

Your firm's way, better every run

How custom workflows hold your firm's process, one fix at a time

October 2026

instead.com

i

Dashiell M. Okonkwo-Reyes

1040

×

New client thread

⋮

📁

📄

TAX DOCS

🔍

🗑️

+

Document grid

📁 2026

📁 Fixed assets

+

Upload files

📁 2025

CLIENT THREADS

+

🟢 Routines

☰ All routines

Preparing Dashiell's 2025 Tax Return1d

Tax Preparation for 20251d

1040 Tax Preparation Workflow1d

🔍

🔍

AA

Dashiell M. Okonkwo-Reyes / Workflows

1040 with K-1s, rentals and multistate

↺

🔒

Prepare a multi-state 1040 with K-1s and rentals

Category: Tax Preparation

Applies to: Individual (Form 1040) clients with one or more pass-through K-1s (1065, 1120-S, or 1041), one or more rental properties, and a filing obligation in more than one state.

This workflow produces: a prior-year carryover summary, a current-year document inventory with a missing-items list, a entry log (federal and state, box by box), a Schedule E per rental, a state-by-state income allocation with the other-state credit checked, and a review-point list to clear before the return is finalized. Complete the phases in order. Do not advance past the STOP gate until every item in that gate is confirmed. Every input must carry a source-document reference. Keep contemporaneous notes of assumptions and judgment calls in the Open Points workbook (Section B) and unresolved client questions in Section C.

Phase 1 - Read last year's return first (if on file)

Read the prior-year 1040 and all prior-year state returns in full before touching current-year data. The prior return tells you what to expect and what must carry forward. Do not begin any state allocation work until the prior return has been reviewed.

If the prior-year return is not on file, do not stop to ask for it. Proceed from the client organizer and the current-year documents. Assume no carryforwards (capital loss, PAL by activity, at-risk, prior Section 179, NOL, QBI loss, charitable, and other credit all zero) and no prior-year overpayment applied forward. Record each assumed-zero carryforward and the unknown prior other-state-credit baseline in Open Points Section B, and list the missing prior-year return, workpapers, and transcripts in Section A for the client request list. Build the carryover summary from the organizer instead, marking the carryforward as "unknown - no prior return (assumed zero)." Continue straight into Phase 2 without pausing.

Capture into a prior-year carryover summary:

- Filing status, residency, and states filed.** Resident state, any part-year or nonresident states, and the method each used to allocate or apportion income last year.
- Carryforwards.** Capital loss carryover, passive activity loss (PAL) carryovers by activity (Form 8582), suspended at-risk amounts, prior-year unallowed Section 179, NOL carryovers, QBI loss carryforwards, charitable carryovers, and other credit.
- K-1 roster.** Every pass-through the client held last year, with entity name, EIN, type (1065 / 1120-S / 1041), owners' percentage, and the states each entity reported.
- Rental roster.** Each property, its address, prior-year depreciable basis and accumulated depreciation, in-service date, and any suspended losses tied to that property.
- State credits.** Other-state tax credit claimed last year on the resident return, and the states that generated it.
- Estimated payments and overpayment applied.** Federal and each state, including any prior-year overpayment applied forward to the current year.

Note in the carryover summary any entity that appears last year but has no current-year K-1 yet, any rental sold or added, or any residency change. These drive the missing-items list in Phase 2.

CONTENTS

01	The problem	3
02	How custom workflows work	4
03	The improvement loop	5
04	Better every run	6
05	Walkthrough, a 1040 with K-1s	7
06	Trust, and who still reviews	15
07	Competitive landscape	16
08	Getting started	17
A	30 workflows firms can build	18

INTRODUCTION

Every tax firm has a way it does the work. It lives in checklists, in templates and in the heads of its best reviewers. Most of the time it does not live where the work happens, so each preparer runs the same job a little differently.

This paper shows the loop, walks through one real example in the Instead Sandbox, a 1040 with K-1s on a demo client, and lists 30 workflows firms can build across returns, tax plans, memos and letters, tax resolution, and onboarding and review.

For tax firms that run the same job on many clients

What it does runs your firm’s steps on a client’s file

Where it lives Firm workflows, run from the client chat

The problem

The firm's way lives in a doc nobody opens.

A partner knows how a 1040 with K-1s should be prepared. Read last year's return first, because it is the map. List what came in and what is missing. Enter each K-1 box by box, and do not forget the state amounts. Check the other-state credit. Leave review points the reviewer can act on.

That knowledge is written down somewhere, in a Word checklist or a binder template. But a checklist in a folder does not run itself. A new preparer reads it once. A busy senior skips the step they think they know. The reviewer finds the same misses every season.

The result is a firm that does the same job in as many ways as it has preparers. The fix is not another document. The fix is to put the steps where the work is done.

The fix is to put the steps where the work is done.

Custom workflows in Instead put the firm's way on the client's file. A workflow is a set of named steps that the agent follows. The firm writes it once, by telling the agent the steps in chat, by typing them in the editor, or by uploading the checklist it already keeps. The firm runs it on a client and reads the result. The first run is a draft. When the result is not right, the firm fixes the workflow, not the result, and runs it again. Each fix stays in the workflow, so the next run starts from it.

How custom workflows work

A custom workflow in Instead has a name, a short description, a category and the instructions the firm writes. The instructions become named steps. The agent follows them on one client's documents and return.

Three ways to write a workflow.

1. Tell the agent your steps in a client chat, and it writes the workflow.
2. Type the steps in the workflow editor.
3. Upload the checklist you already keep as a Word, text or Markdown file.

Where workflows live.

The workflows library has four tabs. My workflows holds the workflows a person keeps for themselves. Firm workflows holds the workflows the whole firm runs. Instead workflows holds the ones Instead provides, such as Prepare a 1040 tax return (TY25), Review a 1040 tax return (TY25) and Build a Tax Plan (TY26). All shows everything.

Sharing with the firm.

A workflow in My workflows can be shared with the firm by its creator, with the permission to edit firm workflows. Firm owners have it. A workflow the agent writes as a firm workflow lands in Firm workflows directly.

Running it.

In a client chat, choose the workflow from Firm workflows. It attaches to the message, and sending the message starts the run. The agent works through the steps on that client.

Keeping history.

Each save in the editor keeps a version, and a version can be restored.

The improvement loop

The loop has five steps, and the firm owns two of them.

Run the workflow.

The agent follows the steps on a client.

