

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

BPO and ITeS


“Hands on Experience”
at

R SINGHI HALL on 11th February' 2004

ACCOUNTING TOGETHER

US Taxation – How it Works

Sanjib Sanghi - FCA



Introduction

- ❖ In the last few years, there has been an upheaval surrounding BPO, resulting into a competitive advantage for India to exploit.
- ❖ We all know that, Business Process Outsourcing is the act of transferring some of an organization's recurring non-core activities and decision rights to outside providers under a SLA.
- ❖ Today Indian IT service Providers are enjoying tremendous growth in their revenue – the Mantra is “ **Come to India where IT is cheaper**”
- ❖ The goal, however, should be to become the Global BPO Service Provider, by offering something more than low rates. We still need to define the India advantage as more than cheap labour – where the only Mantra should be “**Come to India – The Back-Office Partner of the World.**”


Is Accounting on Computers on a package like Tally called eAccounting – **NO!**

Is Accounting on Internet called eAccounting – **NO!**

THEN.....??

eAccounting is basically a concept whereby various users of accounting information like Management, Branches, Factories, Auditors and Accountants etc access financial data online, from various locations, with their level of permission and passwords.

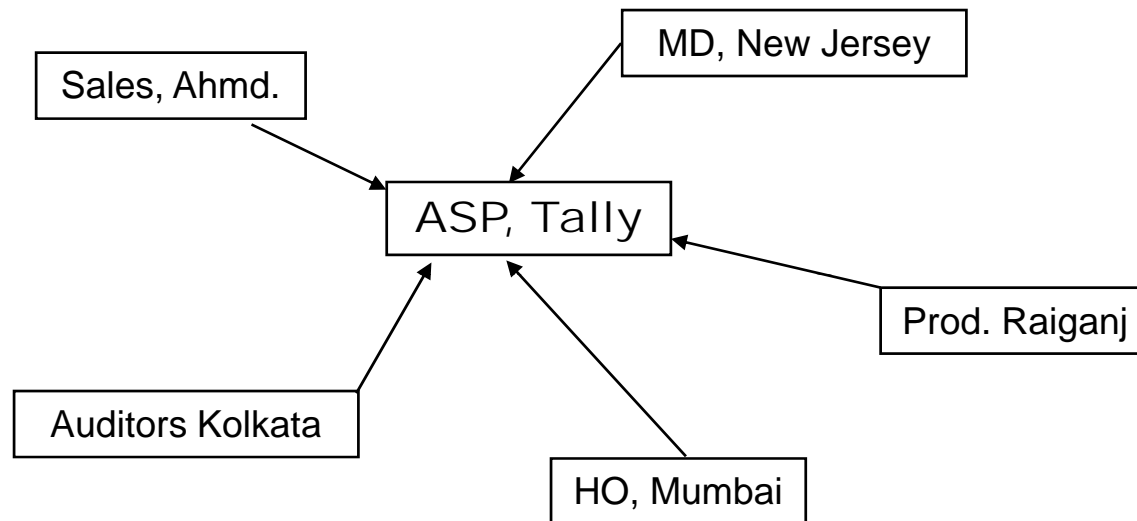
This is because the Application Software is hosted on a remote but safe and secure environment by an ASP (Application Service Provider) which allows access to users of financial information with different levels of password.



eAccounting

A major problem faced by accounting professionals and business process outsourcers is the effect of time & distance. Traditionally, practitioners either drove to the client office to do the work, or had source documents picked up from the client for processing back at the office. Drive time, out of office time... these serve to increase the costs and decrease the profitability of bookkeeping or data processing services.....WHAT DOES eACCOUNTING DO OVER HERE?

Imagine, If Tally is hosted on an ASP by Company ABC Ltd and this company has its Head office located at Mumbai, Sales Office at Ahmedabad, Production Unit at Raiganj , Auditors in Kolkata and the Managing Director at New Jersey.



All users are virtually connected and can work from any location. The network is secure, the data is protected and all information is in real-time. It's like working online with your clients using hosted applications.

Welcome to e-Accounting.



US Taxation

Regulatory Body

- ❖ Internal Revenue Service (IRS) www.irs.gov.in
- ❖ American Institute of Certified Public Accountants www.aicpa.org
- ❖ Financial Accounting Standard Board www.fasb.org



Softwares

Taxation



Turbotax

www.turbotax.com




ProSeries

www.proseries.com




LaCerte

www.lacertesoftware.com



Important Tax Forms

ENTITY	USA
INDIVIDUAL	1040/ 1040A/ 1040EZ
PARTNERSHIP	1065
TRUST	8453
CAPITAL GAINS	Schedule D (Form 1040)
S CORPORATION	1120 S




Who Must File Individual Returns?

- A taxpayer must file a return if his or her income is equal to or greater than the sum of:
 - ✓ Personal exemption (\$3,050 for 2003) plus.
 - ✓ Regular standard deduction (Not applied to married filing separately)
 - ✓ Additional standard deduction amount for taxpayers age 65 or more (Not applied to married persons filing separately)

- Individuals whose net earnings from self-employment are \$400 or more.

- Individuals, who can be claimed as dependents on another taxpayer's return, have Unearned Income and Gross Income of \$750 or more.

- Individuals who receive advance payments of Earned Income Credit.



Due Dates And Extensions

When returns are Due?

Returns are due on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year. For a calendar year taxpayer, this would be April 15.


How to apply for Extension of time to file?

Automatic four-month Extension is provided (until August 15) for those taxpayers who are unable to file on the April 15. The taxpayer must request four-month extension by filing

[Form No 4868](#)

A further two-month Extension is provided (until October 15) with the permission of IRS

[Form No 2688](#)



Individual Tax Entities

USA (5 FILING STATUS)

- ↳ Single
- ↳ Married Filing Jointly
- ↳ Married Filing Separately
- ↳ Head of Household
- ↳ Qualifying Widower

INDIA

- ↳ Assessed in an individual's sole capacity.
- ↳ Marital Status not the criteria

Single

Filing Status

Taxpayers use the single filing status if, on the last day of the year, they

- ⌚ were never married, or
- ⌚ were legally separated under a decree of divorce or separate maintenance, or
- ⌚ were widowed before January 1 of that year and were not remarried.



Married Filing Jointly

Filing Status

It includes: -

- 🕒 Taxpayers who live together in a common-law marriage recognized by the state where the marriage took place,
- 🕒 Taxpayers who live apart but are not legally separated, and
- 🕒 Taxpayers whose spouses died during the year and who have not remarried.

The lowest tax rates apply to the married filing a joint return filing status

Married Filing Separately

Filing Status

- ⌚ Married taxpayers may choose to file separately under the married filing a separate return filing status.
- ⌚ Tax rates are highest for the married filing a separate return filing status.
- ⌚ Some taxpayers choose the married filing a separate return filing status so that one spouse will not be responsible for the other spouse's tax liability.



Head Of Household

Filing Status

It includes : -

- ⌚ Are unmarried or considered unmarried as of the end of the year, or
- ⌚ Provide more than half the cost of keeping up a home for a qualified person for more than half of the year.

(Dependent parents do not have to live with taxpayer.)

Tax rates for head of household are lower than those for single taxpayers

Qualifying Widow (er) With Dependent Children

Filing Status

It includes : -

- 🕒 The spouse died within two years before the tax year and the surviving spouse has not remarried.
- 🕒 A child (including foster child, adopted child, or step-child) qualifies as a dependent for the surviving spouse.
- 🕒 The surviving spouse furnished over half the cost of keeping up a home that was the principal home of the child for the entire year.

They are the lowest tax rates and usually result in the lowest total tax.




Calculation For Individual Income Tax (In USA)

Income from whatever source derived	XXX
Minus: Exclusions	<u>(XXX)</u>
Gross Income	XXX
Minus: Deductions for Adjusted Gross Income	<u>(XXX)</u>
Adjusted Gross Income (AGI)	XXX
Minus: Deductions From Adjusted Gross Income:	
Greater of Itemized Deductions or the Standard Deduction	(XXX)
Personal and Dependency Exemptions	<u>(XXX)</u>
Taxable Income	<u>XXX</u>
Gross tax (as per the rate of Tax Table)	XXX
Minus: Credits and prepayments	<u>(XXX)</u>
Net tax payable or refund due	<u>XXX</u>

Standard Deduction

Non-Itemizers get a standard deduction with the amount dependent on filing status.

Filing Status	Std Dedn	Blind or Over 65 Yrs	Blind & Over 65 Yrs
Single	\$4,750	\$5,900	\$7,050
Married & Filing Jointly	\$9,500	\$10,450 (1 qualifying spouse)	\$11,400 (1 qualifying spouse)
Qualifying Widow (er) with Dependent Child	\$9,500	\$10,450	\$11,400
Head of Household	\$7,000	\$8,150	\$9,300
Married & Filing Separately	\$4,750	\$5,700 (1 qualifying spouse)	\$6,650 (1 qualifying spouse)



Personal Exemptions

- 🕒 The personal exemption is a deduction of \$3,050 you get to take on your tax return just for being yourself.
- 🕒 You subtract the personal exemption from your income before you figure out how much you owe in taxes.
- 🕒 If you claim someone as a dependent, you can also subtract that dependent's exemption from your income, too.

Dependency Exemption

There are 5 tests:

- ① Support Test: More than 50% of the exps of the dependant
- ① Citizenship Test: Must be an US/Canada/Mexico citizen
- ① Gross Income Test : Dependant should be less than 19 yrs. and income less than \$3050.
- ① Joint Return Test: If the dependent is filing jointly with another, you can't claim him as a dependant unless the joint filers had no tax liability.
- ① Relationship or Member of Household Test : A person qualifying as your dependent generally may be your child, step-child, adopted child, grand child etc.




Tax Credit

There are two types of tax credits applicable to the individual taxpayers. They are as follows:

- i. Personal Tax Credit (Non Refundable): It may reduce personal tax liability to zero, but they may not result in a cash refund.

- ii. Refundable Tax Credit: These Credits are deducted from Income tax liability. They may result in a cash refund when the credit exceeds tax liability owed.



Form - 1040

This is the standard "long form" tax return, which must be used by all filers not eligible to use Form 1040A or 1040EZ.

You must file your income taxes using Form 1040 if any of the following are true.

- Taxable income of \$50,000 or more
- Itemized deductions
- Self-employment income
- Income from sale of property

Form 1040A

Form 1040A is the "medium form." It's not quite as long as Form 1040, but can be used if you don't qualify for the 1040EZ and meet all of the following requirements:

- 💰 Taxable income below \$50,000
- 💰 Capital gains distributions, but no other capital gains or losses
- 💰 Only tax credits for child tax, education, earned income, child and
- 💰 Dependent care expenses, adoption and retirement savings contributions
- 💰 No itemized deductions

Form 1040EZ

The simplest, one-page tax form has become more and more complicated in recent years, and as a result more and more taxpayers can use it.

You can use the 1040EZ if all of the following are true:

- ♪ Taxable income below \$50,000
- ♪ Single or Married Filing Jointly
- ♪ Under age 65
- ♪ No dependents
- ♪ Interest income of \$1,500 or less



Other Important Forms

- 1) **Form W-2** : Salary, Wages and Tip Income.
- 2) **Form 1099-INT** : Income.
- 3) **Form 1099-DIV** : Dividend Income.
- 4) **Form 6257** : Alternative Minimum Tax.
- 5) **Form 4137** : Social Security & Medicare Tax on Tip Income.



Important Schedules

- Schedule A** : Itemized Deduction
- Schedule B** : Interest and ordinary Dividends
- Schedule C** : Profit and loss from business.
- Schedule D** : Capital Gains and losses.
- Schedule EIC** : Earned Income credit.
- Schedule SE** : Self Employment Tax.



Partnership - Taxation

USA

- A partnership firm is required to file a partnership tax return (Form 1065). Only for informative purpose. The firm's income is exempted from tax.
- Each partner is liable only for taxes due on his distributed share of partnership income, whether or not such such distribution is actually made to the partner.

INDIA

- A partnership firm in India is required to pay taxes.
- The partners are exempted from paying tax on their share of profit accruing from the partnership firm.³



S Corporation

The tax treatment for Small Closely Held Corporation is similar to Partnerships.

Eligibility

A. Qualified Corporation – Domestic Corporation.

B. Eligible Shareholders – Individuals, Estate or certain Trusts.

(Exceptions: Corporations or Partnership)

C. Shareholder Limit – Not more than 75 shareholders. Husband and wife are counted as one shareholder.

D. One Class of Stock – There may not be more than one class of stock.



S Corporation

☒ **S Corporation Tax Year** – The same tax year as that of their majority interest owners (generally a calendar year).

☒ **No tax on Corporation** – All earnings are passed through to the Shareholders. An Indian Company pays Tax irrespective of its income and size.



Dividends Of C Corporations

- In case of a C Corporation, any dividend paid by the company are taxed **twice** at company level and at shareholders level.
- C Corporation does not get any deductions for dividend.
- For tax planning purposes, they pay Bonus instead of Dividends.

