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(54) **SYSTEM AND METHOD FOR ACQUIRING TAX DATA FOR USE IN TAX PREPARATION SOFTWARE**

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(60) Provisional application No. 60/640,552, filed on Dec. 30, 2004.

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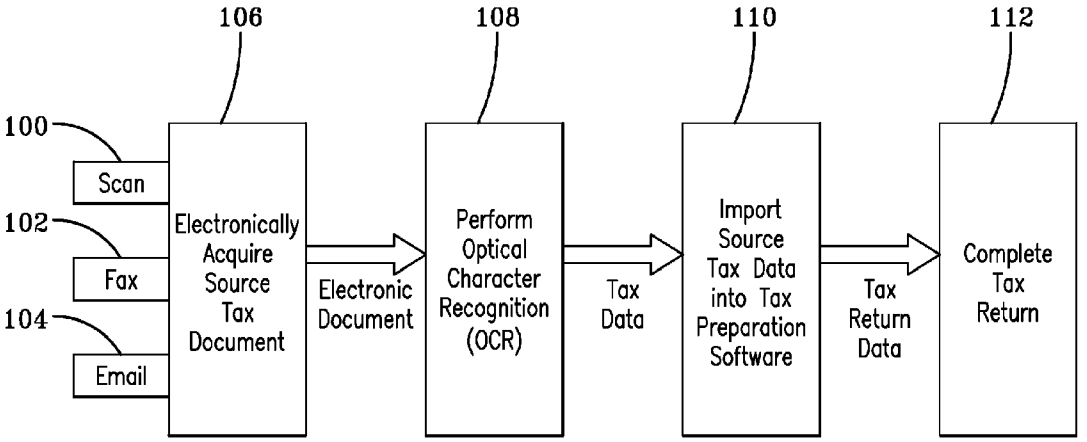
USPC **705/31**

(57) **ABSTRACT**

An automated system and method for acquiring tax data and importing it into tax preparation software. Tax documents are acquired electronically in a tax data acquisition process by scanning, faxing, or emailing them. Once a tax document is in electronic form, an optical character recognition (OCR) software process obtains tax data from the electronic tax document. Each piece of tax data that is obtained from the OCR software process is then imported into tax preparation software. Once the tax data has been imported into tax preparation software, the software may be used to complete a tax return. An important step in the tax return preparation process is automated so the need for tax professionals to spend time entering tax data into tax preparation software is reduced and data entry errors are reduced. Tax professionals may devote more time to preparing tax returns and less time to data entry.



