International Journal of Creative and Open Research in Engineering and Management
ISSN: 3108-1754 (Online)
Volume 02 Issue 11 November-2026 | Impact Factor: 3.5



# A Practitioner's Account of Individual Tax Return Preparation, Equity Compensation and Cross-Border Tax Relief

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**How to Cite this Article**:

Khandelwal, T. V. (2026). A Practitioner's Account of Individual Tax Return Preparation, Equity Compensation and Cross-Border Tax Relief. International Journal of Creative and Open Research in Engineering and Management, 02(11), 1-9. https://doi.org/10.55041/ijcope.v2i11.061

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https://doi.org/10.55041/ijcope.v2i11.061

## Abstract

Preparing an individual tax return is often described as a matter of filling in a form. For salaried professionals who receive stock-based pay or earn income abroad, it is closer to a small financial review. This paper draws on a twelve-week on-the-job training placement (May to August 2026) at a private individual tax advisory firm, during which I worked on live client returns from the first document request to final verification. I describe how such a firm moves a return through its stages and examine three areas where errors are most likely: reconciling client documents with third-party data held by the tax authority, taxing equity-based compensation, and claiming relief for tax paid in another country. The central observation is that computation was seldom the difficult step. Most effort went into confirming that the inputs were complete and that every figure could be traced to a source document. The caseload leaned towards employees of technology companies, so the observations should be read as one practitioner's experience in one setting rather than as a statement about taxpayers in general.

**Keywords:** individual tax advisory, return preparation, document reconciliation, equity compensation, foreign tax credit, advance tax

## 1. Introduction

A tax return is more than a yearly form. It is a declaration that has to agree with what employers, banks, brokers and other institutions have already reported about the taxpayer. As tax authorities have moved to automated data matching and pre-filled returns, they can now see a large part of a person's financial life before that person sits down to file. The burden of explanation has moved towards the filer: when the return and the authority's records differ, someone has to be able to say why.

Most salaried returns remain simple. A growing minority are not. Many professionals now receive part of their pay in shares of a foreign parent company, hold overseas investment accounts, and pay tax in more than one country. For this group, the return depends on records that sit with several different institutions, and the quality of the outcome depends heavily on how carefully those records are gathered and checked. Advisory firms that serve individuals have grown to meet this need.

This paper asks where the effort actually goes when a return is prepared carefully for such a client, and what that implies for how the work should be organised. It is based on my own work as a tax advisory intern and connects the day-to-day tasks to what I had studied in the MBA (Finance) programme.



### 1.1 Aim and Research Questions

The aim is to describe how an advisory practice converts a client's scattered records into a filed and verified return, and to identify the steps that carry the most risk. Three questions guide the paper:

1. What does the working process look like from first contact to closure, and what is checked at each stage?
2. How were the main income categories handled, and what additional work did equity compensation and foreign income create?
3. Which difficulties recurred often enough to suggest a change in the way the practice is run?

### 1.2 Scope and Structure

The paper covers return preparation for resident individuals who earn salary income, rental or housing-related income, investment gains and other income, including equity-based pay and income earned abroad. Business income appeared only rarely and is excluded. Section 2 gives the background and a short review of related literature. Section 3 explains the method and the way the training was organised. Section 4 reports the observations. Section 5 discusses them, offers recommendations and sets out limitations. Section 6 concludes.

## 2. Background and Related Literature

### 2.1 What the Literature Offers

The academic work on tax compliance has long asked why people comply and how administrations can encourage it. The classic economic model of Allingham and Sandmo (1972) treats reporting as a decision made under uncertainty about detection, and later surveys such as Slemrod and Yitzhaki (2002) and Alm (2019) broaden this to include administration, social norms and trust. This literature is mostly concerned with the taxpayer's decision and the authority's response. It says much less about the intermediary who sits between the two, which is where an advisory firm operates.

The cross-border dimension adds a further layer. International tax cooperation is organised around shared model conventions, such as the OECD Model Tax Convention (OECD, 2017), whose purpose includes preventing the same income from being taxed twice. How a practitioner applies such principles to a client who arrives with an incomplete set of broker statements is not something these sources set out to explain.