Get a result.

The first run is a draft. A person reads it like one.

Not right.

The reviewer sees what the firm does differently.

Improve the workflow.

The fix goes into the workflow, not the result. Edit the step, or tell the agent what to change.

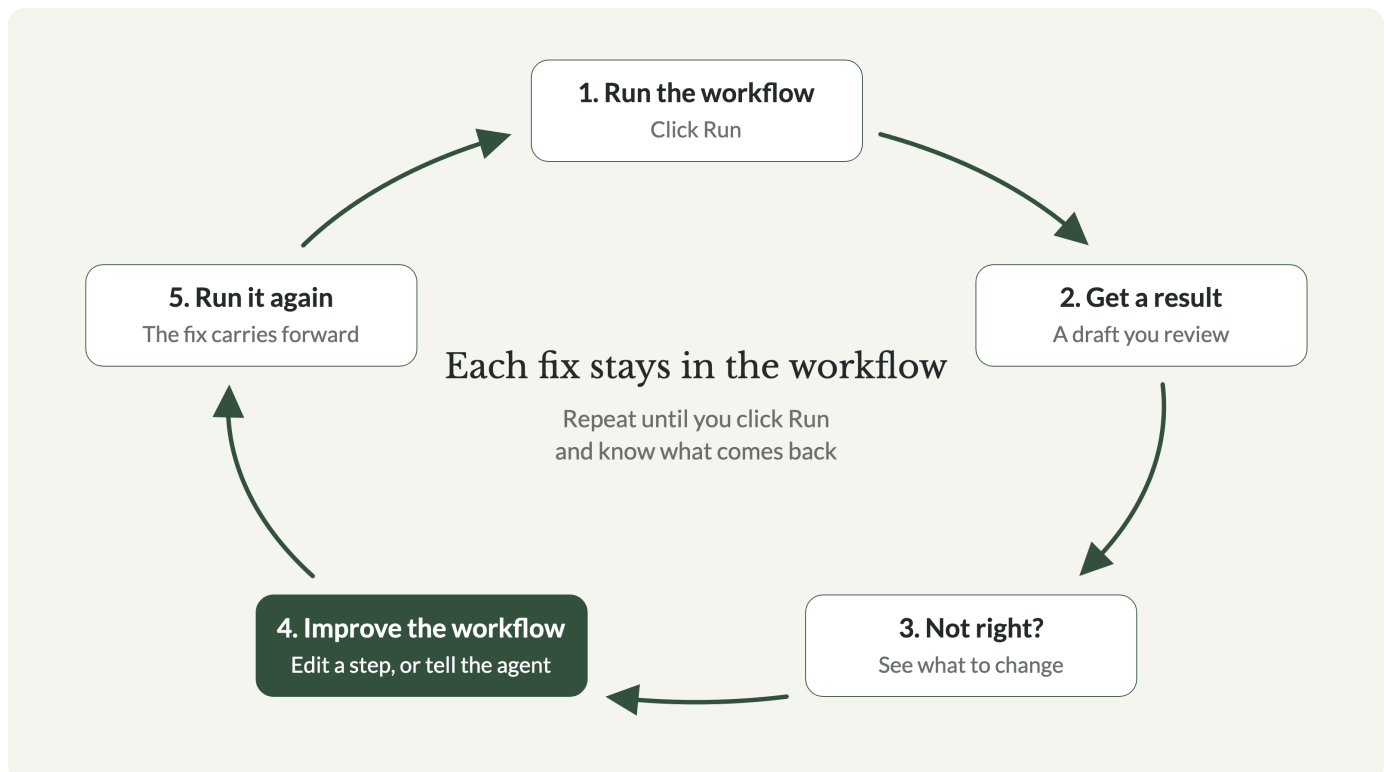
Run it again.

The next run reads the workflow as it is saved, so it starts from the fix.

What the loop is not.

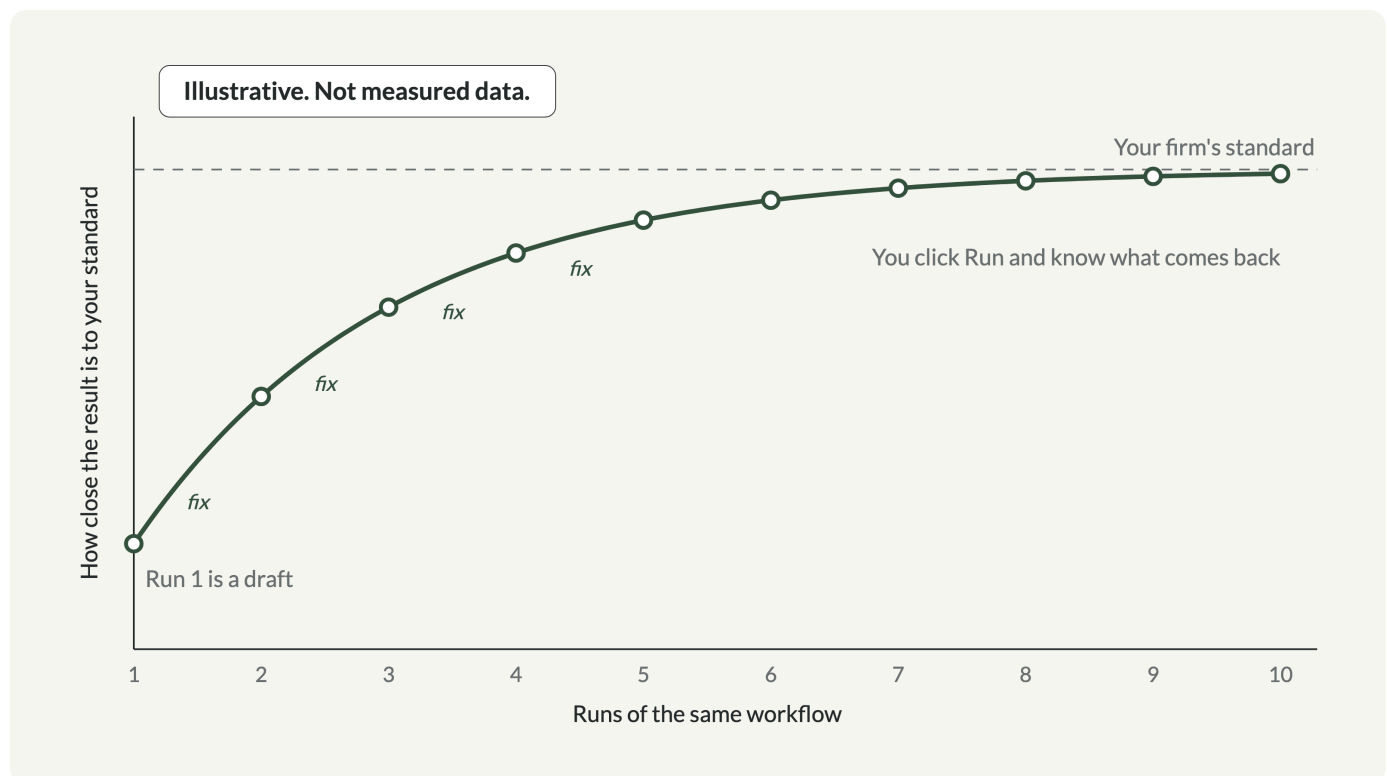
The workflow does not get better on its own. It gets better because the firm fixes it, and each fix stays.

