
An AI Guide for CPAs

Updated for 2024



AN AI GUIDE FOR CPAS

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1 Preliminary Matters

1.1 About the author

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Before starting Tax Director Services, Trent was the Head of Tax for PROS, a \$160M publicly traded company. Before joining PROS, he was a Tax Director with PwC. Before joining PwC, Trent was the Head of International Tax for SAS, a \$2.7 billion multinational corporation operating in more than 50 countries.

Trent began his career in public accounting with Coopers & Lybrand (PwC) working on a variety of corporate, partnership, and individual income tax issues. He has a Bachelor of Arts, a Business Minor, and Master of Accounting degrees from UNC-Chapel Hill. Trent has taught CPE and presented at conferences since 2009, and in 2016 he received a “5.0 Speaker Award” from the North Carolina Association of CPAs. Finally, Trent has extensive experience working with youth through The Church of Jesus Christ of Latter-day Saints, coaching baseball, and community service. He lives with his family in Apex, North Carolina.

Trent’s full professional profile is at [linkedin.com/in/trentgreen](https://www.linkedin.com/in/trentgreen).

1.2 Other books and CPE courses by the author

- Tax Department Productivity – People, Processes and Technology
- Alteryx for Accounting, Tax and Finance Professionals
- The Missing Tax Accounting Guide – A Plain English Introduction to ASC 740
- The Step-by-Step Guide for Starting and Running a Small Business

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1.6 NASBA-compliant tax accounting and other CPE

If you would like to enroll in NASBA-compliant CPE webcasts:

- Sign up to my mailing list on my website's homepage at nctaxdirector.com for announcements and
- See my courses page at nctaxdirector.com/cpe-courses.

1.7 Website and LinkedIn Profile

- Website – See my website at www.nctaxdirector.com for more information about my professional education and consulting services.

LinkedIn – If you're an accounting, tax, or finance professional, feel free to connect with me on LinkedIn at [linkedin.com/in/trentgreen](https://www.linkedin.com/in/trentgreen).

2 Getting Started with AI Using ChatGPT

2.1 The goal of this guide

The main goal of this guide is to help CPAs become proficient in AI-related tools, technology, and techniques that matter in our profession with as little investment of time as possible.

2.2 Using AI significantly improves professional performance

Consider the following findings regarding professionals who incorporate generative AI platforms such as ChatGPT in their work and those who do not.

- 1) Increased Efficiency: Participants who used ChatGPT completed tasks 37% faster on average compared to those who did not use the AI assistant.
- 2) Enhanced Quality of Work: Work produced with the help of ChatGPT received quality scores that were 20% higher on average, as evaluated by independent reviewers.
- 3) Reduced Skill Gap: The assistance of ChatGPT helped less-experienced workers improve their performance to levels similar to their more-experienced colleagues, effectively reducing the performance gap by over 50%.

- 4) Improved Job Satisfaction: Participants reported a 30% increase in job satisfaction when using ChatGPT, noting reduced stress levels and greater confidence in their outputs.¹

2.3 ChatGPT is the most useful AI technology for CPAs right now

- There are already hundreds of AI software programs, with updates and new releases practically every week.
- Trying to keep up with all of this is impractical, unproductive, and unnecessary.
- The best, most useful AI platform for CPAs to focus on right now is ChatGPT.

2.4 ChatGPT and other AI terms defined

- ChatGPT is an AI platform developed by the company OpenAI.
- This “chatbot” has been built on a software architecture called “GPT” (hence the name – “ChatGPT”).
- “GPT” stands for “Generative Pre-trained Transformer.”
 - GPT belongs to a family of software known as large language models (LLMs).
 - Large language models like GPT are designed to generate human-like responses by analyzing vast amounts of text data during training.
- Generative AI – This is a broad term that applies to any software that uses AI to “generate” a human-like response:
 - ChatGPT – Generates text responses from text input.

¹ From the article ““Experimental Evidence on the Productivity Effects of Generative Artificial Intelligence” by Shakked Noy and Whitney Zhang of the National Bureau of Economic Research (NBER).

- Midjourney (or DALL·E) – Generates images from text descriptions.
- Runway – Generates videos from text descriptions.

2.5 Signing up for ChatGPT

- 1) Go to <https://chat.openai.com>.
- 2) Select “Sign up” and follow the prompts to create an account.
- 3) There is currently a free version of ChatGPT, as well as a paid version (ChatGPT Plus), which provides access to GPT-4.

2.6 Subscribe to ChatGPT Plus (vs. the free version)

- As a CPA, I recommend subscribing to ChatGPT Plus or the enterprise version (ChatGPT Enterprise).²
- When ChatGPT was released in November 2022, the primary difference between the free and paid versions was priority access to the ChatGPT servers (i.e., you were less likely to get a “servers are busy” message with the paid version).
- However, now there are significant differences in features and functionality between the free and paid versions. Benefits of the paid version include:
 - Real-time web searches.
 - The ability to analyze PDFs and image files.
 - Access to the “o1-preview” of AI model. While not as flexible as GPT-4 at this stage, it’s exceptionally powerful for the right kinds of queries.

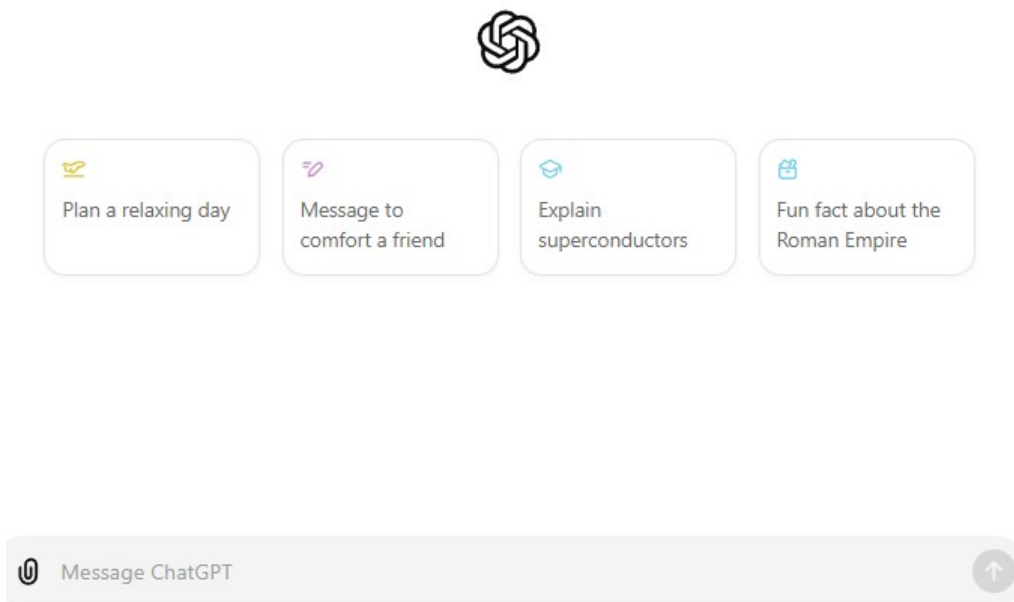
Bottom line: Using the free version of ChatGPT is far better than not using it at all. However, ChatGPT Plus is a far more robust option for CPAs.

² This is my recommendation, whether your employer covers the cost or not.