Corporate Dividends In India

The company has to pay corporate dividend tax; however, the shareholders are exempted from paying tax on their dividend income



Salary Certificates

USA: Form W-2

- **Form W-2** (Wage & Tax Statement) is the end-of-the-year form, the employer sends to each employee and submit to the Federal, State & Local Tax Agencies.
- The form shows the employee's wages & taxes withheld for the year.

INDIA: Form 16

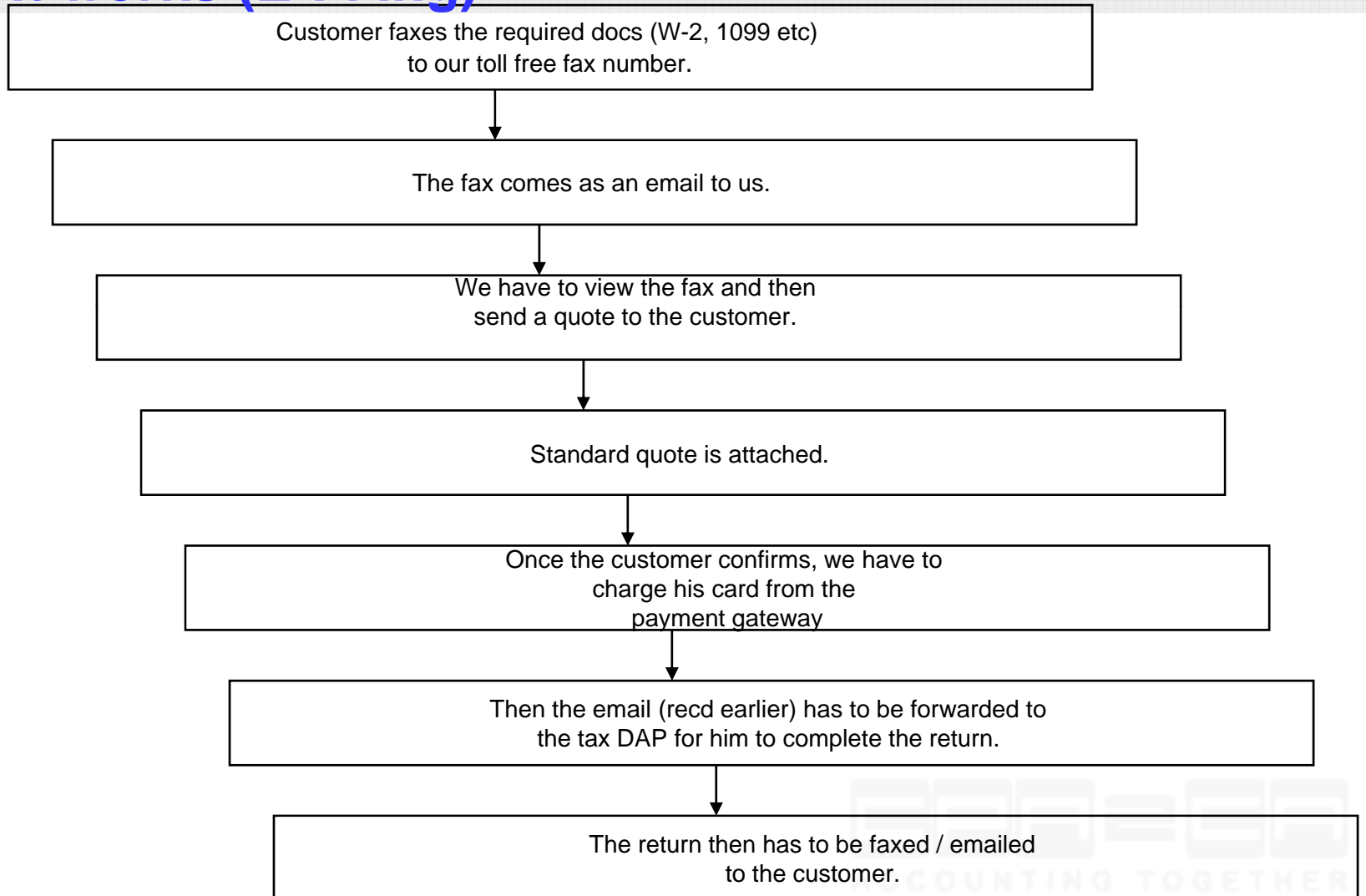
- An Indian employer gives a salary certificate to the employee in Form 16.



Types Of Financial Year

- **Calendar Year** : 1st of January to 31st December
- **Fiscal Year** : 12 months period
- **Retail Industries** : February 1st - January 31st
- **Federal Govt** : Starting September 30th
- **State Govt** : Starting August 15th

How it works (E-Filing)



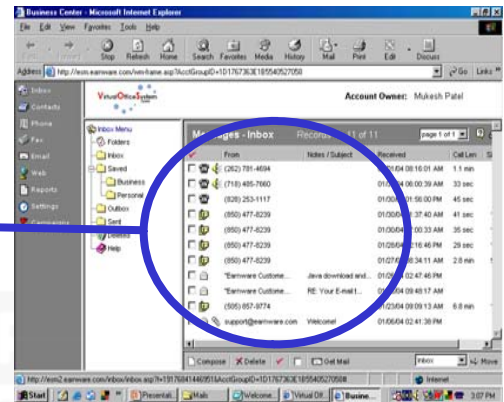
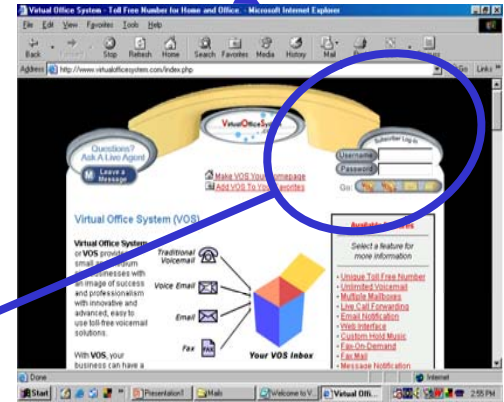
STEP # 1.



Client simply Faxes, Calls or E-Mails the details.

Information received as E-Mail

We log in using our User ID and Password.



Information received as E-Mails.

STEP # 2.

Details viewed / checked and a quotation is created.

Voicemail - Microsoft Internet Explorer

Voicemail

Save Notes Fwd Delete Close << Prev Next >>

To (877) 578-4939

From (718) 485-7660 [Add to Contacts](#)

Date 1/31/2004 6:00:28 AM

Call Length 33 sec

Msg Length 9 sec [Play message](#) [Call Detail](#)

Notes

Information Attached as Phone Call.

Fax - Microsoft Internet Explorer

Fax Notes

Save Notes Fwd Delete Close << Prev Next >>

To (877) 578-4939

From (850) 477-8200 [Add to Contacts](#)

Date 2/2/2004 8:34:48 AM

Call Length 34 sec

Msg Length 1 Page

Notes

Information Attached as Fax Document.

Voice attachment.

Fax attachment.

BUILDERS KITCHENS INC. **QUOTATION** DATE: 8/25/01

DATE _____ REF:PRO FORMA INVOICE NO. _____

COMMODITY _____ EXPECTED SHIP DATE _____

CUSTOMER _____ PACKED DIMENSIONS _____

COUNTRY _____ PACKED WEIGHT _____

PAYMENT TERMS _____ PACKED CUBE _____

PRODUCTS TO BE SHIPPED FROM _____ TO _____

SELLING PRICE OF GOODS: _____ \$ _____

SPECIAL EXPORT PACKING:

\$ _____ quoted by _____ \$ _____

\$ _____ quoted by _____ \$ _____

\$ _____ quoted by _____ \$ _____

INLAND FREIGHT:

\$ _____ quoted by _____ \$ _____

\$ _____ quoted by _____ \$ _____

\$ _____ quoted by _____ \$ _____

Inland freight includes the following charges:

unloading pier delivery terminal

OCEAN FREIGHT

\$ _____ quoted by _____ tariff item _____ \$ _____

\$ _____ # _____ \$ _____ # _____

\$ _____ # _____ \$ _____ # _____

AIR FREIGHT

\$ _____ quoted by _____ spec code _____

\$ _____ # _____ \$ _____ # _____

\$ _____ # _____ \$ _____ # _____

Ocean freight includes the following surcharges:

Port consession Heavy lift

Currency adjustment Bunker

Container rental Wharfage

Air freight includes the following surcharges:

Fall adjustment

Container stuffing

INSURANCE Includes war risk rate: _____ per \$100 or \$ _____

INSURANCE Includes war risk rate: _____ per \$100 or \$ _____

TOTAL OCEAN CHARGES \$ _____ TOTAL AIR CHARGES \$ _____

notes: _____

FORWARDING FEES: _____ \$ _____

Includes: Courier Fees Certification Fees Banking Fees

CONSULAR LEGALIZATION FEES: _____ \$ _____

INSPECTION FEES: _____ \$ _____

DIRECT BANK CHARGES: _____ \$ _____

OTHER CHARGES: _____ \$ _____

TOTAL: FOB C & F FAS CIF _____ \$ _____

Form No. 10-000 Printer and Sold by ENR 700 Central Ave., New Providence, NJ 07093 • (201) 631-2000

ACCOUNTING TOGETHER

STEP # 3.

Quotation sent to the Client via Fax, Phone or E-mail.



BUILDER'S KITCHENS INC. QUOTATION		DATE:	8/25/01
DATE	REF/PRO FORM INVOICE NO.		
COMMODITY	EXPECTED SHIP DATE		
CUSTOMER	PACKED DIMENSIONS		
COUNTRY	PACKED WEIGHT		
PAYMENT TERMS	PACKED CUBE		
PRODUCTS TO BE SHIPPED FROM _____ TO _____			
SELLING PRICE OF GOODS: \$ _____			
SPECIAL EXPORT PACKING:			
\$ _____	quoted by _____		
\$ _____	quoted by _____		
INLAND FREIGHT:			
\$ _____	quoted by _____		
\$ _____	quoted by _____		
Inland freight includes the following charges:			
<input type="checkbox"/> unloading <input type="checkbox"/> pier delivery <input type="checkbox"/> terminal <input type="checkbox"/>			
OCEAN FREIGHT			
\$ _____	quoted by _____	tariff item _____	AIR FREIGHT
\$ _____	quoted by _____		\$ _____
\$ _____	quoted by _____		\$ _____
\$ _____	quoted by _____		\$ _____
Ocean freight includes the following surcharges:			
<input type="checkbox"/> Port congestion <input type="checkbox"/> Heavy lift <input type="checkbox"/> Fuel adjustment			
<input type="checkbox"/> Currency adjustment <input type="checkbox"/> Bunker <input type="checkbox"/> Container stuffing			
<input type="checkbox"/> Container rental <input type="checkbox"/> Wharfage			
INSURANCE <input type="checkbox"/> Includes war risk <input type="checkbox"/> Includes war risk			
rate: _____ per \$100 or \$ _____ rate: _____ per \$100 or \$ _____			
TOTAL OCEAN CHARGES \$ _____ TOTAL AIR CHARGES \$ _____			
notes: _____			
FORWARDING FEES: _____			
Includes: <input type="checkbox"/> Carrier Fees <input type="checkbox"/> Certification Fees <input type="checkbox"/> Banking Fees _____			
CONSULAR LEGALIZATION FEES: \$ _____			
INSPECTION FEES: \$ _____			
INDEPENDENT BANK CHARGES: \$ _____			
OTHER CHARGES: \$ _____			
TOTAL: <input type="checkbox"/> FOB <input type="checkbox"/> C & F <input type="checkbox"/> FAS <input type="checkbox"/> CIF _____			

Wait for the quotation to get approved by the client.



STEP # 4.