Figure 1. The loop. Run the workflow. Get a result. Not right. Improve the workflow. Run it again.



That is how trust builds. After a firm has seen a workflow work again and again, handing it a file is like handing a file to the senior you trust most. The reviewer still reviews. The difference is that the reviewer knows what will come back.

Figure 2. The curve. Illustrative. Not measured data. Each step up is a fix. The dashed line is your firm's standard.



Walkthrough

A 1040 with K-1s, from first run to second.

Everything in this section was recorded in the Instead Sandbox on October 23, 2026, on a demo client. The client and the documents are made up for the demo.

The client.

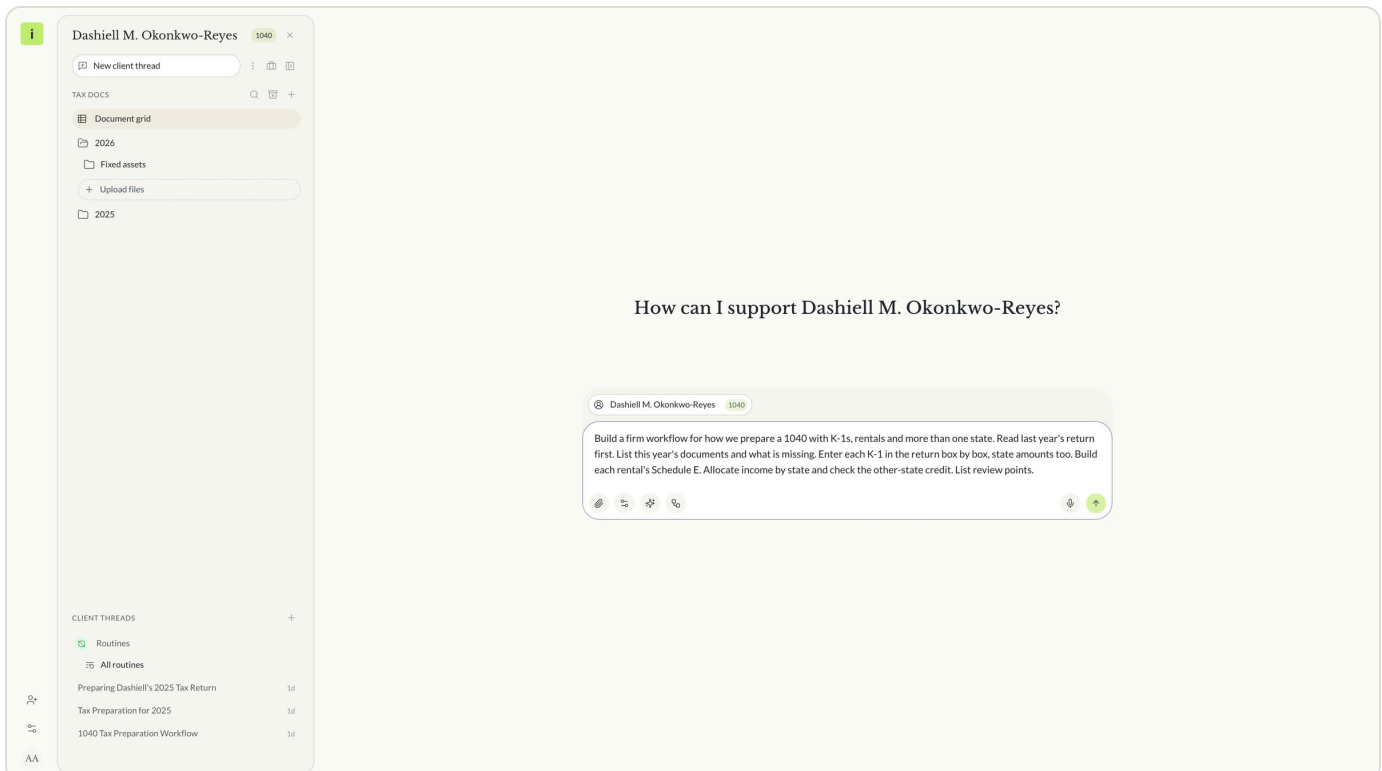
Dashiell M. Okonkwo-Reyes files a 1040. His 2025 documents are three K-1s, from Halcyon Pier Restaurant Group LP, Ironweed Logistics Partners LLC and Saltmarsh Road Studios LLC, a 1099-DIV from Greystone Harbor Brokerage, and a 2025 client organizer summary.

Step 1. Write it once.

In Dashiell's client chat the preparer typed this.

"Build a firm workflow for how we prepare a 1040 with K-1s, rentals and more than one state. Read last year's return first. List this year's documents and what is missing. Enter each K-1 in the return box by box, state amounts too. Build each rental's Schedule E. Allocate income by state and check the other-state credit. List review points."

Figure 3. The prompt typed in the client chat.



The agent wrote a firm workflow named 1040 with K-1s, rentals and multistate, in the Tax Preparation category, with six steps and stop points between them.

1. Read last year's return first.
2. List current-year documents and what is missing.
3. Enter each K-1 box by box, federal and state.
4. Build a Schedule E per rental.
5. Allocate income by state and check the other-state credit.
6. Review points.

Figure 4. The workflow as the agent wrote it.

The screenshot displays a software interface for tax preparation. On the left, a sidebar shows client information for "Dashiell M. Okonkwo-Reyes" and a list of "TAX DOCS" including "Document grid", "2026", "Fixed assets", and "2025". Below this, "CLIENT THREADS" are listed, including "Preparing Dashiell's 2025 Tax Return", "Tax Preparation for 2025", and "1040 Tax Preparation Workflow".

