

QuickTax 97

SmartTax Personal 97

Mini Office Tax '97

TaxCalc

EVR



If you're faced with the new self-assessment tax return, help is at hand. We evaluate five PC packages that are claimed to help you complete the forms and that may save you money as well

Taxing times

If you're conscientious, then by the time you read this you'll have already filed your tax return – in that quaint way the Inland Revenue uses the word 'filed', meaning completed it and sent it back. But if you've filed it in a drawer or desk, check our box on penalties (opposite) – deadlines may be imminent and the fines are hefty.

Personal tax programs are big business in the US, but in the UK the application is still in its infancy. Apart from the familiar US-to-UK application lag, a significant delay has been caused by the introduction of our new Self Assessment system. With this now finalised we can probably expect to see development accelerate and competition thrive, but even today there are five products that offer help to get the chore done – and perhaps find you a rebate too.

Players and products

Intuit first entered this market in 1994, dropped out for a year or so, and has now re-entered with QuickTax 97. However, despite its label, QuickTax 97 shares nothing with Intuit's Quicken or QuickBooks. It wasn't even developed by Intuit, but by an Australian company called Mysterious Pursuits together with SmartTax in the UK. QuickTax 97 is disappointing given the quality of its stablemates, and Intuit's success in the US with its best-selling TurboTax package, for personal taxation.

Not surprisingly, SmartTax 97 from

the UK company of the same name is almost identical to QuickTax. However, it does have some minor navigation advantages, including an attractive home base screen from which other parts of the program can be reached with a single click. SmartTax says that the program will soon let you lodge tax returns using its Electronic Lodgement Service. However, no dates or prices are available for this facility yet, and it remains to be seen how worthwhile it will prove for most home users.

Europress is offering Mini Office Tax '97. Although it currently suffers from the show-stopping flaw of being unable to print a tax return, Europress says this vital capability is imminent. That apart, Tax '97 is another disappointing product, with a clumsy interface and poor attention to detail. It is not helped by its garish colours and intrusive novelty sound effects.

The most mature product of the quintet under review is TaxCalc, developed by IDP for Which Software, a division of the respected Consumer's Association. While its interface is not always friendly, it's way ahead of the others. TaxCalc also gives the impression that it underwent a quality control procedure before release – at least it manages to interpret '00' date entries correctly.

Finally, from the folk who really ought to know, the Inland Revenue, there's an Electronic Version of the Tax Return (EVR). Although it's a bit crude in places, overall it has a robust feel and, best of all, it's free. Clearly the Inland Revenue is anxious to avoid competing commercially – but still keen to help us pay our taxes. However, a disappointing limitation is that EVR can only be used for regular PAYE employees with very simple tax affairs. If you're self-employed, a small business partner, or have capital

gains, inherited income and so on, this program can't help you.

Using the programs

All these programs are broadly similar in approach. First, there's the crucial phase of entering all your personal data. Second, after you've resolved any inconsistencies, the programs will calculate the tax you're due to pay for the 1996-1997 tax year. If you've already paid some previously and entered it, then you're shown what's still due, or a potential refund may be identified. Finally, you can print the return, sign it, attach any necessary additional documentation, and send it to your friendly HM Inspector of Taxes.

All but Mini Office Tax '97 let you enter the data either direct onto the tax form, or in an interview. However, this can become confusing if you alternate between the two modes, because the programs all too easily let you contradict yourself. QuickTax and SmartTax absurdly allow you to enter both Yes and No in the same answer. Mini Office Tax 97 has the least intuitive interface, despite fancy colours and sound effects. There's little interaction or intelligent guidance from any of the five packages, and if you enlist on-line help, you can find yourself wallowing in a mass of superfluous information. Rather like ploughing through the Tax Return itself, but slower and with less information visible at any one time.

Dates are clumsily handled by all the products except EVR; it's appalling that newly released programs should be incapable of dealing with year 2000 properly, and indicates a lack of attention to detail. In short, none of these packages even approach having a tax expert sitting with you, which we'd suggest as a design objective.

The tax year

These programs all cover the 1996-1997 tax year, from 6 April 1996 to 5 April 1997. For straightforward income, such as employment on a PAYE basis, your tax payment will be based on income you received in the 1996-1997 tax year. That's said to be a current-year basis. However, if you're self-employed, or have cer-

What is self-assessment?

