



TAXWORKS NEWSLETTER

Don't Wait to Register for One of Our Power Seminars

TaxWorks seminars have become the event of the year! Spots are filling up fast, so don't wait to register.

This year the Power Training Seminars will be held in downtown Salt Lake City Dec. 5 & 6, in Disney World Dec. 8 & 9, on the strip in Las Vegas Dec. 12 & 13 with a second, identical session in Las Vegas Dec. 14 & 15, and in the heart of New York City January 3 & 4, 2006.

We have acquired some terrific rates for those who would like to stay at the seminar location.

Please checkout the 2005 Power Training Seminar brochure on our website at www.taxworks.com. Select the Sales tab, and then TW Power Seminars in the bottom left corner. You may also contact our Sales Team at 1-800-230-2322 for additional details and complete the registration information on the back page.

TaxWorks Mourns for AL, FL, LA & MS

TaxWorks is a family consisting of employees and customers. We watched with tremendous sadness as Hurricane Katrina hit the Gulf Coast this past August, bringing horrible devastation to many of our TaxWorks' family members. From the staff at TaxWorks, and many other concerned customers, we send our heart-felt wishes that those affected might know of our concern, love and support. Our thoughts are with you for a speedy recovery.

Have You Ordered Your Software?

So, you've put-off ordering your TaxWorks software for the 2006 tax season. Well, it's not too late!

If you have questions, want to place your order, or make changes to your order, please feel free to call your Regional Sales Manager at 1-800-230-2322:

Keith Wall – Western Regional Sales Manager – ext. 4603

Kevin van Uiter – Central States Regional Sales Manager – ext. 4143

Lyle Petersen – Vice President Marketing and Utah Sales Manager – ext. 4140

Tim Baca – Southwest Regional Sales Manager – ext. 4600

Neil Ward – Midwest Regional Sales Manager – ext. 4142

Jon Wall – Northeast Regional Sales Manager, ext. 4144

Bruce McCauley – Eastern Regional Sales Manager – ext. 4602

Austin Brooks – Southeast Associate Sales Manager – ext. 4606

Mordy Brooks – Southeast Regional Sales Manager – ext. 4601

Congrats To Our Seminar Winners!

Four names were drawn randomly from the TaxWorks customers who renewed their software order before the May deadline, referred a friend

to look at a TaxWorks demo, or completed the end-of-season on-line software survey.

Four lucky names were picked. These individuals will be able to attend a TaxWorks Power Seminar in the location of their choice for free!

The four individuals will have their registration fee, travel and hotel stay paid for as winners of this year's TaxWorks Sweepstakes.

Congratulations to David Spoustat (CO), Leonard Vine (CA), William Bishop (UT), and Charles Sila (IL).

Employee Pics

Do you sometimes wonder what the individual you are conversing with on the phone looks like? Well, we have decided to include a few pictures of our TaxWorks employees in each newsletter. Pictures will appear on the front page header and throughout the newsletter. Employees in the issue header from left to right are: Keith Wall - Western Regional Sales Manager, Kacie Douros - Call Center Representative, Dave Sanders - IT Manager, Brooke Johnson - Call Center Assistant Manager. Below: Lynn Tenney - Executive Assistant, Casey Wheeler - Customer Relations Manager.



E-File



State Mandates

Connecticut

A pending regulation effective January 1, 2006, will require preparers who prepared 200 or more 2004 Connecticut income tax returns to file 2005 Connecticut income tax returns electronically using the Federal/State Electronic Filing Program.

Kentucky, New Jersey, New Mexico and Rhode Island

are still finalizing legislation. We will update you through alerts.

You can access an overview of State electronic filing and 2-D bar code mandates by logging onto the TaxWorks web site at www.taxworks.com. Select the News tab, and in the lower left-hand corner of the screen, click State E-File Mandates.

Oregon

is still determining their mandate requirements. The first effective year for a mandate would be tax year 2006.

Utah

has mandated that a tax return preparer, or two or more tax return preparers affiliated together in the same establishment, who prepared 101 or more 2004 Utah Individual income tax returns, must submit all Utah individual income tax returns electronically or use 2-D barcode technology on paper returns. The following exceptions apply: Taxpayers who elect out of electronic filing or 2-D technology, returns that include a schedule that cannot be transmitted electronically or by 2-D barcode, undue hardship on the tax return preparer.