The main content area displays a workflow titled "1040" with six phases:

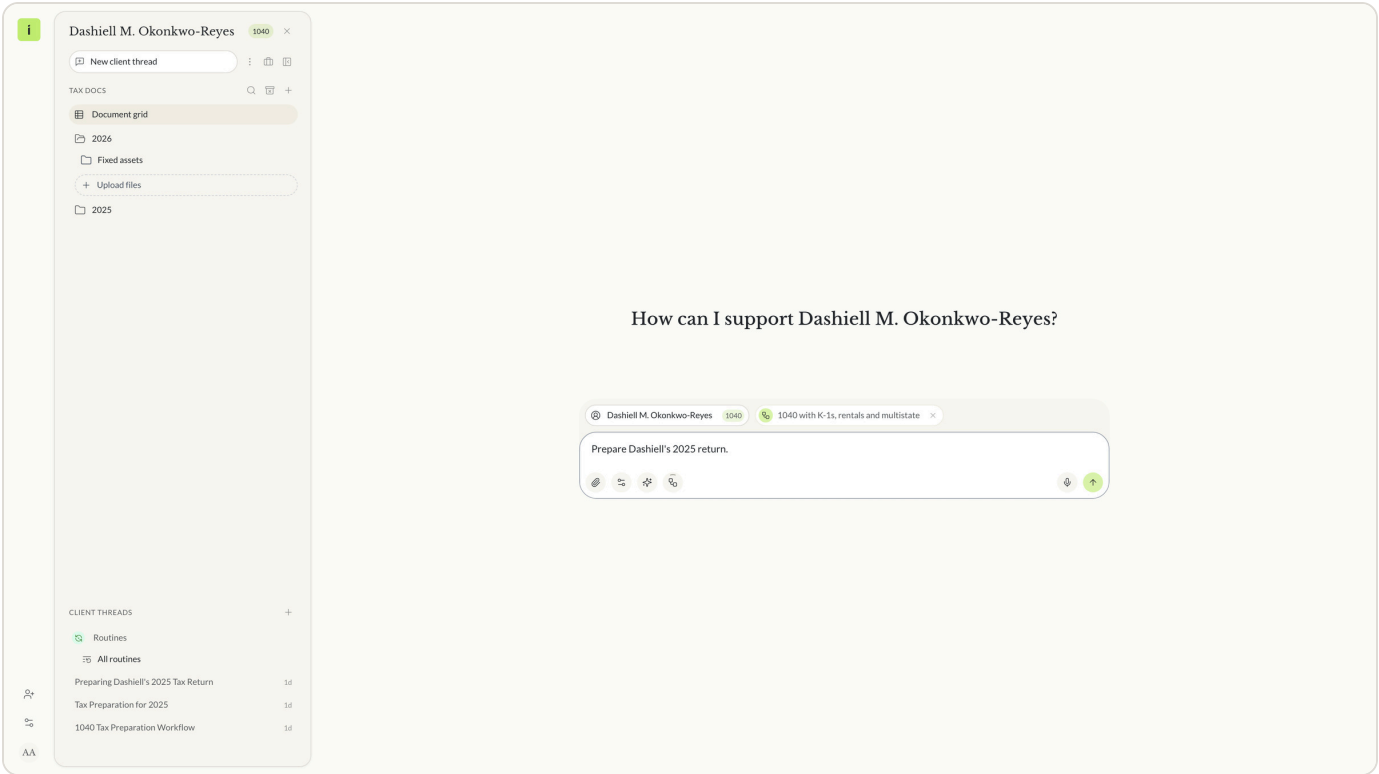
- Phase 1 - Read last year's return first**
 - Read the prior 1040 and every prior state return in full before any current-year work
 - Build a carryover summary: PAL / capital loss / Section 179 / NOL / QBI loss / AMT credit / charitable carryforwards, plus the K-1 roster, rental roster, prior other-state credit, and estimates
 - Flag dropped entities, added/sold rentals, and residency changes to drive Phase 2
- Phase 2 - List current-year documents and what is missing**
 - Count and list every document by type
 - Produce the missing-items list (Open Points Section A): dropped K-1 entities, missing state K-1 schedules, rentals with no 1098, missing closing statements, residency docs, state estimate confirmations
 - Add the rental mortgage-interest confirmation question when no 1098 is present
- Phase 3 - Enter each K-1 box by box, federal and state**
 - One instance per entity, no combining
 - Every populated federal box and coded line (including all 199A/QBI components) entered with its box number referenced
 - State-sourced amounts, apportionment, and state withholding / composite / PTET entered per state
 - Flow-through to Schedule E p.2, B, D, 8995/8995-A, and SE verified
- Phase 4 - Build each rental's Schedule E**
 - One column per property, address and state in the header
 - Standardized income/expense rows, depreciation reconciled to the fixed-asset schedule, prior-year basis carried forward
 - PAL / at-risk applied, suspended losses carried, \$25,000 allowance and MAGI phase-out checked
- Phase 5 - Allocate income by state and check the other-state credit**
 - Set each state's return type; create a nonresident return wherever source income exists
 - State allocation grid that ties back to federal AGI; K-1 income sourced from entity apportionment, rentals sourced to the property's state
 - Other-state credit computed on the resident return, limited to the lesser of the two, on a matching income base, with reciprocity/reverse-credit pairings confirmed
 - SALT cap for the filing year confirmed and correctly applied across states and rental property tax
- Phase 6 - List and address review points**

At the bottom, a chat window shows the client's name and a text input field with the placeholder "Ask a follow up..." and a "Send" button.

Step 2. Run it.

The preparer opened the workflow menu in the composer, chose Firm workflows, picked the workflow, and sent one line. Prepare Dashiell's 2025 return.