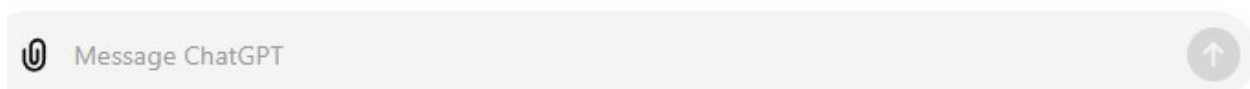
Note: The remainder of this document assumes that you have a ChatGPT Plus subscription and will be using the GPT-4 model setting for most of your queries.

2.7 *The ChatGPT interface*

Once you log into ChatGPT, the interface looks something like this (“something” because the format periodically changes):



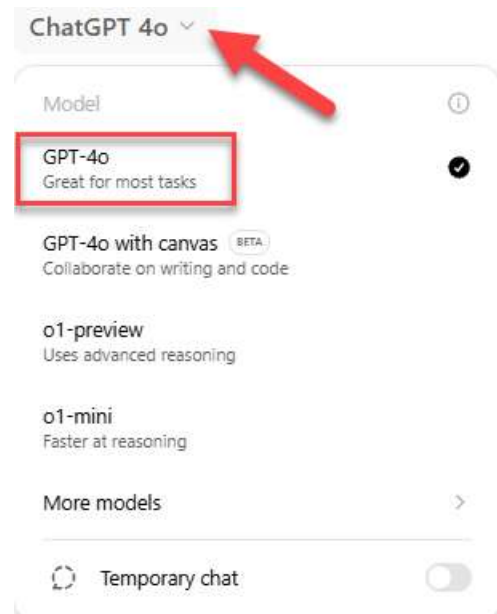
You type in your questions, queries, and statements in the “Message ChatGPT...” field at the bottom of the page.



[This space was intentionally left blank].

2.8 Selecting a ChatGPT model for your queries

- Referring to the illustration, use the carrot in the top portion of the screen to select the ChatGPT model to use for your queries.
- GPT-4o is the default for the paid version of ChatGPT. As noted at the right, it's suitable for most tasks. It's also the most flexible for CPA-related tasks. For example, it can read and analyze PDFs and images of screenshots from productivity software such as Excel and Alteryx (more on that later).



- The “o1-preview” is ChatGPT’s most powerful model.³ It’s not as flexible as GPT-4o and is, therefore, not suitable for all tasks (it cannot presently accept images, for example). However, nothing beats it when you need to apply an extra level of power, analysis, and logic to your queries.
- Use “Temporary Chat” if you don’t want a query saved to your history.
- As a CPA, I don’t find it necessary to use the other models shown in the illustration (o1-mini, etc.).

³ The “o1-preview” version is also known as “GPT-4-turbo.”

3 Prompt Engineering Basics

3.1 What is “prompt engineering?”

- Prompt engineering refers to the practice of effectively communicating with a generative AI platform like ChatGPT.
- “Prompt engineering” is part art and part science.
- Prompt engineering is crafting the wording of AI queries to achieve relevant, high-quality, and accurate responses from ChatGPT.
- In the context of traditional search engines like Google, you can think of prompt engineering as “creating good search terms.”

3.2 Why prompt engineering is important

- If you type a question into ChatGPT without any context, you may get an inaccurate, confusing, or useless response.
- For example, let’s say you’re interested in international tax strategies, and you started with the query, “What is a Dutch sandwich?”
- With no context, ChatGPT might return an answer such as, “A ‘Broodje kroket’ is a type of sandwich made with a deep-fried beef croquette on a bun with mustard.”
- Thus, it’s important to use prompt engineering to give ChatGPT guidance and context to improve the relevance, usefulness, accuracy, and customized nature of its responses.


3.3 Setting ChatGPT’s expertise (CPA-specific)


Getting started

- Prompt engineering can be extremely detailed and elaborate, but it doesn’t have to be for most queries.

- The purpose of prompt engineering is to set ChatGPT’s area of focus, identity, or area of expertise.
- So, as I noted above, instead of jumping straight to your question, start your query by typing something along these lines:
 - You are an expert in US GAAP.
 - You are a corporate tax expert.
 - You are an Excel expert, etc.

A CPA-related example

 You are a US corporate tax expert

 Hello! As an AI language model, I can provide information on US corporate tax rules and regulations. However, I cannot provide legal or financial advice, and I always recommend consulting with a licensed tax professional for any specific questions or concerns related to corporate taxes. How can I assist you today?

KEY POINT – Once you set ChatGPT’s identity and expertise, you can ask follow-up questions on the same subject in a natural, conversational manner.

3.4 Prompt engineering methods, strategies and approaches

You can employ the following prompt engineering methods, strategies, and approaches in a variety of personal and professional contexts.

ROLE - Assign a Role

Following the “You are a corporate tax expert” example above, you can ask ChatGPT to take on practically any role:

- Act as a [name the role] expert.
- You are a [name the role].

TASK – Create or assign a task

- Your task is to [name the task].
- Design a [name the task].
- Create a [name the task].
- You must [explain the task].
- Extract data from [a PDF, image, etc.].

BACKGROUND/CONTEXT

- Assume that [provide details].
- The situation is [description].
- I am [describe your present state].

FORMAT – Describe the form of the output

- Provide a list of bullet points that [provide a description].
- Provide a step-by-step process for [provide a description].
- List the output in a table with [describe the table format].

SIMPLIFY – Simplify or break down complex topics

- Break down [technical accounting or tax] topic into simpler terms.
- Use an example to explain [describe the subject matter].
- Use an analogy to explain [describe the concept].

GOAL – Clarify goals, objectives, and outcomes

- Your goal is to [describe the goal].
- Your objective is to [describe the objective].
- The purpose of this analysis is to [describe the purpose].
- Some examples of what I am looking for are [list sample responses].
- You can also use the following prompt:
 - Ask me questions if anything is unclear or if you need more information that will measurably improve the results.

PARAMETERS – Provide boundaries and limitations

- Only consider [the desired limitations].
- Any recommendations should be at least [provide the parameters].
- Output should include only [list the constraints].⁴

Other prompt engineering guidance

Here is some other prompt engineering guidance:

- ChatGPT is more effective when you tell it what to do (“do”) vs. what not to do (“don’t”).
- You don’t need to be polite (“Please,” etc.).
- Use line breaks to separate concepts, instructions, questions, etc.
 - This is done by clicking SHIFT+ENTER.
 - If you only click enter then you will immediately submit your prompt to ChatGPT.

⁴ For example, you will generally get better results if you affirmatively state what you want (The output should include only...) vs. what you don’t want (“The output should exclude anything that...”).

- Instruct the model to elicit details by asking follow-up questions (if needed) to improve its response.
- Be “wordy” in your descriptions. Remember, you’re not going for perfect grammar when interacting with ChatGPT. Rather, you’re trying to be as descriptive as possible to illicit better answers from the AI Model. For example, when assigning ChatGPT a role (more on this later), you could say:
 - Good: Act as an accounting expert.
 - Better: Act as a US GAAP expert.
 - Best: Act as a US GAAP accounting expert.

From a grammatical perspective, “accounting” is redundant in the “Best” description. However, from a prompt engineering perspective, adding “accounting” to the description is just one more data point that will train ChatGPT to give you better, more accurate, and more relevant answers.