System 990

Due to the IRS mandate requiring tax-exempt organizations with total assets of \$100 million or more to file Form 990 electronically, our goal is to have System 990 available for electronic filing by January 15, 2006.

1120/1120S Extension Form 7004

We are adding the ability to e-file the 1120/1120S extension Form 7004. We anticipate delivery February 2006.

E-Filing Imperfect Returns

Tax year 2005, IRS will accept e-filing of imperfect Individual returns on second or subsequent transmissions for returns relating only to error reject codes 501 or 504 (Name control and SSN mismatch).

On the first transmission of a return containing a name/SSN mismatch, the IRS acknowledgement will be returned with a code "R" indicating "Rejected". Instructions will be included in the acknowledgement on how to handle the reject. If the information appears to be correct, the return may be re-transmitted. If the name/SSN mismatch persists, the IRS acknowledgement will be returned with a code "E" indicating "Exception Processing". IRS will accept the return into the system, but the credit or exemptions may be disallowed. Taxpayers will receive an IRS notice and will need to contact IRS or the Social Security Administration to clear up the name/SSN mismatch.

Note: This does not apply to Fed/State returns. In order to have the return accepted in the IRS system, subsequent submissions must be filed as Federal Only and State Only. Instructions will be included in the software.

E-File Center Realignment

The Memphis IRS center will no longer process e-file returns. The Fresno IRS center will become a new e-file processing site. Processing sites have been realigned, affecting many states. The TaxWorks program will automatically direct your e-file returns to the correct site. Information relating to site realignments will be noted in the software and documentation.

Electronic Filing Enhancements

Security

As security continues to become a growing issue in the computer tax industry, we are doing our part to ensure a high level of security and privacy exists in the TaxWorks E-file Center.

We will be masking social security numbers throughout the E-File Center, so only the last-four digits show (i.e.: XX-XX-1234).

We are determining new ways to secure data sent from you the customer, through the TaxWorks E-File Center, and on to the IRS.

Bank Products

In cooperation with Bank One, we are implementing the Instant RAL option and the Direct Funds Card as a refund disbursement type.

MeF (Modernized E-File)

TaxWorks plans on having the following 1120 and 1120S state systems available in 2005 using the new MeF (Modernized E-file) architecture created by the IRS for electronic filing.

1120: Alabama, California, Maryland, Massachusetts, Michigan.

1120S: Massachusetts, Michigan.

Implementation and start dates vary by state.

We will pass information on to you through alerts as plans are finalized.



IRS Suspends Printing of Package X, Publication 1345 and 1345A

The IRS has announced that it will no longer print and mail *Package X*, which is a facsimile compilation of the IRS' forms and schedules. They will also suspend printing of *E-file Publications 1345 and 1345A* which contain e-file instructions, forms and rejects codes. We feel this will be the trend for other publications in the future. These publications will be available on the IRS website under Forms and Publications.

New for the 2005 tax year: Form 1098C

One of the results of the American Jobs Creation Act of 2004 is a change in the substantiation of certain donations. Generally, after December 31, 2004, a "contemporaneous written acknowledgement" from the donee organization must be attached to the individual income tax return containing a donation of an auto, boat, or airplane with a determined value in excess of \$500. A new form, Form 1098C, will be issued by charitable organizations to donors to accommodate this substantiation requirement.

For more information on this topic, refer to the following website: <http://www.irs.gov/charities/article/0,,id=139559,00.html>
As IRS guidelines are finalized, we will enhance the TaxWorks software, as needed, to make this change as streamlined and time-effective as possible.

Standard Mileage Rates Increase for Last Four Months of 2005



Due to the dramatic increase in the cost of fuel, the IRS and Treasury Department announced on September 9, 2005, an increase in the standard mileage rates. The rate increase takes effect September 1, 2005, through the end of the year. Therefore, there will be two time periods that need to be evaluated in 2005.

Following are the rate increases:

- Business Mileage Rate increased from 40.5 cents to 48.5 cents.
- Medical/Moving Mileage Rates increased from 15 cents to 22 cents.
- Charitable Mileage is set by statute and not the IRS so it remains at 14 cents.

