the colors in a manner very similar to WordPerfect.

One inconvenience is that on occasion, either the data input question and answer or the government form and client data cannot be viewed on the same screen. You must read the question and then cursor over to the entry area for the

Quick Comparison

Program Name	Shepard's Federal Estate Tax Returns	Quik 706	TaxTime for Lotus 1-2-3	Zane Federal Estate Tax System (706)
Abbreviation	Shepard's	Quik 706	TaxTime	Zane 706
Vendor	Shepard's McGraw-Hill	The Lackner Computer Group, Inc.	Austin Scientific, Inc.	Zane & Associates, Inc.
Version reviewed	7.0, 12/91	1992, Beta	Ver 9.01	Beta
Price:	$700	$695	$195	Approx. $800
Additions:				
Laser Software	$150		$195	
Font Cartridge	$195	Included	$195	Included, N/A
Overlays	Included	Included – $195 value	$195, $95 soft fonts	
Renewal	Determined when forms or program is revised	N/A $295, annual	$84 $95	
State Returns (add'l cost)	N.Y., Calif., Ill. & others	Will be released		Will be released
Other Software required	None	None	Lotus 1-2-3 ver. 2.01, 2.2, (not 2.0)	None
Network Version	Yes, $2,100 plus laser software	No	Runs on Lotus Network version	To be released
Hard Disk Space required for program and laser print files	1.4 Megabytes	1.1 Megabytes	1.2 Megabytes	1.8 Megabytes
Disk Space required for each client's data	25K–35K per client	200K–300K per client	125 K per client	25K–35K per client
Printers supported				
HP LaserJet II, III	Yes	Yes	Yes	Yes
Xerox 4045	Yes	No	No	No
Canon LBP-8II	Yes	No	No	No
Dot Matrix	Yes	Yes	Yes	No
Font Cartridge	Yes, for Laser forms	Yes, included	Yes, for laser option	No, soft-fonts are included
RAM Required	640K	640K, plus 512K exp. But runs on 1 MB	512K	640K
Support Policy	By phone.	90 day free support	By phone, 9:30 - 4:30 Pacific Time	By phone
Phone Number, orders	(719) 488-3000	(412) 279-2121	(800) 433-1608	(800) 331-2533
Address	P.O. Box 35300 Colorado Springs, CO 80935-3530	Carnegie Office Park, Suite 290 700 N Bell Ave Pittsburgh, PA 15106	P.O. Box 1146 Menlo Park, CA 94026-1146	611 White Horse Pike Lindenwold, NJ, 08021
Technical Support Installation Technical (if other)	(800) 522-1050 (719) 488-3000	(412) 279-2121	(415) 323-6338	(609) 435-2100
Accrued Interest Calculated on bonds	No	No	No	Yes
On Screen Preview	Entire return	Schedules can be viewed on screen	Summary on Lotus window and by Schedule	Some schedules can be viewed
Checklist provided	Yes	No	No	No
Comprehensive Manual	Yes	No	No, very short	Unknown at this time
Transfer data from related program	Yes, Fiduciary Accounting for Trusts and Estates	N/A	N/A	Yes, Zane Fiduciary Accounting System
Community Property automatic	Yes	No	No	No
Marital Deduction List of Property				
Manually	Yes	Yes	Yes	Yes
Automatic	Yes	No	No	No
Is State Tax Credit, automatic?	Yes	Yes	Manual calculation required	Yes
Alternative Valuation	Yes, if elected	Yes, if elected	Yes, if elected	Yes, if elected
On-line Help	No	Yes	No	No
Interrelated Calculation for marital and charitable deductions	Yes	Yes	No, preparer must enter tax.	Yes

```
Z83: U [W12] '70                                              EDIT
Enter a number, or <ESC> to abort :

          U         V        W         X         Y         Z
81
82              * * *   1 9 9 0   T A X T I M E   7 0 6   * * *
83                       Enter a number (1 to 80)  ---> 70
84
85    1 706                      *      18 K Debts
86    6 A Real Estate                   19 L Net Losses
87    7 A-1 Special Valuation           20 M Bequests              *
88    10 B Stocks & Bonds        *      22 O Charitable
89    11 C Mortgages & Notes            23 P & Q Credits
90    12 D Insurance                    24 R GST Tax
91    13 E Jointly Owned Prop           27 R-1 GST Tax - Trust
92    14 F Misc Property         *      28 S Excess Retirement Accum
93    15 G & H Transfers & Powers       30 to 41 Continue Schedules
94    16 I Annuities                    42 Tax Tables
95    17 J Expenses                     70 Input Section
96                                      80 Supporting Statements
97      * indicates forms to be printed with the 'All' option.
        I       J       K       L       M       N       O       P
18    Error #  Gross  Taxable  Tax   Othertax Credits Payments Bal due
19       0   1750000     0       0       0       0        0        0
09-Feb-92  10:23 AM                   CMD               NUM
```

TaxTime Startup Menu

answer. This causes the question to disappear from the screen. Lotus users are familiar with this problem. In order to see what value has been entered under 100 Shares of AT&T common stock, Unit value 35, the user must use the arrow key to view the result, $3,500.