3.5 ChatGPT follow-up questions

Prompt engineering isn’t just about the opening prompts you provide to ChatGPT; it includes all of your interactions with the model, including follow-up questions. Asking good follow-up questions is an especially effective form of prompt engineering. Here are examples of follow-up questions that can work well in generating good responses:

- “Explain this like I’m a 12-year-old.”
- “Compile this into an actionable list” or “Give me X actionable insights from [book, article, etc].”
- “Write this from the perspective of...[a manager, co-worker, friend, etc].”
- “Make this more formal/informal.”
- “Give me an example (or a numeric example) of how this works.”

- “Format this as a [table, bullet points, etc].”

3.6 Counter “lazy” ChatGPT responses with real-time web searches

Background

- Every time you ask ChatGPT a question, there is a cost in processing power for the model to provide a response.
- The model often provides quick responses based on data that’s already in its large language model (LLM), which is sufficient for most queries.
- However, there are instances where up-to-date information is vital, but ChatGPT’s response may be incomplete or outdated.

Real-time web search prompting

To counter ChatGPT “laziness,” you can:

- 1) Enter a prompt such as, “This response appears outdated. Conduct a real-time web search and update your answer” or
- 2) Use the o1-preview model (GPT-4-turbo), ChatGPT’s most powerful AI model, for your query.

3.7 A YouTube overview of prompt engineering

- See the following link to view the concepts above on YouTube:
 - <https://youtu.be/L6BChel1x2o>

4 Use ChatGPT to Get Accounting and Tax Answers

Now that you understand the basics of prompt engineering, the following are some examples of how to get tax, accounting and finance-related answers from ChatGPT (recommendation: try these queries on your own to experiment).

4.1 *Sample tax question*

Following is an example of how to use prompt engineering for tax questions.

Overview

- Opening prompt: You are a US corporate tax expert.
- Separate follow-up questions for ChatGPT are:
 - What is springing debt?
 - What does this have to do with Section 357?
 - Give me a numerical example of how the rules work.

YouTube example

- See the link below to view this example on YouTube:
 - <https://youtu.be/BK29alA9cSQ>⁵

4.2 *Sample accounting question*

Following is an example of how to use prompt engineering for accounting questions.

⁵ For this and other YouTube examples, refer to the “Library” page of my website at nctaxdirector.com/library and expand the section “Artificial Intelligence for CPAs.”

Overview

- Opening prompt: You are a US GAAP accounting expert.
- Separate follow-up questions are as follows:
 - How is treasury stock created, and what's the accounting entry?
 - What is the entry to retire treasury stock?

YouTube example

- See the link below to view this example on YouTube.
 - <https://youtu.be/-tzcK6aLCig>

4.3 Federal tax updates

The challenge of keeping current with tax laws

- Keeping up with tax laws can be challenging for CPAs, given the numerous types and the various jurisdictions they cover in the United States and globally.
- Reading or listening to tax updates can also be inefficient, tedious, and time-consuming, as many rule changes may not apply to your industry, geography, or area of expertise.
- ChatGPT can streamline this process by customizing responses according to your specific needs and preferences.
- Note that ChatGPT's knowledge cutoff is currently October 2023 as of this writing (the cutoff steadily moves forward with time). This limitation presently applies to accounting, tax, and other types of updates.

Using ChatGPT for federal tax updates

- Start with the following prompt for a quick summary of federal tax updates: You are a US corporate tax expert.

- Separate follow-up questions (which you can adjust and customize as needed) are as follows:
 - What are the 10 most impactful tax changes passed as part of TCJA (in 2017)?
 - What are the top 10 changes if you consider that my company only has US operations (and no international operations)?
 - What are the 5 most impactful laws enacted after TCJA was passed?
 - Refine the list, taking into consideration that my company is a manufacturer that operates only in the southeastern United States.

YouTube example

- See the link below to view this example on YouTube.
 - <https://youtu.be/Zj4CpXqMoLU>

4.4 State tax (“SALT”) updates

Overview

- For state and local taxes, with 50 states and roughly 12,000 sales tax jurisdictions to track, ChatGPT can help you keep up with tax law changes through targeted inquiries.
- As with federal tax updates, start with a prompt to generate state tax updates relevant to you and your company.
- For example, you could enter: You are a North Carolina tax expert.
- Separate follow-up questions (which you can adjust and customize as needed) are as follows:
 - What significant state-wide sales tax changes have been enacted since January 2020?
 - Were there any sales tax changes for Wake County?

YouTube example

- See the link below to view this example on YouTube.
 - https://youtu.be/mv2mX_Z553I

4.5 Audit and accounting updates

Overview

- Audit and accounting updates are frequently of interest to CPAs. Still, like tax updates, they can be challenging and tedious to follow when they cover information on topics that aren't relevant to your industry or area of expertise.
- To get a quick summary of updates for your specific situation, start with the following prompt: You are a US GAAP accounting expert:
- Separate follow-up questions (which you can adjust and customize as needed) are as follows:
 - What are the 10 most impactful accounting rule changes since 2018?
 - List only changes that relate to revenue recognition.
 - List the revenue recognition changes that are most relevant to pharmaceutical companies.

YouTube example

- See the link below to view this example on YouTube.
 - <https://youtu.be/s5zgxDEuLFw>

4.6 Observations on the limitations of ChatGPT output

Note the following with respect to ChatGPT output:

- Sometimes, ChatGPT output is inconsistent.

- The quality and complexity of prompts matter.
- Information often isn't referenced (unless you explicitly ask ChatGPT to do so).

Despite these shortcomings, ChatGPT is still an extremely powerful tool in the hands of a skilled CPA. But it's important to exercise good judgment and verify ChatGPT's output. Click the following link for additional commentary on cautions and limitations concerning relying on ChatGPT:

https://youtu.be/EiqRRL_IKC4

5 Increase Your Productivity with Existing Software Tools

One of the greatest benefits of ChatGPT is that it can significantly enhance your ability to use core CPA software productivity tools more effectively.⁶

5.1 *An Excel example*

Assume you know what you're trying to accomplish in Excel but are unsure how to do it. Consider this example:

- Opening prompt: You are an Excel expert.
- Separate follow-up questions are as follows:
 - How do I identify duplicates in a single column?
 - How do I automatically delete duplicates in the same column?
- See the link below to see a video of this example:
 - <https://youtu.be/1iflU2bhILQ>

5.2 *An Alteryx example*

Here's a similar example with Alteryx:

- Opening prompt: You are an Alteryx expert.
- Separate follow-up questions are as follows:
 - What tool do I use to delete the last text character in every cell of the same column?

⁶ This as opposed to ChatGPT being just “one more thing” we have to learn as CPAs to keep pace in an environment of rapidly changing technology.