For more information, please refer to the following website: <http://www.irs.gov/newsroom/index.html>

TaxWorks will provide input entries to handle the different rates so preparation time is minimized.

Did You Know?

IRS discontinued the TeleFile program August 16, 2005. TeleFile allowed taxpayers to file Forms 1040EZ, Federal/State Form 4868 and Form 941 by telephone.

Change to Extension Form 4868

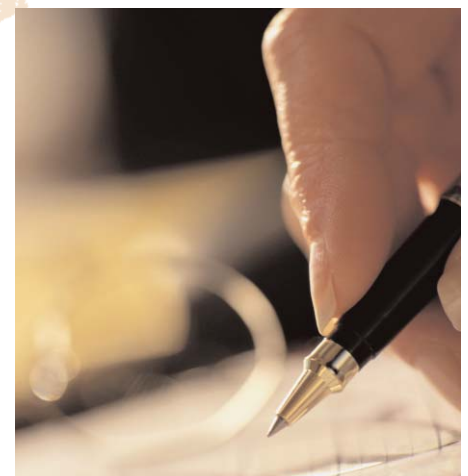
The IRS has announced that Form 4868 will be revised to grant taxpayers an automatic six month extension of time to file. The additional extension Form 2688 will become obsolete.



Fast Fact



The IRS.gov web site offers tax professionals web pages with quick links to tax information for Tax Pros. You can link to topics on e-Services, Basic Tools for Tax Professionals, and more. The Basic Tools for Tax Professionals page includes topics on "Where to File" addresses, forms and publications, EIN information, tax law changes and much more. Visit irs.gov today!



TaxWorks TaxPlanner Takes Out the Guess Work



Do you need an easy way to get quick tax planning results at a low cost and without a steep learning curve? Take a peek at the TaxWorks TaxPlanner module.

The TaxPlanner is an easy-to-use "what if" tool for accountants, attorneys, and tax practitioners. This tool allows preparers to compare five different tax scenarios on the screen at one time. It incorporates new tax laws as we currently understand them. (The TaxPlanner is a limited feature software program and does not attempt to process to the depth that our tax preparation software does.)

The Tax Planner's main screen shows five individual columns. Each column can represent one year or one scenario for one particular year. Multiple scenarios for a single year may be entered. A column may be copied to another column, or columns may be deleted.

The main screen also shows all 1040 summary information. Several summary items open to sub-pages when clicked on. These include: ordinary income, Schedule D, adjustments to income, standard/itemized deductions, exemp-

tions, non-refundable credits, other taxes, alternative minimum tax, payments and refundable credits.

An annual inflation rate can be entered. The TaxPlanner will automatically adjust for any inflation sensitive items such as EIC, deductions, exemptions, etc.

After all desired amounts have been entered, or imported from a client's return in TaxWorks, the bottom line refund or payment due is calculated, eliminating much of the guess work.

If you are interested in this helpful module, contact your regional sales manager!

Year.....	2005	2006	2007	2008	2009
Filing Status.....	Single	Single	Single	Single	Single
Ordinary Income.....	0	0	0	0	0
Schedule D.....	0	0	0	0	0
Adjustments to Income.....	0	0	0	0	0
Adjusted Gross Income.....	0	0	0	0	0
Std / Itemized Deductions.....	0	0	0	0	0
Exemptions.....	0	0	0	0	0
Taxable Income.....	0	0	0	0	0
Regular Tax.....	0	0	0	0	0
or Schedule D Tax.....	0	0	0	0	0
Alt Min Tax (6251).....	0	0	0	0	0
Non-Refundable Credits.....	0	0	0	0	0
Other Taxes.....	0	0	0	0	0
Pmts and Refundable Cr.....	0	0	0	0	0
Net Tax Due.....	0	0	0	0	0
Net Refund.....	0	0	0	0	0

ArkWorks DOCUMENT STORAGE SOFTWARE

Our Fall Newsletter introduced a new document management system currently under development. This product now has a name, ArkWorks! The product will allow you to archive numerous items. A few features include:

- Extensive library which enables cataloging and retrieval of any document
- Powerful search engine to perform document searches by key values, full content, or file/folder view
- Tight security features which provide access control at system, folder, and document levels
- Document retention management

- Ability to scan and catalog paper documents
- Catalog MS Office documents in PDF or native format
- Convert any document type to PDF format
- Add text notes and/or annotations to PDF documents
- Full integration with TaxWorks
- Email any document

Instead of searching through countless file cabinets for paper documents, retrieve electronic documents quickly and easily with ArkWorks!