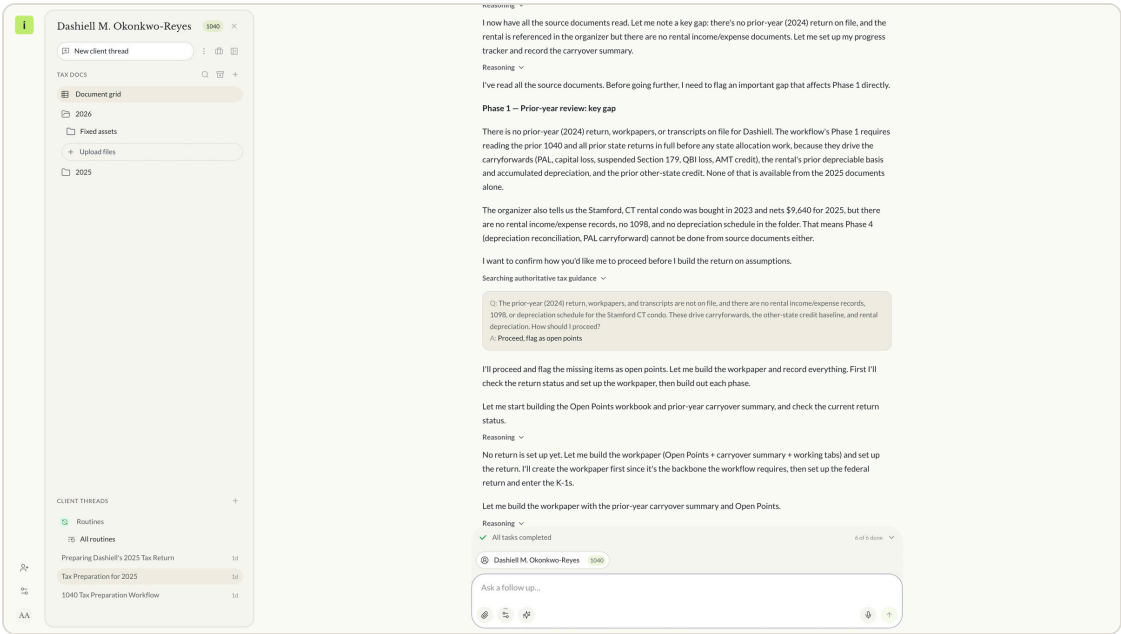
Figure 5. The workflow attached to the message.



Step 3. Read the result.

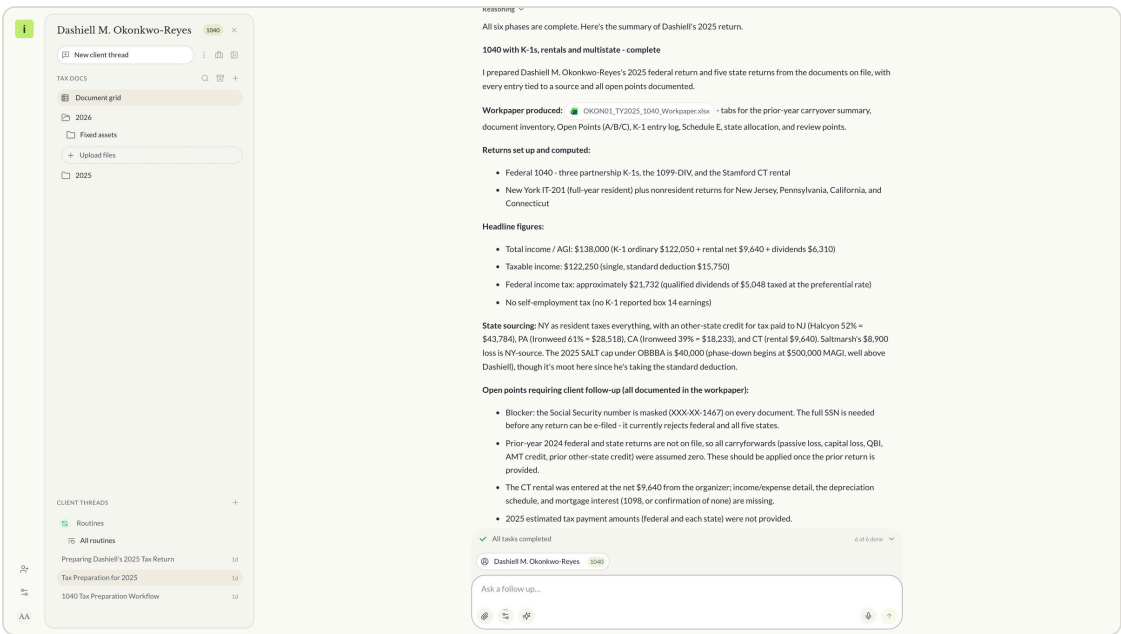
The run stopped at step 1 and asked a question. No 2024 return and no rental records were on file, so it asked how to proceed. The preparer answered, proceed and flag them as open points.

Figure 6. The run pauses and asks how to proceed.



The run then finished all six steps. It left a federal 1040, a New York resident return (IT-201), nonresident returns for New Jersey, Pennsylvania, California and Connecticut, an Excel workpaper and a list of open points. Every return is a draft for review.

Figure 7. The first run's result.



Step 4. Fix the workflow.

The firm did not want a run to stop for a missing prior-year return. In the same chat the preparer told the agent this.

“Update the workflow. If last year’s return is not on file, do not stop to ask. Work from the organizer, assume no carryforwards, and list what is missing as open points. Then finish with a client request list for the open points.”

The agent edited the first step of the workflow and the stop point after it, and added a client request list with ten requests. The first step now reads Read last year’s return first (if on file), with the line If the prior-year return is not on file, do not stop to ask for it. The fix sits in the workflow itself.

Figure 8. The fix typed in the same chat.