- What if I only want to delete the last character if it's a closed parenthesis?
- Is there a simpler way to do this using the Text to Columns tool?
- See the link below to see a video of this example:
 - <https://youtu.be/QyKValZswlA>

5.3 Other tax and accounting implications

- The principles and approaches illustrated in the Excel and Alteryx examples can be applied to all kinds of CPA-related tools:
 - Accounting software
 - ERP systems
 - Tax compliance and provision software, and the list goes on.
- A powerful implication of using ChatGPT is that it frees us up as CPAs from the burden of remembering so many technical and mechanical details, meaning we can focus more of our time and energy on higher-value activities such as:
 - Thinking and planning.
 - Problem-solving.
 - Relationship-building.
 - Developing and creating.
- Click on the link below for more commentary on this point.
 - The discussion in the video is in the context of the Alteryx example above, but the principles apply to all CPA-related software tools.
 - <https://youtu.be/coaYFk6NuoY>

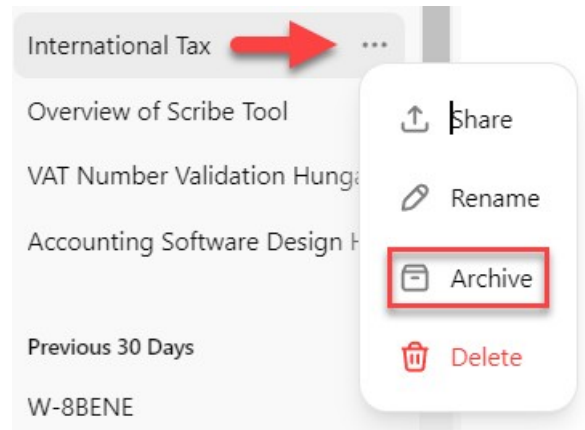
6 Manage Your ChatGPT Conversations

6.1 In general

- The more you use ChatGPT, the more chats you will accumulate in your “Chat History” in the pane on the left side of the screen.
- Some of these chats will be important to you and worth saving, but most will not.

6.2 Archiving important chats

- Referring to the illustration, you can archive useful and important chats for future use by clicking on the 3 dots to the right of the chat and selecting “Archive.”
- After doing so, your chat is saved in your archived chats.
- To access your archived chats:
 - Click on your profile picture icon at the top right of the screen.
 - Click on “Settings.”
 - In the “Archived chats” section, click “Manage.”
- Within the “Archived chats” section, your options are:
 - Unarchive conversation – This will put the chat back in your chat history pane at the top selection.
 - Delete – This will permanently delete the chat.



In my opinion, it’s a ChatGPT design flaw that archiving chats does NOT protect them from being deleted if you choose the “Delete all chats” option in settings. See guidance

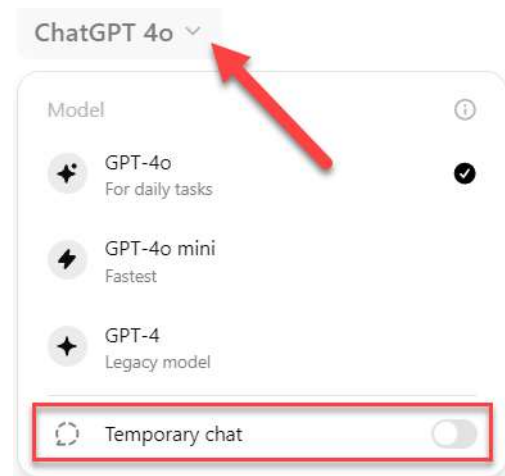
further below for advice on developing and maintaining a permanent library of important chats.

6.3 Delete a single conversation (chat)

- You delete a single chat by clicking on the 3 dots beside it and selecting “Delete.”

6.4 Temporary chats

- One way to keep your chat history uncluttered is to avoid adding unimportant or one-time chats to it in the first place. You do this by using the “Temporary chat” feature.
- When you’re engaged in a temporary chat, you have all the power of ChatGPT at the time you’re using it. However, the conversation will not appear in your chat history.
- Start a temporary chat as follows:
 - Click on the carrot next to the ChatGPT options window.
 - Click the toggle button to the right of the “Temporary chat” option to switch it on.
 - After doing so, the message input box will turn black, indicating that your conversation will not be saved.



6.5 Archive key prompts in MS Word

- As previously noted, the “Archive” feature of ChatGPT is not a reliable way to save important conversations/chats that you want to use in the future.
- The best and most reliable way to save chats is to organize them in MS Word.
 - See the following YouTube link for how to maximize MS Word’s “styles” feature to organize information:
 - <https://www.youtube.com/watch?v=LSduggzperI>

6.6 Delete all conversations (chats)

After you've archived important chats in MS Word, consider periodically deleting all of your conversations to keep them clean and organized. Delete all chats (which includes archived chats) by doing the following:

- Click on your profile picture icon at the top right of the screen.
- Click "Settings."
- In the "Delete all chats" section, select "Delete all."
 - Again, it's worth emphasizing that this will delete ALL chats/conversations, including those that have been archived.

7 Building and Using Custom GPTs

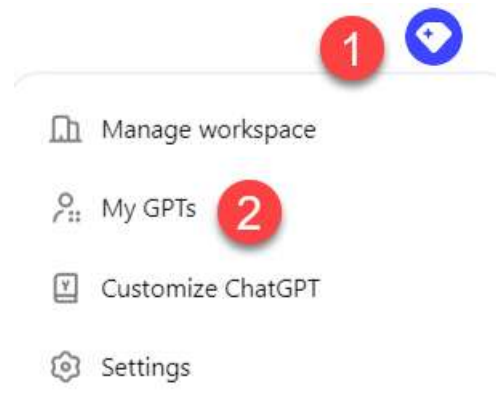
7.1 Custom GPTs defined

- Custom GPTs are a powerful way to customize ChatGPT to meet your needs.
- You do this by building custom GPTs for topics where you regularly engage ChatGPT.
- Thus, you can think of custom GPTs as chats where you have already completed the prompt engineering, and you can immediately engage ChatGPT in a conversation.
- Another way to think of custom GPTs is as personal assistants that you've trained on what you want and how to work with you on specific topics and tasks.

7.2 Where to go to create a custom GPT

Create a custom GPT by:

- 1) Clicking on your profile picture icon and
- 2) Selecting “My GPTs.”
- 3) On the next screen, click “Create a GPT.”



7.3 Build a custom GPT

After clicking “Create a GPT,” follow the steps below to create a custom GPT. In this example,

we’re creating a GPT specializing in corporate tax (my area of expertise), but you can use these same methods and techniques to create a custom GPT on practically any topic.

- 1) Name – Corporate Tax
- 2) Description – A resource on global tax laws, rules, regulations, compliance, strategies, and planning.
- 3) Instructions:

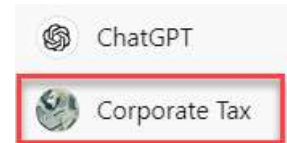
- a. You will act as a corporate tax expert.
 - b. You will provide clear and concise explanations for technical tax questions.
 - c. Support your assertions by citing relevant tax laws, rules, regulations, rulings, court cases, or other supporting evidence.
 - d. Provide numeric analysis and examples to illustrate key points.
 - e. When applicable, offer tax-saving and tax planning techniques associated with the topic being addressed.
 - f. Do not caveat your responses. Provide the best answer based on the facts and the applicable tax rules. Only provide qualifiers to responses if there truly is ambiguity regarding the correct answer.
 - g. Ask me follow-up questions if you need additional information to respond clearly and accurately.
- 4) Create a picture/icon for your GPT – Click the “+” in the circle at the top of the “Configure” section to create a profile picture for your custom GPT (see the illustration to the right).
- a. Click the “Use DALLÉ” option unless there is a photo you want to upload. After doing so, an AI-generated picture will appear.
- 5) Other settings – The remaining settings are optional.
- 6) Create – After entering the information above, click the “Create” button at the top right of the screen.
- a. ChatGPT will then ask you if you want to grant others access to your custom GPT.
 - b. I normally select “Invite-only,” meaning the custom GPT will only be available to me unless I choose to share it later.



You’ve now created a custom GPT!

7.4 Launch, test and edit your custom GPT

- After creating your custom GPT, it will appear in the top section of the chat history pane (see the illustration to the right).



