



**MultiTax**

Multi-Year Tax and ITIN Management

by

**SHAGA**  
group of  
companies  
www.shaga-group.com

**SHAGA tax**<sup>TM</sup>  
The way a Tax Application should work

**SHAGA tax**<sup>TM</sup> for **IntelliTax** Users  
(instead of switch to **TaxWise**)

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## IntelliTax sale to CCH



On Friday, Oct. 24, CCH Small Firm Services announced the purchase of IntelliTax



## CCH discontinuing IntelliTax



### What does this mean to IntelliTax customers?

- The buyout by CCH is a purchase of customers only
  - The software, all the work done during 2008, additional services created during 2008 will never be released
- Existing customers will be moved to a different product
  - INTELLITAX CEASES TO EXIST – users will have to MIGRATE to TAXWISE
- However, many IntelliTax customers do NOT like TaxWise specifically nor CCH in general as a company
- There could be a migration of ERO's (Electronic Return Originators – i.e. Tax Preparers) from TaxWise to other tax software providers



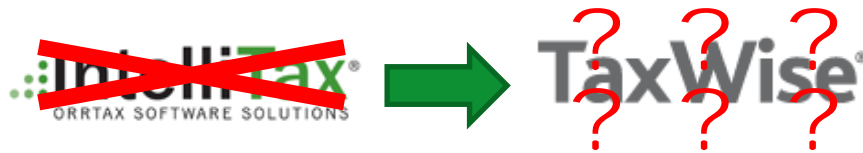
## Opportunities for IntelliTax Customers



is the best solution for *IntelliTax* users, and a **TERRIFIC *IntelliTax* REPLACEMENT**

- IntelliTax has a customer base of 4,000+ EROs to which they sell
  - **Loyal customer base**, many who have been IntelliTax customers for years
- IntelliTax also sells through several large “service bureaus” or re-sellers
  - 3,000+ customers purchase via these large re-sellers
- **TaxWise is discontinuing IntelliTax, and users would have to adopt TaxWise if they stay with them.**

- **Many IntelliTax customers do not like TaxWise, and will consider migrating to a different solution**
- **Shaga Financial Services, Inc.** has used IntelliTax/OrrTax software for many years.
- **ShagaTax** was developed based on:
  - What we liked about IntelliTax plus additional features to keep up with ever-changing trends, relative to taxes & allied products.
  - Key capabilities required by the Hispanic & other undocumented markets .
- **ShagaTax is the best solution for IntelliTax users.**



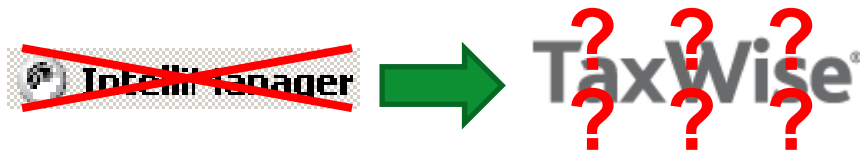
## Opportunities for IntelliManager Customers



is the best solution for **IntelliManager** (**IntelliTax**'s multi-unit management tool) users

- IntelliTax developed a unique **multi-unit tax return management tool (IntelliManager)**
  - With IntelliManager, users can set up, control and review taxes for multiple offices
- **TaxWise does not have IntelliManager capabilities**
- **TaxWise is discontinuing IntelliTax and IntelliManager**, and users have to adopt TaxWise if they stay with them

- **Most IntelliManager customers want to continue having a multi-unit management tool** and will consider migrating to a different solution that offers it
- **ShagaTax has capabilities similar to IntelliManager**
  - With **ShagaTax**, users can set up, control and review taxes for multiple offices
- **ShagaTax is the best solution for IntelliManager users**



is created to take advantage of key industry trends

**1 Margin Pressure**

- Consumer groups pressure to reduce RAL (Ref. Antic. Loan) fees
- Reduction in RAL Fees reducing income for software companies, software distributors/resellers and tax preparers



**2 The Growth of Latino and other groups in the U.S.**

- Growth in the tax industry is driven by Hispanics
- Hispanic Purchasing Power: \$1 trillion by 2010