BUILDER'S KITCHENS INC. QUOTATION		DATE:	8/25/01
DATE _____	REF-PRO FORMA INVOICE NO. _____		
COMMODITY _____	EXPECTED SHIP DATE _____		
CUSTOMER _____	PACKED DIMENSIONS _____		
COUNTRY _____	PACKED WEIGHT _____		
PAYMENT TERMS _____	PACKED CUBS _____		
PRODUCTS TO BE SHIPPED FROM _____ TO _____			
SELLING PRICE OF GOODS: _____		\$ _____	
SPECIAL EXPORT PACKING:			
\$ _____	quoted by _____		
\$ _____	quoted by _____		
INLAND FREIGHT:			
\$ _____	quoted by _____		
\$ _____	quoted by _____		
Inland freight includes the following charges:			
<input type="checkbox"/> unloading <input type="checkbox"/> pier delivery <input type="checkbox"/> terminal			
OCEAN FREIGHT:			
\$ _____	quoted by _____	tariff item _____	AIR FREIGHT: _____
\$ _____	quoted by _____	_____	quoted by _____
\$ _____	quoted by _____	_____	spec code _____
Ocean freight includes the following surcharges:			
<input type="checkbox"/> Port congestion <input type="checkbox"/> Heavy lift			
<input type="checkbox"/> Currency adjustment <input type="checkbox"/> Bunker			
<input type="checkbox"/> Container rental <input type="checkbox"/> Wharfage			
Air freight includes the following surcharges:			
<input type="checkbox"/> Fuel adjustment			
<input type="checkbox"/> Container stuffing			
INSURANCE <input type="checkbox"/> includes war risk rate: _____ per \$100 or \$ _____			
TOTAL OCEAN CHARGES \$ _____ TOTAL AIR CHARGES _____			
notes: _____			
FORWARDING FEES: Includes: Courier Fees Certification Fees Banking Fees			
CONSULAR LEGALIZATION FEES: _____			
INSPECTION FEES: _____			
DIRECT BANK CHARGES: _____			
OTHER CHARGES: _____			
TOTAL: <input type="checkbox"/> FOB _____ <input type="checkbox"/> C & F _____			
<input type="checkbox"/> FAS _____ <input type="checkbox"/> CIF _____			



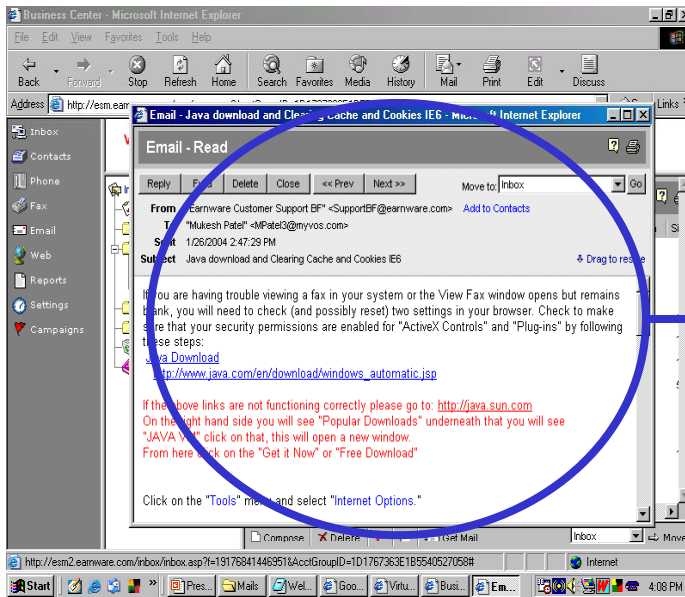
Client checks quotation.



Quotation gets approved, information regarding the clients credit card acquired & charged through his card at payment gateway



STEP # 5.



E-Mail containing details of the assignment received earlier forwarded to the DAP to be processed.



Returns processed and soft copy sent back to us for quality control.



STEP # 6.

Return faxed or E-mailed to the client.



ACCOUNTING TOGETHER

TAXACT 2003

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: **Home Page** Federal Refund **\$0.00**

1 Basic Information

2 Life Events

3 Federal QnA

4 State QnA

5 Review

6 Filing

7 Next Year

TaxACTTM
Standard 2003

(If you are just getting started, click on Step 1. Basic Information.)

Start | intl taxation | Microsoft PowerPoin... | 2003 Tax Retur... | 12:24 PM



2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: Name and Address Federal Refund \$0.00

Background Information - Name and Initial

Please enter your complete name and initial below.

First Name:

Middle Initial:

Last Name:

As you enter your information the appropriate forms will be completed automatically. After completing the form you will have the opportunity to review the completed return. When you are finished, click the **Continue** button to advance to the next question.

Details
Form Instructions
J.K.Lasser Expert Tax Help

2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: Name and Address Federal Refund \$0.00

Form Form Instructions J.K.Lasser Expert Tax Help History

FORM Department of the Treasury - Internal Revenue Service

1040 U.S. Individual Income Tax Return 2003

Label For the year Jan.1-Dec. 31, 2003, or other tax year beginning _____, 2003, ending _____, 20 OMB 1545-0074

Your first name and initial Last name Your social security number

Spouse's first name and initial Last name Spouse social security number

Home address (number and street) Apt. no. Foreign country

City, town, foreign city, province and postal code State ZIP Code

Presidential Election Campaign Note: Checking 'Yes' will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want \$3 to go to this fund?

	You	Spouse				
	Yes	No	N/A	Yes	No	N/A
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Filing Status

1 Single

2 Married filing joint return (even if only one had income)

3 Married filing separate return. Enter SSN above and full name below.
First Name _____ Initial _____ Last Name _____
 Check here if you lived apart from your spouse for all of 2003

4 Head of household (with qualifying person)
If the qualifying person is a child but not your dependent enter this child's:
First name _____ Last name _____
Also enter the child's SSN _____

5 Qualifying widow(er) with dependent child

Entries are made in a systematic manner in an user friendly inter-phase. All the information are directly transferred to a virtual form as you proceed.



2003 Tax Return File - TaxACT 2003 Standard Edition

File Edit Federal State Reports View Online Preferences Help

Back Forward Save Home QnA Alerts Forms Summary Print Elec Filing History WWW Help

Step: **Filing Status** Federal Refund **\$0.00**

Background Information - Filing Status

Select your appropriate filing status, if it has not already been selected for you.

- Single
- Married filing joint
- Married filing separately
- Head of Household
- Qualifying Widow(er)

Information entered directly effects both the windows.

Details
Form Instructions
J.K.Lasser Expert Tax Help
Back
Continue

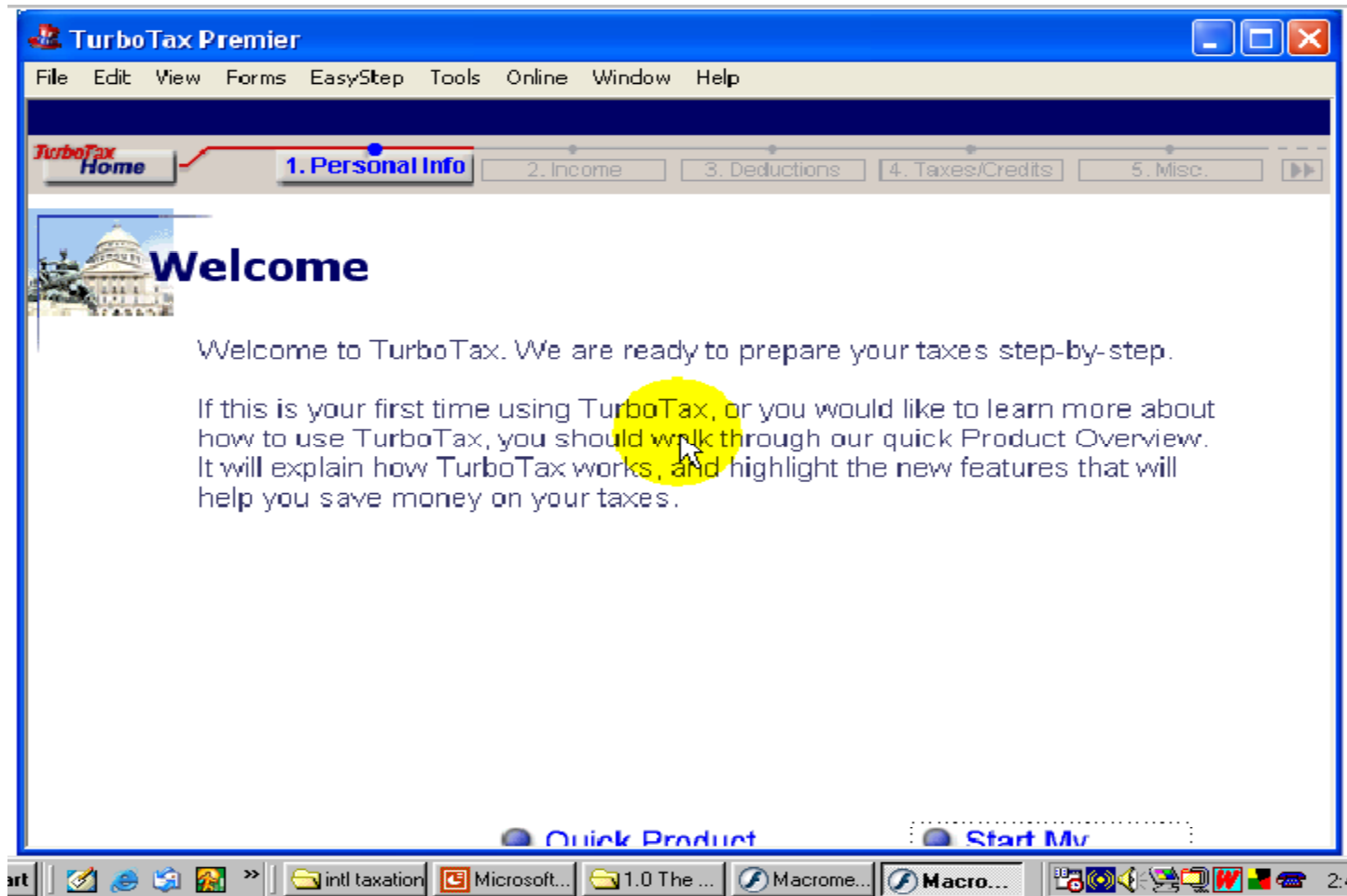
Form Form Instructions J.K.Lasser Expert Tax Help History

Election Campaign Do you, or your spouse if filing a joint return, want \$3 to go to this fund?

Filing Status

1	<input checked="" type="checkbox"/>	Single
2	<input type="checkbox"/>	Married filing joint return (even if only one had income)
3	<input type="checkbox"/>	Married filing separate return. Enter SSN above and full name below. First Name _____ Initial _____ Last Name _____ <input type="checkbox"/> Check here if you lived apart from your spouse for all of 2003 Head of household (with qualifying person) If the qualifying person is a child but not your dependent enter this child's:

TURBO TAX





2002 Smith B Tax Return.tax - TurboTax Premier - [Federal Information Worksheet]

File Edit View Forms EasyStep Tools Online Window Help

Save Print Open a Form Form Errors Final Review Search Help

Federal Information Worksheet Close Form Back to Interview

excludable income of bona fide residents of American Samoa, Guam, or the Commonwealth of the Northern Mariana Islands> _____

Excludable income from Puerto Rico> _____

Foreign Tax Credit (Form 1116):

Check this box to file Form 1116 even if you're not required to file Form 1116.....>

Resident country> USA

Brad & Nancy Smith 555-21-8999 Page 3

Part VII - State Filing Information

Enter your state of residence as of December 31, 2002> NM

Check the appropriate box:

Resident entire year>

Resident part of year>

 Date you established residence in state above> _____

 In which state (or foreign country) did you reside before this change?> _____

If you live in one of the **New York** counties as indicated in help, check this box>

QuickZoom to Form 1040> QuickZoom

Click to enter an "X" or to remove it Tax Due \$0

In this software the entire course is like filling up a form.

Quick zoom takes you directly to a separate window for putting that information into 1040.

PRO-SERIES

ProSeries - 2003 - [Federal Information Worksheet]

File Edit View Forms Import Tools HomeBase Information Window Help

About: Info Wks
FEDERAL INFORMATION WORKSHEET The Federal Information Worksheet collects most of the general taxpayer information, su... [more...](#)

[Information on the Advance Child Tax Cr...](#)
[What are the rules for dependents?](#)
[How can I see the TSJ indicators for dep...](#)
[Electronic Filing and Bank Pro...](#) [More](#)

Search Help:
<How Do I ...?> [Search](#)
For best results, type a full sentence

Federal Information Worksheet 2003
▶ Keep for your records

QuickZoom to Form 1040 ▶ [QuickZoom](#)
QuickZoom to Client Status ▶ [QuickZoom](#)

Part I - Personal Information

Taxpayer:		Spouse:	
Last name	<input type="text"/>	Last name (if different)	_____
First name	_____	First name	_____
Middle initial	_____	Middle initial	_____
Suffix	_____	Suffix	_____
Social security no.	_____	Social security no.	_____
Occupation	_____	Occupation	_____
Date of birth	_____ (mm/dd/yyyy)	Date of birth	_____ (mm/dd/yyyy)
or age as of 1-1-2004	_____	or age as of 1-1-2004	_____
E-mail address	_____	E-mail address	_____
Work phone	_____ Ext _____	Work phone	_____ Ext _____
Cell phone	_____	Cell phone	_____

123 ABC

Federal Information Worksheet

Text Input Field

Start | ProSeries - 2003 - [F... | 3:26 PM



Form type setup

Navigators

Easy explanations



Quick Zoom feature takes you to the information worksheet of that item

The screenshot shows the ProSeries 2003 software interface for Form 1040. The window title is "ProSeries - 2003 - [Form 1040: Individual Tax Return]". The menu bar includes File, Edit, View, Forms, Import, Tools, HomeBase, Information, Window, and Help. The toolbar contains various icons for file operations and navigation. The main window is divided into several sections:

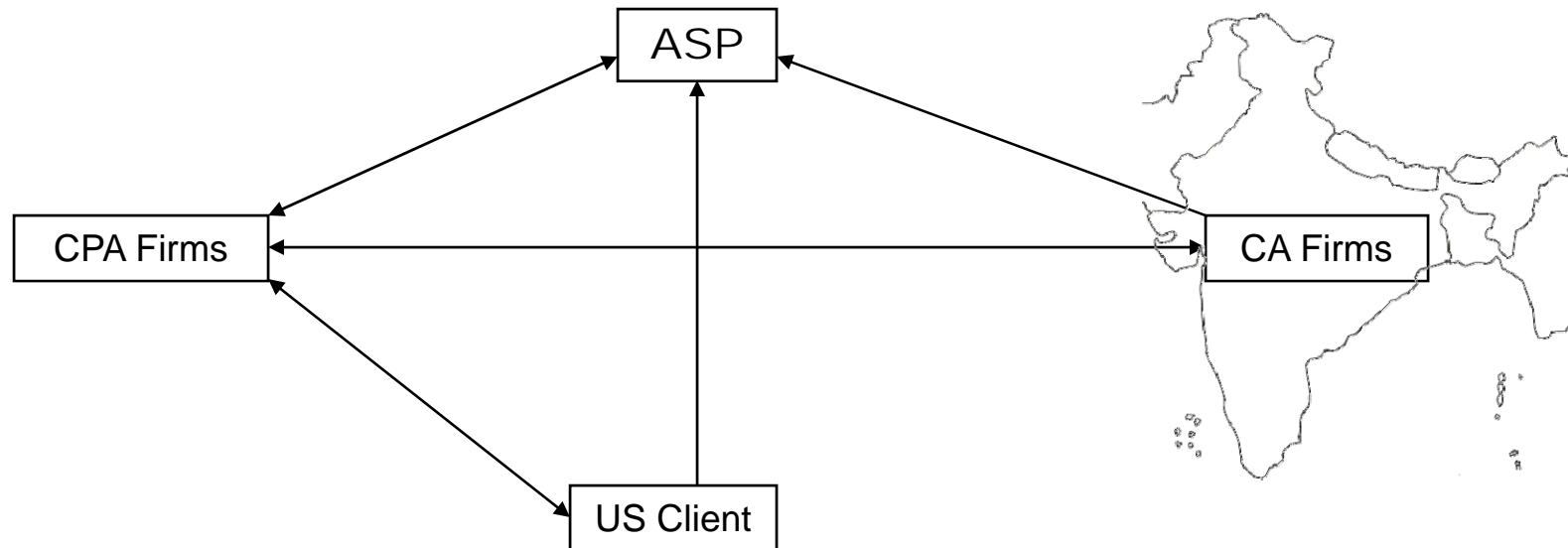
- About: FY begin month/day:** FISCAL YEAR FIELDS The use of a fiscal year is not supported by the program. If you want to input information on the fiscal year f... [more...](#)
- Search Help:** <How Do I ...?> [Search](#)
For best results, type a full sentence
- FORMS IND:** A list of forms including Form 1040, Info Wks, Client Statu, W-2 Wks, W-2G Wks, 1099-MISC, and 1099-G Wk.
- Income:** If you did not get a W-2, see instructions. Please use **Form 1040-V**. To go to supporting forms or worksheets for any line, **QuickZoom** from the entry field for that line.
- Exemptions:** d Total number of exemptions claimed **QuickZoom** to the Federal Information Worksheet [QuickZoom](#)
- Income Lines:** 7 Wages, salaries, tips, etc. Attach Form(s) W-2 7
8a Taxable interest. Attach Schedule B if required 8a
b Tax-exempt interest. Do not include on line 8a 8b
9a Ordinary dividends. Attach Schedule B if required 9a
b Qualified dividends (see instructions) 9b
10 Taxable refunds, credits, or offsets of state and local income taxes (see instr.) 10
11 Alimony received Taxpayer _____ Spouse _____ 11
12 Business income or (loss). Attach Schedule C or C-EZ 12

The "QuickZoom" button is circled in blue, and a blue arrow points from the text box on the left to it. The text box contains the text: "Quick Zoom feature takes you to the information worksheet of that item".




Huge Opportunity for Indian CA

WE ARE HARNESSING THE SAME POWER OF eAccounting, whereby, the client and the CPA firms are located in United States and we do back-end accounting for the CPA firm's clients online.



CA = CA
ACCOUNTING TOGETHER



Huge Opportunity for Indian CA

Huge Demand of Accounting Graduates and CPA firms in US

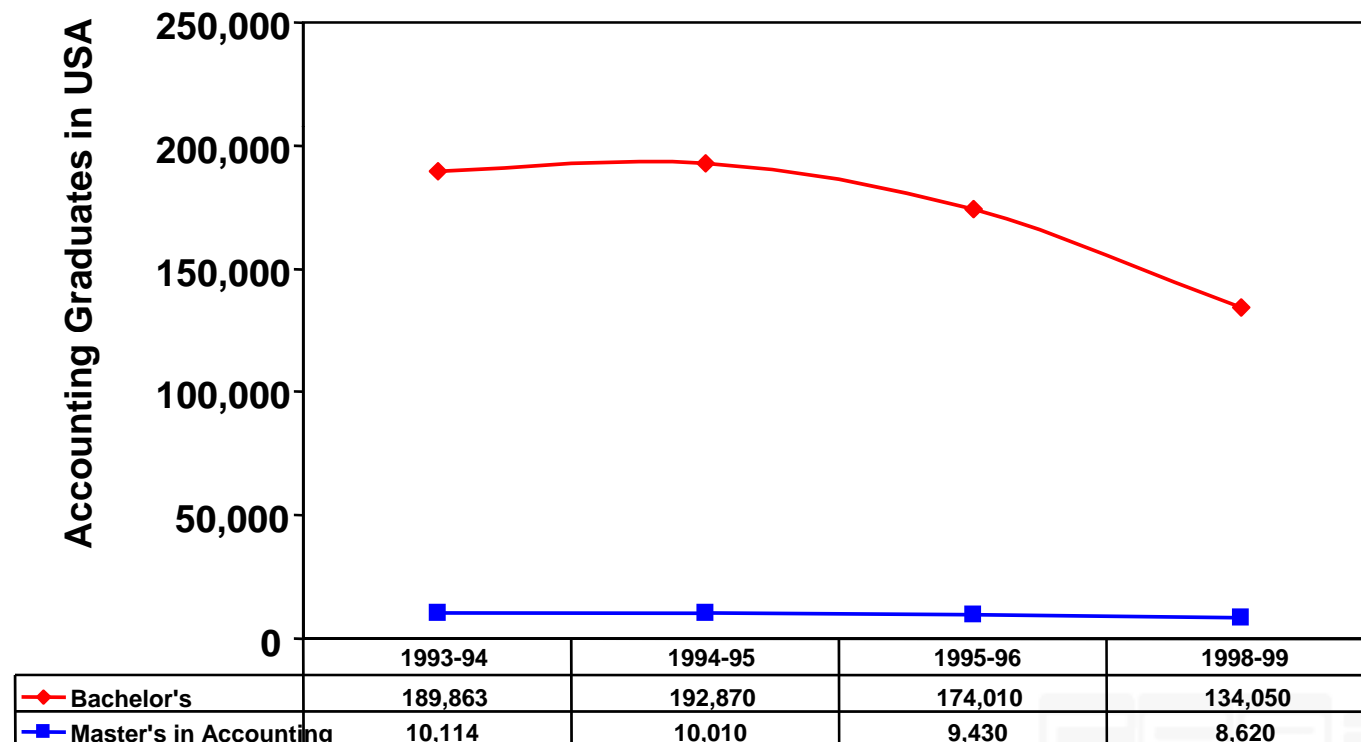
AICPA reports a dramatic decrease in the number of accounting graduates over the past 10 years with rates falling by over 17%

The five most frequently cited reasons for decreased accounting enrollments are:

- ❖ Lower starting salaries,
- ❖ Changes in student attitudes,
- ❖ Widespread misinformation,
- ❖ The 150-hour rule, and
- ❖ Accounting education has simply not kept pace with changes in business and practice.

Huge Opportunity for Indian CA

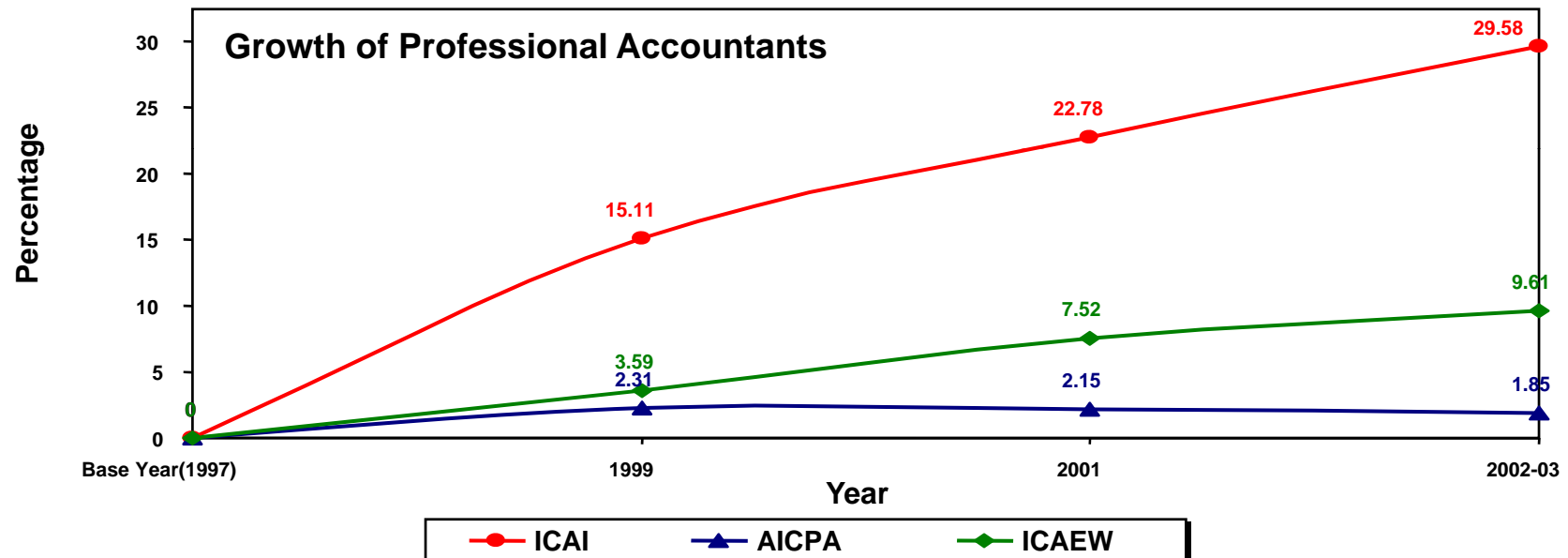
Data from the 2000 edition of the AICPA's annual study of the supply and demand for public accounting recruits indicates that the number of accounting bachelor's and master's degrees awarded in 1998-99 was 20 percent lower than the number awarded in 1995-1996



New Accounting Enrolment in All Schools in USA(1993-94 to 1998-99)

Huge Opportunity for Indian CA

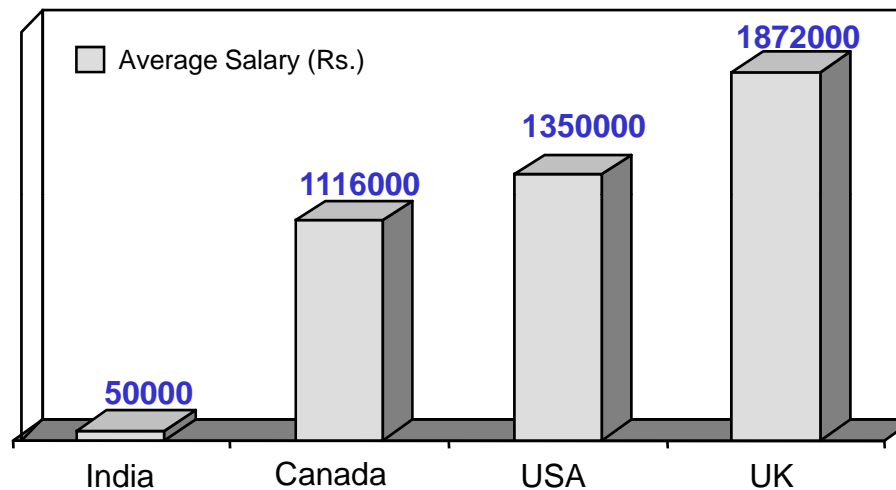
Statistics reveal a downward trend in the growth of CPA's in US, followed by 30% increase in the last 5 years. With enrolment for accounting graduates also going down, the Indian CA has several reasons to smile



Year	ICAI	AICPA	ICAEW
1997	78506	329019	112872
1999	90366	336635	116929
2001	96392	336081	121356
2002-03	101730	335111	123719

