2011
Tax Software
Reference Manual

Tax Prep Software

Reference Manual

for

Tax Year 2011

License Agreement

IMPORTANT INFORMATION - READ CAREFULLY BEFORE INSTALLING SOFTWARE

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6. **Indemnification.** You agree to hold Licensor and its licensors, parents, affiliates, successors, assigns, officers, directors, representatives, employees and agents, and the franchisees of any of them, from and against any claim, suit, loss, liability, penalty or damages (including incidental and consequential damages), costs and expenses (including reasonable attorneys' fees and expenses), arising out of your breach of this Agreement.

7. **Export Restrictions.** The Software is provided solely for lawful purposes and use. You shall be solely responsible for, and agree to comply with, all applicable laws, statutes, ordinances, and other governmental authority, however designated. Without limiting the foregoing, you agree to comply with all U.S. export laws and applicable export laws of your locality (if you are not in the United States), and shall not export any Software or other materials provided by Licensor without first obtaining all required authorizations or licenses. The Software including the documentation are provided subject to Licensor's standard commercial agreement; products acquired for use within or for any United States federal agency are provided with "LIMITED RIGHTS" and "RESTRICTED RIGHTS" as defined in DFARS 252.227-7013 and FAR 52.227-19.

8. **IRC Section 7216.** IRC Section 7216 and the associated regulations ("§7216") govern a tax return preparer's use and disclosure of tax return information. You acknowledge that, as a user of the Software to provide tax preparation services, you are a "tax return preparer" as such term is defined under §7216. You warrant that, as a tax return preparer, you will comply with §7216. Subject to certain exceptions under §7216 you are required, among other things, to obtain a taxpayer's written consent before you are permitted to: i) use a taxpayer's tax return information to offer products or services other than tax preparation, or ii) disclose a taxpayer's tax return information to third parties. To the extent uses or disclosures requiring consent under §7216 are facilitated by the Software, Licensor has included the required consent forms for your use. You shall obtain the taxpayer's signature on the consent form(s) when required and retain the executed consent form(s) with the taxpayer's file. To the extent you elect to use or disclose a taxpayer's tax return information for purposes other than those facilitated by the Software, you shall be solely responsible for: i) developing any additional consent forms as required by §7216, ii) properly obtaining the taxpayer's signature on such consent forms when required, and iii) and retaining the executed consent form(s) with the taxpayer's file. Upon reasonable notice and during normal working hours, you shall allow representatives of Licensor to inspect your compliance with §7216 solely as it relates to your use of the Software.

9. **Fees and Payment.** Per Unit Processing (PUP) and Electronic Filing (EF) invoices, if any, are due and payable upon receipt. If payment is not received within thirty (30) calendar days of the invoice date, Licensor shall have the right to restrict your account from Software updates, alerts, PUP, and EF services until full payment is received.

10. **Other.**

(A) Governing Law; Forum. This Agreement shall be governed by the laws of the state determined at the sole discretion of Licensor, without regard to choice of law or conflicts of law provisions. Licensor and you agree that the exclusive jurisdiction of any dispute arising out of, or relating to, this Agreement or any dispute arising out of, or relating to, the Software or services provided in connection therewith shall be in the courts located in the county To be determined at the sole discretion of Licensor.

(B) Entire Agreement. This Agreement is the entire and exclusive agreement between the parties with respect to the subject matter hereof, and it supersedes all previous communications, representations or agreements, either oral or written,

between them. No representations or statements of any kind made by any representative of Licensor or its affiliates or subsidiaries, which are not included in this agreement, shall be binding on Licensor.

(C) Amendments. Neither party may modify or amend this Agreement except by a writing signed by you and authorized representatives of Licensor.

(D) Waiver. No waiver of any provision or condition herein shall be valid unless in writing and signed by you and an authorized representative of Licensor. Licensor's failure to insist upon or enforce strict performance of any provision of this Agreement or any right shall not be construed as a waiver of any such provision or right.

(E) Severability. If any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the maximum extent permitted by law or equity while preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement.

Should you have any questions concerning this Agreement, please contact Licensor in writing.

Table of Contents

Hardware Requirements

The following are hardware requirements and suggestions when running the program.

System Requirements

Supported Operating Systems: Windows 7 32-bit & 64-bit, Windows VISTA 32-bit & 64-bit, Windows XP Service Pack 3 32-bit, Windows Server 2003 Service Pack 2, Windows Server 2008 32-bit and 64-bit

Hardware	Minimum	Recommended
Processor	2.0 GHz	Dual-Core Processor or better
RAM	1 Gigabyte RAM	4 Gigabytes RAM
Screen Area*	1024 X 768	1280 X 1024 or better
Internet/Browser	High-speed (DSL, Cable, etc) Internet Explorer 8	High-speed (DSL, Cable, etc) Internet Explorer 8 or better
Scanners	Twain Compliant	Twain Compliant
Printer	Min16 MB RAM	Min 32 MB Ram

Software Prerequisites

Microsoft.NET Framework 4.0

*To set the screen area, click the **Start** button and select **Control Panel**. In *Classic View*, click the **Display** icon. Click the **Settings** tab in the *Display Properties* window and adjust the screen resolution. Click **Apply** to use the new screen settings, and then click **OK**.

Printers

The program has the ability to print using BubbleJet, InkJet, DeskJet, and LaserJet printers. However, we highly recommend LaserJet printers with at least 15 pages per minute (PPM) and 8 MB or more of memory, as they are more economical and have increased print speed.

Common laser printers used in tax preparation include:

HP 1022 (19 ppm)	HP P2015 (27 ppm)	HP 3050 AiO (19 ppm)
HP CM1015 MFP (8 ppm)	HP 3052 AiO (19 ppm)	HP 2605 (12 ppm)
HP P3005 (35 ppm)	HP 3390 AiO (22 ppm)	HP M2727nf MFP (27 ppm)
HP 2820 AiO (20 ppm)	HP CP3505n (22 ppm)	HP 4250 (45 ppm)
HP 4240n (40ppm)	HP CP4005n (30 ppm)	HP 3000n (30ppm)
HP 4700n (31 ppm)	HP 4730MFP (30 ppm)	HP 5200 (35 ppm)
HP 4350n (55 ppm)	HP 5550n (27 ppm)	HP 9500n (24 ppm)
HP CP4005n (24 ppm)		

Be cautious when purchasing all-in-one units (fax, scanner, printer, and copier combinations), as these units do not have printer memory for soft fonts to be downloaded. These printers will not work with the program unless you specify output in Adobe PDF format, which typically prints at a lower rate.

To change printer settings, click **Settings**, **Printer & Delivery Settings**. Select the desired printer. If using a BubbleJet, DeskJet, or InkJet type printer, check the **Print forms in PDF format** box.

Note

Non-LaserJet printers have a tendency to blur 2D barcode forms. This may cause problems with the state's ability to scan returns correctly. Always submit the original copy to the state for 2D barcode processing.

New Features

- ◆ Barcode Reader (pg. 109)
- ◆ Business Electronic Filing Options Screen (pg. 209)
- ◆ FAQs (pg. 24)
- ◆ Proforma (pg. 59)
- ◆ Signature Pad (pg. 109)
- ◆ STaR Efficiency Enhancements (pg. 67)
- ◆ Updates (pg. 20)

New System Features, Forms, and Schedules

1040

- Federal - Form 8949
- Federal - Added all additional forms (126+) for IRS MeF Phase III
- Alabama – MeF
- Iowa – 2D Barcodes on Forms
- Kentucky – Form 8949-K, 8879-K
- Maine - Schedule A Worksheets, MeF
- Maryland - Form 505SU, Form 502B, MeF
- Massachusetts - Form MA 2210A
- Minnesota – Form M1PR E-Filing
- Ohio – MeF
- Texas – Ability to file multiple Texas Franchise Tax Refund for each single member LLC from the Federal Schedules C, E, and F in the same return
- West Virginia – MeF

1041

- Federal – Private Activity Bonds on Interest and Dividend grids
- Idaho – Form PTE-01, Form PTE-12
- Texas – Ability to file multiple Texas Franchise Tax Refund for each single member LLC from the Federal Schedules C, E, and F in the same return

1065

- ◆ Federal - Form 8822-B
- ◆ Connecticut – CT K-1T
- ◆ Idaho – Form PTE-01, Form PTE-12
- ◆ Maryland – Form 510C
- ◆ Massachusetts – Form M-8736
- ◆ Oregon – Portland Form C, Form P, Form SC
- ◆ Rhode Island – Schedule K-1
- ◆ Utah – TC-250

1120

- ◆ Federal - Form 1125-A (previously known as Schedule A)
- ◆ Federal - Form 1125-E (previously known as Schedule E)
- ◆ Federal - Form 8050
- ◆ Federal - Form 8822-B
- ◆ Iowa – Form 1120X
- ◆ Oregon – Portland Form C, Form P, Form SC
- ◆ Virginia – Form VA-8879C

1120S

- ◆ Federal – Built-in gains worksheet
- ◆ Federal – Form 8050
- ◆ Connecticut – CT K-1T
- ◆ Idaho – Form PTE-01, Form PTE-12
- ◆ Maryland – Form 510C
- ◆ Oregon – Portland Form C, Form P, Form SC
- ◆ Pennsylvania – RCT-1010D, RCT-128C

- ◆ Puerto Rico – Business Systems 1065, 1120, 1120S
- ◆ Rhode Island – Schedule K-1, E-filing
- ◆ Utah – TC-250

Installation

The software installation will place supporting files, as well as subdirectories, on your local drive. It is easy to use and is similar to other Windows installation programs. The installation is comprised of screens with choices that operate in a "wizard" format. Move through each screen by choosing and clicking the appropriate buttons for the desired option.

For the 2011 software, the installation process has been simplified. Configuration for networks has been moved and is now part of the Initial Configuration Wizard.

Note

If installing from the Internet, refer to *Install from Internet* instructions at the end of this section.

Install from CD

Step 1   Close all running programs.

Step 2   Insert the CD into your CD-ROM drive.

Step 3   The CD should start automatically. Click the **To Begin Installation Click Here** link on the launch page.
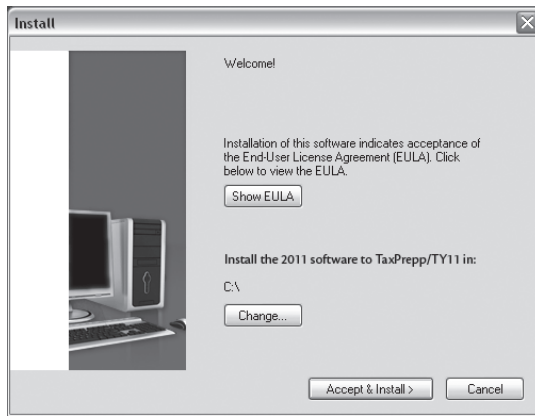
Step 4   If the auto-run menu does not appear after inserting the program CD, click the Start button on the taskbar and select **Run**. Type **D:\ Setup.exe** on the line labeled Open. Click **Ok**. If your CD-ROM drive uses a letter other than D, substitute that letter for D. As the setup starts, it will check your computer for prerequisites. The software requires Microsoft's MSXML 6.0 Service Pack 1, Microsoft Visual C++ 2010, and .Net Framework 4.0 Full. If the prerequisites have not been installed, the setup will attempt to download them from Microsoft's website.
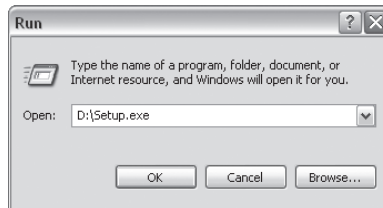
Note

Some firewall applications or appliances may need to be configured to allow these prerequisites to be downloaded. If you cannot download them from the Setup, please download and install them manually from Microsoft's website.