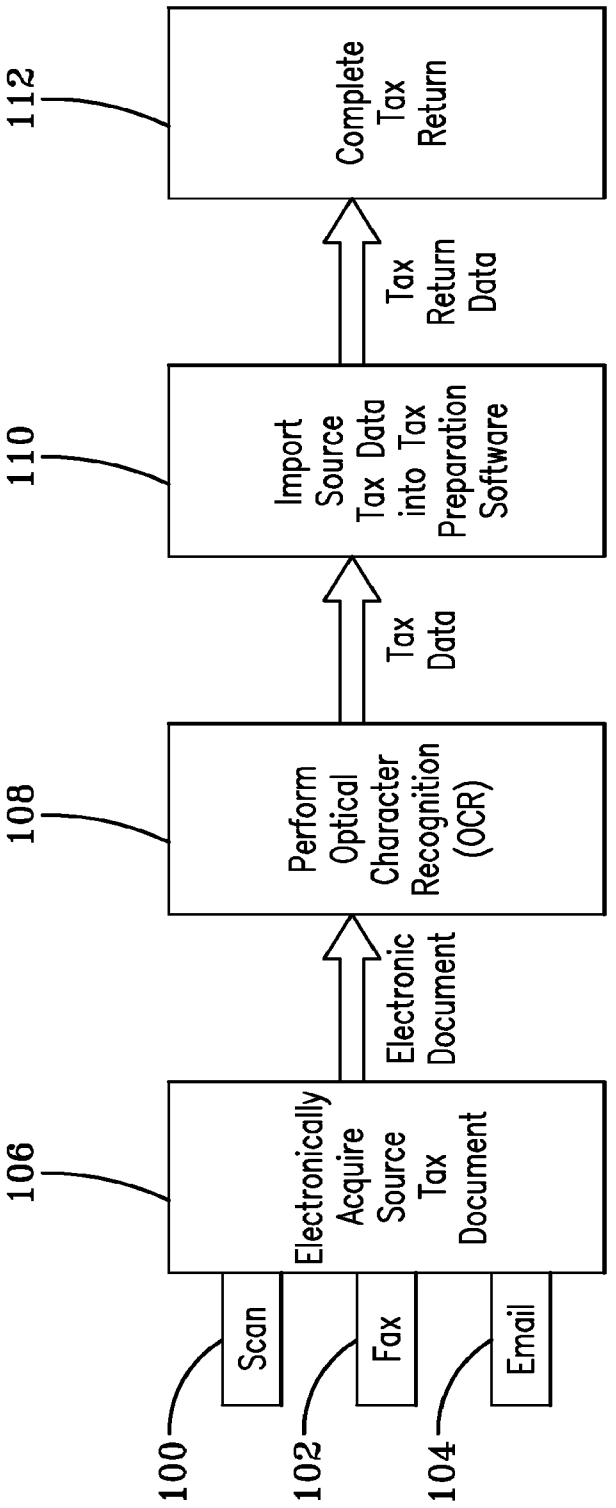

112
Complete Tax Return
Tax Return Data
110
Import Source Tax Data into Tax Preparation Software
Tax Data
108
Perform Optical Character Recognition (OCR)
Electronic Document
106
Electronically Acquire Source Tax Document
Scan
Fax
Email
100
102
104

FIG-1

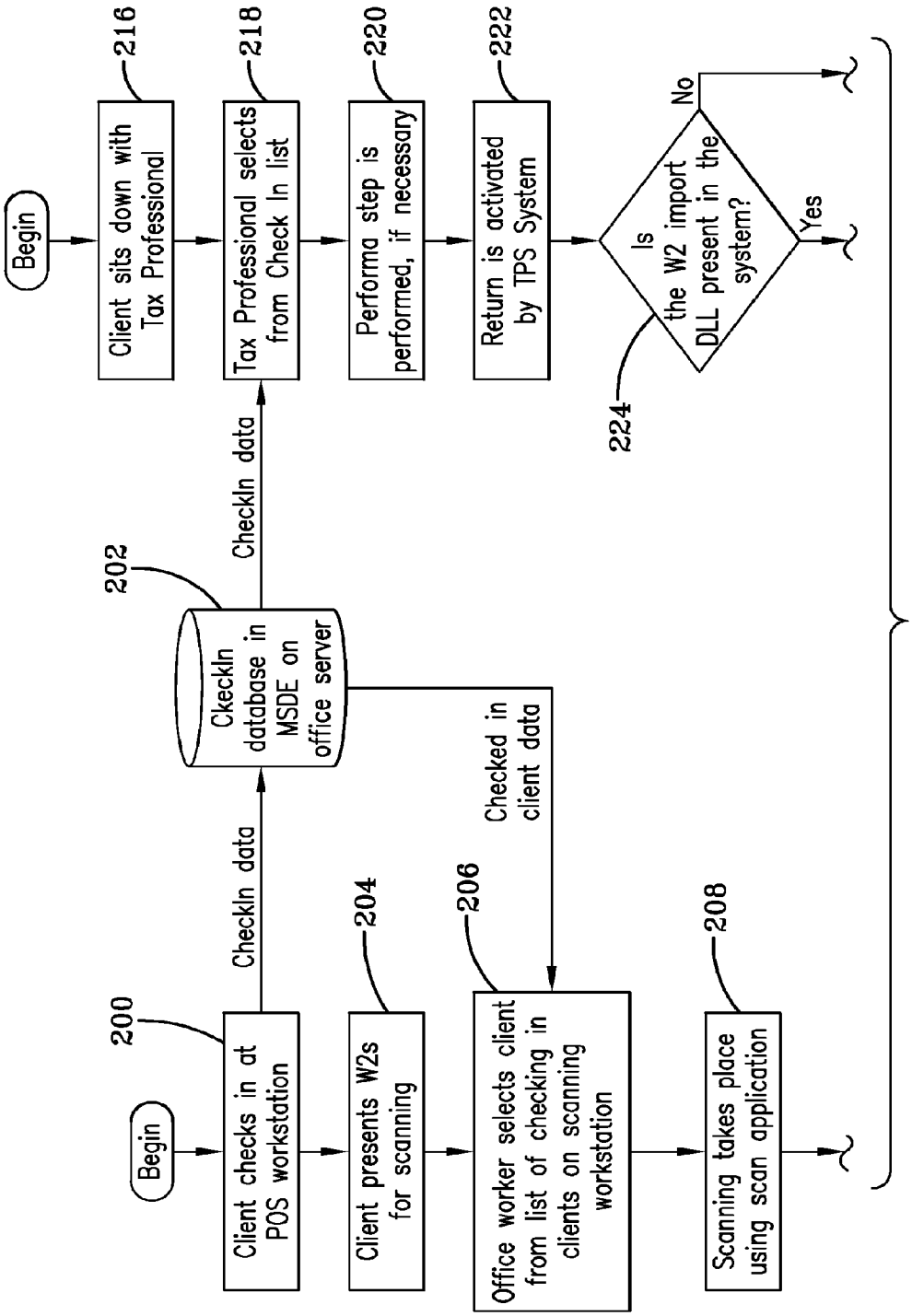

Begin
Client sits down with Tax Professional
216
Tax Professional selects from Check In list
218
Performa step is performed, if necessary
220
Return is activated by TPS System
222
Is the W2 import DLL present in the system?
224
No
Yes
CheckIn data
202
Ckeckln database in MSDE on office server
Checked in client data
Begin
Client checks in at POS workstation
200
CheckIn data
Client presents W2s for scanning
204
Office worker selects client from list of checking in clients on scanning workstation
206
Scanning takes place using scan application
208
TO FIG-2B