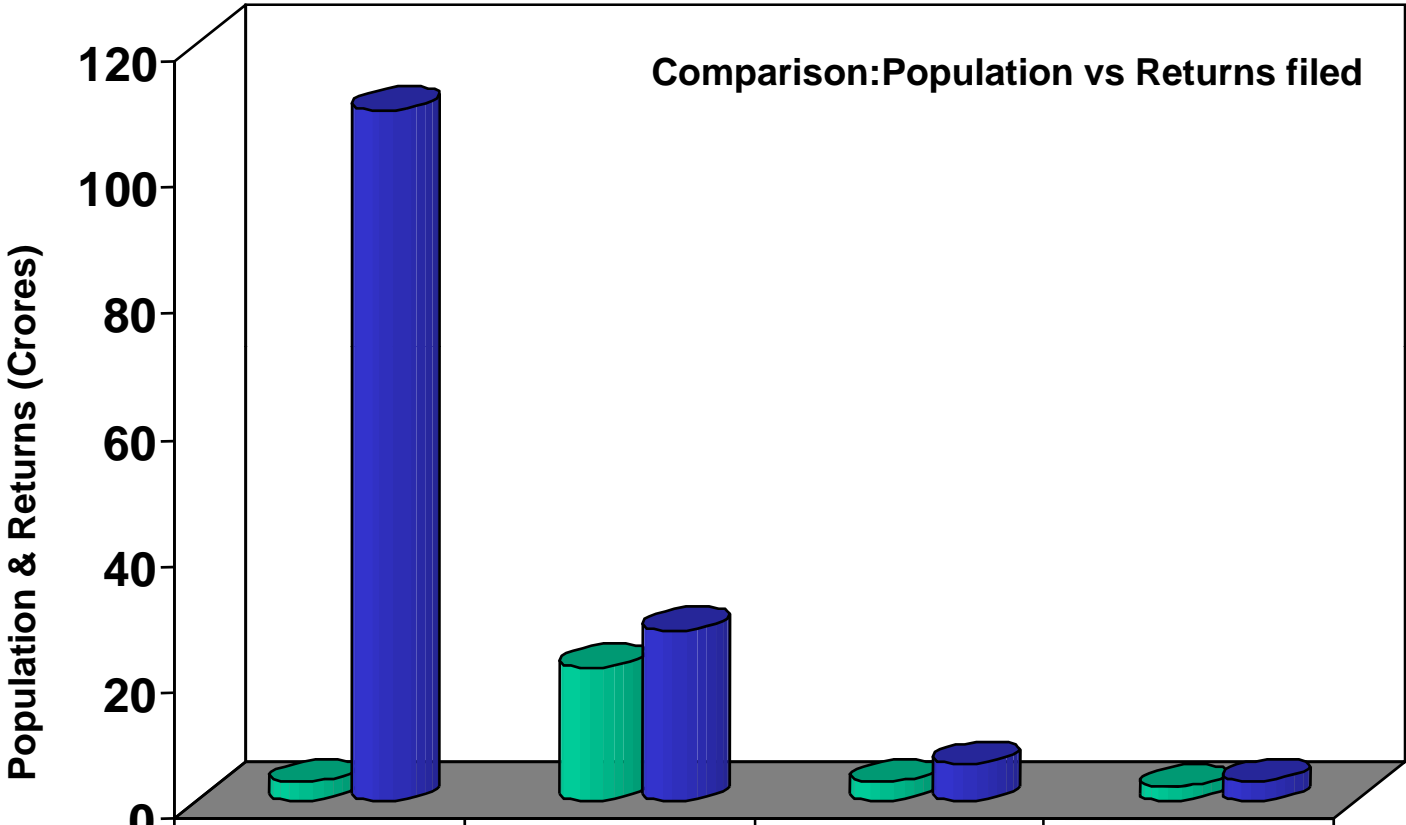
Huge Opportunity for Indian CA

Average salary offered to accountants/bookkeepers in UK, USA & Canada and compared to India to in Indian Rupees.

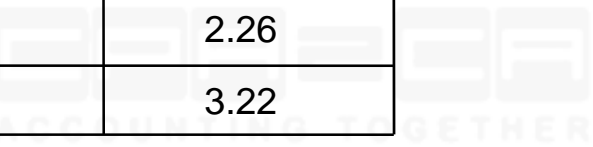


Foreign Exchange Rate			
Country	Currency	Conversion Rate	Salary
India	Rupee(Rs.)	1	Rs.50000
Canada	Canadian Dollar(\$)	31	\$36000
USA	Dollar(\$)	45	\$30000
UK	Pound(£)	78	£24000

Huge Opportunity for Indian CA

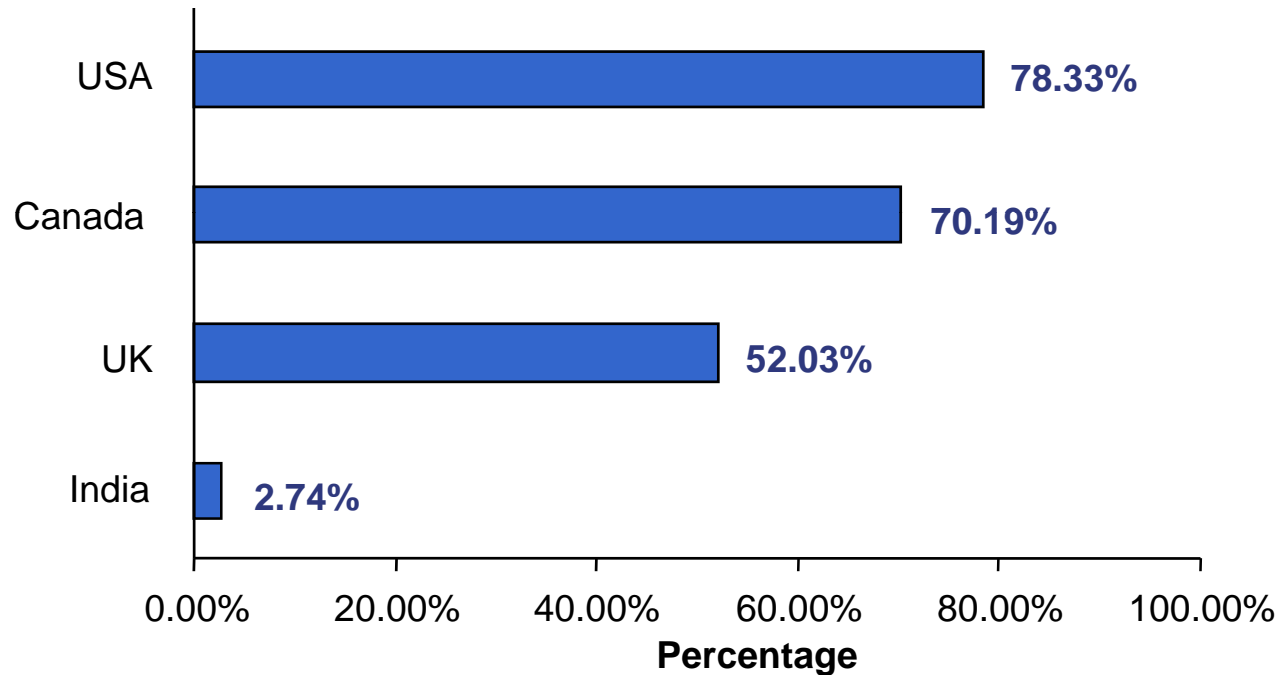


	India	USA	UK	Canada
Returns	3	21.25	3.07	2.26
Population	109.67	27.13	5.9	3.22



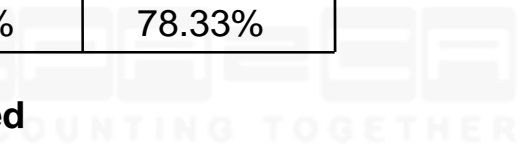
Huge Opportunity for Indian CA

Percentage of returns filed show a healthy trend in USA, Canada & UK. Till today, our clientele meant a bleak 2.74%, where we can actually cater to a much larger global clientele.



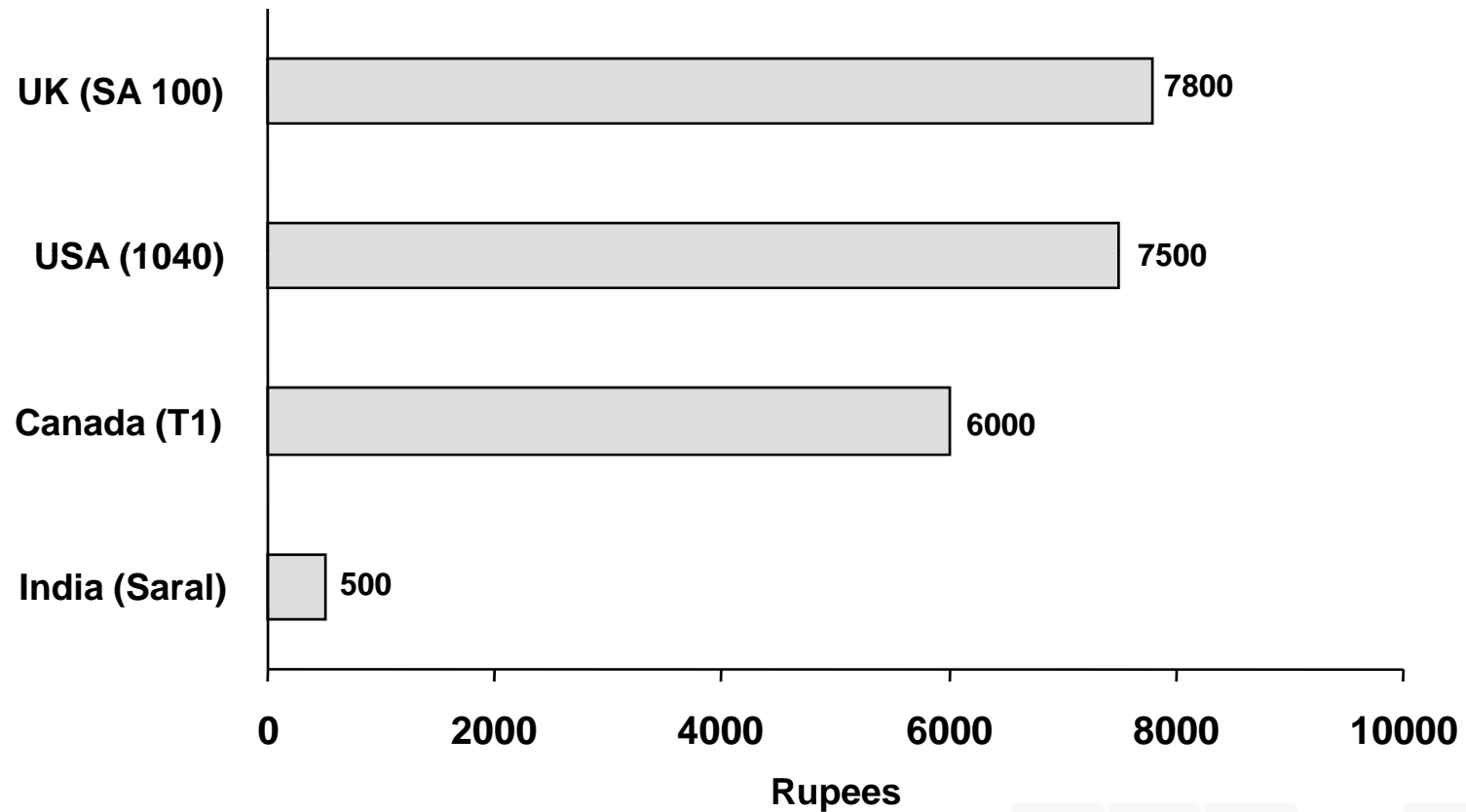
	India	UK	Canada	USA
■ % of Returns Filed	2.74%	52.03%	70.19%	78.33%

Percentage of Primary Returns Filed



Huge Opportunity for Indian CA

Estimation of Rates charged for Primary Returns in India, Canada, USA & UK



Comparative Rates for Primary Returns

Huge Opportunity for Indian CA

Summary : India & USA

	INDIA	USA
Population	109.67 crores (apprx)	27.13 (apprx)
Return Filed	3.00 crores (apprx)	21.25 (apprx)
% Filing	2.74 %	78.33 %
Rate	Rs. 500.00 (SARAL)	Rs. 7500.00 (FORM 1040)