**Step 5**   The Welcome screen will open. Review the End User License Agreement (EULA) by clicking the **Show EULA** button. You can print the License Agreement for future reference by clicking the **Print** button.

Install

Welcome!

Installation of this software indicates acceptance of the End-User License Agreement (EULA). Click below to view the EULA.

Show EULA

Install the 2011 software to TaxPrepp/TY11 in:

C:\

Change...

Accept & Install >   Cancel

Step 6 By default, the software will install to the C drive on your machine. Click the **Change** button if you need to change the default installation path. We recommend that you leave this setting as the default.

Step 7 After reading the license agreement and verifying the installation path, click the **Accept & Install** button.

Step 8 The software will install to the location specified in Step 6.

Step 9 After all of the files have been installed, the InstallShield Wizard Complete screen will be shown. Select the option to launch the program and click the **Finish** button. If the program does not start automatically, you may run the program by double clicking the **Tax Prep Software** icon on your desktop.

InstallShield Wizard

InstallShield Wizard Complete

The Installshield Wizard has successfully installed the 2011 program on your computer.

Would you like to launch the 2011 program at this time?

○ Yes, launch 2011 program

○ No, do not launch the 2011 program at this time.

< Back   Finish   Cancel

Note

Adobe Reader is no longer required, but recommended. If you do not have Adobe Reader 9.0 or higher installed on your computer it is available for download from Adobe's website at www.adobe.com.

Install From Internet

Step 1 Close all running programs.

Step 2 Open your internet browser and go to the software website.

Step 3 Locate the download file.

Step 4 Click on the **Download** link to begin downloading. It is recommended that you save the link to your desktop.

Step 5 Locate the **setup.exe** on your desktop and double click to begin the installation process. The software requires Microsoft's MSXML 6.0 Service Pack 1, Microsoft Visual C++ 2010, and .Net Framework Full. If the prerequisites have not been installed, the setup will attempt to download them from Microsoft's website.

Note Some firewall applications or appliances may need to be configured to allow these prerequisites to be downloaded. If you cannot download them from the software Setup, please download and install them manually from Microsoft's website.

Step 6 Continue installation by following steps 5 through 9 of *Install from CD* (page 7-8).

Initial Configuration

The **Initial Configuration Wizard** assists in organizing your user settings and configuring your network (if applicable). To use the program properly, complete the information on each screen.

Step 1 If the program is not already open, double click the **Tax Prep Software** icon on your desktop. The **Initial Configuration Wizard** will appear the first time the program is opened after installation.

Step 2 If the software is only installed on one computer in your office, select **Stand Alone Configuration**, click **Next**, and skip to Step 8. If more than one computer in your office will have the software and will share data, select **Network Configuration**, click **Next**, and continue to the next step.
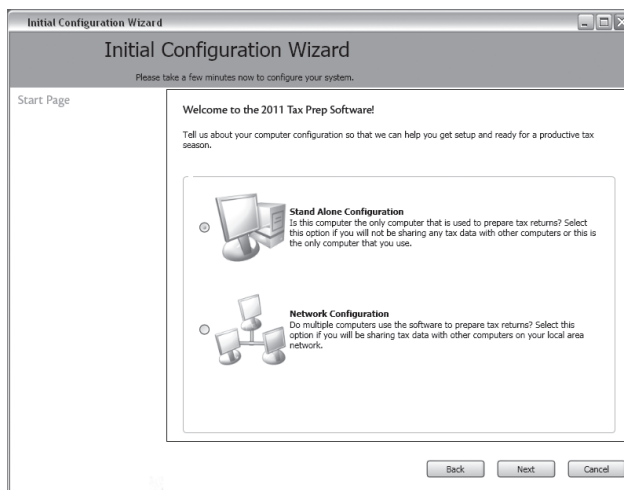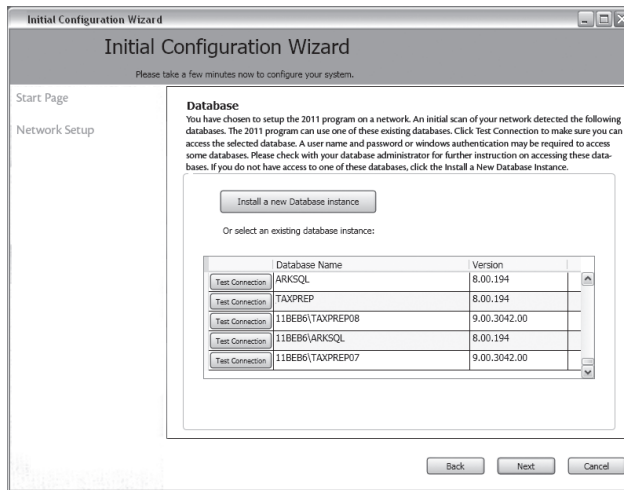

Step 3 If this is the first computer you are configuring on your network, select the **Yes, this is the first computer setup on my network** option. Click **Next** and continue to the next step. If you have already configured another computer on your network, select the **No, another computer has already been setup on my network** option. Click **Next** and skip to Step 7.
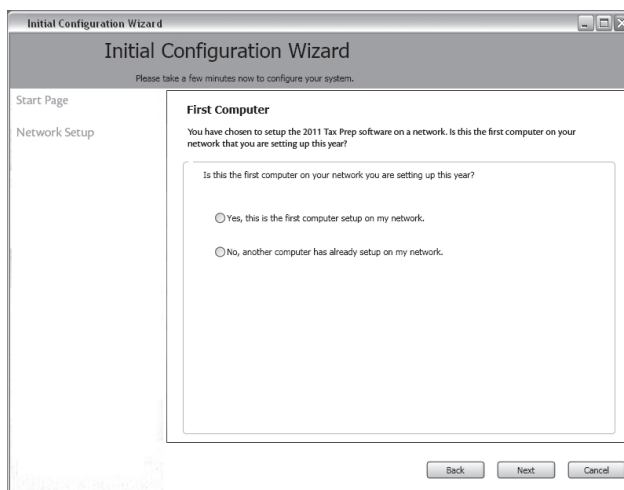
Step 4 Enter the location on your network where the settings and upgrades for the software should reside. You may click **Browse** to find the location on your network. Please note this location, as you will need it to configure subsequent computers. Click **Next** once the location has been entered.
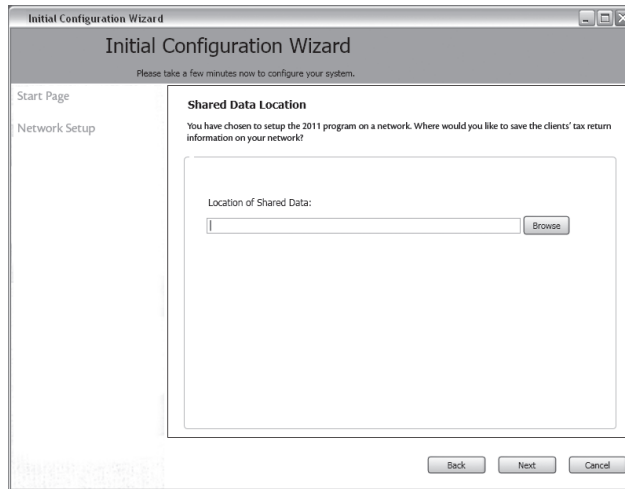
Step 5 If the initial configuration wizard has not completed a scan of your network, you may see a screen indicating the system configuration is taking place. Allow the scan to complete before continuing. If the software was able to find and connect with the Tax Prep Software's 2010 database, you will be taken to the serial number entry screen. Skip to Step 8. If the program was NOT able to connect automatically to a database, continue to the next step.

Step 6 If more than one database is available on your network, you will be presented with a list of existing database instances. Review the list of Database Names and select the best one to connect to. The database name consists of the machine name, a backslash (i.e.\), and the database instance on that machine. Click **Test Connection** on the row of the database you want to connect to. If the user name and password are not known to the program, you will be prompted to enter the username and password for the database. If you are unsure of the database login credentials, or not sure which database to connect to, click **Install a new Database Instance**. The program will then install a new database instance. Once the database has been installed, or an existing database has been configured, click **Next** and continue to Step 8.

Initial Configuration Wizard _ □ X

Initial Configuration Wizard

Please take a few minutes now to configure your system.

Start Page

Network Setup

Database

You have chosen to setup the 2011 program on a network. An initial scan of your network detected the following databases. The 2011 program can use one of these existing databases. Click Test Connection to make sure you can access the selected database. A user name and password or windows authentication may be required to access some databases. Please check with your database administrator for further instruction on accessing these databases. If you do not have access to one of these databases, click the Install a New Database Instance.

[Install a new Database instance]

Or select an existing database instance:

	Database Name	Version
Test Connection	ARKSQL	8.00.194
Test Connection	TAXPREP	8.00.194
Test Connection	11BEB6\TAXPREP08	9.00.3042.00
Test Connection	11BEB6\ARKSQL	8.00.194
Test Connection	11BEB6\TAXPREP07	9.00.3042.00

[Back] [Next] [Cancel]

Note

Some recommendations on databases:
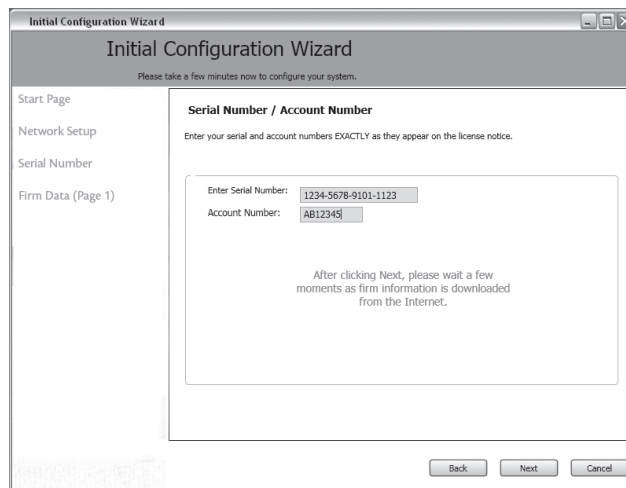
A. If you have an existing SQL database server, check with your database administrator to configure the connection.

B. If you have more than one prior year version of TaxPrep (or TaxPrep10) select the applicable database instance on your server (or the machine where the program settings and upgrade information reside).

C. If you have a choice between a version 8 and a version 10 database instance, use the version 10 database.

D. If there are any doubts about which database to connect to, install a new database instance.

Step 7 If you indicated in Step 3 that a machine had been previously configured on your network, enter the location of the configuration file. Click **Browse** to find theNetworkSetup.config file in the network location noted in Step 4. Once the configuration file has been entered, click **Next** and skip to Step 20.

Step 8 Enter the **Serial Number** and **Account Numbers** EXACTLY as they appear on your license notice. Click **Next** to continue.