FIG-2A

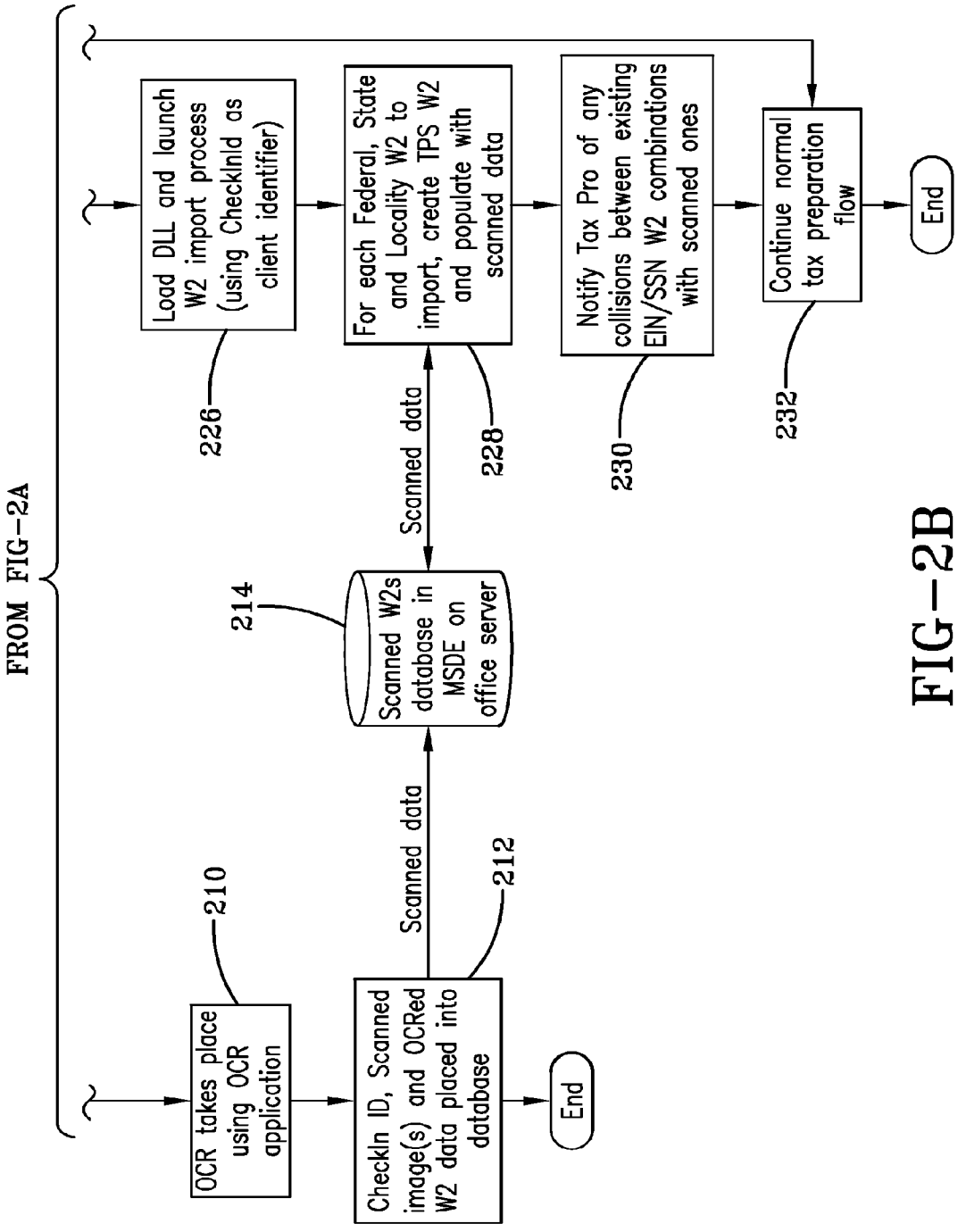

FROM FIG-2A
OCR takes place using OCR application
210
CheckIn ID, Scanned image(s) and OCRed W2 data placed into database
212
End
Scanned data
Scanned W2s database in MSDE on office server
214
Scanned data
Load DLL and launch W2 import process (using CheckInId as client identifier)
226
For each Federal, State and Locality W2 to import, create TPS W2 and populate with scanned data
228
Notify Tax Pro of any collisions between existing EIN/SSN W2 combinations with scanned ones
230
Continue normal tax preparation flow
232
End