This product will be released for beta testing in November. If you are interested in being a beta tester email arksupport@taxworks.com.

eGLWorks



In early August, beta testing for the eGLWorks accounting software started in full swing. The eGLWorks beta version includes most of the features needed in a client write-up situation. Additionally, by the end of September, bank reconciliation will also be tested by beta users. The Basic version (for end users) and Advanced version (for firms) will be released the first week of December 2005.

eGLWorks uses a unique “thin client” or “smart client” architecture, with the result being that key data is stored on eGLWorks servers, yet the speed at which the software operates is “equal to, or faster” than traditional desktop deployed accounting packages.

Other notable features of eGLWorks include the following:

Firm Control — The firm (you) controls the chart of accounts and financial statements of the client. The firm also handles user control and generates financial statements for clients.

Assisted Clients — If clients want to do data entry, but you need to do monthly or adjusting entries, the software allows both of you to work off the same, most recent data without chasing down or waiting for the latest versions.

Audit Trails — Audit trails show changes made to entries that have been posted, including who and when.

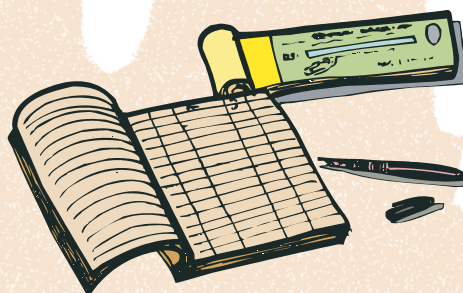
Keystroke Optimization — Forms are designed to minimize keystrokes, eliminating time consuming navigation or mouse usage.

Departmental Accounting — Departments and project classifications identify

transactions and allow the ability to provide financials by department, project, or company-wide.

Simple Installation — No CD is needed. The program can be loaded from the internet.

TaxWorks Integration — When you are ready to prepare the return, integration in to TaxWorks software is built right in.



Other key functionalities and release dates are as follows:

December 2005

- A/R and A/P modules
- Billing and Estimates
- Bank Reconciliation
- Departmental reporting
- Payroll (after-the-fact)
- Quarterly payroll reports
- W-2 and 1099 reporting
- TaxWorks Integration

Fall 2006

- Budgeting
- Custom reporting
- Payroll (Live) module
- Inventory module
- Fixed Assets module
- Online Banking

If you are interested in being an eGLWorks beta tester, contact your sales representative, or send an email to eglsupport@eglworks.com.



Continuing Professional Education

TaxWorks seminars qualify for up to 16 hours of CPE credit for CPAs and Enrolled Agents.



TaxWorks by Laser Systems is registered with the National Association of State Boards of Accountancy (NASBA), as a sponsor of continuing professional education on the National Registry of CPE sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. Website: www.nasba.org.

Seminar Fees

Seminar fee cannot be refunded after December 1st, 2005.

(Seminar registrations accepted after November 1, 2005 are \$300.00 per person, SLC, FL, LV, \$365-NY.)

*** You must register with TaxWorks to attend one of these seminars! Simply fill out and clip the coupon below and return it to us. Note: We cannot hold your place at the seminar without payment at the time of registration.

If you have questions, please call our sales team at: 1-800-230-2322.

Fax your registration to: 801-544-5699

Your Account Number: _____

Check Enclosed: (\$245 per attendee, \$195 for additional attendees from same office (UT, FL, NV)
\$295 per attendee, \$245 for second person (NY)

Firm Name: _____

Attendee Names: _____

Seminar location you plan to attend (please circle)

UT FL NV1 NV2 NY

Credit Card#: _____ / _____ / _____

Type of Card: _____

Exp. Date: _____ / _____



YES, I would like CPE credit (applicable to CPA's and EA's)



Mail this form with payment to 350 North 400 West - Kaysville, UT 84037

Attn: Seminar Coordinator.