Output

Laser output is excellent. The inclusion of a $195 laser font cartridge as part of the program makes the print procedures simple since there is no need to download soft fonts. It also reduces the effective price of the program since you are not required to purchase a font cartridge.

The menu allows you to select the entire return for printing or to chose separate schedules. The print menu could be improved by allowing for the printing of blank forms and allowing you to print a review return which consists of only those forms that have entries.

Other Products

The company also produces The Lackner 6-in-1 Estate Administration System which produces estate administration, and federal and state estate and inheritance tax returns and federal and state fiduciary tax returns and court inventories. It is a complete package for those in

the business of estate administration and court accounting. The Quik 706 program is designed for the user that does not need to prepare estate accounting reports or fiduciary income tax returns. The company also produces a Quik 1041 for preparing the estate's income tax return.

Conclusion

Quik 706 can be used to complete a Form 706 in a relatively short period of time. However, it certainly does not have all the bells and whistles of the Shepard's program. Its $695 price is much less expensive than Shepard's especially considering that the $195 tax font cartridge is included. Although the database programs are easier to use when items are deleted or moved within the return, this spreadsheet program has well designed, helpful menus and function keys which make data entry and printing straightforward, even for the first time user.

TaxTime

Overview

TaxTime is a true Lotus 1-2-3 template. The program can only be used in conjunction with Lotus 1-2-3, version 2.01, 2.2 (or 2.3). The program will not run on Lotus

1-2-3 version 2.0. It also appears to run on Quattro Pro, but that should be verified before purchasing.

A working knowledge of DOS and Lotus 1-2-3 is essential. However, the manual has a step-by-step discussion of how to use the template, complete with review questions and answers for inexperienced Lotus users.

Data Entry

You enter the program by using the Lotus /file retrieve command and bringing up the .WK1 file from the TaxTime directory. General data entry is easily accomplished by answering the question on the proper input forms. A very nice feature is that for most of the yes/no questions, the template has already answered the question for you. I found that very few of the answers had to be changed. One problem is that on the horizontal yes/no questions it was very difficult to put the "X" in the correct location on the next line. However, once the correct location was obtained through trial and error, it was easy to use the Lotus copy command and copy the "X" to the remaining questions.

Selecting Schedules

When selecting the GotoForm from the menu, the screen lists most of the possible input choices and asks for a numerical choice, such as 1 for page 1 of Form 706, 10 for stocks, 17 for expenses, 30 to 41 for continuation schedules, and 70 for Input Section. This makes it very easy to choose the form. It would be even easier if the lettered schedules, such as Schedule B, Stocks and Bonds could be selected with a B instead of (or alternatively to) the choice of 10, but the present format works very well.

Once the choice is made, you are advanced to the proper form where the data is entered. Some of the selections are not listed on the menu, such as page two. It was only by accident I discovered that simply by selecting two, I could get to that form. Prior to this discovery, I used the arrow keys and paged down to move

through the spreadsheet until I found the input area on page two. Trying to find page two of schedule M took the same creativity. The menu listed 20 M Marital Deduction and the next entry was 22 O Charitable Deduction. Thus, 21 was the proper, although undocumented, entry for Schedule M, page two.

Entering assets and liabilities is easy and almost the same as Quik 706. It is a bit more difficult than necessary because item numbers must be entered as labels rather than as numbers. Thus, item 1 must be entered as "'1," rather than "1". This becomes a problem if one of the items is deleted and the remaining items have to be renumbered. If numbers were entered instead of labels, they could have been entered as a formula (the prior item +1) and then as additions/deletions were made, items would renumber automatically.

One of the major advantages of using a Lotus-based template is all of the familiar Lotus features are available. You can use the copy command for repetitious entries, the edit key to fix typos and more importantly all of the mathematical equations and functions available in Lotus. Unfortunately, unlike Quik 706, the fair market value at date of death for stocks is not calculated from the existing description and unit value entry, because the description is entered as a label rather than a number and there is no separate data entry area for the number of units.