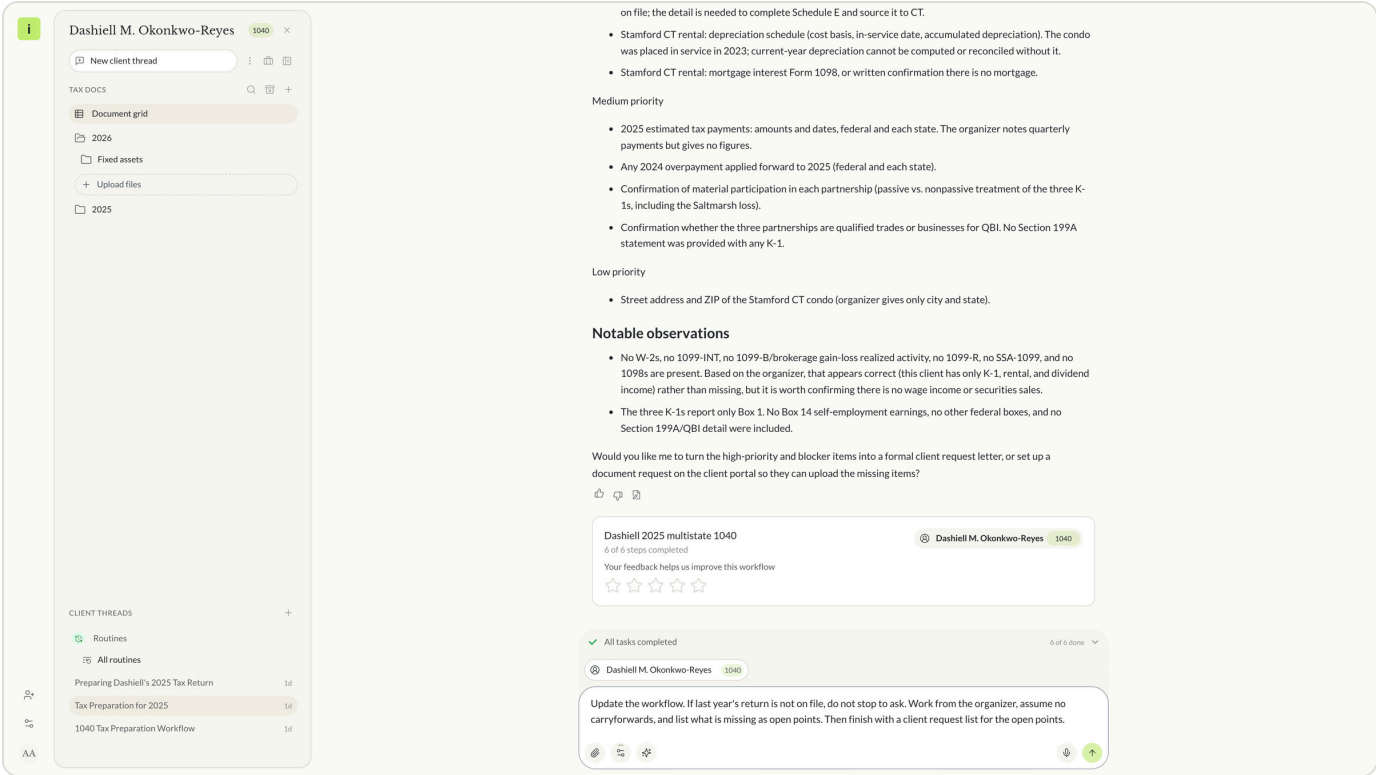
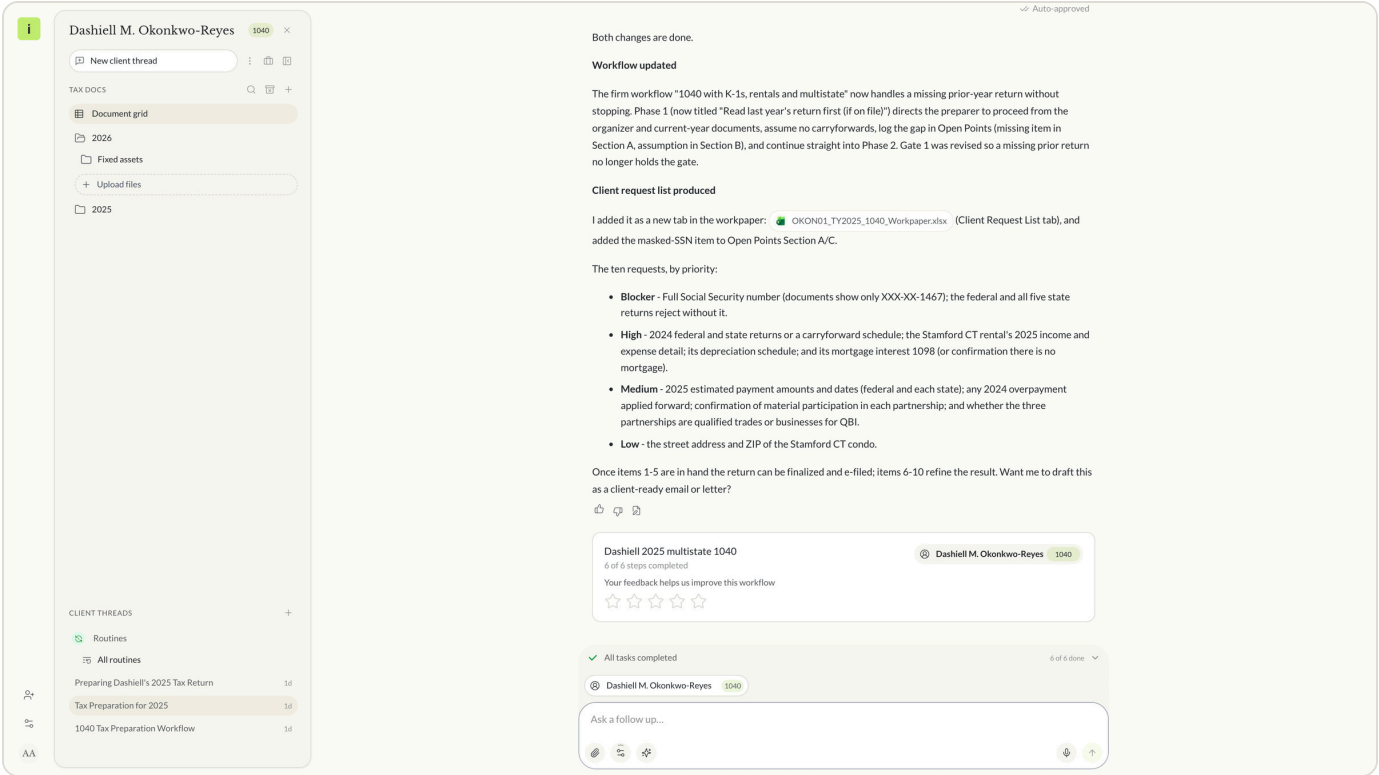