Step 9 Enter other firm information as desired. Click **Next** to continue.

Step 10 Enter any additional firm data as desired. If you participate in electronic filing, you can enter a default **EFIN**. Click **Next** to continue.
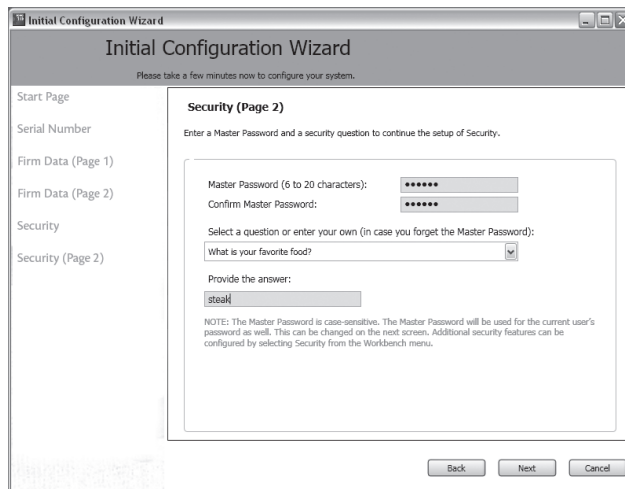
Step 11 The Security section of the Initial Configuration Wizard walks you through setting up a master password and logins for each user. You may skip this section by selecting the **Disable Security** option. If you select to disable security, click **Next** and skip to Step 14. We recommend that security be enabled. If you want to enable security, select **Enable Security** and click **Next** to continue.
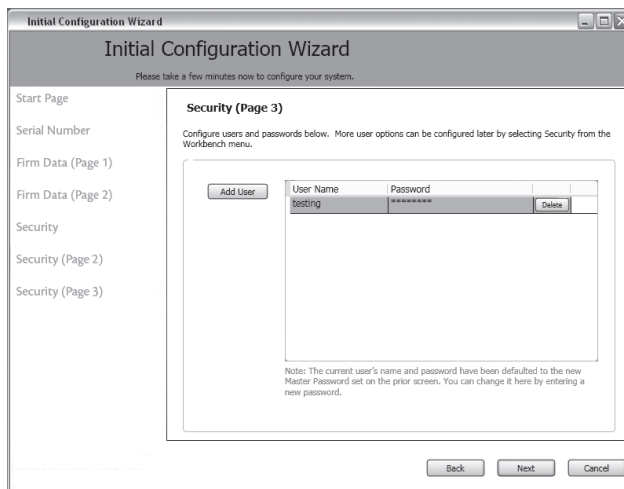

Step 12 Enter in and then confirm the **master password**. Select a **security question**, and enter your **answer**. Click **Next** to continue.

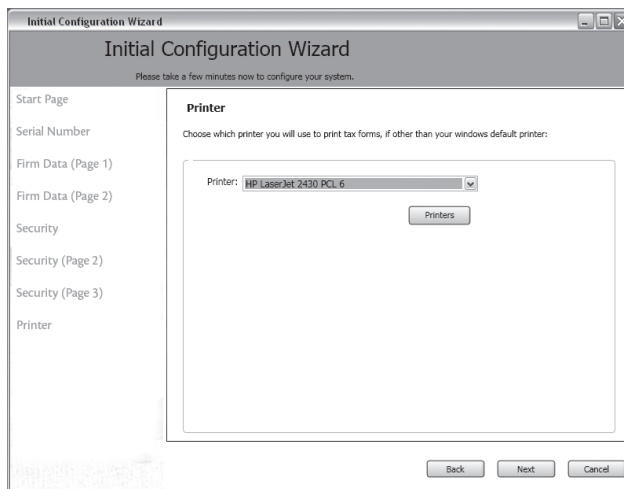**Step 13** Your User Name should appear. Your password will be the same as the Master password entered in Step 12. You may enter more users and passwords by clicking **Add User** or you may delete users by clicking **Delete**. Once all users have been created, click **Next** to continue.

Step 14 Verify that the correct printer is selected in the Printer drop down box. Click **Next** to continue.

Step 15 If the 2010 program is installed on your computer, check the boxes for the system options you wish to update. Verify the System Update path. Click **Next** to continue. If the 2010 program is not installed on this computer, click **Next** to continue.
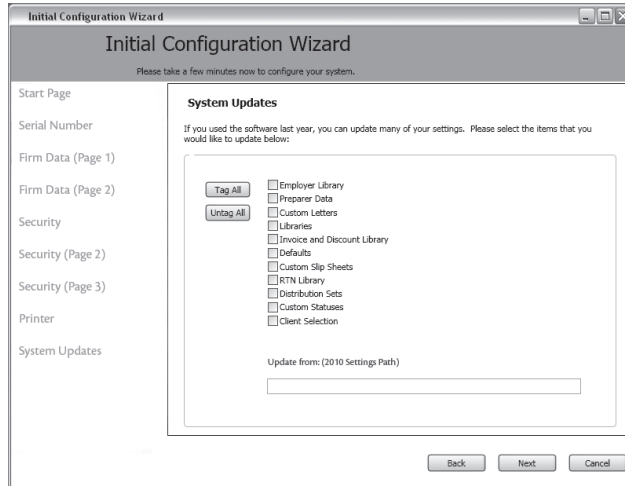
Step 16 The next initial configuration wizard sccreens show new features and wording changes added to the 2011 program. Review the information and click **Next** to continue.

Step 17 From the Update Settings screen you can configure how often the tax software downloads updates and when they are applied. Below are instructions for Stand Alone and Network Installations.

Stand Alone Installation Update Settings

Step 1   The *Download Options* section allows you to choose how often
the program will check and download software updates.

Step 2   The *Update Options* section allows you to choose when to apply
new software updates to the program. You can choose to apply
updates automatically on startup, or you manually apply updates.
If you chose to apply updates manually, indicate if you want the
program to prompt you on software startup or shutdown. Select a
reminder frequency. Click **Next**.
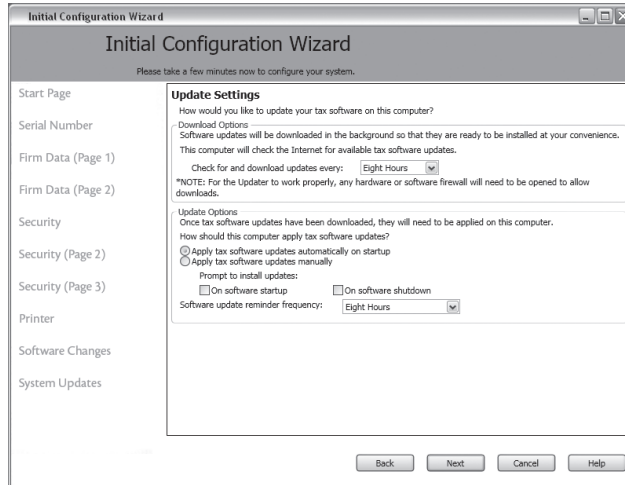
Network Installation Update Settings
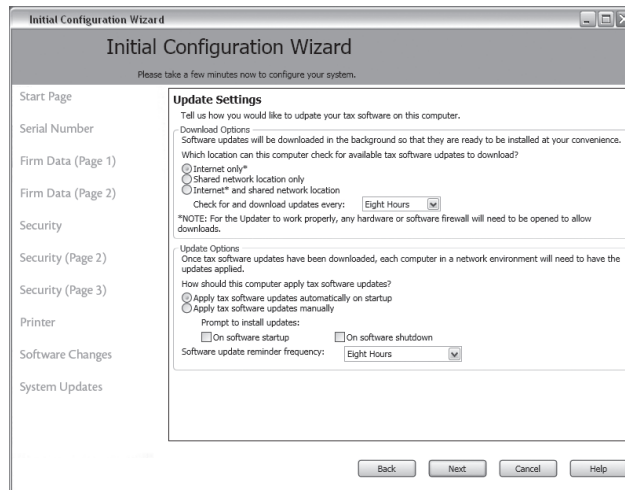
Step 1   The *Download Options* section allows you to choose from where
and how often the computer running the *Initial Configuration
Wizard* will download updates.

We recommend that all computers use the *Internet and shared net-
work location* option. This will ensure that all workstations on the
network are always up to date. However, you can choose to have
a computer update from the Internet only or from the *Shared net-
work location only*.
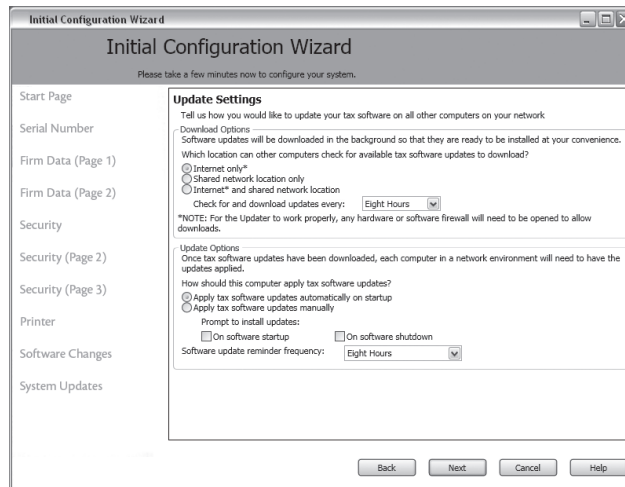
Note   At least one computer on your network should be configured to check the
internet for updates.

Step 2   The *Update Options* section allows you to choose when to apply software updates to this computer. You can select to apply updates automatically on software startup, or you manually apply the updates. If you chose to apply tax software updates manually, indicate if you want the program to prompt you on software startup or shutdown. Select a reminder frequency. Click **Next**.

Step 3   Indicate how all other computers will download updates. Again, we recommend that *Internet and shared network location* be set for each computer. You can also specify how the other computers will apply the updates. Click **Next**.

Step 4   The final screen is a reminder to verify information carried forward as part of the system updates, or you can enter new information. You can access most of the items from the **Settings** menu once the initial configuration wizard is complete. Click **Finish** to complete the initial configuraiton wizard process.
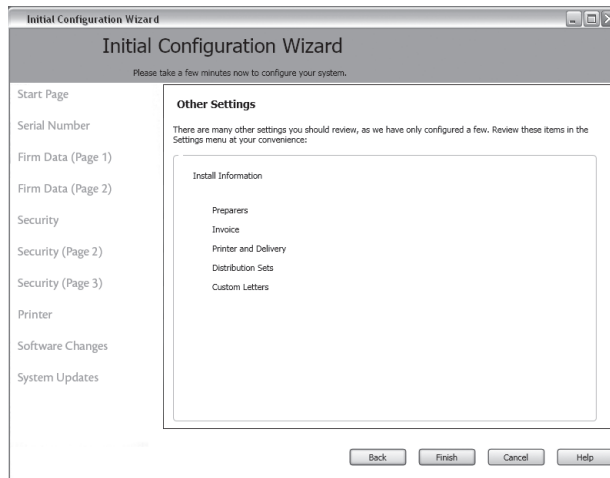
Step 5   You may be prompted to install the sample returns. Click **Yes** if you would like them loaded on your computer, otherwise click **No**.

Step 6   After the initial configuration wizard steps have been completed, the client selection screen should open.