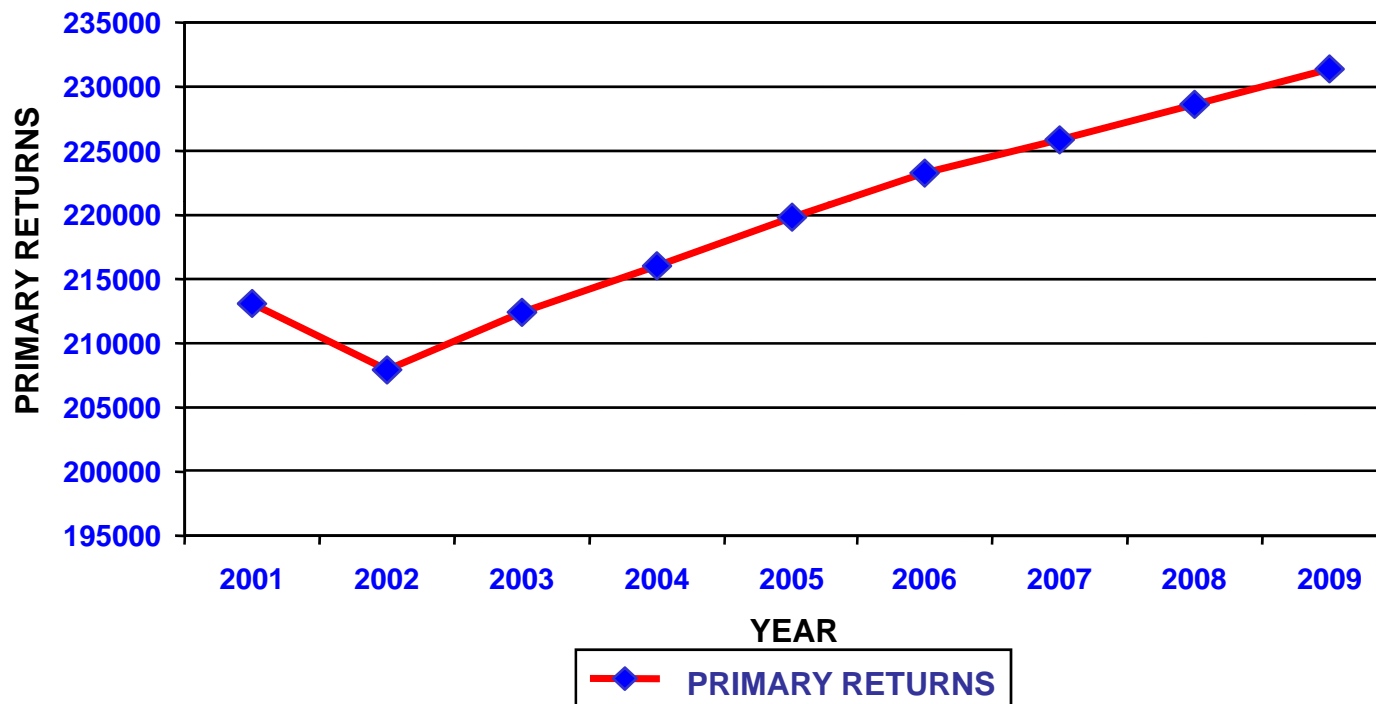
This alone suggests that the business volume of US, wrt Form 1040 alone, is roughly **15 times** more than India.

If 10% of US Tax filing gets outsourced to India, our income is multiplied manifold.


Huge Opportunity for Indian CA

The IRS projection of Primary Returns show a marked increase.

TOTAL PRIMARY RETURNS: PROJECTION IN USA




YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Primary Returns	213071	207889	212471	216054	219879	223291	225932	228638	231400



Huge Opportunity for Indian CA

Problems – CPAs are facing

- ❖ CPAs are always under stress putting out fires from clients.
- ❖ It is difficult or impossible to find and retain quality staff at a price that is economically feasible.
- ❖ There is not enough time to keep up on all of the technical literature that would be necessary to solve all of their clients problems.
- ❖ The CPA knows that his/her competitor down the street, is trying to market to his/her best client.
- ❖ Who does the CPA refer his/her largest client's audit to, without fear of losing the rest of the same client's business?
- ❖ The CPA is 60 years old and would like to retire in 5 years. Who is there to buy the CPA out? And What will happen if the CPA becomes incapacitated or dies?




Huge Opportunity for Indian CA

Our Institute established on 1st July'1949 has nine chapters outside the country in Abu Dhabi, Bahrain, Doha, Dubai, Jeddah, Zambia, Botswana and Saudi Arabia (Eastern Province), Nairobi, Riyadh, Lebanon. The Institute is also a founder member of IFAC, CAPA, SAFA, and a numbers of IASC's


Ya Esha Supteshu Jagarti - The Motto

- ❖ Our role has undergone a sea change in substance and in form – What was once a regulatory function has now evolved to a compendium of roles dealing with finance.
- ❖ The emerging BPO sector has opened a new kaleidoscope of opportunities in eAccounting through which we can globalize and expand our present practices.



Services – Indian CAs can do for CPAs

- ❖ Book Keeping
- ❖ Filing IRS Returns
- ❖ Financial Statements
- ❖ Payroll Services
- ❖ Credit Decision
- ❖ Account Reconciliation
- ❖ US GAAP Reporting
- ❖ Account Setup
- ❖ Credit/Debit Card services
- ❖ Check Processing
- ❖ Bank Reconciliation and other Financial Services
- ❖ Mortgage loan servicing
- ❖ Customer Account Management
- ❖ Treasury Operations Management



Huge Opportunity for Indian CA

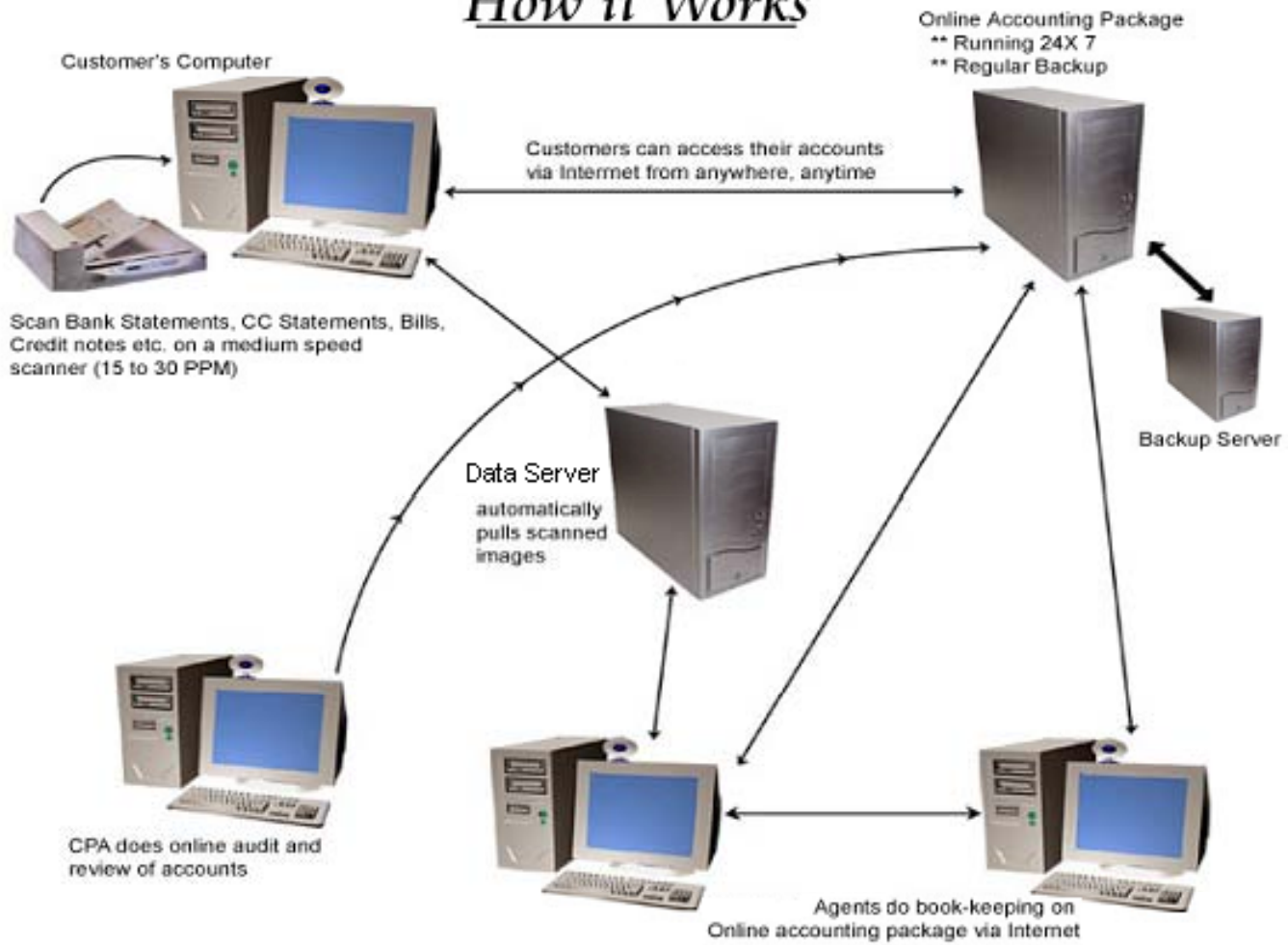
- ❖ Statistics indicate that Indian Chartered Accountants and Commerce Graduates will be in huge demand for doing back-end accounting and taxation work for CPA firms in USA, UK and Canada online, through eAccounting
- ❖ Bottom line : **“Make Hay when the Sun Shines.”**
- ❖ I firmly believe that WE, over 1lac members, with a rich heritage of 53 years can surely make this happen.



How it Works

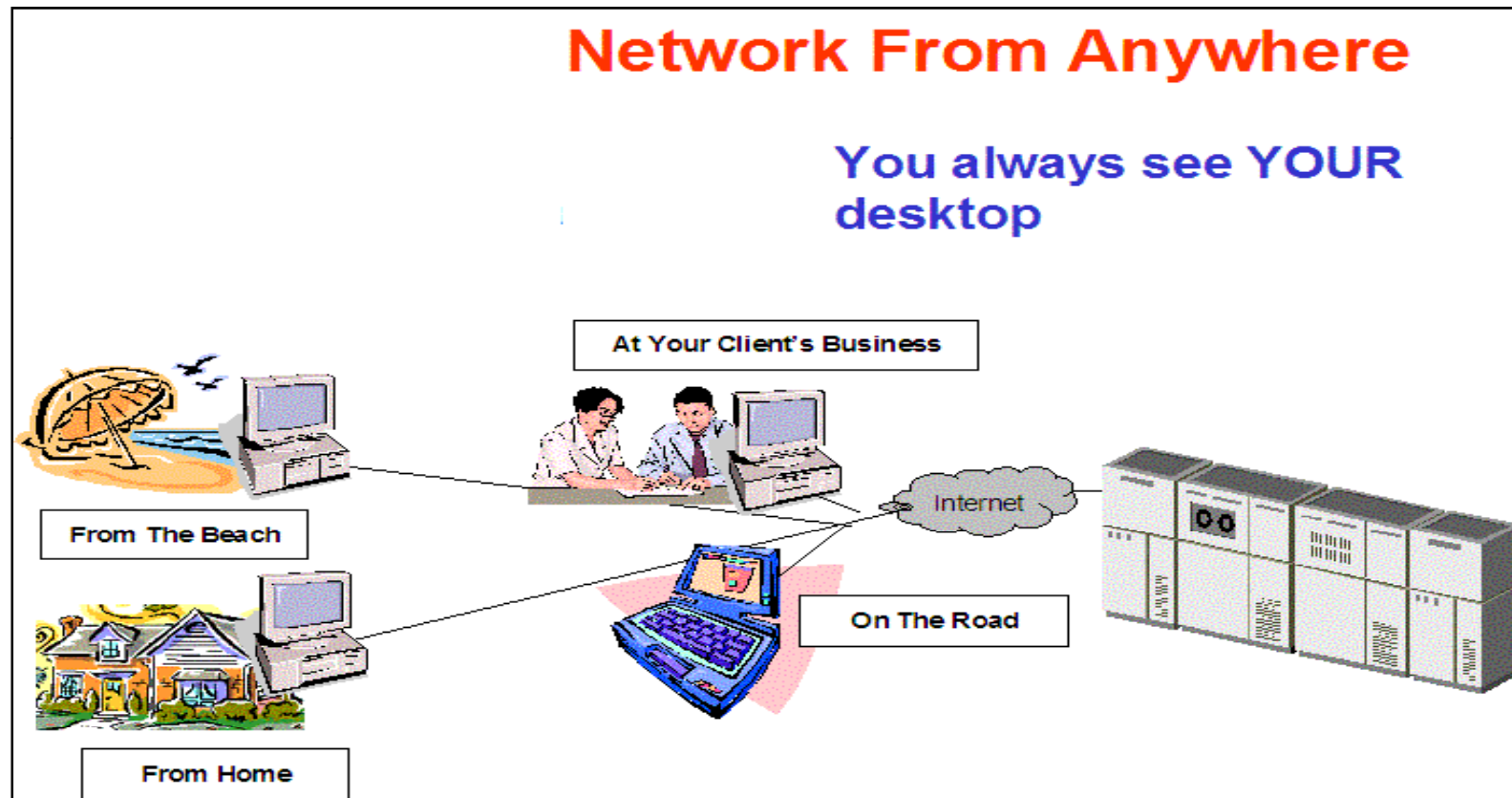
- ❖ The CPA accesses the ASP desktop, scans all documents and puts them on the Desktop.
- ❖ Overnight, the Bookkeeper accesses the same Desktop, processes all scanned information in the "To be processed" folder and makes entries into the QuickBooks /Peach tree/ or other accounting package
- ❖ Transfers the processed information into the "Completed Folder" on the Virtual Desktop.
- ❖ This is the equivalent of leaving your PC in the hands of a Bookkeeper in your payroll, who will process your information & make entries over night.