Using Lotus equations saves a tremendous amount of time. For example, although the one-half reduction for community property is not calculated by the program, assuming that all property on a schedule is community property, the user need only describe the line item as "Less 1/2 Community Property" and then enter the equation @sum(F1..F20)*-1/2. Even if the value of one of the properties changes or if one of the properties is deleted, the total will be adjusted automatically.

Although Lotus equations can be used

to calculate most required amounts, it would have been nice if the program had an automatic calculation of the optimum marital deduction.

One major caution when using the Lotus commands. The template is designed for use as a print file. Information is placed in exactly the proper place. Therefore, widening a column, or adding or deleting a column may damage the

template irreparably. If that occurs, it is possible that the damage cannot be repaired and all of the client data will have to be re-entered. The program does have a *MasterReset* that resets column widths, margins and printer settings, so some errors can be fixed. Unfortunately, *MasterReset* will not fix the problem if a column has been deleted or added or if an extra row has been added.

Error Window

A unique and excellent feature is a very informative window at the bottom of the screen. It contains numerous items that are very helpful. The first item is *Error #*. It is generally *0*. If a number is present, the code can be found in the manual and the problem resolved. For example, *Code 300* means that the value of the gross estate is greater for alternative valuation than for date of death and therefore alternative valuation can not be elected. The bottom window also displays a summary total of the gross estate, the taxable estate, the tax, any other tax, the credits, any payments and the balance due. Since this window is always present unless you choose otherwise, you can quickly see the effect of an entry. This is probably the best feature of TaxTime.

A Few Disadvantages

One disadvantage of using Lotus is that to speed up data input, recalculation is placed on manual. The tax return and the summary window does not update until you recalculate the return by striking the F9 key.

Unlike Quik 706 in which the screen indicates how to invoke the menu, there is no indication of how to invoke the menu once it disappears in TaxTime. However, the first page of the manual contains a description of all the macros. The first macro is the Alt-M macro which invokes the menu at the top of the screen. Once the user knows to strike Alt-M, the program's menus are easy to access and user friendly.

Continuation schedules are easy to set up from the menu. If you run out of lines on Schedule B, it is easy to set up additional Schedule B forms. The problem is you must remember to bring the totals from the continuation schedules forward to the main schedule. The experienced Lotus user will realize the carry forward should be entered as a formula rather than an amount, so if the continuation schedule changes, the carry forward will also change. Where numerous continua-

tion schedules exist, you will need to keep a list of the number assigned to each schedule in order to use the menu's *GoTo* choice.

One area in which the program could be improved is in the calculation of the state inheritance tax credit. The program asks you to determine the amount of tax payable to the state. Since in many states the inheritance tax is equal to or greater

TaxTime is geared to lawyers who just want to make the mathematical calculations.

than the maximum allowable federal credit for state death taxes, the program should ask if the maximum allowable credit should be used.

Supplemental schedules

The program has a very nice feature that allows you to set up supplemental schedules or explanations within the template. This is helpful because it keeps the entire return and supporting statements all in one program.

Help

The help screen consists of less than one page of typed instructions that inform you how to make entries, how to invoke the menu, how to print, how to save the file, etc. There is no technical help, either on the screen or in the manual. The manual is somewhat helpful, but it consists mostly of copies of the government forms with numbers which tell you to enter a space, then the number (of the item) or to bring the continuation schedule amount forward. This program is geared

to lawyers who just want to make the mathematical calculations, since the manual mentions nothing about the law or even how to properly prepare a schedule.

Additional Software

The program comes with eight additional files and includes a Lotus template to calculate interest on underpaid taxes; PKZIP ver 1.10, an EMS40 program to help a 286 computer use extended memory as expanded memory and several other utilities.

Interrelated Calculation

The program does not perform the interrelated calculation for the marital deduction and the charitable contribution deduction. It only allows you to enter the tax which is paid by the beneficiary. Since this is a very difficult calculation, it would be helpful if the next version of the program adds an interrelated calculation feature.

Output

The laser version of the program prepares an excellent version of a tax return ready for filing. Printing TaxTime is a two-step process that is more difficult to use than the other programs. First, a print file must be prepared, named and saved. Second, you must exit Lotus 1-2-3 temporarily and enter the print program. The file is then selected and printed. By typing "exit" you are returned to the Lotus template. This process is a bit of an inconvenience compared to the other programs. In addition to being able to print the completed return, the laser print software allows you to print any combination of blank forms and schedules. This is a very handy option.

On-Screen

The screen is just like every other Lotus screen and it is sometimes hard to read the entire line of the tax form at one time.