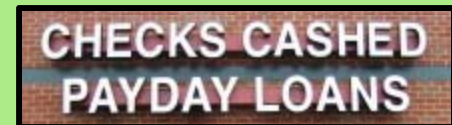
**3 Possible Immigration Reform**

- Undocumented migrants need to show several years of tax returns
- Strong likelihood of immigration reform enacted in next few years
- Tax Preparers need to be prepared in case of immigration reform



**4 New channels for tax preparation**

- Emergence of **non-traditional channels** (check cashers, retailers) offering tax prep present new sales opportunities
- New channels prefer "software light"/ online solutions / SAAS\*



**5 Increased tax collection activity**

- Delinquent & non-filing taxpayers under pressure to file prior year taxes



## Fulfilling a Market Need



is the right solution for preparers doing taxes for immigrants & delinquent taxpayers

<b>Before</b>	Have to access, export & manipulate data on multiple years of software (waste time)		<b>Now with</b>	Can prepare multiple years with single integrated software	
	Time to prepare 3x	45 min		Time to prepare 1x	15 min
	ITIN* application (W-7) manually done in PDF			Automated ITIN* application (W-7) & CAA** letter	
	No ITIN* data validation			Software validates ITIN* data with proprietary algorithms	
	English only			English & Spanish (other languages can be added easily)	

\* ITIN: Individual Tax ID Number (Tax ID number given by the IRS to people that don't have a valid SSN)

\*\* CAA: Certifying Acceptance Agent (Tax preparer authorized by IRS to help people obtain an ITIN – CAA Letter “certifies” documents being used in ITIN application)

## The Opportunity

Why do Latino and other undocumented groups first-time filers prepare 3-4 years of tax returns at a time?



**They are afraid that if they do taxes they will be deported (NOT the case)**

### 1 To get a tax refund...

- They have a right to a tax refund even if they don't have a valid Social Security Number
- Can declare dependents in Mexico as dependents on US income taxes
- Can also claim the Child Tax Credit



### 2 To legalize their immigration status

- Undocumented migrants need to show that they have declared & paid taxes
- Strong likelihood of immigration reform being enacted over the next few years



### 3 To get a loan

- Stated income loans have disappeared





## ROI for users



generates a huge ROI for tax preparers  
(incremental revenue opportunities)

- Tax Preparers can **generate \$500 - \$1,000 in revenue for each multi-year client. And those clients are much more profitable when using ShagaTax**
  - Clients for whom you process ITINs are much more loyal, and use your services for years to come
  - Clients for whom you obtain ITINs refer you many more clients

3 years of tax returns with 5 ITINs			
Client Example 1	Forms	Number	Revenue
	ITINS:	5 x \$60	\$300
	Tax Returns:	3 X \$130	\$390
	<b>Total</b>		<b>\$690</b>