If you need to setup and/or configure the software on other machines in your network, repeat the Program Installation and Initial Configuration procedures.

Updates

To reconfigure Update settings select the **Installations** menu.

Check for Updates will run through a process to see if any new updates are available.

Configure Update Options allows you to change any prior settings

Hotfix Release Notes will display information on changes made in each update version of the tax software.
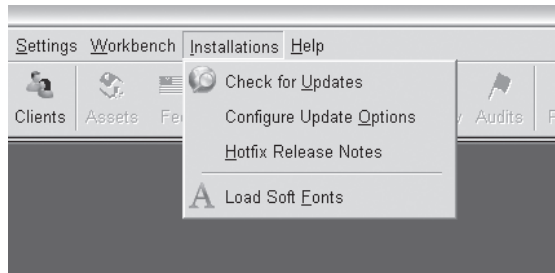
General Instructions

We have designed the program to look and feel like other Windows-based programs. Movement throughout the program is based on Windows functions you should be familiar with. For example, click with your mouse to select an item; hold the mouse key down on a part of the screen to move, expand, or reduce the screen; drag the scroll bar to move the form up or down. This manual is to be used as a reference item. You can also find answers to many questions by clicking the **Help** menu and selecting the desired topic; or right click with your mouse on any input field.

When the program is initially opened, the Client Selection screen automatically appears. Double click on a client or click **New** in the top left corner of the Client Selection screen. (For information on entering a new client, reference the *Tutorial* section.) You are now viewing the *Workspace*. There are three bars within the program.

Menu Bar

Button Bar

Status Bar
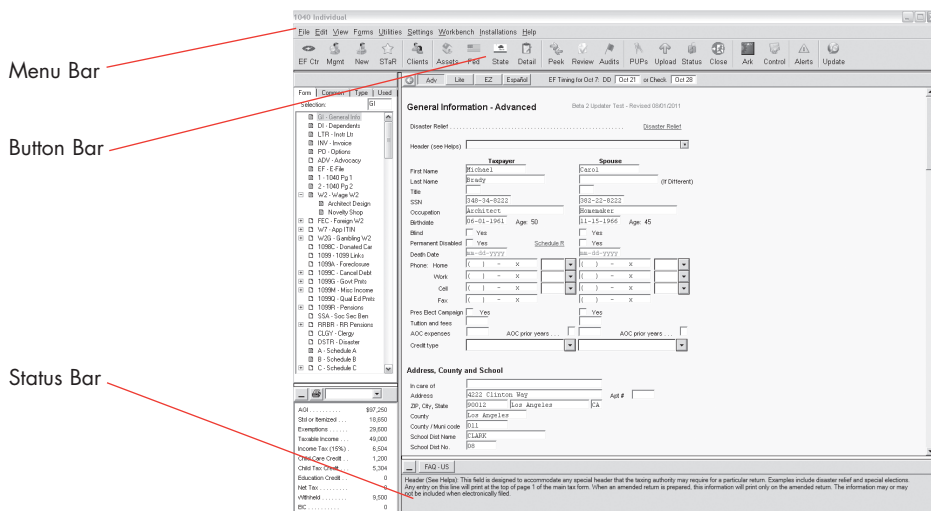
Button Bar

The button bar contains icons that will link to the most frequently used functions. The icons **EF Ctr**, **Mgmt**, **New**, **STaR**, and **Clients** link to screens where most of the tax preparation will take place. The **Assets**, **Fed**, **State**, and **Detail** icons link to input forms used to enter client information. **Peek** toggles to a full view of the *Output* pane. **Review** is used to process the return. **Audits** will let you view audit messages for the client you are working on. The **PUPs** and **Upload** icons link to program features through the Internet. **Status** is used for in-house tracking of a client. **Close** exits the client's return and returns you to idle mode. **Ark** links to a document storage software called ArkWorks.

Control is a vital link for entering license information and setting unique preferences in the program. **Alerts** links to a website, allowing you to view messages regarding form and program changes, and bank and IRS messages. **Update** allows you to receive program updates through the Internet.
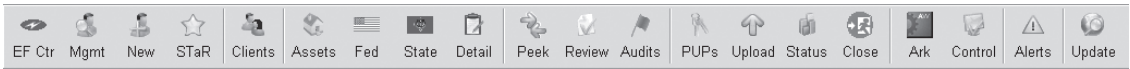
EF Ctr	Mgmt	New	STaR	Clients	Assets	Fed	State	Detail	Peek	Review	Audits	PUPs	Upload	Status	Close	Ark	Control	Alerts	Update
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**

1. E-File & Financial Products functions and reports
2. Client Management utilities
3. Create a new client file
4. Simple Tax Return Wizard
5. Client Selection Screen
6. Asset Tracker input
7. Federal input
8. State input
9. Detail Statement input fields
10. Peek and review return
11. Process and review return
12. Review Audits for client
13. View or request PUP code through Internet
14. Upload open client through Internet
15. View and change status of client
16. Exit client's return
17. Link to ArkWorks® software, if purchased
18. Enter preparer/program/default information
19. View and print Alerts
20. Update program files

Note

To remove or restore button captions, click the **View** menu and select **Use Captions on Buttons**. Customize the button bar by right clicking on the button bar and selecting **Customize**.

Menu Bar

File Edit View Forms Utilities Settings Workbench Installations Help

The menu bar contains many submenus. The options on the button bar, as well as other features, are noted here and at the back of the manual.
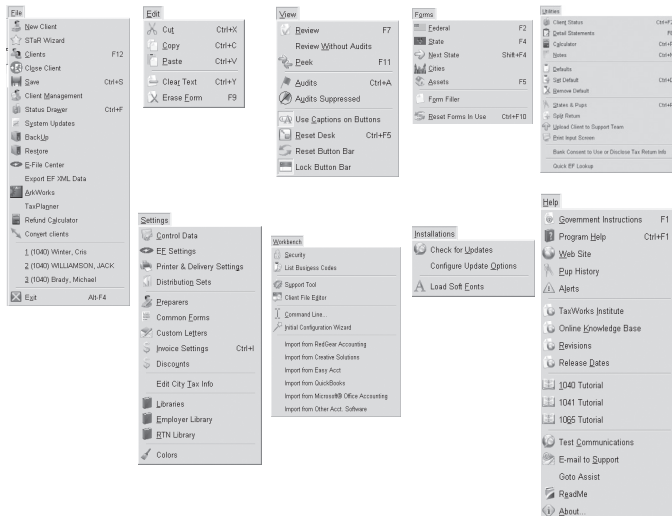
Status Bar

The status bar is located at the bottom of the screen. It displays the client's name, SSN or EIN, and return status. AGI and other amounts are displayed only when the Summary pane is minimized.

WILLIAMSON, JACK (555-55-4545)		AGI: 81,413	Total Tax: 16,282	Total Pmts: 16,500	Refund: 218

Workspace Modes

The *Workspace* is located in the center of the screen and has three modes:

- **Idle** – The screen is blank and some of the button bar icons are static.

- **Input** – This screen, also known as the program desktop, allows input of client data. It is accessed through **New** or **Clients**. Up to four panes can be viewed at once on the screen in this mode.

Use the **Forms pane** to select forms and schedules for data entry.

The **Input pane** is where client information is entered.

The **FAQ** button will take you to the most frequently asked questions, issues, solutions, and helpful hints regarding the form or schedule you are currently working in.

The **Help pane** displays helpful information for the field your cursor is on. You can also scroll the contents to view information for the entire form or screen being viewed.

The **Summary pane** displays client information such as AGI, Total Tax, Total Payments, Federal and State Refunds, and Balance Due. As you make changes to the return, the Summary pane will display real-time calculations. This pane is only available in the 1040 system.

> **Note** ▶ To restore the *Workspace* screen to factory settings, click the **View** menu and select **Reset Desk**, or press **Ctrl+F5**.

> **Note** ▶ To toggle between the Input pane and Output form, click **Peek**. Or click the **View** menu and select **Peek**. You may also press **F11** to toggle between panes.

■ **Review** – This screen lists the contents of a client's return after it has been processed. It is accessed by clicking **Review**. Forms, schedules, and audits can be viewed or printed.

The Audit Diagnostic Screen may appear prior to the Review Pane.

Click to access **Client Selection**.

Click to return to the **Federal** portion of the return.

Click to return to the **State** portion of the return.

Forms Pane

The **Forms pane** displays a list of forms and schedules included in each system. Click the folder to view a tree listing the forms and schedules for the Type selected (i.e., Credits, Income, Payments). There are four tabs:

Form – Displays all available forms and schedules.

Common – Displays commonly used forms and schedules.

Type – Displays forms and schedules by type.

Used – Displays forms and schedules used in the return you are working on.

Once information has been entered on a form, the icon next to the form name will be shaded in blue. To mark the form as *completed,* right click on the form name and select **Completed**. A red checkmark will appear. To remove the checkmark, right click and select **UnCompleted**.
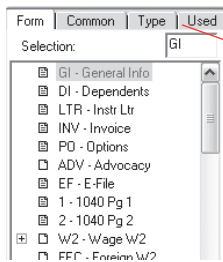
Select the applicable Forms pane tab.

If there are multiples of a form, they will be listed below the related form or schedule. Click **'+'** to expand or contract the list.

To *add a form* to the Common tab while working in the client's return, click the **Form** tab. Right click on the desired **form**. Select the **Add to Common** option and the form will be added to the Common tab list. To *remove a form*, select the **Common** tab. Right click on the desired **form**. Select the **Remove from Common** option and the form will be removed from the Common tab list.

You can also customize the Common tab by clicking the **Settings** menu and selecting **Common Forms**. The forms defaulted by the program will be tagged. Select the **System** and **User**, and tag the **forms** you want listed under the Common tab. Click **OK**. Click **Restore Defaults** to restore the Common Forms to the defaults distributed with the program.
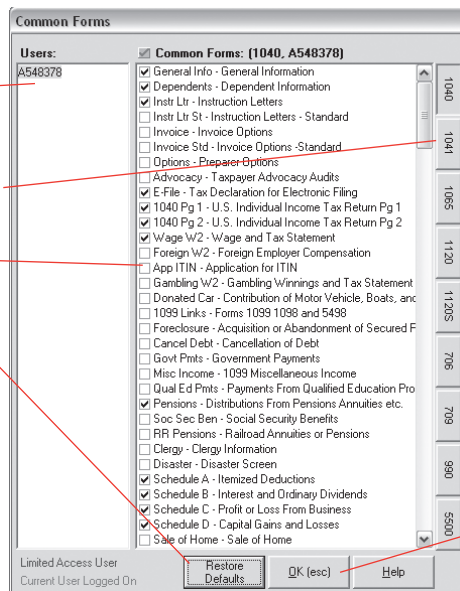
Select the **user** for whom you are customizing the Common tab.

Select the applicable **system**.

Tag/untag the **forms** to be listed under the Common tab.

Click to **restore defaults** distributed with the program.

Click to save changes and exit.

To password protect the Common tab, reference the *Enhancing Your Performance, Security* section.

You can add forms to the Used tab before entering information on the form. From the Form tab, right click on the **form** you would like to add. Select **Add to Used (in this Return)**. The form will appear in the Used forms list. This feature is helpful to ensure all information has been entered.