After years of planning, this radical new system finally went live in April 1997. Only time will tell whether it will achieve its objective of being more straightforward.

Even if you don't get a tax return, some of the rules will affect you. One is that, from April 1996, all taxpayers have been obliged by law to keep records of incomes and capital gains, for the strange period of 22 months after the end of the tax year to which they relate – much longer if you're self-employed or a partner in a business. More onerous, however, is the responsibility you have to inform the Inland Revenue if you need a return and haven't been sent one. For example, you may have had income or chargeable gains that need to be declared. While this was true before, now you must do so within six months of the end of the tax year.

For those who do get the new tax return, the biggest change is that it's been completely redesigned. There's a core section of eight pages which every taxpayer gets, plus a range of other supplements depending on personal circumstances. For example, if you're self-employed, and the Inland Revenue knows that, then you should have been sent the four-page Self-Employment supplement – together with a daunting eight pages of notes to explain how to complete it. In this first year, you'll probably have to order the supplements you need yourself, choosing from a list of 10: Employment, Self-Employment, Partnerships, Partnerships (longer version), Share schemes, Foreign, Land and property, Trusts, Non-residents, and Capital gains.

Arguably the most significant aspect of the new system is the one that led to its name: the option to calculate your own tax. Ironically, however, the Inland Revenue has been back-peddalling fast on this, as it now recognises how fraught with error it's likely to be. One advantage of choosing this option, though, is a four-month stay of grace in filing your return.

tain types of investment income, your tax bill in the past has been based on earnings in an earlier year – in other words, it was on a preceding-year basis. But the bad news for the self-employed is that 1996-97 is a transitional year, and complicated rules apply which average out two years' income and expenses. Sanity will prevail from the 1997-1998 tax year, when all income will be taxed on a current-year basis.

Verdict

Personal taxation software is at an unsophisticated stage of development. All but one of these programs lack the robustness and refinement that you'd expect in mainstream home applications. Mini

Office Tax '97 seems bug-ridden and unstable; QuickTax and SmartTax can't handle date entry properly, which doesn't inspire confidence that they'll calculate your tax reliably. EVR has made a

good start, but it's crudely programmed in some respects and very limited in its scope. Although not exactly friendly to use, TaxCalc is the best of the bunch and has a useful set of more than 40 practical tax tips. It's a low-cost package, so buy it as an experiment, use it to learn, and to check your own calculations.

Terry Pinnell ➡

Penalties

- Late return, after 31 January 1998 – £100 automatic fine.
- Late return, after 31 July 1998 – £100 automatic fine or £60 per day.
- Failure to declare income/gains by 5 October 1997 and unpaid by 31 January 1998 – fine up to the amount unpaid.
- Incorrect details (through either fraud or negligence) – fine up to the amount undeclared.
- More than 28 days late with final instalment: five percent of late tax.
- Still unpaid six months later (by 31 August 1998) – further five percent of late tax.
- Failure to retain business records until 31 January 2003, or personal records until 31 January 1999 – up to £3,000.
- Failure to produce documents – initial penalty £50, then possibly £30 or £150 per day.

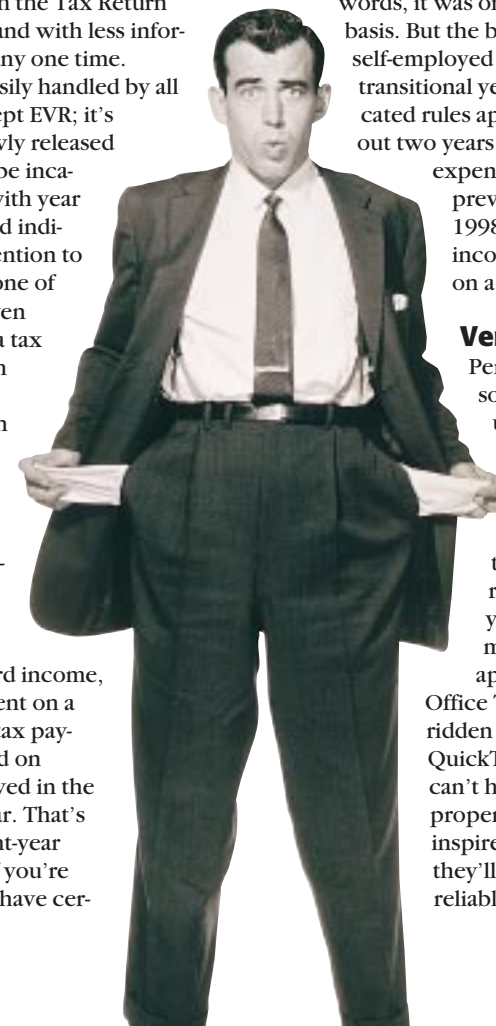
Who should complete the new return?

