

CCH Scan v.21.0 – Classification and Extraction

CCH Scan creates PDF documents with two levels of bookmarks. The first level shows the document category while the second level identifies the scanned document type as classified by CCH Scan. The AutoFlow technology imports data from the scanned forms identified with the arrow icon ➔ into *Personal Taxprep*.

Cover Sheet	➔ Relevé 26 TP-671.9	Student's Deductions for Self and Dependants
Notes from Client		➔ T2202
Organizer		➔ Relevé 8
Tax Organizer ¹	Partnership Income	➔ TL11
	Partnership Income ¹	➔ GRP Certificate
Employment Income	➔ T5013	Interest Paid on a Student Loan
➔ T4	➔ Relevé 15	Foreign Income Additional Information
➔ Relevé 1	Rental Income	1040 NR
➔ Relevé 22	➔ T776	Documents for T1135 ¹
W2	TP-128	Child Care Expenses
1042S	TP-1086.R.23.12	CARE
Pension Income	Self-Employment Income	➔ Relevé 24
➔ T4A	T1163	Medical Expenses
➔ T4A(P)	T1273	MED
➔ T4RIF	T2042	TP-752.0.13.1
➔ T4RSP	T2121	Donations
➔ Relevé 2	➔ T2125	Donations
➔ T4A(OAS)	TP-80	Political Contributions
➔ T4PS	➔ T1204	Political
➔ Relevé 25	T5018	Other Deductions and Credits
➔ T4A(RCA)	AGR-1	Home Accessibility ¹
T4A(NR)	Relevé 21	Home Buyers ¹
NR4(OAS)	➔ Relevé 27	Moving Expenses ¹
1099R	➔ Relevé 29	T2201
CARRA	Other Income	TP-752.0.14
T1032	Other Income ¹	TP-1029.AN.A
SSA 1099	1099 MISC	TP-1029.AE
➔ SSA 1042S	RRSP Contributions	➔ Relevé 19
EI, Workers Compensation, Social Assist.	➔ RRSP	➔ Relevé 31
➔ T4E	➔ PRPP	Tax returns, Payments & Notices of Assessment
➔ Relevé 6	➔ T10	T1
➔ T5007	➔ T215	TP-1
➔ Relevé 5	➔ T5006	T1-ADJ
➔ RC62	➔ Relevé 10	TP-1.R
RC66	RC267	Instalments
➔ RC210	RC268	Instalments (Quebec)
Investment Income and Capital Gains	RC269	Notice of Assessment
Bank Statements ¹	T1004	Notice of Assessment (Quebec)
Carrying Charges ¹	T1006	T7DR (A)
Capital Gains ¹	T1007	TPZ-1026
TFSA	T1043	Consent and Authorization Forms
➔ T4FHSA	T1090	Authorization
➔ Relevé 32	T2019	MR-69
1099 OID	T3012A	EFILE Information
1099 INT	T746	T183
1099 DIV	Employment Expenses	T185
➔ T3	Professional Dues	TP-1000
➔ Relevé 16	Eligible Educator School Supply ¹	Miscellaneous Documents
➔ T5	➔ T2200	Sales Tax Documents
➔ Relevé 3	T777	Employment Statement
NR4	TP-59	LM-3
➔ T101	TP-64.3	Unused Documents
➔ Relevé 11	TL2	Unclassified Documents
T600	TP-66	Unclassified Documents
Relevé 13	TP-75.2	
T5003	TP-78	
T5004	TP-78.4	
Relevé 14	T1223	
➔ T5008	TP-76	
➔ Relevé 18		
➔ Relevé 7		

New Supported Documents with CCH Scan v.21.0

Documents identified with an ^N are additions to the existing list of supported documents.

Additional Notes

¹ No automatic classification. Target sheets available for forced classification only.

² Due to the high variety of medical and donation receipts, some are unclassified. Use forced classification target sheets to ensure that bookmarks are properly created for these documents.

Using Forced Classification Target Sheets

You can use forced classification target sheets to control the bookmarking of non-standard documents such as medical receipts, donations, or organizers. However, they should not be used with forms from which you want to import values (e.g. T4, T5, RRSP), as this prevents data from being extracted. On the other hand, generic single-page and multi-page target sheets are compatible with data extraction. For more information about target sheets, please refer to the product documentation.