Summary Pane

The **Summary pane** displays client information such as AGI, EIC, Net Tax, Total Payments, and Refund. As you enter information in the client's return, the Summary pane will display real-time calculations. You may select whether to display the *Return Summary,* which includes the above information, or *Same as Output*, which provides a summary of information and totals pertinent to the form or schedule you are working on. A limited amount of information is also included on the status bar when the Summary pane is minimized. This feature is only available in the 1040 system. The figures below compare *Return Summary* and *Same as Output* Summary panes when working on a Schedule C.

Click to **print** the Summary pane information.

Click to **minimize** the Summary pane and maximize the Forms pane.

Return Summary	
AGI	$53,322
Std or Itemized . . .	2,250
Exemptions	7,300
Taxable Income . . .	43,772
Income Tax (15%) .	5,729
Child Care Credit . .	0
Child Tax Credit . . .	0
Education Credit . .	0
Net Tax	6,984
Withheld	5,350
EIC	0
Total Payments . . .	6,150
Tax Due . . . . ☹	**834**
State Tax Due . . . ☹	**416**

Same as Output	
Gross receipts or	18,000
Gross profit	18,000
Gross Income	18,000
Auto and truck	0
Depr Sec 179	0
Other Interest	0
Total other	0
Total Expenses . . .	7,700
Tentative Profit Los	10,300
NET PROFIT LOSS .	10,300

Screen Symbols

Some form and schedule input screens contain symbols.

⊨ **Required Entry** – Entries must be made in these fields in order to generate the form.

▪ **Optional Entry** – Fields with one black dot indicate that amounts will automatically carry from other forms if the corresponding forms are program-generated. Make an entry in this field if you are hand-preparing the form.

▪ ▪ **Override Entry** – Fields with two black dots indicate that any manual entry will override the computer's calculations. If a zero amount is desired, enter -1.

» **Asset Tracker** – Fields with an arrow indicate you have the capability to enter the item through the Asset Tracker (F5 Key).

✦ **Add to Entry** – Fields with a plus sign indicate that entries in the fields will be added to the amount(s) already carrying to the field.

Form Links

Many of your tax returns can be prepared from the main *General Information* screen by using Form Links.

Click the underlined, highlighted form name or description to access the associated form. Make **entries** on the form then click the **green arrow** button at the top left of the input form control bar to return to the previous screen. For example, on the *General Information* screen, under the *Adjustments* heading, click the **Schedule A** link for Itemized Deductions. The program opens the Schedule A input screen. After entering Schedule A information, click the **green arrow** button to return to the *General Information* screen.

Click the arrow to link back to the General Information screen.

Click the form name to link to the applicable form.

Colors

This feature will allow you to customize the colors while working in the program. Click the **Settings** menu and select **Colors**.

Click to restore the default colors.

Click to change the color settings.

Click to save the changes.
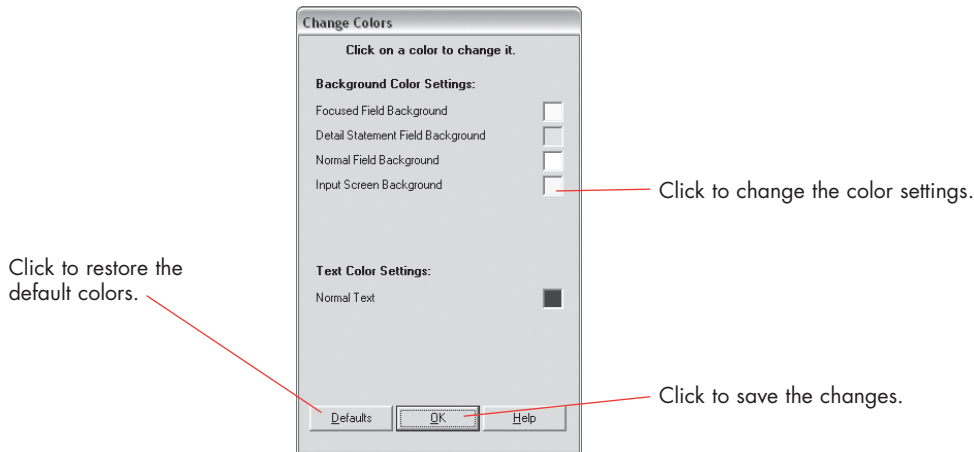
To change a color setting, click the **color**. The *color pallet* screen will appear.

Click to apply the color selected.

Click to create custom colors.
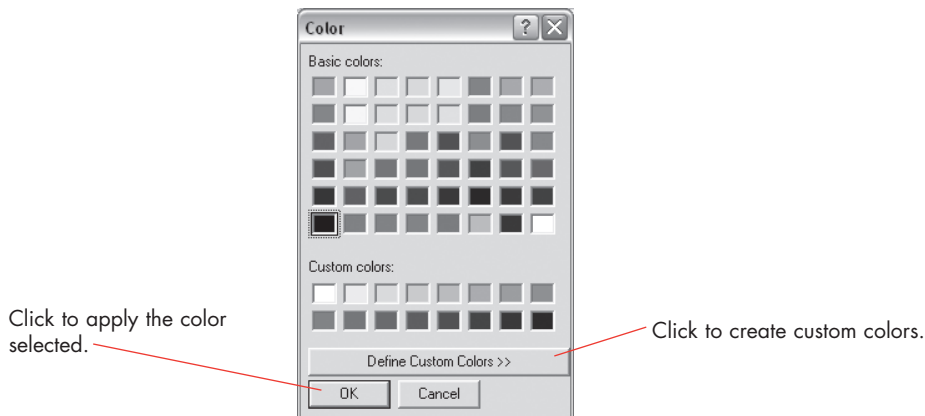
Pick one of the **Basic colors** or click **Define Custom Colors** for more selections. To create custom colors, enter new values in either the RGB (red, green, blue) or HSL (hue, saturation, and luminescence) color models, or just select the desired color. After the color has been selected, click **Add to Custom Colors**. Up to 16 colors can be saved before the colors start to override one another. After selecting the custom colors, the new colors will be added to the *color pallet* screen.

Scroll for different shades of a color.

RGB and HSL boxes.

Click to add a custom color to the menu.

Displays the custom colors that have been saved.

Displays the selected color.
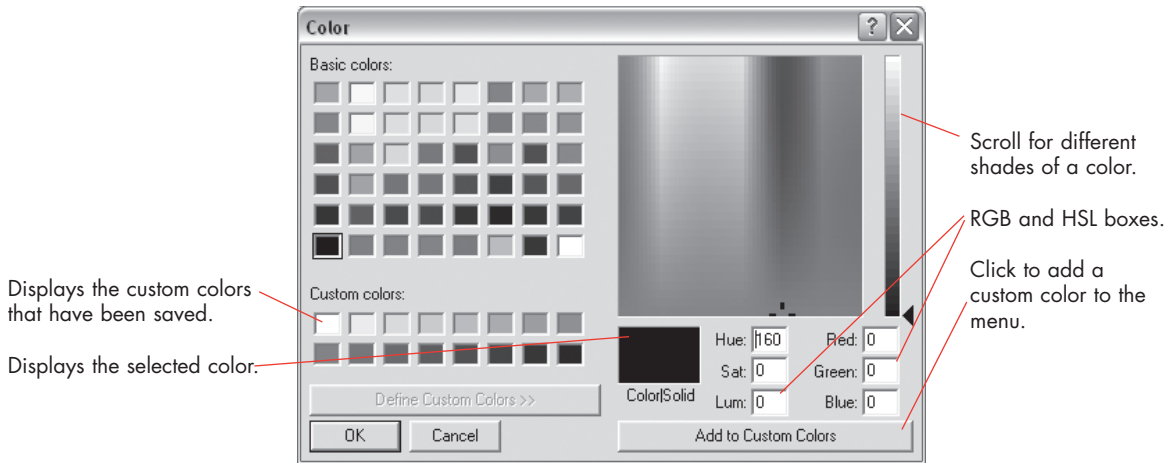
The default colors can be restored at any time. Click the **Settings** menu and select **Colors**. Then click the **Defaults** button.

Helpful Hints

◆ **Moving through fields** – Move from field to field using any of the following methods: mouse, Enter, Tab, or arrow keys. Press the Shift and Tab keys together to move back a field.

◆ **Tag or Untag**

Click to tag or untag all items.

Tag or untag one item at a time.
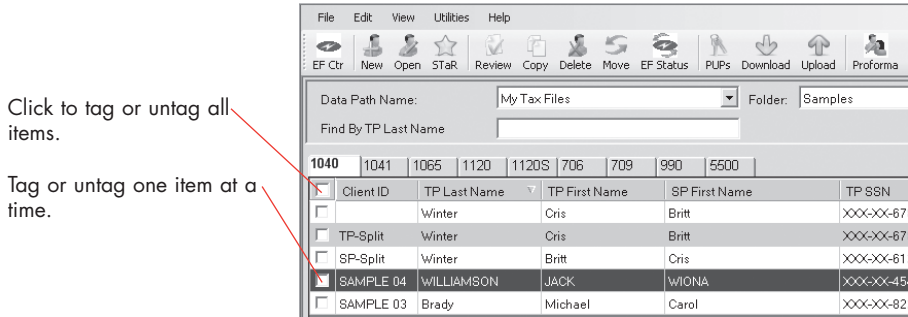
◆ **Edit** – Cut, Copy, and Paste can be accessed by right clicking in any field or through the Edit menu. These are standard Windows functions. The Windows clipboard holds the information, allowing users to copy and paste data from sources outside of the program.

◆ **Delete** – Clear Text and Erase Form are additional edit utilities. Ctrl+Y or the delete key will clear text in the highlighted field. F9 will erase the entire form you have accessed. Ctrl+F9 erases all entries on a high-lighted line.

◆ **Client Number** – Using client numbers is optional. To avoid using the client number, check the Suppress Client Numbering box in the lower left corner of the New Client screen within Client Selection or within the **Settings** Menu, click the **Control Data** button, click the **Switches** tab, and check the **Hide Client Number in Client Selection** box.

◆ **Super Grids** – Areas in the program that have multiple lines and fields for the same item have super grids. You can also import Excel files into any super grid. Make sure the spreadsheet columns correspond to the super grid.

Click the **column header** and then click **Sort**. Rows will change according to the sort selection.

Click to save and close the grid and return to the input screen.

◆ **Simple Grids** – Areas in the program that have multiple lines of entry for the same item have simple grids. Calculations from these entries do not take place until you review the return. To move through a simple grid, press **Enter**. Pressing **Tab** will move the cursor off the grid and to the next line of input. You can also import Excel files into any simple grid. Make sure the spreadsheet columns correspond to the simple grid.

◆ **Detail Statements** – To detail an item while in a field, **double click** or press **F6**. A grid will appear. Enter **descriptions** and **amounts**. The Amount column will total. Click **OK** to exit the grid. The detail total will be pasted to the field. When you move from the field, the color of the field will change, letting you know the field was detailed.

◆ **Sort and Find** – The client's data is displayed in columns on the Client Selection screen. Sort any column by clicking the **column header**. The current sort column header will be noted with a ▲. To sort at multiple levels, click the **Utilities** menu and select **Custom Sort**. Make selections. The Find feature in Client Selection and Management coincides with the sort selection.

◆ **List Business Codes** – Select this option to view the business code list. Business codes are used on Schedule C and Schedule F. To access this function click the **Workbench** menu and select **List Business Codes**.