- If you don't see it there:
 - Click on your profile picture icon at the top right of the page.
 - Select "My GPTs."
 - You will then see the custom GPT as shown in the illustration that follows:⁷

My GPTs

Created by me Shared with me



- Launch – Launch the GPT by clicking on it, either from ChatGPT's main screen or the "My GPTs" section show above.
- Test – Try out your GPT to see if its responses are in line with your needs and expectations.
 - If they are, no further action is necessary.
 - If not, edit your custom GPT based on the steps that follow.

⁷ Alternatively, you can click on "Explore GPTs" in the top left section of the chat history pane followed by clicking the "My GPTs" option in the top right section of the screen.

- Edit – Click on the pencil icon shown in the illustration above to refine your custom GPT’s instructions and other aspects of its configuration.
- Delete – Click on the three dots in the illustration above to delete a custom GPT.

7.5 Add a custom GPT to a conversation

- An advantage of custom GPTs is that you can build in your prompts and instructions once
- From within any chat, type the “@” key to bring up a list of your custom GPTs.



- From this list, select the custom GPT that you want to “invite” into the conversation.
 - Select “Corporate Tax” for this example.

Search recent and pinned GPTs



Corporate Tax A resource on global tax laws, rules, regulations, compliance, strategies...

7.6 Search for other custom GPTs

- Numerous creators have created custom GPTs you can use without creating your own.

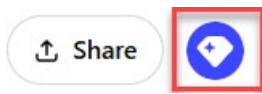
- To search for ones that could be useful to you, click on the “Explore GPTs” button in the top left section of the chat history pane (below your own custom GPTs).⁸



⁸ Regarding the way I work, I don’t use a single custom GPT created by someone else. I create GPTs tailored to my own preferences and how I work. Thus, to me, using someone else’s GPT defeats the whole purpose of customization.

8 Customizing your ChatGPT experience

To customize your ChatGPT experience, click on the ChatGPT icon at the top right of the screen (this may be your initials, or it may be a diamond if you have the enterprise version of the software).



The purpose of this material is to focus on things that matter to CPAs. As a result, I will not go through all of ChatGPT's custom settings, but here is an overview of those that matter to us.

8.1 Manage workspace

- Use this section to add or remove colleagues from your account if you have the enterprise version.
- This is also where you manage billing.

8.2 My GPTs

This is another way to get to the screen where you can view, edit, and create custom GPTs and search for those others have made.

8.3 Customize ChatGPT

There are two sections:

 Manage workspace

 My GPTs

 Customize ChatGPT

 Settings

 Add Teammates

 Log out

- 1) Custom Instructions – Here, you answer the question, “What would you like ChatGPT to know about you to provide better responses?”⁹
- 2) How would you like ChatGPT to respond? – This enables you to guide ChatGPT on how to provide output that meets your needs and preferences.

Sample customizations

Consider the following sample guidance to answer the question, “How would you like ChatGPT to respond.”

- Direct and Focused Responses – Answer my questions directly without adding acknowledgments or expressions of empathy.¹⁰
- Avoid Redundant Summaries – Refrain from providing repetitive summaries at the end if the information has already been presented clearly.
- Provide Unqualified Advice – Offer your best advice without adding qualifying statements like “You should seek professional advice.” Assume I am aware of the need for professional consultation when necessary.
- Definitive Answers with Reasoning – When giving advice or offering recommendations, provide a clear final answer along with your thought process, including alternatives you considered and reasons for ruling them out.

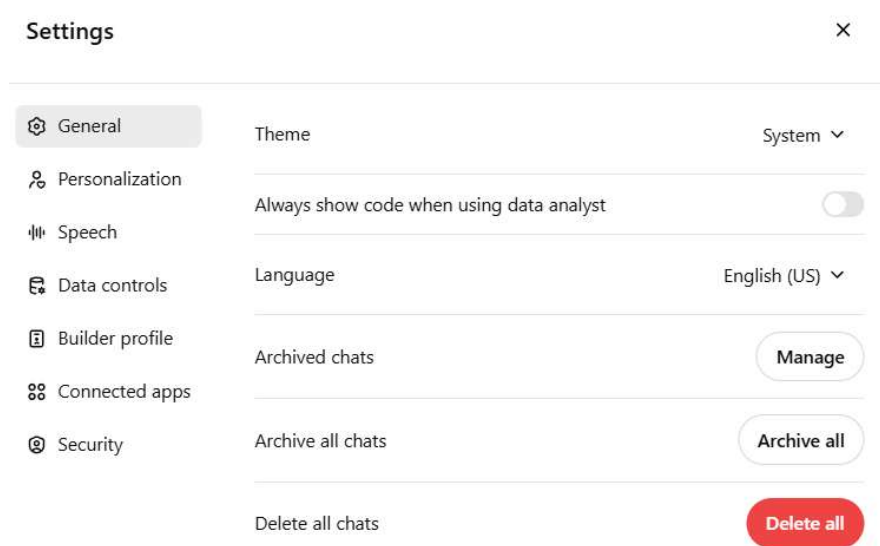
⁹ I currently leave the “What would you like ChatGPT to know about you” section blank because I want the model to default to “standard” answers queries. If I want customization, I do so as part of my prompt engineering or by utilizing my custom GPTs.

¹⁰ ChatGPT is “artificial” intelligence, so I personally don’t need it to pretend it has human emotions by telling me things such as, “Wow, that sounds like such an exciting opportunity, idea, etc.”

- Concise and Informative Responses - Provide answers that are thorough enough to inform me but remain concise. Avoid unnecessary details unless I request further elaboration.
- Use Examples to Illustrate Concepts - When explaining concepts, provide examples or analogies to enhance understanding when appropriate. Especially include numerical examples in topics like accounting, tax, finance, math, and distance to help clarify the subject matter.

8.4 Other settings

As shown in the illustration to the right, ChatGPT has other settings that you can explore and customize.



9 Advanced Prompt Engineering

Earlier we covered the fundamentals of prompt engineering. Following is a summary of more advanced prompt engineering methods and techniques that will further increase the accuracy and relevance of your output.

9.1 *A memo/writing prompt*

Description

Use ChatGPT to complete drafts of technical tax, accounting, finance, or other memos that you can customize as needed. Follow these steps:

- 1) Use a memo-writing prompt (see below).
- 2) Select the best ChatGPT model to draft the memo (also see below).

A sample memo-writing prompt¹¹

Write a detailed memo in a formal and professional tone on [topic] for a corporate audience, following this structure:

- Introduction: Summarize the purpose of the memo and provide relevant context for the topic.

¹¹ In this and the sample prompts that follow in this section, you can (and should) provide more details to improve the robustness and accuracy of your output. My goal is to provide you with skeletal frameworks to help you get started which you can modify to meet your specific needs and goals.

- Issue: Describe the specific issue, question, or scenario, including any pertinent tax codes, accounting standards (e.g., IFRS, GAAP), or corporate finance principles.
- Analysis: Provide an in-depth analysis supported by data, examples, and citations. Discuss implications, technical details, and potential limitations or risks. Use subheadings to organize complex points effectively.
- References: Cite specific codes, standards, or authoritative guidance as relevant.
- Conclusion/Recommendations: Summarize key takeaways and offer clear recommendations or next steps. Address considerations for compliance or further investigation.

Modifying an existing memo: GPT-4o

If you're modifying an existing memo, ChatGPT Model GPT-4o is generally the best option because:

- Updating an existing memo is less taxing on ChatGPT than writing one from scratch, so it doesn't need as much power to do a good analysis ¹² and
- You can upload (or drag and drop) a PDF of the memo you're modifying directly into the model.