FIG-2B

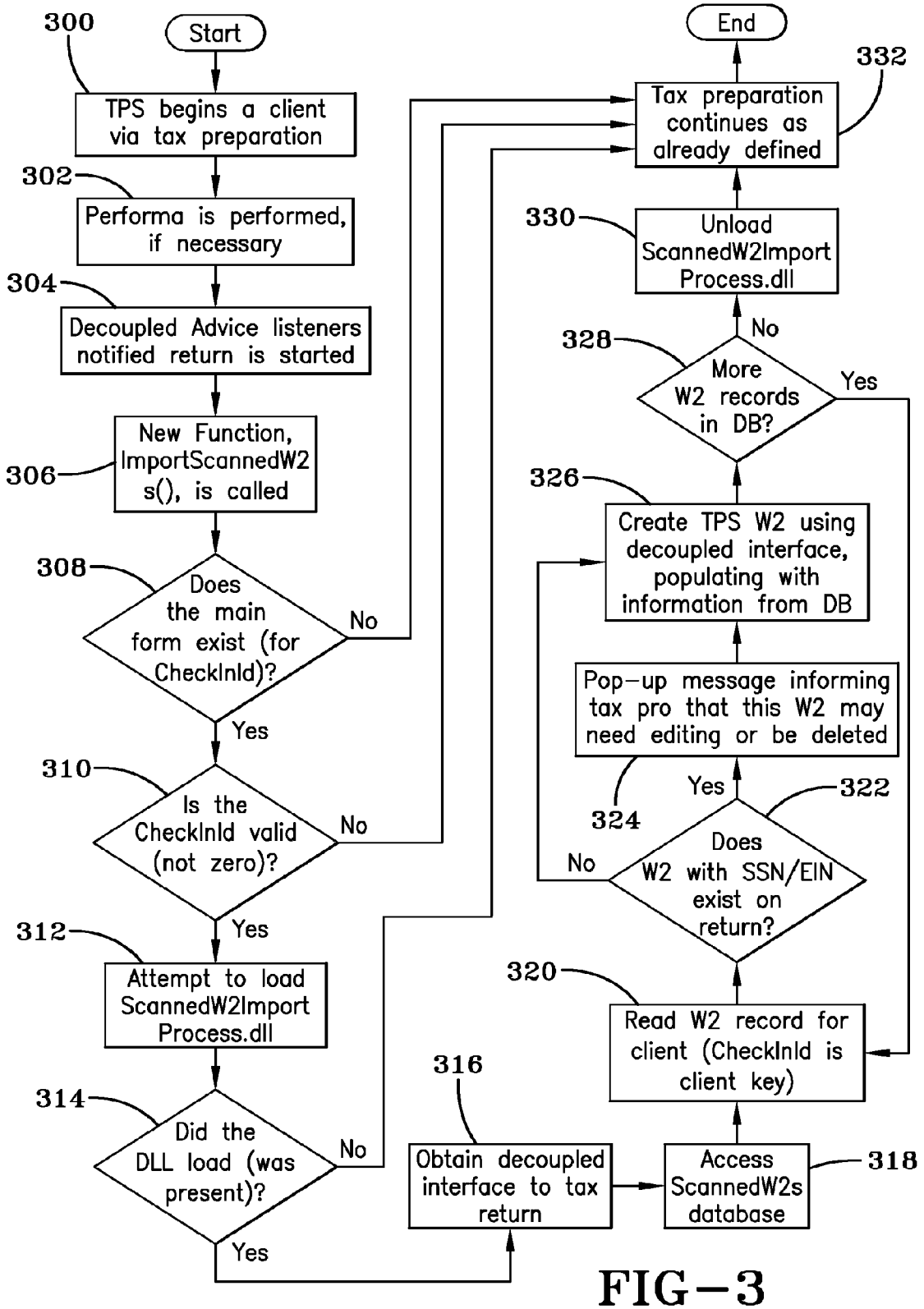

300
Start
TPS begins a client via tax preparation
302
Performa is performed, if necessary
304
Decoupled Advice listeners notified return is started
306
New Function, ImportScannedW2s(), is called
308
Does the main form exist (for CheckInId)?
No
Yes
310
Is the CheckInId valid (not zero)?
No
Yes
312
Attempt to load ScannedW2Import Process.dll
314
Did the DLL load (was present)?
No
Yes
316
Obtain decoupled interface to tax return
318
Access ScannedW2s database
320
Read W2 record for client (CheckInId is client key)
322
Does W2 with SSN/EIN exist on return?
Yes
No
324
Pop-up message informing tax pro that this W2 may need editing or be deleted
326
Create TPS W2 using decoupled interface, populating with information from DB
328
More W2 records in DB?
No
Yes
330
Unload ScannedW2Import Process.dll
332
Tax preparation continues as already defined
End