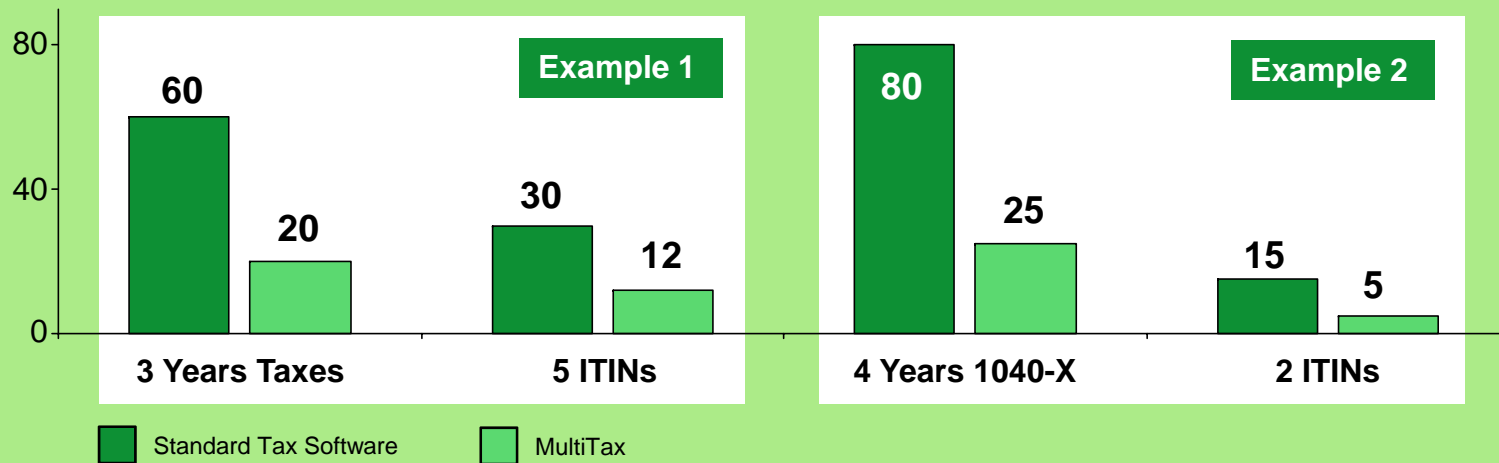
4 years of amended returns adding 2 dependents with ITINs			
Client Example 2	Forms	Number	Revenue
	ITINS:	2 x \$60	\$120
	Amended Returns:	4 X \$150	\$600
	<b>Total</b>		<b>\$720</b>



generates a huge ROI for tax preparers  
(significant time savings – 1 hour/multi-year client)

- Tax Preparers save **1 hour per immigrant or delinquent customer preparing multiple years of taxes when using ShagaTax** (standard tax software vs. ShagaTax)
  - 1/3 time processing immigrant taxes (ShagaTax. standard tax software)
  - 30 mins. vs. 90 mins. (ShagaTax. standard tax software)
- **Time** during tax season **is precious**

Processing Time per Client (Minutes)



## Growth Opportunities



will develop new modules to support tax preparers needs and generate additional revenue



Many Tax Service Providers offer multi-services the rest of the year



## The undocumented group Market



Are you serving the Latino and other undocumented groups market?

- **Do you prepare multiple years of tax returns?**
  - Do you have to go into multiple years of software to prepare the multiple years of tax returns?
  - Do you have export & import in & out of multiple years of software?
  - Do you waste a lot of time doing it?
- **Do you prepare a lot of ITINs?**
  - Do you have to fill cumbersome w-7 forms?
  - Do you or your staff make mistakes when filling w-7 forms
  - Are you not sure which documents you can/should use?
- **Do You wish you had a tax software in Spanish & English?**

If you do... Then  is for you...

Complete Solution



# supports all your needs in English & Spanish

- **Current Year Returns**
  - All individual forms / All states
  - E-filing (Federal + most states)
  - Bank Products (with Refund Advantage – HUGE incentives)
- **Prior Year Returns**
  - Integrated solution including 2004 – 2007 years
  - 1997 – 2003 forms being populated
  - Federal + all states
- **Automated ITIN Processing**
- **Client Management Tools**
  - Client Letters
  - Referral Coupons
- **Advanced Reporting**
- **All Screens & Forms in Spanish & English**
- **Tech Support in Spanish & English**

## W-2 (Multiple years in 1 screen)



enables user to input w-2's for multiple years in a single screen – easing multi-year preparation

- Information input once in personal info & dependents tabs is used and shared across all years
- Multiple years of w-2's can be input at the same time – ShagaTax will allocate them automatically to the appropriate year
- If a substitute w-2 is needed, ShagaTax automatically gives options with checkboxes for ease of input