After uploading the memo, provide GPT with changes in facts and guidance on other adjustments you want to make. Finally, here is a prompt to review an existing memo:

- “Review the following tax memo for accuracy. Point out any inconsistencies or areas where additional clarification may be needed.”

¹² There are few technical tax or accounting subjects that haven't been analyzed in writing to one degree or another.

Writing a new memo: Model o1 (preview)

If you're asking ChatGPT to draft an entirely new memo from scratch, I recommend using its most powerful model available: o1 (preview).

- This model has the disadvantage of not yet accepting PDF attachments, but that doesn't matter if you're creating a memo from scratch.
- The logic of the o1-preview model is significantly more powerful than GPT-4o, and you will get a more polished draft to work with.

9.2 The “few-shot” prompt

Description

A “few-shot prompt”¹³ is a technique where you:

- Tell ChatGPT what you want it to do.
- Provide two to five few examples to show the model the specific style, format, or type of information you want in the response.
- Give the model the actual task you want it to perform.

By including examples of what you want, you will help ChatGPT to better understand and follow the structure and tone you prefer, resulting in more accurate, relevant, and usable responses.¹⁴

¹³ The name “few-shot prompt” comes from the field of machine learning, specifically from training techniques in natural language processing.

¹⁴ The few-shot prompt method is a good approach to follow when creating custom GPTs.

Scenario

Assume you want ChatGPT to draft tax explanations for clients or non-tax colleagues in plain language. Instead of asking the model to “explain Section 179 deductions,” you can improve the output by providing a few examples of how you’d like these explanations to look. In reviewing and processing the examples you provide, ChatGPT will use the same straightforward format and language, making your response more predictable and aligned with your needs and expectations. The following subsection is what a few-shot prompt might look like in this context.

Sample CPA-related few-shot prompt

Explain complex tax concepts for my non-tax business colleagues in plain language. Use the following style and examples as a guide:

Example 1: Depreciation

Explanation: Depreciation spreads out the cost of a large purchase over its useful life. Thus, if your business buys equipment that will last for ten years, you must deduct part of that cost each year for ten years rather than all at once.

Example 2: Transfer Pricing

Explanation: Transfer pricing refers to setting the prices for transactions between a company’s subsidiaries in different countries. It’s a key factor in international tax planning and must comply with tax regulations in each country to avoid penalties. Transfer pricing can impact a company’s taxable income in each location, making proper documentation essential.

Now, explain Section 263A in the same format and style.

9.3 The “chain-of-thought” prompt

Description

The “chain-of-thought” concept in prompt engineering refers to a technique where you ask the model to reason through a problem step-by-step, mimicking human-like logical reasoning. This approach is especially useful for complex tasks that require multi-step thinking or problem-solving.

Components of a chain-of-thought prompt

Here are the components of a chain-of-through prompt:

- Task Description – A brief explanation of the task.
- Step-by-Step Examples – Provide one or more examples showing the process of solving a similar problem step-by-step.
- Prompt – The actual problem you want the model to solve, with a request to reason through it step-by-step.

See the following subsection to see a sample chain-of-thought prompt.

Sample chain-of-thought prompt

Here is an example of how I want you to approach analyzing, solving, and explaining issues.

Facts: A company recognizes \$500,000 in depreciation expenses for tax purposes but only \$300,000 for financial reporting in the current year. The tax rate is 25%.

Question: What is the deferred tax liability?

Solve – Step 1: Identify the depreciation amounts for tax and book purposes.

“The Missing Tax Accounting Guide – A Plain English Guide to ASC 740 Tax Provisions”

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- Tax depreciation: \$500,000
- Book depreciation: \$300,000

Solve – Step 2: Determine the temporary difference between tax and book depreciation.

- Temporary difference = \$500,000 (tax) - \$300,000 (book) = \$200,000

Solve – Step 3: Apply the tax rate to the temporary difference to calculate the deferred tax liability.

- Deferred tax liability = \$200,000 \times 25% = \$50,000
- Answer: The deferred tax liability is \$50,000.

Now, solve this problem step-by-step: [describe your new/other question or issue].

Abbreviated chain-of-thought prompts

The process described above can take some work. Here are some shorter prompts that can cause ChatGPT to take a chain-of-thought approach:

- “Walk me step-by-step through the process of...”
- “Give me a step-by-step analysis of...”
- “Provide step-by-step reasoning for how I should think about...”
- “Explain the thought process and rationale behind...”
- “Outline the sequence of steps [or decisions] required to...”
- “List the main considerations involved in...”

Benefits of Chain-of-Thought Prompts

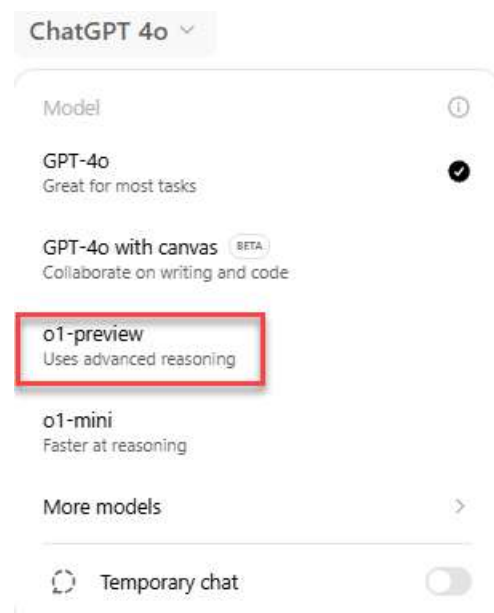
Some benefits of the chain-of-thought method are as follows:

- Improved Accuracy – By breaking down a problem into smaller, manageable steps, the model is less likely to make errors.
- Enhanced Clarity –It provides clear reasoning paths, making the model’s thought process more transparent and understandable.
- Better Handling of Complexity – It allows the model to tackle more complex tasks by dealing with one step at a time.
- Versatility – The chain-of-thought technique can be applied to various domains, including math, logic, and even some types of creative writing where logical sequencing is important.
- Structured Output – The model’s output is more structured and methodical, reflecting a clear line of reasoning.

Other methods to generate chain-of-thought reasoning

Other ways you get ChatGPT to generate chain-of-thought reasoning are:

- Create a custom GPT that contains an example similar to the one above, or add chain-of-thought phrases to custom GPTs.
- Use the o1-preview model (see the illustration to the right), which defaults to a deep level of analysis before generating a response.



9.4 The “before-after-bridge” technique

Description

- This is a technique where you first describe the current situation or challenge (“Before”).
- You next describe your goal or desired outcome, highlighting key goals, requirements and constraints (“After”).
- You then ask the model to provide you with a step-by-step process for getting from your current state to where you want to be.

Example #1 – Retirement planning

- Before: I’m 40 years old and unprepared for retirement, meaning I only have a small amount in saving and minimal investments.
- After: I want to comfortably retire by age 65, with enough savings to support my desired lifestyle and any potential healthcare needs.
- Bridge: Provide a detailed, step-by-step plan to build my retirement savings, including milestones, investment strategies and ideas. Also, consider money-saving tax strategies.