CCH[®] Scan

Best Practices

This document details the best practices for using *CCH Scan* and *Personal Taxprep* as part of an efficient paperless T1 preparation process. You'll learn which scanning techniques provide optimal results, how to handle electronic tax documents received from your clients, what approaches are used by the most successful firms, and how to maximize your productivity with *CCH Scan*.

1 Implementation steps

Create an internal paperless committee. This team will analyze, on a regular basis, the steps and adjustments required to improve your workflow. The committee should have at least one member from each role: partner, reviewer, preparer and admin staff.

Consider a phased approach. The stages to a paperless T1 preparation process include: post-tax season scanning, front-end scanning, preparing from the PDF source only, and importing scanned data. Each stage implies several changes to your workflow. Many firms opt for implementing a single stage at a time to ensure a progressive transition.

Train your staff early. This includes training both on Wolters Kluwer products and on your internal workflow. For example, successful firms with high volume (e.g. 2,000 returns and more) invest time in training their scanning staff on using the exact same procedures and generating consistent PDF documents.

Get the buy in from your team. There is a steep learning curve for all members of your firm. Strong leadership at the partner level makes a difference in the first few weeks, where lower efficiency can be expected. Productivity gains emerge once the workflow has been fine-tuned, and even more so during the second tax season.

2 Best practices for scanning hard copies of tax documents

Use a sheet-fed scanner. The document feeder is critical because source documents do not have a standard format. A good scanner will easily scan all types of source documents in a batch, including smaller documents (such as medical receipts) without having to use fax carriers.

Apply the required scanner settings. Scan at 300 dpi, in black and white. Use the TIFF Multipage CCITT Group-4 compression file format. *CCH Scan* will also accept PDFs generated by a scanner as well as formats other than PDF and TIF (in particular the JPEG format).

Perform the scanner validation test. *CCH Scan* includes eight sample slips. Scan to a TIFF or PDF file and submit it at <https://support.wolterskluwer.ca/en/sharefile> for an assessment of your scanner performance.

Clean up the scanner. For the highest image quality, the scanner's glass and feeder mechanism should be cleaned up on regular basis, especially given the high volume of documents processed during tax season.

Scan the original document. Every time a document is copied, the image quality is degraded. The further away you get from the original document, the noisier the document becomes.

Prune the paper file before scanning. This will reduce the time needed for scanning as well as the size of the resulting PDF file. Some firms prune the paper files when meeting with the clients, while others ask a junior preparer to do this task. Some firms even have a senior person review the documents first

Avoid using target sheets to scan T-Slips from which you want to extract data. If target sheets are used for T-Slips, this will properly bookmark the source documents, but it will not be possible to extract data from them.

Print the target sheets on light colored paper. This will allow you to quickly remove the target sheets from the source documents after scanning, so that they can be reused for the next scan.

Name the TIFF or PDF file directly at scanning time. If you can configure your scanner to prompt for the file name, then it is not necessary to use a printed cover page to name the generated PDF documents.

Apply quality control. Your scanner software probably allows you to preview the scanned pages before creating the TIFF or PDF file. Using this preview mode, you can easily verify that all the pages have been scanned and that all of the values are readable on screen. At this stage, a page can quickly be rescanned if needed.

Separate Québec relevés. If you want to import data from Québec relevés, make sure they are scanned as separate pages. If scanned on the same page as the federal T-slip, only one of the two will be processed for data extraction.

3 Working with hard copies of medical, donation, shared & late slips

Scan all the medical receipts. Scan the medical receipts so they can quickly be accessed for pre- and post-assessment requests. They can all be scanned with the main taxpayer's PDF, or as a separate PDF for size management purposes. Alternatively, some firms choose to only accept the pharmacy summary from their clients, which is then scanned and included in the main PDF. Many firms are now including this request in their engagement letter.

Annotate the PDF for transferred amounts. If the *Taxprep* optimization transfers the medical expenses to the spouse, add a note on the taxpayer's and the spouse's PDF to indicate the transfer ("Transferred to spouse" / "Medical transferred from spouse"). You can also use the *PDFlyer* tool to add a specific annotation mark for this purpose.