FIG-3

SYSTEM AND METHOD FOR ACQUIRING TAX DATA FOR USE IN TAX PREPARATION SOFTWARE

RELATED APPLICATIONS

[0001] This application is a continuation application, and claims priority benefit with regard to all common subject matter, of U.S. patent application Ser. No. 11/855,724, filed Sep. 14, 2007, and entitled "SYSTEM AND METHOD FOR ACQUIRING TAX DATA FOR USE IN TAX PREPARATION SOFTWARE," which is now U.S. Pat. No. 8,606,665, issued Dec. 10, 2013 ("the '606 Patent"). The '606 Patent is a continuation-in-part application, and claims priority benefit with regard to all common subject matter, of U.S. patent application Ser. No. 11/162,187, filed Aug. 31, 2005, and entitled "SYSTEM AND METHOD FOR MIGRATING BETWEEN TAX RETURN PREPARATION SYSTEMS" ("the '187 Application"). The '187 Application is a non-provisional application and claims priority benefit with regard to all common subject matter, of earlier-filed Provisional Patent Application No. 60/640,552, filed Dec. 30, 2004, and entitled "SYSTEM AND METHOD FOR MIGRATING BETWEEN TAX RETURN PREPARATION SYSTEMS." The identified earlier-filed patent and patent applications are hereby incorporated by reference into the present application in their entirety.

FIELD OF THE INVENTION

[0002] The present invention relates generally to systems and methods for preparing tax returns. In particular, the present invention relates to computerized systems and methods for acquiring tax data and importing it into tax preparation software.

BACKGROUND OF THE INVENTION

[0003] Data and other information necessary to compute federal, state, local, and foreign income tax liabilities is often reported to taxpayers on forms. For example, many U.S. employers use IRS Form W-2 to report yearly wages to their employees. Forms are also used to report various types of non-wage income, mortgage interest, student loans, distributions, benefits, etc. In many instances, the forms are computer generated and are then printed and mailed to taxpayers at the end of a tax year. Some taxpayers may receive many paper forms that have data needed to prepare their tax returns.

[0004] Individuals that use a tax preparation service typically submit all of their forms to a tax professional who manually enters data from the tax documents into tax preparation software that is used to complete tax returns for the taxpayers. Manual data entry is a time consuming activity that the tax professional must perform to provide tax preparation services. It consumes time that the tax professional could otherwise devote to preparing the tax return and providing assistance to a taxpayer. It also presents opportunities for data entry errors that could impact a taxpayer's tax liability. When the tax professional is asked to process a high volume of tax returns, delays in completing the tax returns may result simply because the tax professional does not have time to enter the tax data needed to complete the returns. There is a need for an automated system and method for acquiring tax data that eliminates the need for tax professionals to spend time entering tax data into tax preparation software and that reduces data entry errors. There is need for an automated system and method for acquiring tax data that allows a tax professional to devote more time to preparing tax returns and less time to data entry.

SUMMARY OF THE INVENTION

[0005] The present invention is an automated system and method for acquiring tax data and importing it into tax preparation software. It provides a new system and method for entering data from tax documents into tax preparation software by using a scanner to read and import information from a tax document. Tax documents are acquired electronically in an acquire source tax document process by scanning, faxing, or emailing them. Once a tax document is in electronic form, an optical character recognition (OCR) software process obtains tax data from the electronic tax document. Each piece of tax data that is obtained from the OCR software process is then imported into tax preparation software. Once the tax data has been imported into tax preparation software, the software may be used to complete a tax return.

[0006] This present invention facilitates operations in professional tax preparation retail offices where a large number of individual taxpayers may request services at the same time and where a high volume of service requests can result in a delay in entering tax data for processing of returns. The present invention automates an important step in the tax return preparation process. The need for tax professionals to spend time entering tax data into tax preparation software is reduced and data entry errors are reduced. The present invention allows a tax professional to devote more time to preparing tax returns and less time to data entry.

BRIEF DESCRIPTION OF THE DRAWINGS

[0007] FIG. **1** is a block diagram of a tax data acquisition and importation system according to an example embodiment of the present invention;

[0008] FIG. **2**A is a first section of a flowchart of a tax data acquisition and importation method according to an example embodiment of the present invention;

[0009] FIG. **2**B is a second section and continuation of the flowchart of FIG. **2**A of a tax data acquisition and importation method; and

[0010] FIG. **3** is a flowchart of a tax preparation method using imported tax data according to an example embodiment of the present invention.

DESCRIPTION OF EXAMPLE EMBODIMENTS

[0011] The present invention is based on various known tax preparation systems and methods including Retail Tax Preparation System (RTPS) which is software used by tax professionals at retail tax preparation offices such as H&R Block to prepare and optionally file tax returns on behalf of retail taxpayer customers.

[0012] Referring to FIG. **1**, a block diagram of a tax data acquisition and importation system and method according to an example embodiment of the present invention is shown. Table 1 provides a list of commonly used forms for reporting various types of tax data.