◆ **Date Auto-fill** – On a date field, you may press the letter **T** to fill in the current date. Or, if only the month and day (MMDD) are entered in a date field, the program will assume the current year and fill it in accordingly.

◆ **Dragging** – An alternative to scrolling on a form is to drag the form. Drag by moving the mouse while depressing the left mouse button or mouse wheel control. Dragging is convenient while viewing the Input and Output panes.

◆ **Renumber Multiples** – To renumber a multiple, select the **form** or **schedule.** Click the drop down box at the top of the form and select **<Delete/Rename>**.

Tag the **multiple** you want to delete, and click **Delete**. Verify the information, if prompted, and click **Yes**. Click **Yes** to compress the remaining input forms. Clicking **No** will delete the information on the form, leaving a blank form.

Tag form and click **Delete** to delete form.

When forms are compressed, they automatically renumber. You must manually change the multiple number for any information carrying to a renumbered form (i.e., Form 4562 carrying to a specific Schedule C).

◆ **Rename Multiples** – To rename a multiple, click the **Multiple** drop down box and select **<Delete/Rename>**. Tag the **form/schedule** that needs to be renamed. Drag the mouse to highlight the field, press the **Backspace** key to delete, or click the **Repair Names** button. Enter the information and click **Close** to save.

Type the desired information to rename the form.

New forms are automatically named as entered. If the name is changed on any new or updated multiple form, the auto-name will also change.

Audits

◆ **Audits** – The program has included audit suggestions and reminders while preparing tax returns. To view audits while working in a client's return, click **Audits** on the button bar. The Audit Statements screen will appear. To correct an audit, click **Fix Now**. This will take you to the form and field in question where you can make changes. If the Audit button is inactive, there are no audits in the return.

To suppress an audit, click the **Click here to suppress** button in the Suppress column. Click the button once to suppress the audit for the client you have open; the text on the button will be written in blue and change. Click the button twice to suppress the audit for all clients; the text on the button will be written in red. Click the button three times to restore the **Click here to suppress** button. To restore suppressed audits, click the **View** menu and select **Audits Suppressed**. Tag the **audits** you wish to restore and click **Remove**, then **OK**.

Click to suppress audit.

◆ **Audit Trail** – The audit trail feature allows you to view in one place, details on how an amount was derived. Ctrl+right click (in review mode) on desired line of the output form to access the audit trail. A popup window will appear listing all form and schedule amounts that carry to the chosen line.

If an amount is derived from input related to another form, the audit trail includes a link to the related form where changes can be made.

Note

The audit trail feature is only available on the federal Form 1040, pages 1 and 2. Under **Settings**, **Control Data**, **Switches** you will see the switch **Audit Trail in Review Mode: Require Ctrl key + right click to display Audit Trail**. The box must be checked to use the Audit Trail feature.

◆ **Verify Vital Data** – This useful utility will minimize e-file rejects. The utility will prompt you to re-enter vital data. If entries differ, you will be prompted to select the correct entry. To enable, click the **Settings** menu, select **EF Settings**, click the **EF Switches** tab, and check the **Verify Key E-File Information** box. Vital Data fields include: SSN and Name control for taxpayer and spouse on a new client; SSN and birthday for dependents; EIN, SSN, Wages, and Withholding on W-2s; and EIN, SSN, Gross Distribution, Taxable, Code, and Withholding for federal and state on 1099Rs.

◆ **Paste Amounts/Import K-1** – These buttons appear on two screens, 1040X and K-1 Received. Click the **Paste to Original Tax Paid/ Overpayment** button on the 1040X screen. The program will fill in the amounts from the original return. Be sure to use this feature before making changes to amend the return.

◆ The Import K-1 button will appear when accessing the K-1 Received form if the corresponding business return was entered in the program. The software identifies the EIN and the Import K-1 button is automatically active. Click the **Import K-1** button and select the **K-1** to import the data.

◆ **Help** – This button has been added to many of the screens. Click **Help** or **?** to open a help document relating to the area of the software you are working with. Help documents contain several tips and other useful information.

◆ **Close** – Close is used to exit the current client, drop down menu, or screen. Close will not exit the program.

Note

Reference the *Utilities, Settings, and Workbench Menus* section of this manual for other helpful hints.

1040 Sample Return

Richard and Stephanie Jones have recently moved into the area and have just come into your office to have their 2011 tax returns prepared. They are also interested in some financial planning services. Let's quickly prepare the return for the Jones family and learn about some of the features in the program.

Step 1 – Start-Up

A Double click the **program** icon on your desktop.

B The program may automatically open to the *Client Selection* screen. If not, click the **Clients** button located on the button bar.

Step 2 – Data Path Name

A If you prefer to use the default *Data Path Name* "My Tax Files," skip to step 3.

> **Note**
> A *Data Path* is the file location where client files are stored on your hard drive, network drive, or removable media drive (flash drive).

B *Data Paths* may be customized to store client files in any location you want.

    1 If you want to change the indicated *Data Path Name/Location*, click **Edit** on the menu bar and select **Data Paths** from the list.

    2 To create a new data path, click **New**. Type the desired **name** in the *Name* column. Choose the *location* for the data path, by clicking the **browse** button.

Step 3 – Folder Selection

A Create a new folder by clicking **Edit** on the menu bar and selecting **New Folder** from the list.

B Type **Tutorial** in the *New Folder Name* field and click **OK**.

Step 4 – Client Selection

A A database will maintain a list of clients already in your folder.

B Since the Jones return is new, click the **New Client** button.

Step 5 – New Client

A The *New Client* screen will appear, enabling you to initialize the client.

B To move from field to field, use your mouse or press the **Enter**, **Tab**, or **arrow** keys. Press the **Shift** and **Tab** keys together to move back a field.

C The *Client Number* is optional. Because this is the first client in this

folder, assign it number **1**.

D Enter the *Client ID* as **JONE1234**. (We used the first four letters of the client's last name and the last four digits of the SSN.)

The *Client ID* field is an optional entry. It may be left blank or any combination of letters and/or numbers may be used.

If the spouse's last name is the same as the taxpayer's, an entry in the *Spouse Last Name* field is not necessary.

E Enter **Richard Jones** as the *taxpayer's first and last names*.

F Enter Richard's *social security number* as **525-01-1234**. The dashes are already provided and do not need to be entered.

G Enter Richard's *birth date* as **01-01-1982**.

H Click on the *Spouse First Name* input field. Enter **Stephanie** as the *spouse's first name*.

I Enter Stephanie's *social security number* as **529-01-6543**.

J Enter Stephanie's *birth date* as **02-02-1982**.

K Enter their *address* as **1350 South Main Street**.

L Enter their *ZIP Code* as **84037**.

M Select **Kaysville**.

The city and state will be filled in based on the ZIP Code entered. If there is more than one city assigned to a ZIP Code, you will be prompted to select the proper city from a list. To select the proper city, click on the **city** with the mouse, or use the **arrow** keys and press **Enter**.

N Click **OK** to continue.

Step 6 – General Information

A The first interview input screen will appear. This is the *General Information* screen. Notice that the taxpayer's and spouse's names, social security numbers, birth dates, and address have all been carried from the *New Client* screen.

The *Title* field is used for such things as *Jr.*, *III*, *MD*, etc. We do not need to make an entry in this field for the Jones' return.

B Enter the taxpayer's and spouse's *occupations*.

- Richard owns a computer consulting firm and prefers **Self-Employed** as his occupation.
- Stephanie is a **Web Designer** for Web Design, Inc.

The *occupation* field is an auto-fill library.

c Enter their phone numbers.

> Their *home phone number* is **(801) 555-3254**.
>
> Richard's *work phone number* is **(801) 555-1212**.
>
> Richard's *cell phone number* is **(801) 555-0777**.
>
> Richard's *work fax number* is **(801) 555-1213**.
>
> Stephanie's *work phone number* is **(801) 555-0659**.
>
> Stephanie's *cell phone number* is **(801) 555-0776**.
>
> Stephanie's *work fax number* is **(801) 555-5809**.

When entering dates, SSNs, or phone numbers, if you wish to override the format provided, press the **Ctrl** and **Y** keys together. The pre-existing format will be deleted and the new information will print exactly as entered.

D Richard and Stephanie prefer phone calls on Stephanie's **cell phone**; list this as their *daytime phone number*. They want their **home phone number** to be listed as their *evening phone number*. Click the ▼ button on the drop down box next to the phone numbers to make the appropriate selections.

The daytime phone number will not print on the return, unless you have selected this on the *Preparer Options* screen.

E Stephanie finished her degree earlier this year; enter an education expense of **$3,500** in her *Tuition and fees* field. In addition to tuition, she paid **$1,100** for books and other school supplies. Enter this in her *AOC expenses* field. Select **Force Lifetime** from the *Credit type* drop down box.

F They live in **Davis County**. This should have auto-filled based on the ZIP Code selected on the *New Client* screen.

G The *school district name* is **Davis**. The *school district number* is **07**. This information also should have auto-filled based on the ZIP Code selected on the *New Client* screen.

H For this tutorial, enter **your own firm's email address** on the *TP e-mail address* line. We will use this email address later in the tutorial. Do not

enter an e-mail address for Stephanie at this time.

Step 7 – Filing Status, Dependents, Earned Income Credit, and Child Care Credit

A Scroll down to the *Filing Status* field. Because this is a joint return, and Stephanie's information has already been entered, no entry is necessary.

To override the default filing status, select the proper code from the codes on the right and enter it in the *line number* box.

> **Note**
>
> **B** Mr. and Mrs. Jones have two children, **Trevor** and **Anna**. Click the **Dependent Information** grid to enter the dependents.

C Enter the following information:

Their son, **Trevor**, was born **06-15-2004**. His *SSN* is **646-67-2973**.

Their daughter, **Anna**, was born **04-05-2006**. Her *SSN* is **646-89-4649**

If the last name of each dependent is the same as the taxpayer's, an entry is not required.

> **Note**
>
> **Note**
>
> The program defaults to 12 months in the home and assumes the dependent lived with the taxpayer unless an entry indicating the contrary is made in the *Mos in Home* column or an overriding entry is made on the *Dependent* screen.

D Since both parents work, the children are enrolled in a daycare program. Richard and Stephanie paid **$3,900** for Trevor and **$4,160** for Anna's daycare expenses. Enter the amounts in the *Child Care Exp* column for each child.

> **Note**
>
> The *Status* drop down box is used to indicate special dependent situations. If the exemption is not allowed for the dependent, but the child still qualifies for the Dependent Care Benefits, Earned Income Credit, or Head of Household filing status, select the appropriate status. The status can also be used in a divorce situation when the parents alternate years of claiming the child as a dependent, without deleting the child's information. Since Richard and Stephanie are claiming both children, no action is required in the *Status* drop down box.

E The bottom half of the dependent grid is used for EIC purposes and relates to Form 8867 – Paid Preparers Earned Income Credit Checklist.

Questions MUST be answered for any child used in the EIC calculations. In addition to questions on the dependent grid, required fields on the EIC input screen relating to Form 8867, must be answered.

If the software can determine that a return would qualify but the 8867 questions have not been completed, diagnostic audits will display alerting the preparer to complete the required information.

F Click the **Close** button to continue.