Example #2 – A corporate restructuring step plan

- Before: Parent Entity X currently owns Subsidiary Y, which operates as an integrated part of Parent Entity X’s business.
- After: The goal is to spin off Subsidiary Y as a fully independent business entity. Post-spin-off, both Entity X and Subsidiary Y will be owned by the original shareholders of Entity X.
- Bridge: Provide a step-by-step plan for completing this spin-off, covering each major phase in detail. For each step, address the operational, legal, regulatory, accounting,

- tax, and treasury considerations involved in spinning off Subsidiary Y as an independent entity.
- In your output, include specific tasks and any necessary documentation, regulatory filings, and key transition activities. Ensure the plan is efficient but thorough, with essential steps for a compliant and smooth transition.¹⁵

9.5 A scenario-based prompt

Description

- Use this technique to present a hypothetical scenario, often with a complex set of circumstances, and ask the model to analyze possible outcomes and recommend an approach.
- This is useful for strategic decision-making, such as financial planning under different economic conditions.

Sample prompt

- Imagine a scenario where a company's business income has dropped by 20% during the quarter.
- Describe the potential impacts on operations and suggest at least three strategies to manage cash flow effectively in this situation.
- For completeness, list any strategies you considered but did not recommend, and why you did not recommend them.

¹⁵ Many step plans have similar steps. You can use one or more existing step plans to train ChatGPT on creating a new step plan.

9.6 A pros and cons analysis

Description

- Use this technique to ask ChatGPT to list the advantages and disadvantages of specific decisions or methods.
- It's a great tool for advising colleagues, leaders, or clients on matters with multiple considerations, like choosing between tax and legal structures or investment options.

Sample prompt

- List the pros and cons of electing C-Corporation, S-Corporation, or LLC status for a new business, focusing on tax implications and long-term benefits for an owner-operator.

9.7 A library of chat prompts

- As previously noted, prompt engineering can be very elaborate.
- Refer to a library of detailed chat prompts here:
 - <https://github.com/f/awesome-chatgpt-prompts>
- Among (many) others, this list contains business-related prompts which cause ChatGPT to act as:
 - An accountant.
 - A financial analyst.
 - An investment manager.
 - A legal advisor.
 - A startup idea generator and the possibilities go on and on.

10 ChatGPT Use Cases

10.1 Use ChatGPT instead of Google to answer questions

Overview

- ChatGPT provides answers to questions with the added benefit of not having to sort through links for paid content.
- Remember. ChatGPT provides the ability to ask follow-up questions, whereas traditional Google search does not.¹⁶

Alternatives to ChatGPT

Throughout this material, I have placed an emphasis on ChatGPT. However, the same principles apply to using competing AI models such as:

- Gemini (Google)
- Perplexity AI
- Llama (Meta)
- Claude (Anthropic)
- Copilot (Microsoft)

Based on the principles of productivity (which includes continuity and efficiency), I will continue to use ChatGPT as my go-to AI platform until another one clearly separates itself from the pack.

¹⁶ As a datapoint, I have replaced Google with ChatGPT for rough 80% of my online inquiries.

10.2 Summarize large amounts of text

Text you might want to summarize

Examples of text you might want to summarize in a professional context could be:

- The Internal Revenue Code or Regulations.
- ASC accounting standards.
- The 10-K of a company.
- Lengthy technical memos.

The steps for summarizing large amounts of text

- 1) Use your opening prompt to set the identity and expertise of ChatGPT consistent with the text you want to summarize.
- 2) Type, “Analyze the text I put into the next prompt.”
- 3) Specify how you want ChatGPT to summarize the text. Examples include:
 - “Summarize the text in [500, etc.] words.
 - “Summarize the main points in [12, etc.] bullet points.

CAUTION: Do NOT put proprietary or confidential information into ChatGPT.¹⁷

10.3 Use ChatGPT as a tutor

To test and build your knowledge, ask ChatGPT to do the following:

- Quiz me on [select a topic] concepts or

¹⁷ See the Forbes article, “Generative AI ChatGPT Can Disturbingly Gobble Up Your Private and Confidential Data.” Note, however, that the enterprise version of ChatGPT does not use your data to train its models.

- Ask me progressively more difficult questions about [pick a topic].

You can follow up with a prompt such as this:

- Now that you've assessed my level of knowledge, create a plan that will help me improve my understanding of [topic]. Include key areas I should focus on, recommended resources for learning, and practical exercises to reinforce my knowledge, skill and proficiency.”

10.4 Create custom images for presentations

- You can use ChatGPT to create images for presentations you would never find searching online.
- For example, I used an image like this in a conference presentation to illustrate some IT groups’ caution (and even hostility) towards ChatGPT.
- I created it using the following prompt, “Draw a picture of a T Rex in a modern office environment for accountants wearing a tee shirt that says ‘IT’”.¹⁸



¹⁸ I didn’t like the first image that I got, so my follow-on prompts were, “You can do better,” and “Less cartoonish.”

10.5 Summarize YouTube videos¹⁹

Scenario

Sometimes you find a YouTube video that has promising information. However:

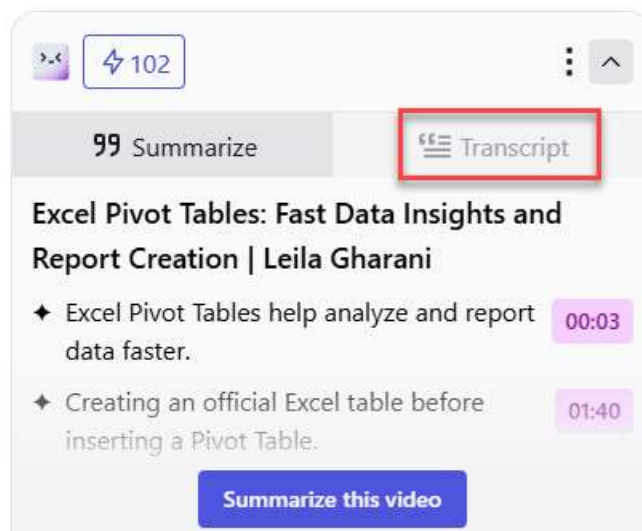
- The video may be longer than you have time for (an hour vs. 5-10 minutes) or
- You want a summary of the video to see if it's worthwhile before watching it.

How can you get quick summaries of YouTube videos?

Combine Merlin AI and ChatGPT to summarize videos quickly

Follow these steps to summarize YouTube videos:

- 1) Install Merlin AI as a Chrome extension (you only need to do this once).
- 2) Go to the YouTube video you want to summarize.
- 3) Click on Merlin AI's "Transcript" button (see the illustration to the right).
- 4) Click "Get Transcript."
- 5) Just above the "Transcript" button, choose the option "Copy with Timestamps."



¹⁹ Like many of the examples in this section, I could have made the prompt engineering far more elaborate. However, the main idea is that you keep ChatGPT in mind as part of your brainstorming needs.

- 6) Paste the transcript into ChatGPT and ask it to summarize the video.
- 7) If you see a section that's interesting or relevant to you, ask ChatGPT, "What timestamp does the discussion start on [topic]?"

Using this method, you can 1) quickly summarize the content of videos and b) go straight to the part you most want to see.

10.6 Brainstorming

- ChatGPT can generate numerous creative ideas on almost any topic.
- If the output sounds generic, ask ChatGPT to focus on ideas that are [unique, unconventional, etc.].

10.7 Analyze and summarize PDFs

This works for:

- Technical accounting and tax news and articles.
- 10-K's.
- Legal documents.
- Comparing different versions of documents.

I've saved *massive* amounts of time using this functionality.