Three themes from this body of work frame the rest of the paper. First, data matching has turned a return into a declaration that must reconcile with third-party records. Second, equity pay and foreign income require principles from different parts of the tax system to be applied together. Third, the quality of a return depends on the process around the calculation as well as on the calculation itself. The paper does not test these themes. It offers a descriptive account of how they appeared in practice.

### 2.2 The Practice Setting

The training took place at a private advisory firm that works mainly with individuals. Its services include assisted return filing, investment gain computation, foreign income reporting and claims for foreign tax relief. It competes with independent accountants, small boutique firms and online filing platforms. The difference I observed was one of depth: a self-service platform generally files from the figures it is given, whereas the firm reviews the client's whole income and investment picture before computing anything.

The work relied on three kinds of tools: professional tax computation software, spreadsheets for reconciliations and for tasks the software could not do directly, and an in-house platform that standardised calculations for foreign equity and overseas income. A case-management system tracked each file from document collection through review to filing.



### 2.3 Concepts That Mattered Most

Three groups of ideas came up repeatedly.

**Gains on listed investments.** Gains on shares and funds depend on the holding period, the purchase cost and the sale value of each transaction. Where an older purchase is partly sold, the lot being sold has to be identified, which in practice meant building first-in-first-out lots from consolidated statements.

**Equity-based pay.** Restricted stock units and similar awards are taxed at two separate moments. At vesting, the market value of the shares is treated as part of employment income. At sale, the gain is measured from that already-taxed value, not from zero. Clients often feel this is double taxation. It is not, because the first event taxes the value received as pay and the second taxes only the change in value afterwards.

**Relief for foreign tax.** Where income has been taxed abroad and is also taxable at home, relief is normally limited to the lower of the foreign tax paid and the home-country tax attributable to that income, and it must be supported by evidence of the foreign payment. A related concern is advance tax: income that arrives in large, late amounts is often not covered by payroll withholding, which can create a shortfall and interest cost that the client did not expect.

### 2.4 A More Digital and Transparent Environment

Tax administration has moved from paper records, through electronic filing, to a model in which third-party data flows directly to the authority. For the advisor, this changed the nature of the job. Filing itself is nearly all digital, but the data shown on official portals still needs a professional's check. Cross-border income is more common. Equity pay demands careful cost and gain tracking. Most returns depend on reconciling several official sources before they are final, and software now carries much of the arithmetic. The work is therefore less about completing forms and more about reading data, matching it and explaining it.

### 2.5 Competitive Structure

Individual tax advisory is a mixed segment. Professional credentials and technical skill give a moderate barrier to entry. Clients can move between providers, so their bargaining power is considerable, and rivalry is high. Suppliers matter little because firms depend on trained people and widely available software. Self-service filing is a substitute for simple cases, but it is a poor fit for taxpayers with equity pay or overseas assets. Reliable market-share data for private firms in this segment is not published, so I could judge a firm's position only qualitatively, through client retention and the advice-led nature of its services.

## 3. Methodology

This is a practitioner's account and not a controlled study. The training ran in three stages. In the first, I studied the principles of individual taxation and the firm's procedures. In the second, I re-computed closed cases from the previous filing season and compared my working with what had been filed. In the third, I worked on live files from allocation to e-verification, with each return checked by a senior reviewer before filing.

The observations come from my own case log, which I kept in aggregate form. No client names, identification numbers, contact details or case dates are recorded, and no portfolio figures are reported. The worked examples in Section 4 use invented numbers in generic currency units (CU) to show the method, and none comes from a client file.

### 3.1 How the Training Was Staged

The theory stage covered the categories of income, tax slabs and regime choices, deductions, residential status, advance tax, withholding, and an introduction to equity pay and foreign relief. Practising on closed cases came next. Because the filed figures were already known, I could see where my working differed and why. Only after that did I receive live files. This sequencing protected clients from a beginner's mistakes, and I now think it was the right design.

### 3.2 The Client Lifecycle

Every case followed the same path, summarised in Table 1. Each stage left a defined output that the next stage could rely on.