TABLE 1

U.S. IRS Form	Description
W-2	Wage and Tax Statement
W-2G	Certain Gambling Winnings
1042-S	Foreign Person's U.S. Source Income Subject to Withholding
1098	Mortgage Interest Statement
1098-E	Student Loan Interest
1098-T	Tuition Statement
1099-A	Acquisition or Abandonment of Secured Property
1099-B	Proceeds from Broker and Barter Exchange Transactions
1099-CAP	Changes in Corporate Control and Capital Structure
1099-C	Cancellation of Debt
1099-INT	Interest Income
1099-DIV	Dividends and Distributions
1099-G	Certain Government Payments
1099-H	Health Coverage Tax Credit (HCTC) Advance Payments
1099-LTC	Long-Term Care and Accelerated Death Benefits
1099-MISC	Miscellaneous Income
1099-0ID	Original Issue Discount
1099-PATR	Taxable Distributions Received from Cooperatives
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)
1099-R	Distributions from Pensions, Annuities, Retirement, or Profit-Sharing Plans, IRAs, Insurance Contract, etc.
1099-S	Proceeds from Real Estate Transactions
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
5498	IRA Contribution Information
5498-ESA	Coverdell ESA Contribution Information
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information

[0013] Tax documents such as those listed in Table 1 are acquired electronically in an acquire source tax document process **106** by scanning **100**, faxing **102**, or emailing **104** them. The acquire source tax document process **106** may operate locally and accept documents that are scanned on a local scanner. Alternatively, the tax documents may be submitted from remote locations by fax or email to the acquire source tax document process **106**. The tax documents may be faxed or emailed by a taxpayer who receives them from an employer, one or more financial institutions, or any other tax data provider. Alternatively, the tax documents may be faxed or emailed to the acquire source tax document process **106** directly from the employer, financial institution, or other tax data provider. The tax documents may be stored in or associated with an account for the taxpayer that is later accessed to complete further processing of the tax documents. Electronic tax documents that result from the acquire source tax document process **106** may be in .pdf, .tif, .jpg, or any other electronic image format that may be processed through OCR software.

[0014] Once a source tax document is in electronic form, an optical character recognition (OCR) software process obtains tax data from the electronic document. Captiva® InputAccel® and Kofax® Ascent Capture® are products that provide the OCR processing that could be used in the OCR software process **108**. Each source tax document is processed for relevant tax data.

[0015] Each piece of tax data that is obtained from the OCR software process **108** is then imported into tax preparation software **110**. The tax preparation software may be RTPS used by tax professionals in a retail office that prepares tax returns for taxpayer customers. Once the tax data has been imported into tax preparation software **110**, the software may be used to complete a tax return **112**.

[0016] Alternatively, the software into which tax data is imported **110** may be self-serve tax preparation software that is used by individuals to prepare their own tax returns. The tax return preparation software may be accessible to individual taxpayers via a web site. A taxpayer may fax or email source tax documents that are accepted at a remote acquire source tax document process **106** for further processing. The OCR process **108** may be performed at the remote site and the resulting tax data imported into the tax preparation software **110** accessible via the web site. The taxpayer may then interact with the tax preparation software operational at the web site and complete the tax return **112** using tax data from the source tax documents that were faxed or emailed. In another embodiment of the present invention, the tax data acquired from the source tax documents may be accessed from the web site and transferred to tax preparation software operational on the taxpayer's personal computer. The taxpayer may then interact with the tax preparation software operational at the personal computer and complete the tax return **112** using tax data from the source tax documents that were faxed or emailed.

[0017] Referring to FIGS. **2**A and **2**B, a flowchart of a tax data acquisition and importation method according to an example embodiment of the present invention is shown. The process begins when a taxpayer checks in at a point-of-sale workstation at a retail tax office **200**. Check-in data such as contact information and preferences are entered into the workstation and saved in a database on an office server at the retail tax office **202**. Next, the taxpayer presents W-2 and other tax documents to be scanned **204**. An office representative reviews the taxpayer check-in data by locating the taxpayer from list of taxpayer clients at the retail tax office **206**. Next, the taxpayer's tax documents are scanned using document scanning software **208**. OCR software is applied to the scanned tax documents to identify tax data for using in preparing the tax return **210**. The scanned tax data is saved in an office server database along with the taxpayer's contact and other information and a check-in identifier for the taxpayer **212**, **214**.

[0018] Once the scanning process is complete, preparation of the tax return begins. The taxpayer meets with a tax professional at the retail tax office who prepares the return for the taxpayer **216**. The tax professional selects the taxpayer from a list of taxpayer clients at the retail tax office **218**. If the taxpayer has used the retail tax office previously for preparation and filing of a tax return, taxpayer data for use in preparing the current year tax return may be obtained from a database comprising tax return data **220**. Preparation of the tax return is then activated in the RTPS **222**.