G Click the **Care Provider Information** grid located below the *Dependent Information* grid on the federal *General Information* screen.

H In California, **Mary Smith** watched the children. Her *address* is **912 Ottawa Avenue**. Her *ZIP Code* is **92507**. She lived in **Riverside**, **California**. Her *phone number* is **(945) 715-6784.** (Some states require the phone number so the program has included it on the entry screen). Her *SSN* is **545-34-1113**. She received **$3,699** for watching the children.

I In Utah, **Wee Care** cared for Trevor and Anna. Wee Care's *address* is **502 East 200 North**. The *ZIP Code* is **84037**. The *phone number* is **(801) 752-2435**. Their *EIN* is **87-9641646**. They received **$4,361** for their services.

J Click the **Close** button to close the grid.

If any adjusting entries are necessary on Form 2441, make them on the *Form 2441* input screen.

Step 8 – Form W-2

Stephanie received two W-2s. The first one is from *California Design Services*, her employer before moving.

A On the *General Information* screen in the *Income* section, click on the **Form W-2** link. This will open the *W-2* input screen.

B Select **Spouse** from the *Ownership Code* drop down box.

C Enter the *Employer's ID number* as **82-0002871**.

The program will carry the taxpayer's or spouse's information from the *General Information* screen. Stephanie reported her change of address

D   Enter the *Employer's name* as **California Design Services**. Notice that after you enter the Employer's name, it adds that name to the multiple drop down box at the top of the screen.

E   Enter the *Employer's address* as **1220 E Hunter Avenue**.

F   The *Employer's ZIP Code* is **92507 (Riverside)**.

G   Enter Stephanie's wages. She earned **$18,223** from California Design last year. Notice that the wage amount carries to lines 3 and 5 as well as the state and local wages on the first row in the *state* simple grid. The program also calculates social security and Medicare withholdings based on those amounts. If the calculated numbers disagree with the form, override the necessary amounts by replacing the calculated figures.

The program will round all numbers to whole dollar amounts. Do not enter dollar signs ($) or commas.

H   Stephanie had *federal income tax withheld* of **$2,842**.

The *Social security tax withheld* was **$765.37**, and *Medicare* was **$264.23**. The program correctly calculated these amounts. Notice that the program rounded the *social security tax withholding* up to *$1130*.

J   Enter the *state* in the *state* simple grid as **CA** (for California).

K   California Design Services' *state employer ID number* is **CA6955061**.

L   Stephanie had **$942** in *California state taxes withheld*.

M   Click the **Next** button at the top of the input screen to move to the next W-2.

N   Select **Spouse** as the *Ownership Code*.

O   Enter the following information about Web Design, Inc.:

> *Employer's ID number* **87-1929047.**
>
> *Employer's name* **Web Design, Inc.**
>
> *Employer's address* **350 South Main Street**.
>
> *Employer's ZIP* **84037 (Kaysville)**
>
> *Wages* **$23,589**.
>
> *Federal withholding* **$3,370.**
>
> *UT State Employer ID number* **Y66598**.
>
> *UT withholding* **$1,613**

P   Click the **green arrow** button at the top left of the input form control

bar to return to the *General Information* screen.

Step 9 – Schedule B Interest and Dividends

The Jones family received both interest and dividends in 2011. Let's enter the interest and dividends now.

Interest

A On the *General Information* screen in the *Income* section, click on the **Schedule B** link right under *line 8*. The link will take you to the *Schedule B* input screen, which has two entry grids for interest, *Basic* and *Advanced*. The *Interest Income Advanced* grid allows entry for items such as a bank account number, foreign taxes paid, investment expenses, and withholdings. We want to enter the account number so click the **Interest Income Advanced** grid to enter Richard's interest.

B Enter the following information:

> Richard received a *Form 1099-INT* from **Barnes Bank** (*account number* **5678877**) with *interest income* of **$274**.

> Richard and Stephanie received a *Form 1099-INT* from **California Union Bank** (*account number* **11234**) with **$303** of *interest income*. This interest was earned while the Jones family lived in California, so enter **CA** in the *State* column.

The state defaults to the state entered on the federal *General Information* screen.

Note

C Click the **Close** button. This will return you to the *Schedule B - Interest and Ordinary Dividends* input screen.

Dividends

A The *Schedule B - Interest and Ordinary Dividends* input screen also has a *Basic* grid and an *Advanced* grid for dividends. For the information provided, the *Basic* grid is sufficient, so click on the **Dividend Income Basic** grid to enter the following 1099-DIV information.

> The Jones received a *Form 1099-DIV* from **Investors Growth Fund**. It showed **$375** of *ordinary dividends* (of which all were **qualified**) and **$225** of *capital gain dividends*.

B Click the **Close** button.

C Click the **green arrow** button at the left of the input form control bar to return to the *General Information* screen.

We used the link on the *General Information* screen which took us to the

Schedule B input screen. Alternatively, the *General Information* screen has links directly to the *Basic* entry grids for interest and dividends. It also has input fields if the grids are not necessary.

Step 10 – Schedule D

Richard and Stephanie sold some stock during the year. Let's enter the capital gain/loss now.

A On the *General Information* screen in the Income section, click on the **Schedule D** link on *line 13*. This will take you to the *Schedule D - Capital Gains and Losses* input screen and will automatically open the *Schedule D Sales of Short-Term and Long-Term Capital Assets* entry grid.

B Enter the Jones' information as follows:

> They sold **100 shares** of **Microsoft stock**. The stock was *purchased* on the open market on **10-08-2004**. He sold them on **7-11-2011** for **$2,588**. The *cost* or *basis* was **$2,230**. Commissions were included.

> They sold **100 shares** of **Yahoo stock**. The stock was *purchased* on the open market on **11-12-2003** and sold on **7-11-2011** for **$4,074**. The *cost* or *basis* was **$1,359**.

The state will default to the state entered on the *General Information* screen. The *Type* column allows for handling advanced transactions such as Wash Sales.

The entry grid has a separate field for shares sold. You can preserve the name of the company in the auto-fill library without the specific share amounts.

The program will sort all of the entries into short-term and long-term according to the acquired and sold dates. The sorting is accomplished when the return is processed.

C Click the **Close** button to return to the *Schedule D - Capital Gains and Losses* screen.

Line 13, *Capital gain distribution*, carries from the dividend input. No entry is required here if Schedule B is being used.

D Click the **green arrow** button at the left of the input form control bar to return to the *General Information* screen.

Schedule D information was current when manual went to press. Reference IRS documentation for any late changes.

Step 11 – Schedule C #1

Richard owns a computer consulting business. He started the business in California and moved it to Utah.

A   On the *General Information* screen, click on the **Schedule C** link on *line 12*. This will take you to the *Schedule C - Profit or Loss from Business* screen.

> **Note**   Schedule SE for self-employment tax will be generated automatically from the Schedule C information.

> **Note**   The two-letter state code does not need to be entered if the business is in the same state as the taxpayer's address on the *General Information* screen. If the business relates to another state, entering the state in this field will carry the business income/loss to that designated state.

B   Richard's *principal business* is **Computer Systems Design & Related Services**. To find this, place your cursor in the *Principal business including product or service* field, and click the ▼ button to display the available options. Click the **plus sign (+)** in front of **Professional, Scientific, & Technical Services**. Select **Computer systems design & related services**.

C   Once you select the principal business, the *business code* (*541510* for this return) is automatically populated from the library.

D   Richard's *business name* is **Jones Computer Consulting**. Notice that once you enter the business name, it carries to the multiple drop down box at the top of the input screen.

E   Richard runs his business out of his home. The *address* from Form 1040 will carry automatically.

F   Richard uses the **cash** method of accounting. No entry is necessary, as this is the default.

G   Jones Computer Consulting had *gross receipts* of **$112,742**.

H   Enter Richard's expenses by clicking on the appropriate lines:

Advertising	**$1,755**
Legal/professional svcs	**$1,386**
Office expense	**$912**
Supplies	**$422**
Travel	**$3,979**
Meals and entertainment (limited 50%)	**$1,258** (total amount)

I Enter Richard's *Cost of Goods Sold* information as follows:

Richard uses the **cost** method to value closing inventory. No entry is necessary because the cost method is the default method.

> *Beginning inventory*. **$0**
>
> *Purchases*. **$43,429**
>
> *Ending inventory* **$0**

J Enter Richard's Miscellaneous expenses in *Part V – Other Expenses*:

> *Telephone*. **$821**
>
> *Subscriptions* **$322**

(Enter *Subscriptions* in the *Other Expenses* grid)

Entries made in the *Other Expenses* simple grid are registered to the *Schedule C* library. To edit this library, click the **Settings** menu and select **Libraries**. Simple grids allow for unlimited entries. Overflow statements will be prepared for any simple grid, if needed.

Step 12 – Detail Information

A Occasionally, you may want to provide a detail statement for an item. In this case, we will detail three tax items on Richard's Schedule C.

B Click the input field for *line 23*, *Taxes and licenses*.

C Press F6 to open **Detail Statement**.

D Enter the three tax items as follows:

> *State sales tax* **$3,250**
>
> *Miscellaneous taxes*. **$420**
>
> *Business license*. **$175**

E Click **OK** to return to the *Schedule C* input screen.

Note ▶ | When you move from this field, the color of the field will change, which lets you know that it was detailed. The total amount will also appear.

Step 13 – Depreciation

Richard has two assets that he depreciates. We will use the *Asset Tracker* to help track depreciation.

A Click the **Assets** button on the button bar or the **Depreciation** link on *Schedule C*, *line 13* to open the *Asset Tracker*.

B Because no assets have been entered in this return, click the **New** button to add the first asset.

   1 Make sure that the *Form* is set to **Schedule C**.

   2 This will open the *Multiple* box. Verify that it is set to **1**.

   3 Make sure the *State* is **UT**. The state indicator is to enhance the automation of the sale of assets for state nonresident/part-year returns. The default state will be the resident state.

   4 The *Taxpayer*, *Spouse*, *Joint indicator* drop down box is to enhance the automation of the Married Filing Joint vs. Married Filing Separate computation.

   5 Enter the *Description* as **Laptop Computer**.

   6 It was purchased on **01-01-2011**.

   7 The *Cost* was **$2,832**.

   8 The *Current 179* is **$2,832**.

   9 The *Type* is **Computer Systems**.

   10 The *Method* should default to **M5YR** (for MACRS 5 Year).

C Click the **New** button to enter the details for the second asset.

   1 Make sure the *Form* is set to **Schedule C**.

   2 This will open the *Multiple* box. Set it to **1**.

   3 Enter the *Description* as **Chevy Suburban**.

   4 It was purchased on **06-01-2011**.

   5 The *Cost* was **$45,475**.

   6 The *Type* is **6000 to 14000 GVW SUV**.

   7 Richard drove **25,000** *business miles*.

   8 Because this is the first year the Suburban has been used, the *Asset Tracker* will optimize between Standard Mileage Rate (SMR) and actual expenses. Leave the choice on **Optimal**.

9   The *Method* should default to **M5YR**.

Note | *Type* is an optional entry. You can select the *Type* by clicking the ▼ button on the *Type field*, or start typing 6000 to 14000 GVW SUV to use the auto-fill feature.