**Table 1: Client lifecycle and the intern's part in it**

| Stage | What happens | Output | My role |
|---|---|---|---|
| Allocation | Case assigned to an advisor | Client profile | Read the profile and prior-year file |
| Onboarding | Document request issued | Checklist | Sent checklist, followed up |
| Verification | Documents checked | Validated document set | Tested completeness and consistency |
| Computation | Tax working prepared | Working paper | Software computation, spreadsheet workings |
| Review | Senior reviewer examines the file | Review comments | Answered and resolved comments |
| Client discussion | Clarifications and approval | Confirmed figures | Calls and messages to the client |
| Filing | Return submitted | Acknowledgement | Helped finalise |
| Closure | Verification and record completion | Closed file | Updated status and records |

### 3.3 Internal Control

Before filing, each return passed through preparation, self-review, senior review, correction and a final validation. The risks these steps addressed were fairly predictable. Missing documents led to under-reporting. A mismatch between the authority's data and the client's records could mean income was omitted or counted twice. Wrongly computed investment gains created a risk of later demand. Incomplete foreign income reporting or a poorly supported relief claim meant non-compliance or reduced relief. Late filing carried interest and penalties. The practice's response was consistent: a standard checklist, transaction-level verification, comparison against source documents and a structured follow-up routine.

### 3.4 Data and Confidentiality

No information that could identify a client appears in this paper. I worked only on systems I was authorised to use and did not copy client information elsewhere. The worked examples are illustrations written for this paper.

## 4. Observations and Findings

### 4.1 The Kind of Work That Dominated

Most of my cases were assisted return filings for salaried professionals. A smaller group involved claims for foreign tax relief, and a few were advisory or referral matters. Many clients worked for technology companies, which is why equity pay and foreign income feature so prominently here. Table 2 describes where effort went by case type, in relative rather than numerical terms.

**Table 2: Relative effort by type of work**

| Type of work | Typical inputs | Relative effort | Main source of effort |
|---|---|---|---|
| Salary computation | Employer statement, pay slips | Medium | Regime comparison, allowances |
| Housing-related | Loan certificate, rent | Low to medium | Checking figures against |



| Type of work | Typical inputs | Relative effort | Main source of effort |
|---|---|---|---|
| income | agreement | | documents |
| Investment gains | Broker and fund statements | High | Lot matching, holding-period checks |
| Equity-based pay | Plan administrator statements | High | Dates, exchange rates, valuation |
| Foreign income and relief | Foreign tax statements | High | Evidence and reconciliation |
| Other income | Bank interest, dividends | Low | Agreement with third-party data |

### 4.2 Reconciliation Came Before Computation

The most useful habit I developed was declining to start a computation until the sources had been compared. For each case I checked the employer's annual statement against pay slips, the authority's third-party data against bank and investment records, and the tax-deduction records against the certificates the client held.

An invented example shows why. A client provides one bank certificate showing interest of 24,000 CU, while the authority's data shows 40,000 CU. There are two readings: the authority's data contains a duplicate, or an account is missing from what the client supplied. Copying either figure would be a guess. The right step is to ask about every other account, and in the example a second certificate for 16,000 CU closes the gap exactly. Tax withheld follows the same pattern: 2,400 CU and 1,600 CU together match the 4,000 CU in the official record. What matters is less the answer than the trail, because the reviewer can then trace every figure to a document.

In practice, missing documents caused more delay than complicated rules did. The standard checklist, covering identity, employment, banking, investments, property, capital market and foreign income documents, was the most effective way to reduce follow-ups.

### 4.3 Investment Gains and Lot Matching

Investment gains took the most time per case. For each sale I needed the purchase date, sale date, holding period, cost and proceeds before I could say whether a gain was short or long term. Consider an invented example. A client buys 100 units at 40 CU, later buys another 100 at 55 CU, and then sells 150 units at 70 CU. Under first-in-first-out matching, the sale consumes the whole first lot and half of the second, so the cost is $(100 \times 40) + (50 \times 55) = 6{,}750$ CU. Proceeds are $150 \times 70 = 10{,}500$ CU, and the gain is 3,750 CU. Because the two lots may have different holding periods, they can fall into different gain categories, which is why the matching has to be done lot by lot and not on an average basis.