Just as with Quik 706, the arrow keys must be used to move right and left to read an entire line of text. The print screens in the laser print option are well designed and easy to use.

Other Products

TaxTime also sells similar Lotus templates for the preparation of individual, S & C corporations, partnership, and fiduciary tax returns.

Conclusion

Except for the supplemental schedules and Lotus window that are unique to this program, this is your basic Form 706 program. It does not have all the features of its more expensive competitors. It will get the job done, but it will take more effort by the preparer than the other programs to make sure everything ties together and is entered correctly.

TaxTime is very inexpensive and may be cost efficient even if it is used solely as an alternative to the typewriter and to math check the manually prepared return. Preparers who already own Lotus 1-2-3 and a tax font cartridge may find that at a cost of only $380 for the program and the Laser option, the program pays for itself as compared to paying an administrative staff to type the return.

If you don't own Lotus 1-2-3, ver 2.01, 2.2 or 2.3 or a compatible program, or if you don't have the three to eight megabytes required to install Lotus 1-2-3, ver 2.3 on your hard disk, this program may not be for you.

Experienced Lotus users will be a bit frustrated having to enter item numbers as labels, but they will love the ability to use formulas to calculate fair market values, present values, etc. Used by an experienced preparer, this program can be used to complete a Form 706 in a relatively short period of time. Even the inexperienced user should be able to prepare a return with minimal effort. However, inexperienced Lotus users will not find this program as user friendly as other menu-driven programs that automatically tie all schedules together and number each item.

Zane 706

Overview

This review is based on an early test version of the Zane Federal Estate Tax System (706). The final product began shipping in May 1992. The Zane 706 is a stand alone software package complete with its own laser soft fonts. It is a database-oriented program with simple menu-driven instructions that are easy to learn.

Data Entry

Using the menus to set up a new client is very simple. When selecting an existing client, however, you have to know the client number. Fortunately, the clients names and numbers are listed by hitting the F1 key, the key used throughout the program to list clients, assets and liabilities to the screen.

Menu choices are self-explanatory and easy to use. The main menu contains choices such as: *Asset information, Beneficiary information, Creditor information, Marital Deduction,* etc. Once a choice is made, it is simple to enter required information in the appropriate location. The form design helps you place dashes where they belong and to enter dates in the appropriate format.

Entering Assets and Liabilities

Entering the necessary information for

```
                    ***  Adding Original Assets  ***

Asset ID                      2
Asset Type             1 (F1 = Help)      706 Over-ride type  0
Elect Special Use Val  N
Par/Shares/Units          25,000.0000    Alt Val Par/Shs.        17,500.0000
Inventory Value        2,500,000.00       Alternate Value     1,750,000.00
Received Date            01/05/92
Prior Income Date        10/31/91
Interest Rate            0.0000
Accrued Amount                0.00 (F1 = Compute Accrued)
Cusip No.                12345678

         Asset Name:                    Additional Narrative for 706 only
         100 Shares ZYZ Common Stock,
         NYSE Traded.



         Esq=Quit, F10=Save - 45 Lines
```

```
                         Decedent Information            Screen 1 of 6

Decedent's first name and middle initial
         (and maiden name if any)    Sample estate
Decedent's last name                 Estate

Domicile at time of death            SS
Year domicile was established        1940
Date of birth                        01/25/53
Date of death                        01/05/92
Decedent's social security number    123-45-6789 /

Name and location of court where will was probated or estate administered
         Los Angeles, California

Case number                          123456789
Did decedent die testate ? (Y/N)     Y
Is form 4768 to be attached ? (Y/N)  N
Estate Bank Name                     Bank of Estate



         F3=Previous Screen, F4=Next Screen, Esc=Save and Return to Menu
```

Zane 706: Asset and General Information Worksheets

assets and liabilities is easy. Once *Asset information* is selected from the main menu, a typical database screen appears asking for type of asset, description, value, units, number of shares, etc. Submenus are easily accessed by striking the F1 key. However, the submenu for asset types is almost too complex, having 27 choices compared to the nine choices on the tax return. For example, the asset listing has three separate categories for cash: cash, checking account and savings accounts/money market.

The program does not seem to have any of the complicated formula entries included in Shepard's or in TaxTime via Lotus. Thus, if there are two equal beneficiaries you must calculate the bequest to each beneficiary. Unlike most of the other programs, there is no optimum marital deduction calculation.

When filling out the requested information, plenty of space is given for a full description of each asset. However, you must press the F10 key to save each description. The program should automatically save the description unless you press a function key to delete. Like the other programs, except TaxTime, it would be nice if a calculator were built into the program for calculating fair market value for stocks and other calculations.