Scan donation receipts for each taxpayer's file. Scan donations made by the taxpayer with the taxpayer's file, and donations made by the spouse with the spouse's file. In *Taxprep*, the donations are

entered in each taxpayer's returns and the preparer decides to allocate them to the spouse. Add a note on each PDF to indicate the transfer: "Donation transferred from spouse. See spouse's PDF for receipts." and "Donation transferred to spouse."

Annotate the PDF for shared slips. For tax forms relating to self-employment and/or rental properties, you can use the stamps in Acrobat for the PDF to indicate that the information is being shared.

Scan late slips directly to PDF format. The best practice for late slips is to scan them to a PDF document directly, without processing with *CCH Scan*. You can then merge it with the main PDF already attached to the tax return, and key in the values manually. For late slips received *after* the return has been filed, many firms prefer to process them with *CCH Scan* and keep them a separate PDF attached to the tax return.

4 Handling electronic tax documents received from your clients

Combine electronic tax documents received from your clients. Use CCH® ProSystem *fx* Funnel to combine tax documents received electronically and scanned tax documents for purposes of creating a single file for *CCH Scan* to process. CCH® ProSystem *fx* Funnel supports a vast number of file types in addition to letting you add cover pages and target sheets. Consult the CCH® ProSystem *fx* Funnel help to learn more:

http://help.taxprep.com/ophelp/v21/en/Scan_Funnel/Default.htm.

Converting electronic tax documents received late. Avoid printing and scanning electronic tax slips received late by using CCH® ProSystem *fx* Funnel to convert these documents into a format which *CCH Scan* will be able to process and insert a cover page and target sheets.

5 Validating data extracted with AutoFlow Technology

Know the average accuracy rate. The AutoFlow Technology is based on optical character recognition (OCR). Typical accuracy for OCR is in the range of 70-80%. This can greatly vary depending on the quality of the scanned images. It is therefore normal to correct several values for data extracted with this technology. Share this information with your team to set the right expectations from the beginning. This will also help your paperless committee decide on the preferred workflow (see next page).

Use dual monitors for validation. The *CCH Scan Validation* tool supports dual monitors. We suggest to display the full image of the scanned image on its own monitor, and to set the zoom level to see the entire page. Since the full page is displayed, it limits the need for scrolling. It is also the most efficient way to quickly find missing and unwanted values.

Select the suitable workflow for validation. You can choose between two workflows:

- OCR validation done by your staff. Your own staff reviews all of the extracted values before the PDFs are imported into the tax returns.
- Import directly into *Taxprep*. This workflow bypasses the OCR validation step. Your preparers correct the OCR errors directly in the return. Make sure beforehand your preparers understand the average OCR accuracy rate.

Make sure your OCR validation is complete. If your staff is doing the validation step, ensure they perform all required tasks: 1) correct the extracted values; 2) find and input missing fields; 3) remove unwanted values. This way, the values in the PDFs will be 100% accurate when imported into *Taxprep*.

Avoid validation fatigue. If you process less than 500 returns, and a single staff is doing both scanning and validation, alternating between the two tasks will help prevent fatigue. If you have a higher volume, e.g. around 1,500 returns, you may want to assign a team of 3 or 4 persons who will switch roles periodically.

6 Preparation and review

Reorganize the PDF documents. Several firms train their preparers to reorganize the PDFs during preparation. This usually involves reclassifying unclassified forms, taking care of unused forms, and completing the links between the *Taxprep* and PDF forms. In the end, this may slightly increase the average preparation time per return when compared to traditional tasks. However, reviewers will experience the most benefits from such organized PDFs, and the savings at this level outweigh the additional time needed earlier in the process.

Mark up the PDF documents. When you get to a point where returns are entirely prepared from the PDF documents (no more paper copy circulating), having a consistent, firm-wide mark-up policy will streamline the review process. Annotation features provide for consistent, readable mark ups across all source documents.

Select the proper Import method. *Taxprep* has three import options: Automatic, Assisted, and Current PDF Slip. The Automatic option should only be used if you do not keep the slips issuer names when rolling forward the returns. Most firms work with the

Assisted mode, which matches last year's slips with the current year's slips for comparison in Xpress. Lastly, to import from the slip currently displayed in the PDF document, click the Link button on the **CCH Scan** toolbar.