According to the tax office, everyone who would normally have been sent the old-style return last year should receive the new one. Very broadly that means anyone who:

- Earned income at the higher rate (40 per cent);
- Had self-employed income;
- Was a company director;
- Had income that wasn't taxed at source, such as from offshore investments, property and so on.

This is not a full list of criteria, so phone your tax office if you're unsure. Even if you don't have to file a return, you must keep records for 22 months in case of queries.

Photograph by Superstock

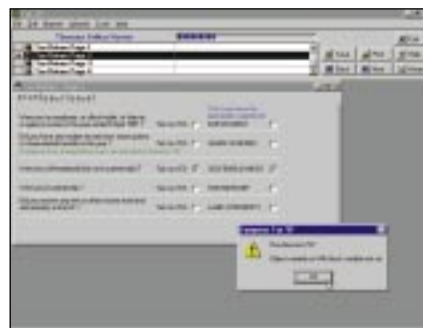




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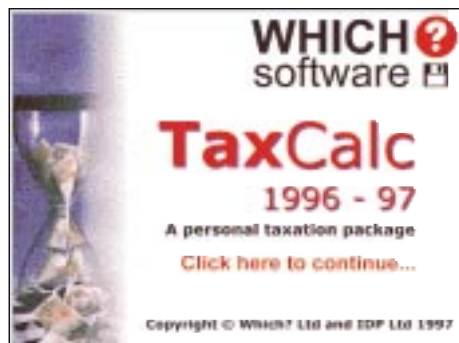
Mini Office Tax '97

Tax software compared

	Product Supplier	QuickTax 97 Intuit	SmartTax Personal 97 Smart Tax	Mini Office Tax '97 Europress	TaxCalc Which Software (Consumer's association)	EVR Inland Revenue
Features	Phone	0800 585058	0181 905 3786	01625 859333	0800 252100	0645 000404
	Price (inc VAT & postage)	£19.95	£27.45	£29.99	£29.99	Free
	Medium	CD-ROM	Two disks	CD-ROM	CD-ROM or three disks	One disk
	Web home page	www.intuit.co.uk	www.smarttax.co.uk	www.europress.co.uk	www.idp.co.uk	
	User guide	●	○	○	●	●
	Print return	●	●	Imminent	●	●
	Minimum requirements	386, 4Mb of RAM, 7Mb hard disk space, Windows 3.1/95, CD-ROM, printer	386, 4Mb of RAM, 7Mb hard disk space, Windows 3.1/95, CD-ROM, printer	486, 8Mb of RAM, 8Mb hard disk space, Windows 95, CD-ROM	386, 8Mb of RAM, 10Mb hard disk space, Windows 3.1/95, printer	386, 4Mb of RAM, 5Mb hard disk space, Windows 3.1/95, printer
	Interview mode	●	●	●	●	●
	Direct onto return?	●	●	○	●	●
	Interprets year '00' date of birth:	Wrongly (2000)	Wrongly (2000)	Ambiguous	Correctly (1900)	Correctly (1900)
	Four-digit year entry	● but ambiguous	● but ambiguous	○	○	●
	Worked example	○	○	○	○	○
	F1 button gives:	Context help	Context help	General help	Context help	Context help
	Tax guidance	Poor	Poor	OK	Lots	Limited areas
Ratings	Ease of use	2	2	2	3	4
	Performance	3	3	1	4	4
	Features	2	3	2	4	2
	Documentation/help	2	2	3	4	3
	Value for money	3	3	2	4	5
	Overall	2	2	2	4	3

○ No ● Yes

1 = Poor 2 = Below average 3 = Average 4 = Good 5 = Excellent



TaxCalc



EVR