### 4.4 Equity Pay: One Cost Base, Two Taxable Events

Clients holding stock awards asked the same question almost every time: is this not being taxed twice? A numerical example is the quickest way to answer. Suppose 200 units vest when the share price is 50 USD and the exchange rate is 80 CU per USD. The value taxed as pay is $200 \times 50 \times 80 = 800{,}000$ CU. Later the shares are sold at 62 USD when the rate is 82 CU, giving proceeds of $200 \times 62 \times 82 = 1{,}016{,}800$ CU. The cost base is the 800,000 CU already taxed as pay, so only the 216,800 CU increase is treated as a gain.

The practical difficulty lay in the records. Vesting values come from a foreign broker or plan administrator, not from payroll, and exchange rates have to be taken for the correct dates. One case involved shares that vested and were repurchased immediately by a group company, so there was no broker and no market price. Confirming the valuation meant working with the client's equity administrators and checking the result against the figure the employer had reported.



### 4.5 Foreign Tax Relief and Advance Tax

A relief claim is easy to describe and easy to get wrong. Take an invented client with taxable income of 3,600,000 CU and total tax of 900,000 CU, an average rate of 25 per cent. Of that income, 200,000 CU is foreign-source and 40,000 CU was withheld abroad. Home-country tax on that portion at the average rate is 50,000 CU. Relief is limited to the lower of the two amounts, so 40,000 CU is allowed. The weak point is almost always the evidence: the foreign tax statement must match the income being declared before any credit is worked out.

Advance tax was the other recurring problem. Income from equity awards arrives late and in large amounts, and payroll withholding often looks sufficient to the employee. In another invented case, total tax is 500,000 CU and withholding is 350,000 CU, with nothing paid in advance. The shortfall is 150,000 CU. At an assumed interest rate of 1 per cent a month for four months, the cost is 6,000 CU before any instalment-level interest is considered. Clients responded far better when this was explained before the deadline than when it appeared at filing.

### 4.6 Salary and Housing-Related Income

Salary was the main income for nearly all clients, and computing it took more than copying the employer’s statement. I looked at basic pay, rent allowance, travel allowance, bonuses, perquisites, employer contributions to retirement funds, professional tax and tax deducted, and for most clients I compared the available tax regimes side by side to find the lower liability. Housing-related work was mostly checking: loan interest against the lender’s certificate, rent against the agreement and municipal charges against receipts, followed by working out any loss on a let-out property.

### 4.7 What the Software Did and Did Not Do

The computation software handled client files, regime comparison, schedules and reports. Spreadsheets covered what the software could not do directly, such as lot matching, currency conversion and reconciliation across several schemes. The in-house platform produced consistent output quickly for clients with foreign shares, and the firm clearly gains in speed and standardisation from it. I still checked its output against documents each time. A tool that calculates correctly from wrong inputs gives a wrong answer that looks tidy, and that is harder to catch than an obviously broken spreadsheet.

### 4.8 Difficulties That Kept Coming Back

Table 3 lists the problems I met most often. Almost none concerned the rules themselves. They concerned documents, time and communication, and the peak filing season made every one worse.

**Table 3: Recurring difficulties and how they were handled**

| Difficulty | Effect | How it was handled |
|---|---|---|
| Incomplete documents | Computation delayed | Structured follow-up using the checklist |
| Several income sources | More complex analysis | Transaction-level verification |
| Foreign brokerage statements | Slow review | Manual reconciliation with supporting documents |
| Tight deadlines | Heavier workload | Prioritising tasks, planning review time |
| Late client changes | Computation revised | Version control, final review |
| Mismatch with official data | Compliance risk | Cross-checking against source documents |
| Pay-then-gain confusion on equity | Same question asked repeatedly | Written explainer given to the client |
| Advance tax shortfall | Lump sum and interest at filing | Mid-year estimate raised with the client |



## 5. Discussion

### 5.1 Key Observations

Three observations stand out.