Use dual monitors for preparation and review. The PDF document replaces the paper copy. About 90% of firms using *CCH Scan* display the tax return and the PDF document on separate monitors. For additional flexibility, choose monitors that can rotate between landscape and portrait positions.

Review with the AutoFlow PDF annotations.

Extracted data is highlighted in green in the PDF documents. Move the mouse cursor over a value to see what has been (or will be) imported. Use the Adobe preferences on commenting to control the display of the text indicators. Pay special attention to amounts that are not fully highlighted, e.g. missing decimals – this may indicate an extraction error that required a correction during validation.

7 Additional tips and tricks

Use the *Taxprep* status system or *Taxprep Dashboard*. This is one of the most efficient ways to monitor the workflow steps and replace the traditional routing sheet. As a common example, the scanning staff will usually attach the PDF from *CCH Scan* to the tax return, and set the status to "Scanned." When the preparer looks up files in the Client Manager or in *Taxprep Dashboard*, this status is the trigger to start working on the return.

Address post-assessment requests. The CRA and RQ accept faxes when requesting source documents for pre or post-assessment reviews. Open the PDF file containing the source document and print the requested documents (e.g. medical and donations receipts, etc.). Make sure that the annotations do not print with the documents. This is controlled by the print options in Acrobat. Fax those documents to the CRA or RQ, or download them on their portal, if possible. You cannot e-mail these documents. Some practitioners use fax software to send documents to the CRA, thereby saving on printing.

Check your scanner's brightness and contrast. Quite often, by simply fine-tuning some advanced scanner settings, such as brightness, contrast, or noise removal features, it is possible to generate overall cleaner images, which in turn, will produce better extraction results. Use a few of your tax paper files to benchmark the accuracy results in the *CCH Scan Validation* tool, then document and save these scanner settings to easily reapply them.

Improve the classification and extraction. To help us improve the classification of forms and the extraction of data, you can submit your scanned files that are poorly extracted by *CCH Scan*. In the CCH Scan Validation window, simply click the Email icon. An encrypted version of the image file will be attached to an e-mail which you can send to Wolters Kluwer Technical Support for analysis. The confidential data on the submitted forms will be redacted and the forms will be included in the next update of the *CCH Scan* catalog.

Exchange files with client portals. As part of a paperless approach, there are many documents that you can exchange electronically with your clients: tax returns, T183s, Notices of Assessment (NOA), interview sheets, and so on. Instead of e-mails, consider using a more secure tool such as a client portal. In addition to providing added-value services, you and your clients will save time and have access to the published documents from anywhere at anytime.

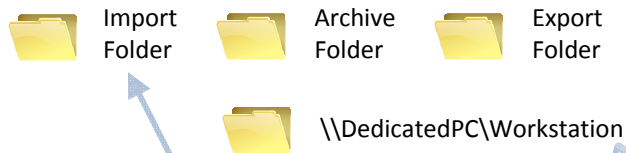
Using CCH Scan AutoFlow with TaxprepConnect. The **TaxprepConnect** functionality in *Personal Taxprep* allows you to download different types of slips from both the CRA's *Represent a Client* service and RQ's *Tax data download* service. Here is how a majority of firms use **TaxprepConnect** in conjunction with *CCH Scan*. First, import all slips with AutoFlow, as your client's source documents are the primary source. Second, download the slips with **TaxprepConnect**, then identify and import the slips that were not already imported with AutoFlow.

1 Install and configure *CCH Scan Administrator*



Dedicated PC

- Dedicated PC
- Install with Windows User account with Admin rights
- Apply permission key license
- Define Import, Archive and Export folders - Set services to have Read/Write permission if folders are located on a file server



2 Configure the scanner



- Set output folder to Import folder
- Set file format to B&W TIFF @300 dpi, Group 4
- Configure to enable preview mode for QC steps
- Configure to prompt for file name if using a non-cover page workflow

3 Configure *CCH Scan Workstation* – Admin staff



Admin Workstation

- Install *CCH Scan Workstation* program for admin staff who will print cover pages and target sheets
- The *CCH Scan Workstation* must also be installed for staff who will validate OCR extraction accuracy with the *CCH Scan Validation* tool