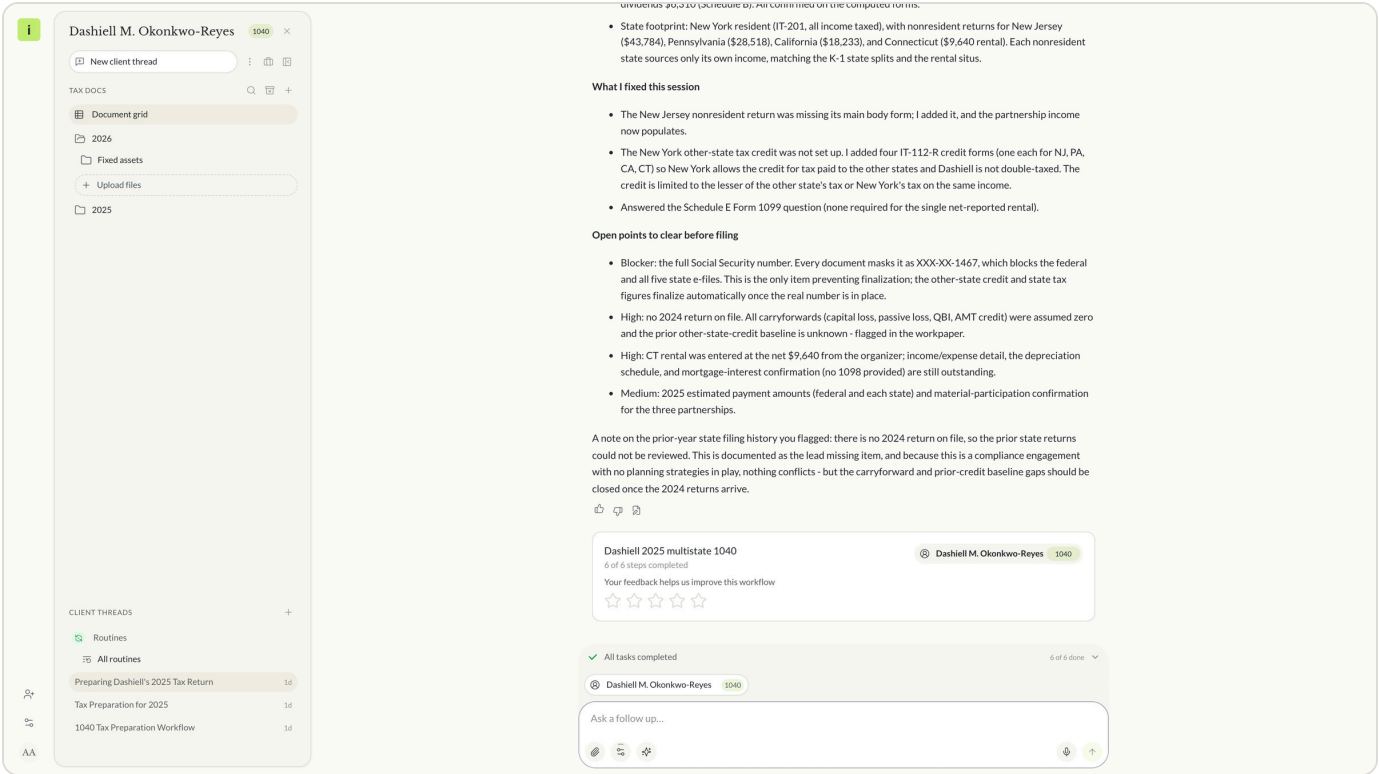
Figure 9. The agent’s reply after it edited the workflow.



Step 5. Run it again.

The preparer picked the same workflow and sent the same line. This time the run went from start to finish without stopping. It finished all six steps and asked no questions.

Figure 10. The second run’s result.



Step 6. The K-1s in the return.

On Schedule E page 2, line 28 lists all three K-1s. Halcyon Pier Restaurant Group, LP shows 84,200 and Ironweed Logistics Partners, LLC shows 46,750 as nonpassive income from Schedule K-1. Saltmarsh Road Studios, LLC shows a nonpassive loss of 8,900. Line 32 totals 122,050.



The firm wrote the steps once. The first run was a draft, and it stopped to ask. The fix went into the workflow. The second run started from the fix and went start to finish.

In the firm chat, one message built six more firm workflows. CP2000 Response, Penalty Abatement Request, S Corp Reasonable Compensation Memo, Research Memo, Client Advice Letter and New Client Onboarding.

Trust, and who still reviews

Questions firms ask

Does the agent decide what the firm's way is?

No. The firm writes the steps and makes every fix. The agent follows them.

Is a run ready to file?

No. Agent output is a draft for review. A person reviews it and files through the firm's normal process.

Who can change a firm workflow?

People with the permission to edit firm workflows. Firm owners have it.

What happens to earlier versions?

Each save in the editor keeps a version, which can be viewed and restored.

Can a firm start from something?

Yes. Instead workflows for return prep, return review, tax plans and estimates can be the start, and the firm adds its own steps. Instead covers 1040, 1041, 1065, 1120 and 1120-S returns for TY25, and TY26 adds 706, 709, 990, 5500, 2290 and PPT.

Competitive landscape

Firms that want AI to follow their process tend to look at three kinds of tools.

General AI assistants.

OpenAI introduced GPTs in November 2023, custom versions of ChatGPT that anyone can build with instructions and extra knowledge, and share. Google made Gems available in Gemini in August 2024, so users can customize Gemini as an expert on any topic. Anthropic introduced Agent Skills for Claude in October 2025, folders of instructions, scripts and resources that Claude loads when a task calls for them. These are general tools, built for any kind of work.

Legacy tax research.

Wolters Kluwer describes CCH AnswerConnect as its research platform for tax and accounting professionals, and in July 2025 it added generative AI document summaries and a tools directory. Research platforms answer tax questions.

Newer AI tax tools.

Thomson Reuters closed its purchase of Casetext, the maker of CoCounsel, in August 2023. Blue J offers agentic workflows built on its tax research engine. TaxGPT offers tax research and tax preparation products.

Where custom workflows in Instead differ.

The workflow is written by the firm, kept in the firm's library, and run on the client's own documents and return in Instead. The fixes belong to the firm, and they stay in the workflow.

Getting started

1. Pick the job your firm runs most.
2. Tell the agent your steps in a client chat, or upload your checklist.
3. Run it on one client and read the draft.
4. Fix the workflow, not the result.
5. Run it again, and share it with the firm when it is right.

Start your trial at instead.com

30 workflows firms can build

Appendix

These are workflows firms can build. Every result is a draft for review.