How it Works



Virtual Desktops- How it works ?


Virtual Desktops help everyone work on the same system, the same platform, the same version of the software application. And the entire data is secure, backed up automatically, and kept current in real time





How it works ?

Data Upload




UPLOAD FILES

Upload File(s) to --- \QBDATA_ABC\Financial Statements

Click the **BROWSE** button to select file(s) and click **UPLOAD** when ready:

File #1:	<input type="text" value="C:\0 The BDN\2 Dan Gc"/>	<input type="button" value="Browse..."/>
File #2:	<input type="text"/>	<input type="button" value="Browse..."/>
File #3:	<input type="text"/>	<input type="button" value="Browse..."/>
File #4:	<input type="text"/>	<input type="button" value="Browse..."/>
File #5:	<input type="text"/>	<input type="button" value="Browse..."/>
File #6:	<input type="text"/>	<input type="button" value="Browse..."/>
File #7:	<input type="text"/>	<input type="button" value="Browse..."/>
File #8:	<input type="text"/>	<input type="button" value="Browse..."/>
File #9:	<input type="text"/>	<input type="button" value="Browse..."/>

PLEASE NOTE: Performing other actions in this window will cause the data transfer to abort. If you wish to perform other tasks online or within your storage account, please open a new browser window.



LOGIN

USERNAME >

PASSWORD >

DOMAIN >

Standard | Secure





How it works ?

Data Storage

The screenshot illustrates the integration between a web-based file sharing service and a local file system. On the left, the eFileShare web interface shows a 'Home Directory' for user 'Rob Duckwall' with a 'Current SwapDrive: rduckwall'. A progress bar indicates 35.69MB used and 14.32MB free. Below this, a table lists files in the current directory:

NAME	SIZE	TYPE
rduckwall		File Folder
backup		File Folder
fla.exe	145007	Application
grAHA.dwf	69393	DWF File
Plans_B.dwf	19456	DWF File
slides.ppt	352250	Powerpoint Show.7
finalsee.sit	690218	SIT File

On the right, a Windows Explorer window titled 'backup' shows a local directory structure. A blue arrow points from the 'backup' folder in the Explorer to the 'backup' folder in the web interface. Another blue arrow points from the 'fla.exe' file in the web interface to the 'fla.exe' file in the Explorer. The Explorer window also shows a list of files and folders, including 'Downloads', 'I386', 'ionego', 'JPGAS', 'Mailbox', 'My Music', 'NETWORK', 'Program Files', 'rob', '401k', 'RTW361', 'UTW361', 'accounts', 'backup', 'david', 'mapdrive', 'RTW361', 'adenine_base', 'backup', 'backup2', 'brand_logo', 'ios icon2', 'temp', 'compress', 'config', 'encrypt', 'face', 'face.jpg', 'face1', and 'fm'.

eFileShare enables users to store and share files securely, quickly and simultaneously through the web, eliminating the risks & delays related to email attachments or traditional shipment methods.



How it works ?

Data Download

The screenshot shows the @FileShare website interface. The main heading is "@FileShare™". Below it is a "DOWNLOAD FILE" section with a table:

	Name
download	P_ILDec20

Below the table, the text "How it works:" is followed by a list of steps:

- A user upload
- The subscribe recipients' email that is similar to

Overlaid on the website is a "File Download" dialog box. The dialog box contains the following text:


You have chosen to download a file from this location.
setup.exe from www.smartftp.com

What would you like to do with this file?

- Run this program from its current location
- Save this program to disk

Always ask before opening this type of file

At the bottom of the dialog box are three buttons: "OK", "Cancel", and "More Info".



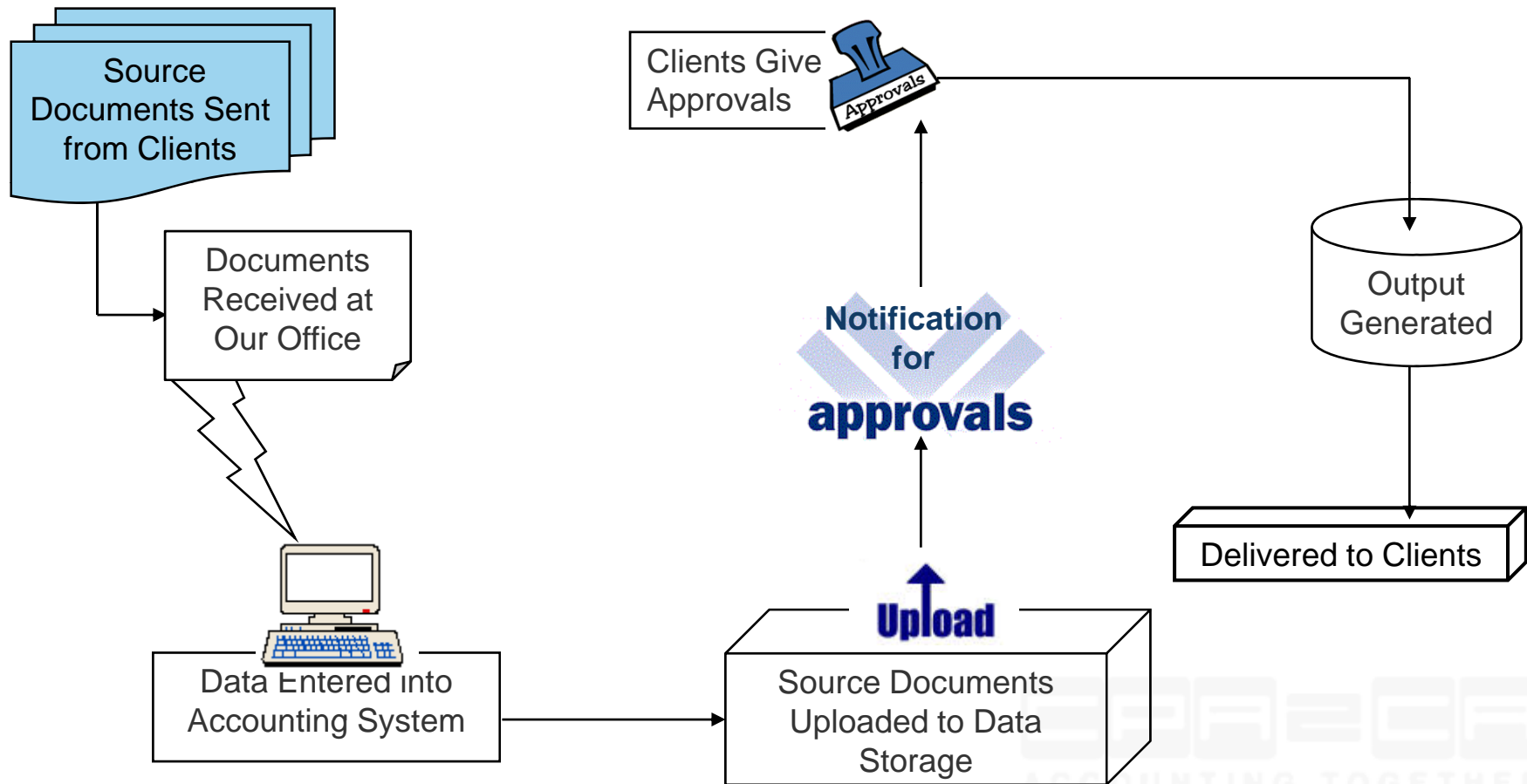
How it works ?

Operational Workflow Process

- ❖ Receive Source Documents from Clients
- ❖ Enter the Portal
- ❖ Enter the Information into the Accounting Application
- ❖ Store the Source Documents Electronically
- ❖ Notify Clients that Approvals are Needed
- ❖ Generate Output (i.e. Checks, Invoices, etc.)
- ❖ Create Standard and Custom Reports

How it works ?

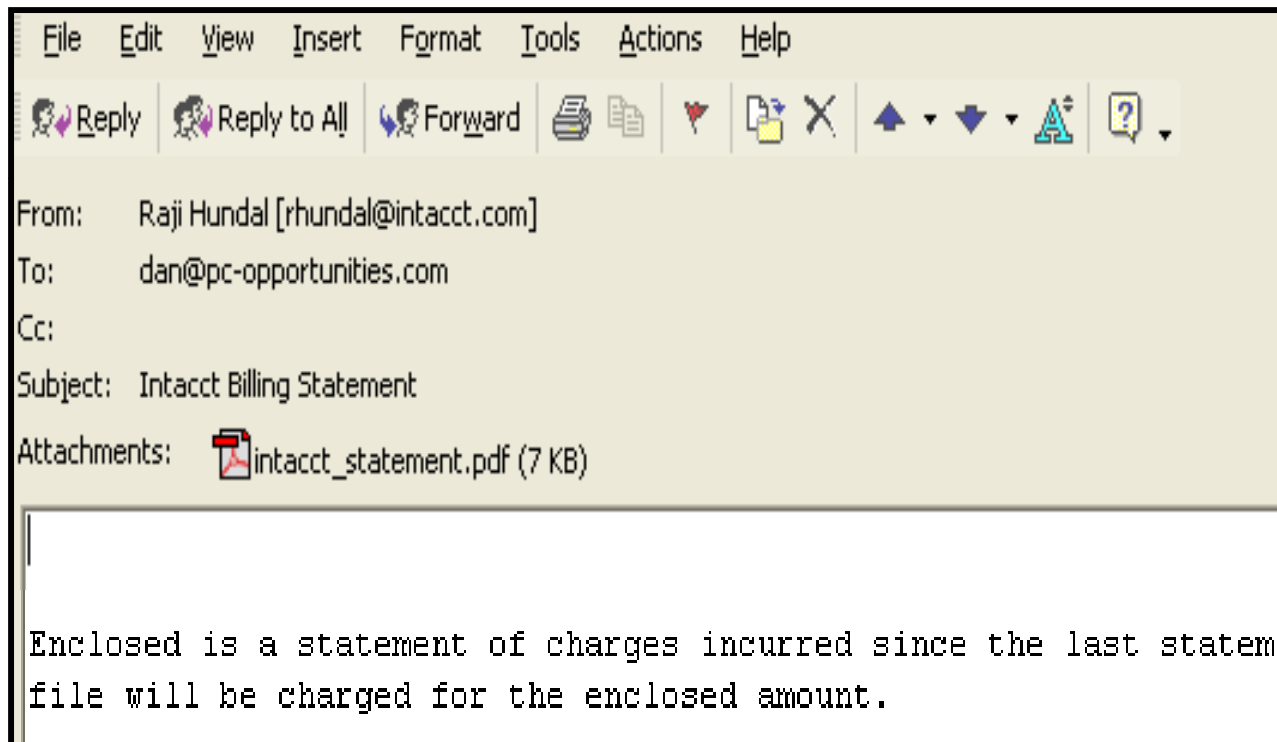
Operational Workflow Process





How it works ?

Operational Workflow Process



**Receipt
of
Source
Docs
via**

email



How it works ?

Operational Workflow Process

CPAASP™
online accounting solutions
@accounting™

home order login help contact

Solutions | Support | Finance Professionals | Small Business | Enterprise | General Information

Services and Pricing
E-Marketing
Website Solutions
Education
Join Our Mailing List!

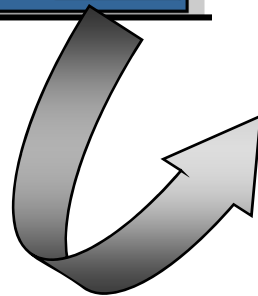
Login

- Username
CPA_1
- Password

Log In

Portal Options

- Type your user name password in the boxes to log in.



Applications

Top Up Logout

- Force Logoff
- Printer config tool
- QBA01
- QBA08
- Virtual Desktop

Portal Options

- Refresh your application list.
- Change your password.
- Change your screen size.
- View help documentation.
- Re-enter your login credentials.
- Logout dropped sessions (launch from Applications).

thawte All portal data encrypted using thawte secure SSL web certificates



How it works ?

Virtual Desktop

The screenshot displays a Citrix ICA Client window titled "jkg 2000 - Citrix ICA Client". The desktop background is black with a glowing figure of a person in a suit running. The desktop contains several application icons: "My Computer", "WORD", "ACCESS", "EXCEL", "OUTLOOK", "POWERPO...", and "QuickBooks Pro 2002". A "CITRIX" logo is visible in the bottom right corner of the desktop area.

In the foreground, a dialog box titled "ICA Client File Security" is open. It contains the following text and options:

A server application is trying to access your local client files.

What access should be allowed?

- No Access
- Read Access
- Full Access

Do you want to be asked again?