PREPARER AND REVIEWER WORKSTATIONS



PC 1



PC 2



PC n

4 Configure *CCH Scan* integration in *Personal Taxprep*



- Enter your CCH account number and password to enable data import from *CCH Scan*
- Enter the activation key to unlock the *CCH Scan* configuration panel
- Set PDF Search location to *CCH Scan* Export folder
- Set PDF Archive location

5 Install *CCH Scan Workstation* (optional)

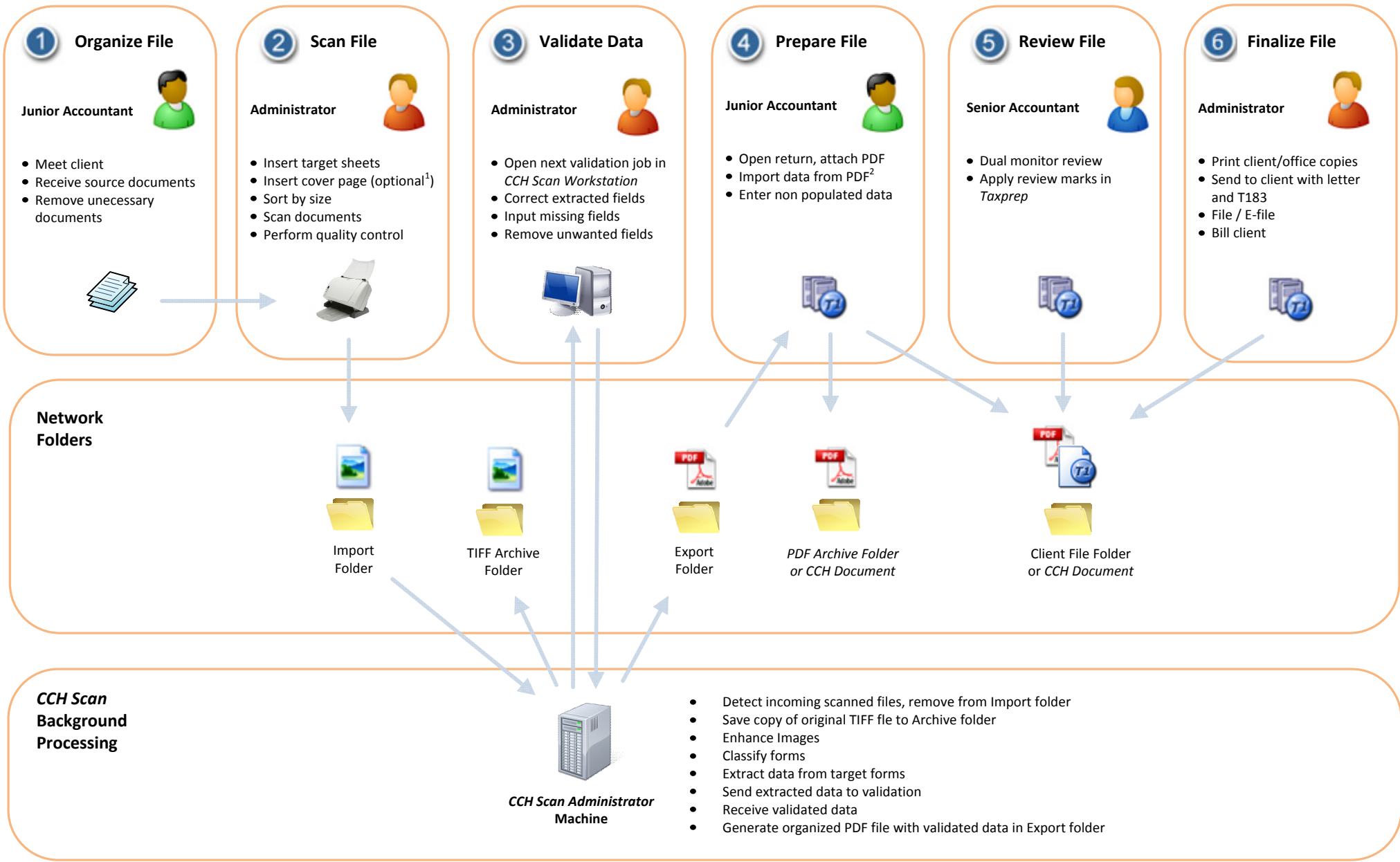