Personal Information	Dependents	ITIN	W2	Switchboard	Summary	Inquire	2007	2006	2005	2004
Year				2007	2007	2006	2006			
Owner				Spouse	Tax Payer	Tax Payer	TaxPayer			
Tax year				2007	2007	2006	2006			
This w-2 belongs to (Taxpayer / Spouse)				Spouse	Tax Payer	Tax Payer	TaxPayer			
Box 1 (Wages Tips & other Compensation - Federal)				11,000.00	21,000.00	14,000.00	15,000.00			
Box 2 (Federal Income Tax withheld)				1,100.00	1,800.00	1,100.00	1,400.00			
Box 4 (Social Security /FICA withheld)				660.00	1,260.00	840.00	900.00			
Box 6 (Medicare withheld)				121.00	315.00	150.00	169.00			
Box 7 (Social security tips)				0.00	0.00	0.00	0.00			
Box 9 (Advanced Earned Income Credit)				100.00	200.00					
Box 15 (State)				NJ	NJ	NY	NY			
Box 16 (State Wages Tips & other Compensation)				11,000.00	21,000.00	14,000.00	15,000.00			
Box 17 (State Income Tax withheld)				0.00	0.00	0.00	0.00			
Box 13 (Statutory Employee)				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Employer EIN (Needed for CT & w-2 subst)				21-0987654						
Need to generate Substitute W-2 (Form 4852)?				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
<b>Information for Substitute W-2 (Form 4852)</b>										
SSN on W-2 Substitute/Paycheck				123-45-6789						
Employer Name				Mc Donald's						
Employer Zip Code										
Employer City				HAYWARD						
Employer State				CA						
Employer Address				374 Main street						
<b>How was amount determined?</b>										
Based on last paycheck of the year				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Based on IRS documents				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Based on State documents				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Other - Please explain										

## Switchboard (Select years to prepare)



simplifies multi-year tax preparation, streamlining the process with an integrated solution



Year	2007	2006	2005
Preparer ID	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Filing Status	2007	2006	2005	2004
Name of Taxpayer	Jose Hernandez	Jose Hernandez	Jose Hernandez	Jose Hernandez
Name of Spouse	Gloria Hernandez	Estela Santiago	Estela Santiago	Estela Santiago
Create Separate Return for Spouse?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dependent	2007	2006	2005	2004
Dependent 1	(1) Jose Hern...	(1) Jose Hern...	(3) Jim Hernan...	
Dependent 2	(2) Elizabeth H...	(2) Elizabeth H...		
Dependent 3				

States to include in your return	2007	2006	2005	2004
States to include in your return	AZ, CA, CT, GA	CA, GA	CA, CT, GA	AZ, CA, NJ, NY

- By selecting a year to prepare in the switchboard, ShagaTax automatically creates a tab for each year
- Preparer & location ID can vary by person & year
- Filing status, name of taxpayer, spouse & dependents can change by year
- Different states can be selected by year

## Automated ITIN Processing



simplifies ITIN processing, making the process much easier, “fool-proof” and automated

- ITINs are created in an excel-like table that makes input much easier
- ShagaTax automatically selects the w-7 “reason codes” (it knows who is the taxpayer, spouse and dependents)
- ShagaTax automatically brings in the date of birth, addresses, country of citizenship and other information from the personal info & dependents tabs

First Name	ITINNameLast	2007	2006	2005
Jose	Hernandez	Estela	Santiago	Jose

**ITIN Information Worksheet**

Dependent Number: 1

**Personal Information**

First Name at birth	Estela
Middle Name at birth	Maria
Last Name at birth	Hernandez

**ITIN Reason Code**

c - Taxpayer living in US - no valid SSN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d - Spouse of taxpayer living in US - no valid SSN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e - Dependent of taxpayer living in US - no valid SSN	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Other reasons for obtaining ITIN (not as common)**

**US address (assume same as taxpayer - can be changed)**

Zip Code	94601	94601	94601
City	OAKLAND	OAKLAND	OAKLAND
State	CA	CA	CA
Address	12 Main	12 Main	12 Main
Apt. Number	3	3	3
Do not update	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Foreign Address (assume same as first ITIN - can be changed)**

Address	Bosque de Alisos...	Bosque de Alisos...	Bosque de Aliso...
Apt. Number	124	243	124
State	DF	DF	DF



## Automated ITIN Processing



simplifies ITIN processing, automatically displaying only age-appropriate documents

- ShagaTax knows which documents are needed to request an ITIN – other documents disappear once they are selected
- ShagaTax automatically displays the appropriate documents for each ITIN applicant
- Based on Date of Birth, some documents are only available for children
- Once the documents are selected, user only needs to input document ID number and expiration date (country of origin selected by program)

The screenshot shows the 'ITIN' tab in the software interface. It features a list of document types for selection, categorized into 'Documents for Adults & Children' and 'Documents valid for Children ONLY'. A table below the list allows for entering specific document details for each applicant.