[0019] In an example embodiment of the present invention, tax data importation occurs when presence of a data import module is detected. In an example embodiment of the present invention implemented for operation on a Microsoft® Windows® platform, the data import module may be implemented as a DLL file. If the data import module is present **224**, it is loaded and launched to start the data import process **226**. The taxpayer's check-in identifier is used to locate the tax data to be imported into RTPS **226**. Next, W-2 imported tax data from various sources is located **228** from the database comprising scanned data **214**. Other types of tax data may also be located for importation into the tax preparation software. In the next step **230**, scanned data is compared with data from other sources to identify any discrepancies or conflicts. For example, tax forms for the taxpayer may have been scanned or submitted previously without performing an OCR

process to obtain tax data from them. The tax professional is notified of the existence of the forms. He or she can compare data on the electronic forms with the scanned tax data and resolve any problems that are detected. Finally, preparation of the tax return proceeds using the scanned data **230**. If the data import module is not present **224**, RTPS operates in a standard mode in which tax data needed to complete the tax return is obtained from other sources **232**.

[0020] The use of a data import module such as a DLL file for the Microsoft Windows platform allows tax data import functionality to be integrated with tax preparation software as needed or desired. Confirmation that the data import module is present and loaded at the appropriate time during tax return preparation flow can be communicated to a tax professional or preparer using a pop-up a message confirming that the positive case has been reached. In the negative case, nothing happens at the same time in the tax return preparation flow when the data import module is not present. This design minimizes the impact to tax professionals or preparers if the scanning and data import functionality is introduced to each retail tax office separately or according to a particular schedule. A phased introduction of the functionality allows each retail tax office to obtain the equipment (e.g., scanner) that is needed to offer the service to taxpayers. The data import functionality can then be invoked once the retail tax office has everything it needs to offer the service.

[0021] In RTPS, once a return has been started (i.e., tax return data from prior years has been located or the taxpayer information screen has been completed), the hook to the data import module is invoked. In an example embodiment of the present invention, there are two conditions that cause the data import module functionality be invoked. First, a taxpayer has completed the check-in process and has been assigned a valid identifier or check-in ID (i.e., a non-zero check-in ID). Taxpayers that do not complete the check-in process have an unassigned or zero value identifier so the data import module is not invoked. Second, the data import module is detected and determined to be present.

[0022] If either of the conditions noted above are false (the negative case), there is no discernable difference in tax return preparation flow to the user of the RTPS. No error message is displayed or logged. If both of the conditions noted above are true (the positive case), a particular method is invoked in the data import module. During a testing phase, the data import module may be implemented as a simple stub DLL in which a method that displays a quick message to the tester confirm that the loading and invoking of the DLL functionality succeeded. The complete DLL that provides the data import functionality may connect to a database on the office server and import any un-imported tax data values for taxpayer into the tax return.

[0023] Referring to FIG. **3**, a flowchart of a tax preparation method using imported tax data according to an example embodiment of the present invention is shown. A tax professional begins the tax preparation process for a taxpayer using RTPS **300**. If the taxpayer has used the retail tax office previously for preparation and filing of a tax return, taxpayer data for use in preparing the current year tax return may be obtained from a database comprising tax return data **302**. In an example embodiment of the present invention in which tax advice is provided to the taxpayer upon completion of the tax return, software modules (decoupled advice listeners) for collecting and analyzing tax data are invoked **304**. They are notified that preparation of a tax return has started so that the appropriate data may be collected during the preparation and analyzed to provide the taxpayer with appropriate advice.

[0024] Next, the scanned data importation process is started **306**. The presence of scanned tax data for the taxpayer is verified according to the taxpayer's check-in identifier **308**. If the taxpayer has a check-in identifier **310**, the data import module is located to start the data import process **312**. If the data import module is present, it is loaded and launched **314**. An interface module for obtaining the scanned data is invoked to retrieve scanned data for the tax return **316**. The interface module accesses the scanned data repository **318** and using the check-in identifier for the taxpayer, reads the appropriate scanned tax data **320**. Next, the data import module determines whether a form corresponding to the scanned tax data exists **322**. If the corresponding form exists, the tax professional is informed so that any discrepancies or conflicts between the form tax data and the scanned tax data may be resolved **324**. If the corresponding form does not exist, it can be created and populated with the scanned tax data for submission with the tax return filing **326**. Checks for additional tax data are completed in step **328** and steps **320-326** are repeated if additional tax data is present. When no additional tax data is found, the data import module is unloaded **330** and tax preparation continues according to a standard mode **332**.

[0025] The present invention automates an important step in the tax return preparation process. It acquires and imports tax data by scanning tax forms and applying an OCR process to identify tax data for use with tax preparation software. Each tax data value is associated with a taxpayer identifier and saved in a database so that it can be located and imported into tax preparation software during the tax return preparation process. The need for tax professionals to spend time entering tax data into tax preparation software is reduced and furthermore, data entry errors are reduced. The present invention allows a tax professional to devote more time to preparing tax returns and less time to data entry.