Editing

It is somewhat difficult to make changes once an asset has been entered because you must change an asset based on its identification number rather than its name or location on a schedule. However, the program makes this as painless as possible by designating the F1 key to list all of the assets on the screen. By paging through the list, you can locate the desired asset and its identification number. Finding the asset number takes some getting used to if you are used to Lotus templates, but is very simple if you are familiar with database programs.

A nice feature is that this program (and Shepard's) automatically numbers each item as items are added, deleted or moved

between schedules. If continuation schedules are required they are included without any prompting by the user and the total on the main schedule includes the amount from the continuation. In addition, it is very easy to move an asset from one schedule to another.

Unique Feature

Zane 706 has one unique feature. It will automatically compute the accrued interest on a bond, note or savings account at date of death if the interest rate and prior payment date are entered into the program. The only additional information needed is to decide whether to compute the accrued interest on the 30/360 day method or the actual days method. Press F1 and the accrued interest is automatically entered into the appropriate schedule. It is amazing that the other programs do not offer this feature.

Output

Printing is very easy. Even the laser soft fonts are included with the program, a cost savings of $195. It is fairly quick to download the soft fonts prior to printing. At present, even those with a tax font cartridge must download the soft fonts, but the final version will probably allow you to skip the soft fonts if you have the tax font cartridge.

Many of the lists, such as a list of the beneficiaries, or of the assets, can be printed either to the printer or to the screen, although it doesn't appear that the return could be printed to the screen.

Help

The program does not presently have a help screen. The screen lists F1 as help, but as discussed above, F1 simply lists items to the screen. Hopefully, the manual will provide any needed help.

Screen Display

The screens were well laid out and easy to read. The beta version was not in color, but I assume the final version of the pro-

gram will be.

Interrelated Calculation

The program automatically determines the deduction for the marital or charitable deduction by making the required interrelated calculation. As with the other programs that make the interrelated calculation, the user can bypass this feature if the actual tax paid by the beneficiary is known.

Additional Software

Zane also produces a fiduciary accounting program. The estate tax program is designed to transfer information from the Zane Fiduciary Accounting program. Once the assets and liabilities have been entered into either program, the other program can be set up with all assets and liabilities transferred automatically.

Conclusion

Zane 706 is similar to Shepard's in that it is a database program with easy data entry. It does not have the bells and whistles of the Shepard's program, but the price is similar, except you don't need a font cartridge. For estates with substantial fixed rate securities or bank accounts, the accrued interest calculator is a great time-saver and an excellent feature unique to this program. Zane 706 is easy to use, and adding or deleting an item can be done without requiring you to renumber the items or confirm that the supplemental total carried over to the main schedule. ✔
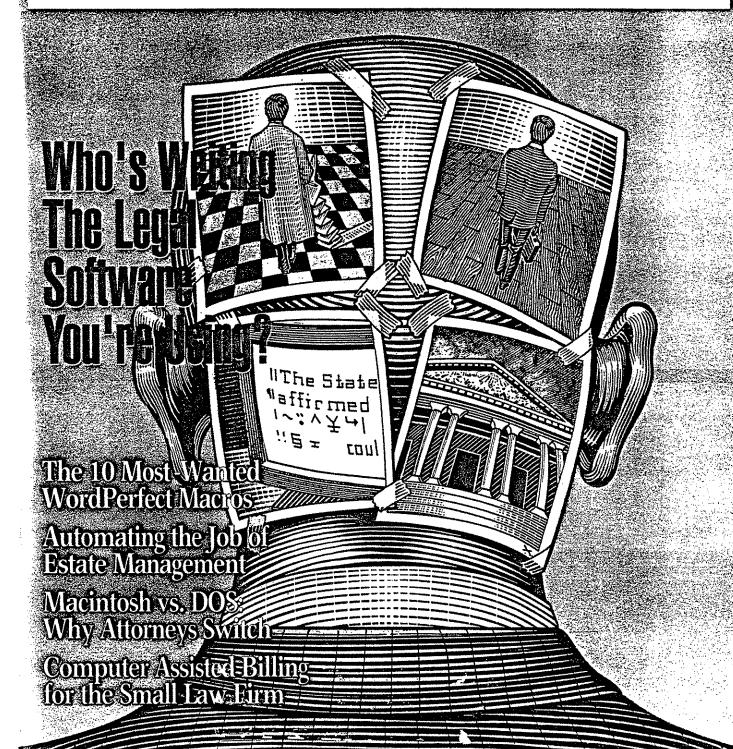
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