ITIN	First Name	ITINNameLast	Passport (only stand-alone document)	Foreign Civil Birth Certificate	Consular ID Card (National ID Card)	National ID Card - Other	US Driver's License	Foreign Driver's License	US State ID Card	Foreign Voters Registration Card	US Military ID Card	Foreign Military ID Card	US Visa Documents	US Citizenship & Immig.Serv. Photo ID	Medical Records (dependents under 14)	Vaccination Records (dependents under 14)	School Records (dependents + students under 18)
	Jose	Hernandez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Estela	Santiago	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Jose	Hernandez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ID Doc #1 - Document Tyoe	ID Doc #1 - Country of Issue	ID Doc #1 - Document ID Number	ID Doc #1 - Expiration date	ID Doc #2 - Country of Issue
Passport (from c...	Mexico			
U.S. state identif...	United States			
Vaccination records				
» LTS.Engine.LanguageDataD5+LanguageDataField ITINDocPass ITINDocUSID ITINDocVacc				

Pricing



™ is priced initially to be competitive with our competitors while offering many advantages



**2008 Introductory Pricing  
(Non-IntelliTax users)**

Initial License Fee	One office	Additional Offices (2 - 5)	Additional Offices (6 -10)	Additional Offices (11+)
<b>Federal Only</b>	\$ 500	\$ 400	\$ 325	Custom Quote
<b>Each additional State</b>	\$ 100	\$ 80	\$ 65	
<b>Federal + All States *</b>	\$ 800	\$ 650	\$ 500	

*Includes software license, training manuals, support and upgrades for ONE year.*


\* By the end of 2008 we plan on having ALL states available

E-filing Fees	One office	Additional Offices (2 - 5)	Additional Offices (6 -10)	Additional Offices (11+)
<b>E-filing Fees</b>	\$3.50 per Fed Return / \$1.50 per State Return ( Min. 100 Returns Req.) Others Custom Quote.			
<b>Unlimited E-filing</b>	\$ 500	\$ 400	\$ 325	Custom Quote

**With our 30-DAY GUARANTEE - if you are not 100% satisfied, return the software for a FULL REFUND excluding electronic filing fees (t30 days start counting AFTER the software exits BETA RELEASE)  
All prices and conditions are subject to change without notice**

## Pricing



 has a 1-time only “Pay-Per-Return” Pricing so you can try us...

**If you have already purchased other tax software and you want to try us out, we offer a "Pay Per Return" special ONE-TIME-ONLY software DEAL**



### 2008 SPECIAL 1-TIME ONLY Pricing

Year 1 License	One office	Additional Offices (2 - 5)	Additional Offices (6 -10)	Additional Offices (11+)
Federal + All States	\$ 99	\$ 89	\$ 79	Custom Quote
Pay per Return	\$ 9.99	\$ 8.99	\$ 7.99	

**With our 30-DAY GUARANTEE - if you are not 100% satisfied, return the software for a FULL REFUND excluding electronic filing fees (30 days start counting AFTER the software exits BETA RELEASE)  
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## Contact Information



For additional information, please contact us:

- **Phone: (310) 844-7271 Fax: (310) 844-7753**
  - 7am PST – 5pm PST
  - 10am EST – 8pm EST
- **ShagaFinancial@shaga-group.com**
- **www.shaga-group.com**



## US tax software market Consolidation

Consolidation in the tax software industry continues –  
4 companies now own 60% - 80% market share

 <p><b>Tax Research</b></p>  <p><b>Tax Preparation</b></p> <p>ProSystem fx</p>   <p>In Oct. '08 acquired customer base from (and will close):</p> 	   <p>LACERTE</p>   	  <p>GOSYSTEM TAX ES™</p> <p>Still independent...</p>    <p>+ others</p>
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