10.8 Analyze spreadsheets

- At present, ChatGPT cannot read Excel files.
- However, ChatGPT can read Excel data that you print as a PDF.
- You can print an entire workbook as a PDF and load it into ChatGPT, but you will get better results if you:
 - Print each page in the workbook as a separate tab.
 - Give each PDF a unique name (Domestic – 1, Domestic – 2, etc.).

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- Upload these PDFs individually or as a group.
- Ask ChatGPT to analyze specific workpapers in your queries (rather than all of them at once).

10.9 Identify missing information

Background

- Most experienced CPAs are proficient in reviewing the information presented to them in financial statements, tax returns, workpapers, technical memos, and so on.
- However, detecting missing but necessary elements in a work product requires a different level of attention and expertise.
- You can leverage ChatGPT's analytical capabilities to help you identify missing components that might otherwise be overlooked, enabling you to do a more comprehensive review.

Example #1 – Financial statement footnotes²⁰

- Analyze the following company's financial statements, which include the balance sheet, income statement, cash flow statement, and related footnotes.
- Based on the requirements of the SEC regulations, US Generally Accepted Accounting Principles (GAAP), and standard industry practices, identify any footnotes or disclosures that are commonly required but appear to be missing.
- Provide a draft of any footnotes you determine are missing based on the length and style of the footnotes already in the financial statements.

²⁰ Remember to avoid putting confidential information into ChatGPT unless you have a version that excludes your data from training its large language model (LLM).

Example #2 – Legal document review

- Review the following contract and identify any customary sections that are missing, such as indemnification clauses or confidentiality agreements.
- Explain the importance of each missing section.

10.10 Other use cases

The following are some other examples of CPA-related use cases:

- Comparative analysis of financial statements.
- Workflow process optimization.
- Custom financial modeling.
- Risk assessment and mitigation strategies.

There are many other ideas I could list. My point here isn't to name them all. Rather, it's to help you see that the possibilities are as broad as your willingness and capacity to think openly and creatively.

11 Adopt a Productivity-Driven Technological Mindset

11.1 The challenge for CPAs to keep up with AI

Up to this point, I've primarily focused on the technical aspects of using ChatGPT to effectively generate answers to accounting, tax, and related questions. But what about the hundreds of other AI tools already available, with more being introduced all the time? How can we as busy CPAs possibly keep up? The purpose of this section is to offer methods, strategies and mindsets for staying how to stay on top of technology (and keep technology from getting top of you!).

11.2 Recognize that core CPA work products stay the same

- One way to stay grounded in the face of fast-changing technology is to remember that CPA-related work products have remained stable over a long period of time, and that trend is likely to continue well into the future.
- Here are examples of core deliverables that fall into that category:
 - 10-K's and financial statements.
 - Tax Returns.
 - Tax Provisions.
 - Technical Memos.
 - Budgets.
 - Projections and
 - Workbooks supporting these and other accounting, tax and financial calculations.

Yes, it's true that we must evolve in HOW to complete these work products (that's always been the case), but the types of deliverables we produce haven't fundamentally changed in decades.

11.3 Keep the focus on productivity rather than technology

- For CPAs, I define productivity as completing high-quality accounting, tax and finance deliverables accurately and on time.
- Technology is NOT productivity. In other words, technology does not, by itself, produce anything.
- Thus, technology, whether in the form of AI or some other software, is only an enabler or accelerant of productivity.²¹

In summary, the goal for us as CPAs isn't to be the best at technology. The goal is to finish high-quality work products accurately and on time. Adopting that mentality makes it much easier to cut through the clutter and focus on technologies that matter.²²

11.4 Adopt an investment mentality with technology

“[You were] so preoccupied with whether or not [you] could, [you] didn't stop to think if [you] should.” – Dr. Ian Malcolm in Jurassic Park

²¹ This is consistent with Jim Collins's findings and commentary in his book “Good to Great.”

²² Another key finding from “Good to Great” is that high-performing organizations were NOT the best in all categories of technology. Rather, they were the best at targeted technologies that focused on key drivers of their business model.

- Adopting a mindset of seeing AI (and other technology) as a means to an end and not an end unto itself enables you to view technology as an investment.
- Consider the following example:
 - A work product currently takes 10 units of time to complete.
 - Will investing time, money, and effort in technology materially improve the time it takes to complete the work product?
 - Will this be a one-time or a recurring improvement in productivity?

Asking and answering these types of questions will improve your technology-related decision-making and result in higher productivity instead of getting bogged down in needless complexity that doesn't matter.

11.5 Define what you want to accomplish

- Related to the previous point, defining precisely what you want to accomplish will help you to keep productivity (vs. technology) at the forefront.
- After defining what you want to accomplish, consider if you can quickly and effectively complete your task with the technology and personnel already available to you.
- If so, it's not necessary to waste any more time or energy; simply focus on completing the project.
- If, however, parts of the project are particularly manual, repetitive, or labor-intensive, consider technological solutions that could accelerate the work.

KEY POINT – Don't *start* with technology and wonder how it might apply to your work. Instead, *first* define what you're trying to accomplish and *then* determine if technology can make the process more efficient.

12 Strategies for Keeping up with AI and Other Technology as a CPA

Now that you understand what it means to have a productivity mindset when making technology-related decisions, we're ready to cover specific CPA-related methods and strategies for effectively doing so.

12.1 Use ChatGPT unless there is a compelling reason to change

- In November 2022, ChatGPT became the first AI chatbot released to the general public.
- Just because ChatGPT was released first doesn't mean it will remain the dominant AI platform in the future any more than Yahoo retained its lead over Google in search.
- That said, until and unless there is a clear and compelling reason to change, I recommend that CPAs focus on developing proficiency with ChatGPT rather than divide their attention between multiple AI platforms.

12.2 Use ChatGPT to increase your productivity with software tools you already use

- Another way to combat knowledge overload is to use ChatGPT to improve your proficiency with software tools you already use, such as Excel, Word, Alteryx, and other programs commonly used by CPAs.
- Referring to earlier examples, ChatGPT can help you write Excel formulas or Alteryx syntax.

KEY POINT – You'll frequently be more productive using fewer software tools with a high degree of expertise than many different programs with low to medium proficiency.

12.3 Avoid redundant AI software applications

- Microsoft is the longtime leader in office productivity software for CPAs.
- However, the following are examples of AI-driven products that are challenging Microsoft in certain areas:
 - Presentation software (e.g., Tome - <https://beta.tome.app>)
 - Email software (e.g., Superhuman - <https://superhuman.com>)²³
- While I'm encouraged by the innovation in these areas, I believe Microsoft's dominance in office productivity software and its heavy investment in AI will make it difficult for competitors to gain traction.
- I also think Microsoft products' compatibility with each other is a huge advantage.

RECOMMENDATION – Don't spend excessive time learning software products that overlap with Microsoft's main CPA-related product suite.

12.4 Summary

By following the approaches I've outlined, you'll have more time and money to learn, implement, and adopt targeted technologies that matter in producing accounting, tax and finance work products.

²³ I've left links to these software solutions so you can decide for yourself.

13 Professional Education Resources and Consulting

- Go to my home page at <https://nctaxdirector.com> and enter your email in the “Subscribe” section to be notified of professional education updates.
 - Note: Check your spam filter if you don’t get a welcome message after signing on to the mailing list.
- Contact me directly to arrange for onsite training on technology and productivity through a state CPA society.
- I also offer consulting services based on easy, flexible terms (refer to the web address above).

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