First, software does what it is told. The computation tools produced clean results, but only from the classification and inputs I supplied, and a wrongly read document produced a wrong answer with complete confidence. Each tool was useful, and none replaced checking the source.

Second, the process mattered as much as individual skill. The layers of preparation, self-review, senior review, correction and final validation caught errors I had not noticed. When a reviewer changed my working, asking why proved more valuable than the correction itself.

Third, client communication is part of the technical work. Explaining why equity pay is taxed first as income and then as a gain, or warning a client about advance tax interest in good time, did more to prevent disputes than any extra computation.

### 5.2 Links to the MBA (Finance) Programme

The work maps onto the programme in ways that were not always obvious in advance.

**Table 4: Programme concepts and their use in practice**

| Programme concept | How it appeared in the placement |
|---|---|
| Financial statement analysis | Checking salary, interest and investment documents |
| Investment analysis | Gain computation and equity-pay workings |
| Personal financial planning | Regime comparison and deduction planning |
| Risk management | Reconciling official data with client records, since each mismatch is an exposure until explained |
| International finance | Exchange rates, two tax systems and one income |
| Financial technology | Computation software, spreadsheets and in-house tools |
| Decision support | Advisory discussions with clients |

What the classroom could not provide was volume. A single concept in a textbook becomes dozens of files, each with its own set of missing papers.

### 5.3 Recommendations

The observations point to some modest changes for practices in a similar position. None has been tested, and the right measure would be whether turnaround time and repeat queries fall over the next filing seasons.

**Table 5: Suggested implementation**

| Recommendation | First step | Timing | Expected benefit |
|---|---|---|---|
| Client explainer on equity pay and foreign relief | Draft with senior advisors; share at onboarding | Within two months | Fewer repeat queries |
| Mid-year advance tax check-in | Use case-system data to find clients with vesting events | Before the next instalment date | Fewer interest surprises |
| Document sorting pilot | Begin with routine documents such as employer statements and bank | Before the next season | Less manual checking |



| Recommendation | First step | Timing | Expected benefit |
|---|---|---|---|
| | statements | | |
| Regular update training | Session whenever rules change | Yearly and as needed | Advisors kept current |

### 5.4 Advice for Future Trainees

For students who take up a similar placement, the advice is simple. Learn the basic structure of the tax rules before you start. Become comfortable with lookup functions in a spreadsheet. Understand early the difference between income received as pay and a gain on a later sale, because clients ask about it constantly. Keep a list of reliable sources for exchange rates and historical prices. Give reconciliation the same seriousness as calculation, since that is where errors are found. And when a senior corrects your working, ask for the reason as well as the correction.

### 5.5 Limitations

The study rests on one person's cases at one practice over twelve weeks, most of which fell in the peak filing season. The cases were allocated to me, not drawn at random, so they say little about taxpayers at large. I had limited exposure to business income and to assets other than shares, funds and equity awards. The firm's financial information was not available to me, so nothing is said about its performance. Identifying details were withheld throughout, which limits how fully individual cases can be narrated, and all worked examples use invented figures. The literature review is brief and selective and is not a systematic survey of tax compliance or advisory research.

## 6. Conclusion

For the clients I worked with, a good return was the end product of a chain of checks and not a single calculation. The rules on equity pay, foreign relief and advance tax can be learned in a few weeks. Applying them correctly depends on complete documents, reconciliation against official records, an independent review, and clear explanations to the client. For a finance student, the lasting lesson is that tax work and financial analysis share one habit: trust a number only when you can say where it came from.

The placement also gave me practical command of return preparation from start to finish, of reconciliation, and of working with computation software and spreadsheets. It improved less measurable skills too, such as writing clear explanations for clients, working to deadlines and keeping records that someone else can follow. I came away convinced that tax advisory is a sound training ground for anyone heading into finance, because it forces attention to documents and to how a number was reached.

## Declarations

**Conflicts of interest.** The author completed the on-the-job training described in this paper and declares no other conflict of interest.

**Funding.** The author received no specific funding for this work.

**Data and ethics.** The paper draws on the author's own aggregated work records. No individual or organisational identifiers are reported, and every worked example uses invented figures.

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