TAX RETURNS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
1040 with K-1s, rentals and multistate	1. Read last year's return as the roadmap. 2. List this year's documents and what is missing against last year. 3. Pull each K-1 box by box, state K-1s too. 4. Build each rental's Schedule E and carryovers. 5. Allocate income by state and flag credits for tax paid to other states. 6. List review points, largest dollar first	Return inputs, a 1040 workpaper, a missing-documents list and review points, each tied to its source document	Instead workflow
1065 partnership	1. Collect last year's return, the trial balance and K-1 support. 2. Tie opening capital accounts. 3. Build the book-to-tax workpaper. 4. Prepare the 1065 and every K-1. 5. List review points	Draft 1065 and K-1s, book-to-tax workpaper, capital roll-forward, review points	Instead workflow
1120-S	1. Tie the trial balance. 2. Roll shareholder basis and AAA. 3. Check distributions against basis. 4. Flag officer wages that look low for reasonable comp. 5. Prepare the 1120-S and K-1s	Draft 1120-S and K-1s, basis schedules, a reasonable comp flag list	Instead workflow
1120 C corp	1. Last year's return and the trial balance. 2. Book-to-tax and M-1 reconciliation. 3. Estimated payments and carryforwards. 4. Prepare the 1120. 5. Review against source	Draft 1120, 1120 workpaper, M-1 reconciliation, review points	Instead workflow
1041 trust or estate	1. Read the trust instrument. 2. Classify income and compute DNI. 3. Match distributions to beneficiaries. 4. Prepare the 1041 and beneficiary K-1s	Draft 1041 and K-1s, DNI workpaper, questions for the trustee	Instead workflow
990 exempt organization	1. Map the financial statements to revenue and expense lines. 2. Build the public support test. 3. List governance questions for the board. 4. Note what changed from last year	990 workpaper and a client question list	Build your own

A

TAX RETURNS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
Amended return	1. Say what changed (a corrected 1099 or K-1). 2. Recompute and show the difference by line. 3. Write the explanation of changes. 4. List states that also need an amendment	Draft 1040-X changes, explanation text, a state follow-up list	Build your own
Extensions	1. Find clients still missing documents. 2. Estimate the balance due from last year and documents in hand. 3. Prepare the 4868 or 7004. 4. Draft the client note with the payment	Extension list, estimate workpaper, draft client notes	Build your own
State returns (for example California)	1. Set residency and part-year dates. 2. Make the state adjustments. 3. Claim the other-state credit. 4. Check the pass-through entity tax election	Draft state inputs and a state review list	Build your own
Return review, the reviewer's way	1. Inventory source documents. 2. Read the workpaper. 3. Verify each input. 4. Cross-check documents against the workpaper. 5. Tax law checks for the entity	Review notes with the document behind each point	Instead workflow

TAX PLANS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
Year-end tax plan	1. Snapshot the current year. 2. Table the strategies that fit. 3. Write the plan report. 4. Review it	Tax plan report with a strategy table	Instead workflow
Entity choice and S corp reasonable comp	1. Compare sole prop and S corp at three salary levels. 2. Show payroll and SE tax. 3. Show the QBI effect. 4. Add state costs. 5. Recommend	Comparison workpaper and a recommendation memo	Build your own
Retirement contributions	1. Read income and payroll. 2. Compare Solo 401(k), SEP and cash balance options at this year's limits. 3. Pick a recommendation and deadlines	Options table and a client summary	Build your own

A

TAX PLANS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
Quarterly estimates	1. Start from last year's return and year-to-date figures. 2. Fill the client inputs. 3. Check the calculations. 4. Note open points	Estimate workpaper and payment schedule	Instead workflow
Multi-year projection	1. Set the assumptions (a business sale, Roth conversions). 2. Project three years. 3. Compare scenarios	Projection workbook and a one-page summary	Build your own
Implement a strategy	1. Intake and taxpayer profile. 2. Analysis and data. 3. Research. 4. Documents. 5. Delivery. 6. Quality review	Strategy documents ready for review	Build your own

MEMOS AND LETTERS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
Research memo	1. State the facts. 2. Frame the issue. 3. Research with sources. 4. Analyze. 5. Conclude, in the firm memo format	Word memo with cited sources	Build your own
Position memo	1. Facts. 2. Authority in order of weight. 3. Strength of the position. 4. Disclosure decision	Word memo for the file	Build your own
Client advice letter	1. Start from the plan or memo. 2. Plain words. 3. Action list with dates. 4. Firm letter format	Client letter in Word	Build your own
Engagement letter	1. Pull the services and fees for this client. 2. Fill the firm's letter. 3. List what the client must send	Engagement letter in Word	Build your own

A

TAX RESOLUTION

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
CP2000 response	1. Read the notice. 2. Match each proposed item to the return and documents. 3. Agree or dispute each item. 4. Draft the response and the attachment list	Response letter and an item-by-item table	Build your own
CP14 balance due	1. Check the balance against the transcript. 2. Confirm payments posted. 3. Lay out the options. 4. Draft the client letter	Options summary and client letter	Build your own
Penalty abatement	1. Check first-time abatement from the transcripts. 2. Gather reasonable cause facts. 3. Draft the request	Abatement request letter	Build your own
Installment agreement	1. Build the 433-A from financials. 2. Pick the agreement type. 3. Work out the payment	433-A workpaper and a recommendation	Build your own
Offer in compromise	1. Compute reasonable collection potential. 2. Compare it to the balance. 3. Recommend	RCP workpaper and a recommendation	Build your own
Transcript review	1. Read the account and wage and income transcripts the firm uploads. 2. List unfilled years, balances and collection statute dates. 3. Recommend a path	Case analysis document	Build your own
Back filings	1. List unfilled years from the transcripts. 2. Pull wage and income data for each year. 3. Prepare the years in order. 4. Summarize compliance	Year list, draft returns, compliance summary	Build your own

A

ONBOARDING, REVIEW AND BOOKS

Workflow	Steps the firm writes once	What the agent delivers (draft)	Start from
New client onboarding	1. Read the prior preparer's return. 2. Build the client profile. 3. Flag carryforwards (losses, basis, passive). 4. List documents to request	Client profile, carryforward list, document request	Build your own
Trial balance tie-out	1. Tie the trial balance to bank statements and last year's balance sheet. 2. Flag suspense and uncategorized balances. 3. Propose adjusting entries	Tie-out workpaper and proposed entries (Instead is not a ledger. This is a workpaper)	Build your own
Missing documents across clients	1. Compare documents received to last year for each selected client. 2. List what is missing. 3. Draft the request	Missing list per client and draft requests	Build your own

instead

Your firm's way,
better every run

Start your trial at instead.com