- Install if needed
- Install from \\DedicatedPC\Workstation

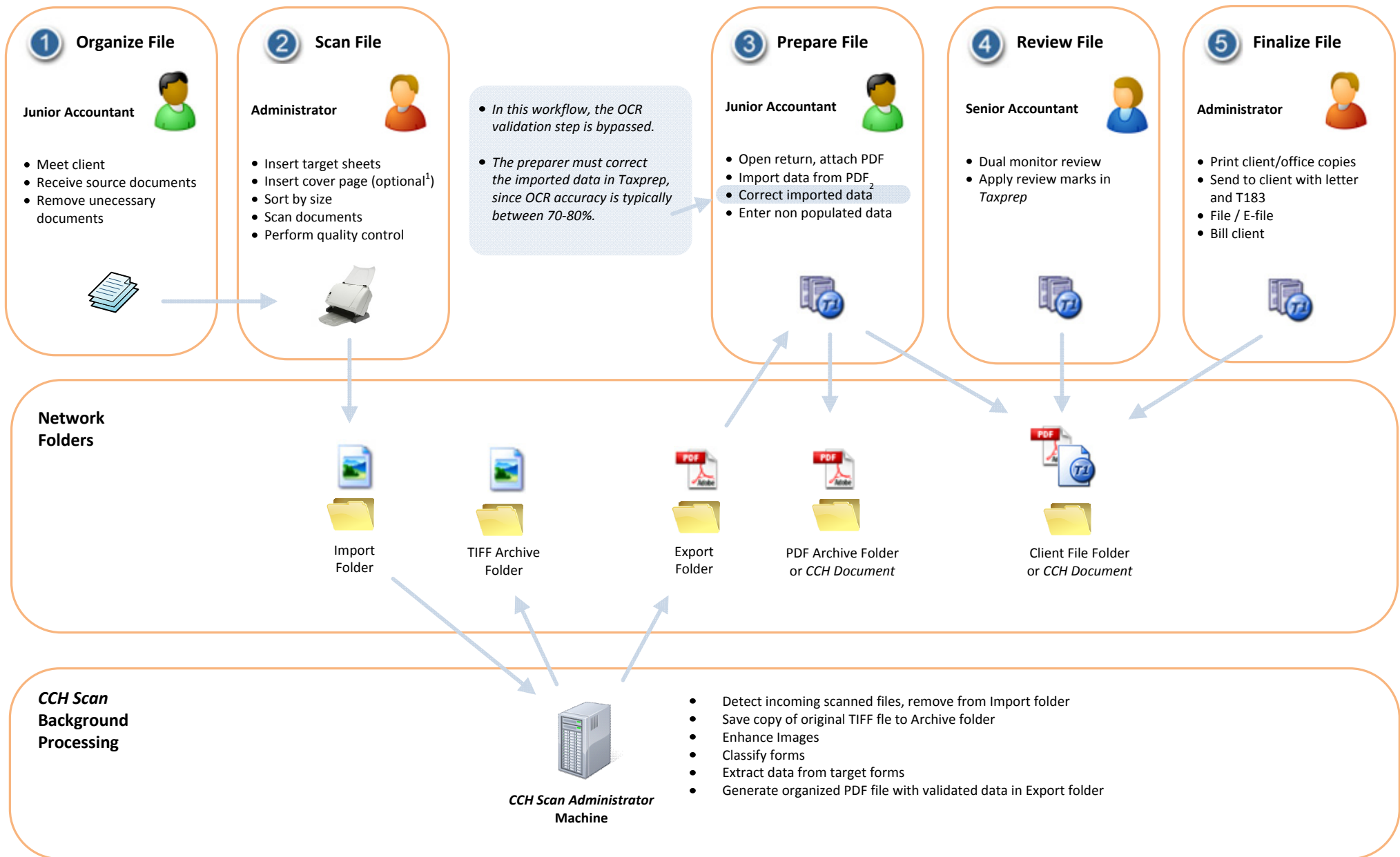
6 Install PDFlyer plug-in to Acrobat (optional)



- Install on workstations with Adobe Acrobat
- Install from \\DedicatedPC\Workstation



(1) Instead of using cover pages, it is possible to name the TIFF file at scanning time
 (2) Requires an Internet connection



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