[0026] While example embodiments of the invention have been illustrated and described, various modifications and combinations can be made without departing from the spirit and scope of the invention. For example, the types of tax documents that are acquired and processed may vary according the requirements of relevant tax authorities. The processes of the present invention may be modified to accept any type of tax document. Furthermore, the systems and methods for obtaining electronic tax documents may be modified in many ways and fall within the scope of the present invention. Modifications, combinations, and equivalents to the system and method of the present invention are intended to be covered and claimed.

1. A non-transitory computer readable storage medium with a computer program stored thereon for obtaining tax information, for a taxpayer, at a retail tax office to have a tax return for the taxpayer prepared by a tax professional associated with said retail tax office, wherein the computer program instructs a processor to perform the following steps:

assigning an identifier to said taxpayer;

acquiring an electronic image of at least one source tax document associated with said taxpayer;

associating said source tax document with said assigned identifier;

applying an optical character recognition process to said electronic image of the at least one source tax document;

as a result of applying said optical character recognition process, generating at least some tax information, in an

electronic format, from said source tax document;storing in a database said generated electronic tax information from said source tax document and said associated assigned identifier;

retrieving, using said assigned identifier, the generated electronic tax information for said taxpayer;

importing at least a portion of said generated electronic tax information into a software program for preparation of the taxpayer's tax return; and preparing said tax return using said taxpayer's generated electronic tax information.

2. The computer readable storage medium of claim **1**, wherein the computer program instructs the processor to perform the following steps:

storing in said database said electronic image of the source tax document;

displaying a notification of existence of the source tax document associated with said assigned identifier;

displaying the source tax document associated with said assigned identifier;

3. The computer readable storage medium of claim **1**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a scan of said source tax document.

4. The computer readable storage medium of claim **1**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a facsimile of said source tax document.

5. The computer readable storage medium of claim **1**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving an email containing said source tax document.

6. A system for obtaining tax information, for a taxpayer, at a retail tax office to have a tax return for the taxpayer prepared by a tax professional associated with said retail tax office, the system comprising:

a processor; and

a non-transitory computer readable medium having a computer program stored thereon for instructing the processor to perform the following steps:

assigning an identifier to said taxpayer;

acquiring an electronic image of at least one source tax document associated with said taxpayer;

associating said source tax document with said assigned identifier;

applying an optical character recognition process to said electronic image of the at least one source tax document;

as a result of applying said optical character recognition process, generating at least some tax information, in an electronic format, from said source tax document; storing in a database said generated electronic tax information from said source tax document and said associated assigned identifier;

retrieving, using said assigned identifier, the generated electronic tax information for said taxpayer;

importing at least a portion of said generated electronic tax information into a software program for preparation of the taxpayer's tax return;

and preparing said tax return using said taxpayer's generated electronic tax information.

7. The system of claim **6**, wherein the computer program instructs the processor to perform the following steps:

storing in said database said electronic image of the source tax document;

displaying a notification of existence of the source tax document associated with said assigned identifier;

displaying the source tax document associated with said assigned identifier;

8. The system of claim **6**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a scan of said source tax document.

9. The system of claim **6**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a facsimile of said source tax document.

10. The system of claim **6**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving an email containing said source tax document.

11. A method for obtaining tax information, for a taxpayer, at a retail tax office to have a tax return for the taxpayer prepared by a tax professional associated with said retail tax office, wherein the method comprises the following steps:

assigning an identifier to said taxpayer;

acquiring, via a processor and from the taxpayer or a third party associated with the taxpayer, an electronic image of at least one source tax document associated with said taxpayer;

associating, via a processor, said source tax document with said assigned identifier;

applying, via a processor, an optical character recognition process to said electronic image of the at least one source tax document;

as a result of applying said optical character recognition process, generating, via a processor, at least some tax information, in an electronic format, from said source tax document;

storing, via a processor, in a database said generated electronic tax information from said source tax document and said associated assigned identifier;

retrieving, via a processor and using said assigned identifier, the generated electronic tax information for said taxpayer;

importing, via a processor, at least a portion of said generated electronic tax information into a software program for preparation of the taxpayer's tax return; and

preparing said tax return using said taxpayer's generated electronic tax information.

12. The method of claim **11**, further comprising the following steps:

storing, via a processor, in said database said electronic image of the source tax document;

displaying, via a processor, a notification of existence of the source tax document associated with said assigned identifier;

displaying, via a processor, the source tax document associated with said assigned identifier;

13. The method of claim **11**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a scan of said source tax document.

14. The method of claim **11**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving a facsimile of said source tax document.

15. The method of claim **11**, wherein acquiring said electronic image of at least one source tax document associated with said taxpayer comprises receiving an email containing said source tax document.

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