- Always ask me once per connection
- Never ask me again for this application
- Never ask me again for any application

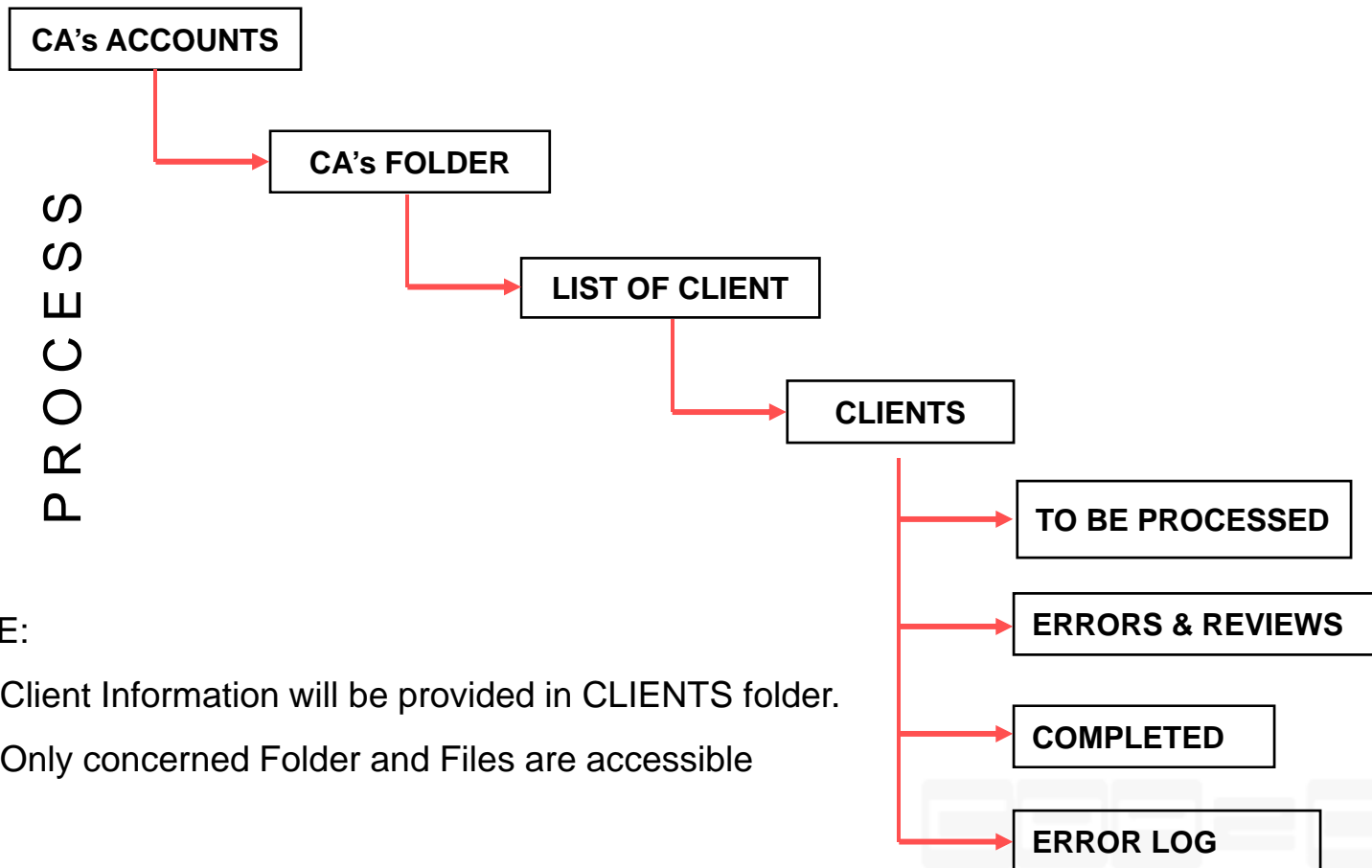
Buttons for "OK" and "Cancel" are at the bottom of the dialog box.

The taskbar at the bottom shows the Start button, system tray icons, and several open application windows including "final", "Out...", "out...", "eac...", and "jkg 2000...". The system clock shows 11:38 AM and 11:39 AM.

ACCOUNTING TOGETHER

How it works ?

Folder & Paths



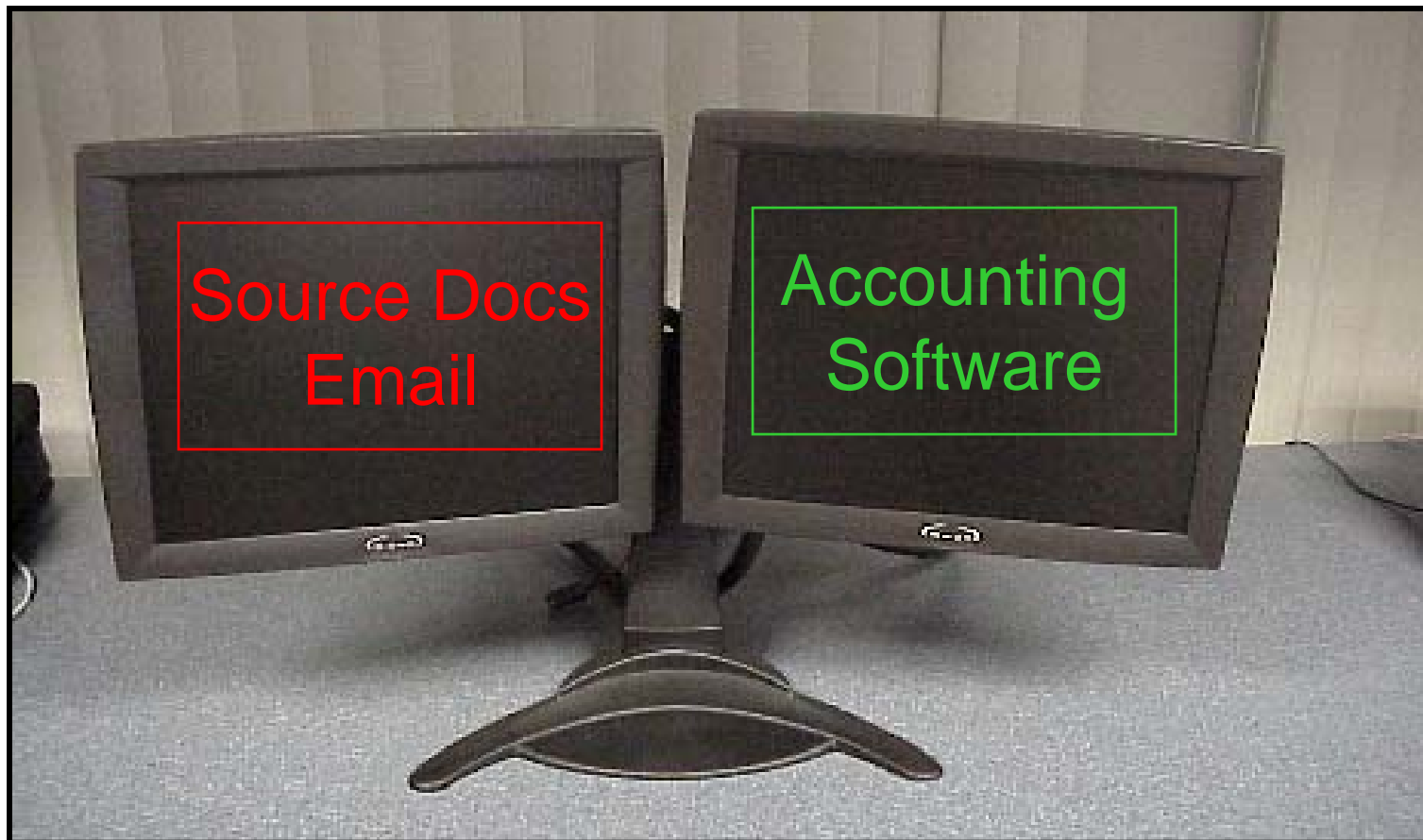
NOTE:

- ❑ Client Information will be provided in CLIENTS folder.
- ❑ Only concerned Folder and Files are accessible



How it works ?

Dual Monitors



ACCOUNTING TOGETHER



How it works ?

Dual Monitors - Enter Information into Accounting Application

Source Docs

FROM : CBS INC. PHONE NO. : 408292123 JUL. 18 2003 09:32AM P1

Lenax Landscaping, Inc.
88501 San Antonio Rd., Ste. N
Los Altos, CA 94031
tel: (650)648-3639 fax: (650)648-7006

Worksheet for Percentage Complete

DATE: 6/13/03

PROJECT: Lenax

ITEM	DESCRIPTION	Plan %	Cur %	Total %
Contract	Marketing Roll-up Times and a wrap-up Package or other 750 of	10.00%	10.00%	10.00%
Contract	Roll-up or 2" thick irregular Package or other 150 of	10.00%	10.00%	10.00%
Contract	Spa Area - 2000 sq ft	100.00%	100.00%	100.00%
Contract	Deck system 30' of	100.00%	100.00%	100.00%
Contract	Strip concrete (3) interlocking concrete sidewalk - irregular	100.00%	100.00%	100.00%
Contract	Bluestone			

Accounting Software

Lenax Landscaping, Inc. - QuickBooks Premier Accountant Edition 2003 (multi-user) (3/14)

INVOICE

DATE: 07/10/2003 INVOICE #: 1272


ITEM DESCRIPTION RATE QTY AMOUNT

	Design services rendered June 17 - 23, 2003			
REVISIONS BILL...	Sheet Preparation: revisions to layout references	0.00	1.25	0.00
REVISIONS BILL...	Sheet Preparation: revisions to planting	0.00	2	0.00
REVISIONS BILL...	Meetings collaboration (in house)	0.00	0.25	0.00
CONSTRUCTION...	Sheet Preparation: Planting	0.00	13	0.00
CONSTRUCTION...	Site visit: 10:00AM review	0.00	1.5	0.00
CONSTRUCTION...	Administration: correspondence, product research, follow-up scheduling, printing	0.00	0.75	0.00
CONSTRUCTION...	Sheet Preparation: details, specifications, elevations & sections	0.00	1.25	0.00
CONSTRUCTION...	Meetings: collaborative (in house)	0.00	0.25	0.00
CONSTRUCTION...	Meetings w/clients, agencies, consultants	0.00	2	0.00
CONSTRUCTION...	Project Costing: refine estimate, contract	0.00	0.25	0.00
	Design Services Designer	75.00	31.6	1,260.00
DESIGN DEVELOP...	Reproduction - Pennek Digital Imaging #19173, #19961, #19300, #19306	71.45		71.45
	Total			1,302.95

Balance Due: 1,302.95

Sign & Close Save & New Cancel


ACCOUNTING TOGETHER



How it works ?

Infrastructure

- ❖ Well spaced work place
- ❖ Necessary furniture and fixtures.
- ❖ Pentium II, 64MB RAM and above.
- ❖ Dedicated Internet leased line(128 kbps – 1:1)
- ❖ Dual Monitor System or Split Screen (Min 17” or 19”)
- ❖ Windows 2000 and Citrix Client Installed



How it works ?


CPA Firms - Expectations

- ❑ Do not leak any information
- ❑ Do not download any files or document in floppies, CD, etc.
- ❑ Do not print any document of clients
- ❑ Do not bring any floppies, CD, Paper Sheets in workplace
- ❑ Maintain a single exit & entry in workplace
- ❑ Follow FASB – 99 – Rules for Accountants prescribed
- ❑ Track your time—how much hours you devoted to each client
- ❑ Become a CPA and a member of AICPA
- ❑ Subscribe to journals and magazines dedicated to CPAs
- ❑ Participate in CPA events in the US

How it works ?

Expectation from Indian BookKeeper

- ❖ First Class B.Com Graduate
- ❖ Minimum 3 Years Accounting Experience in CA firms
- ❖ Command over English (Oral & Written)
- ❖ Undergone minimum 6 months of Computer Course
- ❖ Minimum 6 months practical experience over accounting packages like Tally etc.
- ❖ Knowledge over Chatting, Browsing, Networking etc.
- ❖ Loyal & Dedicated
- ❖ Positive Attitude and eager to learn more....



How it works ?

Pre-requisites from Indian BookKeeper

- ❖ Basic Objectives of E-Accounting
- ❖ MPO Work Process Flow
- ❖ Online Training & Streaming Process in Quick books
- ❖ Quick Book Certification
- ❖ Terminology & GAAP
- ❖ Business & Accounting Practices in US
- ❖ Insight into financial instruments like mortgages, car loans etc.
- ❖ Multiple Currencies in day to day transactions
- ❖ Ratio Analysis
- ❖ Bank Charges of various services provided

How it works ?

Pre-requisites from Indian BookKeeper - Technical

- ❖ Operating Systems
- ❖ Networking
- ❖ PDF & Scanned Images
- ❖ MSN & Yahoo Messenger
- ❖ Pivot Tables in Excel
- ❖ Windows 2000 Server
- ❖ Configuring Outlook Express
- ❖ Insynq
- ❖ Citrix Platform

How it works ?

Popular Accounting Software

INDIA	USA	CANADA	UK
Tally	QuickBooks	Simply Accounting	IRIS Paye
FACT	Peachtree	MYOB	IRIS Financials
EX NGN	Net Ledger	QuickBooks Pro	VT Final Accounts
Expert	MYOB	Quasar 1.2	SAGE Line 50



Thank You