10   Click **OK** to continue.

11   Click the **Vehicle** tab to enter the remaining actual expenses.

12   Since the Suburban is over 6,000 pounds, notice that the *Options* drop down box already shows 6000 to 14000 GVW Suv. This will suppress the passenger automobile limitation.

13   Enter the following additional information:

Parking and Tolls **$300**

Interest Expense **$1,473**

Gasoline and Oil **$3,266**

D   Click the **Close** button to return to the *Schedule C* input screen.

Step 14 – Adjustments

Richard and Stephanie have been contributing to individual retirement accounts each year. They put the maximum deductible contribution in for each of them. Neither of them is covered by an employer's plan. Since Richard is self-employed, he is eligible to deduct his insurance premiums on Form 1040, page 1. Let's make the appropriate entries.

A   On the *General Information* screen, scroll down to the *Adjustments* section.

B   Click on **line 29**, **Self-employed health insurance**, and enter **$7,280** in the *Taxpayer* field.

C   Click the **Retirement Plans** link on *line 32*, *IRA contribution*.

D   Enter the number **1** on the *IRA contribution* line for both the *Taxpayer* and *Spouse* fields. This allows the program to calculate the maximum deductible IRA contribution for both Richard and Stephanie.

E   Click the **green arrow** button at the left of the input form control bar to return to the *General Information* screen.

Step 15 – Schedule A

Before moving, Mr. and Mrs. Jones rented a home. They purchased their first home after moving and want to see if they can itemize deductions. All of their significant medical expenses were covered by Richard's health insurance policy. They also had some charitable contributions. Let's prepare the 1040 Schedule A to see if it is beneficial for them to itemize deductions.

A On the *General Information* screen, click the **Schedule A** link.

B Enter the following tax information on the correct lines:

* *Previous year's state income tax paid this year* **$209**

* *State and local real estate taxes* **$1,171**

   For purposes of this tutorial, we will not evaluate the sales tax deduction.

C Richard and Stephanie paid **$6,174** in interest on their mortgage for their personal residence. It was reported on Form 1098.

D Enter the following charitable contribution information on the correct lines:

* *Cash - Church* **$1,395**

* *Cash - Boy Scouts of America* **$250**

* *Non-Cash - Miscellaneous items* . . . . (FMV) **$200**

> **Note**
> Entries made in the *contributions* simple grids are registered to the *Auto-fill Library*. To edit this library, click the **Settings** menu and select **Libraries**.

E Click the **green arrow** button at the left of the input form control bar to return to the *General Information* screen.

Step 16 – Form 3903 Moving Expenses

After completing her degree, Stephanie accepted a job offer in Utah. The move was not covered by Stephanie's new employer. They are therefore eligible to deduct certain moving expenses on Form 3903.

A In the Forms pane, click **3903 - Form 3903**.

B Enter the miles from their *old home* to Stephanie's *new workplace*: **677 miles**.

C Enter the miles from their *old home* to Stephanie's *old workplace*: **15 miles**.

Note

To see which expense qualifies for the deduction, we could access the instructions for Form 3903 or Publication 521 (Moving Expenses) by pressing **F1** for the *Form Helps*. The help system has tabs for *Government Instructions* and *Publications* relevant to the active field in the input pane.

D The Jones rented a U-Haul truck and trailer for **$1,072**. They also paid **$279** for *boxes and moving supplies*. Include these on *line 1*.

Note

You can use a *detail statement* on *line 1* to indicate the two expenses, or you can use the *TaxWorks Calculator* to add them together. To use the calculator, enter **1072** on *line 1* and then press the **plus** key **(+)** on the keyboard. When the calculator opens, enter **279** and press **Enter** to automatically paste the result to *line 1*.

E They paid **$129** for *lodging* during the move. Include this on *line 2*.

F They paid a total of **$130** for *meals* on the trip. Since meals are a non-deductible expense, this amount cannot be claimed. You can use the *Notes* feature of the program to explain this. On *line 2*, press Control + N to select the Notes fields. Type in an appropriate explanation, such as, **"Publication 521, page 7 explains that meal expenses related to moving cannot be deducted."**

G Click **Close** to exit the *Notes* screen.

Step 17 – State Instructions

Because Richard and Stephanie lived in California for part of the year, they will need to file a California tax return with their federal and Utah tax returns.

A Click the **State** button on the button bar. It should have the Utah state flag on it since Utah was entered as the *resident state* on the federal *General Information* screen.

B Click the **States…** button located just above the Forms pane. Notice that *Utah* is already entered as the *resident state*.

C Select **CA** from the drop down box as the 2nd state.

D Click the **Close** button to continue.

E Click the ▼ on the *state* drop down box located above the *Forms pane*. Select **CA** from the list of states.

F On the California *General Information* screen, check the box to **Prepare Form 540NR, Part-Year/Nonresident**.

G In the Forms pane, click **NRA1 - CA(NR) Pg 1**.

H On *line 3*, enter **UT** for both the taxpayer and spouse as the *New* state of residence. Enter **06-01-2011** as the *Date of move* for both Richard and Stephanie.

I On *line 5*, enter **151** days for both the taxpayer and the spouse.

J On *lines 7*, *8*, and *9*, the Jones family lived in California from **01-01-2010** to **06-01-2011**. They entered California on **01-01-2010** and left **06-01-2011**.

K Enter **$303** on *line 8, Column E* for the bank interest earned in California.

L Enter **$14,722** on *line 12*, *Business income or (loss)* in *Part II, Column E*. This amount represents a portion of Richard's profit earned in California before moving.

M In the *Forms pane*, click **NRA2 - CA(NR) Pg 2**.

N Enter **$1,040** in *Column E* for *line 27*. This is figured by taking the federal self-employment tax deduction and multiplying it by the California self-employed income, divided by federal self-employed income. In this case, the formula is $1,796 x ($14,722 / $25,423).

O Enter **$4,216** in *Column E* for *line 29*. This is calculated by taking the federal self-employed health insurance deduction and multiplying it by California self-employed income, divided by the federal self-employed income. In this case, the formula is $7,280 x ($14,722 / $25,423).

P California allows the same deduction for the IRA as the federal, so enter **$10,000** in *Column E* for *line 32*.

Q Click the ▼ button on the *state* drop down box located above the *Forms pane*. Select **UT** from the list of states.

R On the Utah *General Information* screen, check the box to **Prepare part-year resident return**. Enter the *dates of residency* as **06-01-2011** to **12-31-2011**.

S In the Forms pane, click **B - TC-40B**.

T On *line 6*, *Business income/loss*, enter **$10,701** to show the Utah portion of Richard's profit from Jones Computer Consulting.

U On *line 21*, notice on the output form that the moving expenses are automatically carried from Federal Form 3903.

V On *line 22*, *One-half of self-employment tax*, enter **$756** ($1,796 federal reduced by $1,040 allocated to California).

W On *line 24*, *Self-employed health insurance deduction*, enter **$3,064** ($7,280 federal reduced by $4,216 allocated to California).

X Enter **$5,833** on *line 27* to represent 7/12 of their IRA contributions for the time they lived in Utah.

Step 18 – Estimated Payments Made and Estimated Payment Vouchers

Richard is a sole proprietor and not an employee; therefore, he had no income tax withholding. In order to avoid any possible penalty, Richard paid **$350** a quarter in federal estimated payments.

A Click the **Federal** button on the button bar.

B In the *Forms pane*, click **ES - Estimates**.

C Enter the following information for Richard's federal payments:

04/15/2011	**$350**
06/15/2011	**$350**
09/15/2011	**$350**
01/15/2012	**$350**

Note ▶ If the payments were made on the voucher dates, no entry is needed in the *Payment Date* column.

Step 19 – 2012 Estimated Tax

The Jones family would like to have vouchers prepared for next year and want to pay the estimated 2012 tax over the year even if it is more than the required payment.

A In the *2012 Estimated Tax Worksheet* section of the *1040 Federal Estimated Tax* input screen, click the **2012 Estimated Tax** drop down box. You will see seven different options for estimating the 2012 tax. For this return, select **4 - 100% of 2012 estimated tax**.

B Right below the drop down box, click the **Estimated Tax Calculation Adjustments** link. This will open the *2012 Estimated Tax Calculations Adjustments Worksheet* input screen where we can make any necessary changes for the 2012 estimated tax.

C Stephanie anticipates earning about $15,000 more in 2013 than in 2012. Enter **$15,000** in the *Spouse* field on *line 1* of the *Adjustments* section of the input screen.

D Richard expects his self-employment income to increase by $25,000 in 2012. Enter **$25,000** in the *Taxpayer* field on *line 3* of the *Adjustments* section of the input screen. This adjustment will increase both income tax and self-employment tax.

E Stephanie thinks her withholding will increase by $1,000 because of the increase in wages. Enter **$1,000** on *line 19* of the *Adjustments* section of the input screen. Click **the green arrow** to return to the *1040 Federal Estimated Tax* input screen.

F In the *2012 Vouchers* section, click the **Rounding** drop down box and select **3 - Round voucher amount up to the next 100**. If you click **Peek**, the worksheet should show appropriately rounded amounts in the *Voucher Amount* column of the *Voucher Amounts* section of the worksheet.

Step 20 – Finishing the General Information Screen

Now, let's go back to some of the other information found on the *General Information* input screen. Click the **GI - General Info** form in the *Forms pane*.

Type of Return and Referral

A The *Client referred by* field is used to track advertising effectiveness. You can make any entry that you choose in this field. It will remember previous entries and use the auto-fill feature to help save time if the same entry is required on a later return. Mr. and Mrs. Jones saw an advertisement in the **Yellow Pages**.

B The *Return filed as* field is used to indicate, from the outset of the return, what type of return you expect to file for the taxpayer. *Audits* will be generated to warn you if inconsistencies are found in the data entered and the type of return requested. Richard and Stephanie are expecting a refund and would like to have it directly deposited into their checking account. They are not interested in filing electronically at this point. Select **Paper DD** as the *return type* located under *Return filed as*.

C The *Appointment* fields are for your information only; they will not print anywhere on the return. You will be able to use these fields to help create a custom report in *Client Management*. The Jones' appointment was **February 28, 2012** at **4:00 pm**. The appointment lasted **60 minutes**.

Direct Deposit Information

Mr. and Mrs. Jones would like their tax refund deposited directly into their checking account. They also would like to have the IRS contact you with any questions on the tax return.

A Scroll down to the *Electronic Filing and Direct Deposit Information* section. Click the **Direct Deposit and Electronic Funds Withdrawal** grid. Enter the following information on the *US* row (top row) in the respective grid columns:

> *Financial Institution Name* . . . . **Barnes Bank**
>
> *Routing Number*. **123456780**
>
> *Deposit Account number* **5678877**
>
> *Account Type* . . . . **Checking**
>
> *DD/EFW* . . . . **DD**

B Click **Close** to return to the *General Information* screen.

C Check the **Preparer is third party designee** box.

Note ▶ If you would like to have this checkbox defaulted on all of the returns you prepare, press **Ctrl + D** after making the entry. This will set the default. To remove the default, remove the entry and press **Ctrl + D** in the empty field, or delete it from the **Defaults** option under the **Utilities** menu.

Step 21 – Custom Letters

Before reviewing and printing the return, we want to select some letter options that fit our needs for this client. For the Jones family we will want to select two additional sections to add to the template *Custom Letter*.

A In the *Forms pane*, click **LTR - Instr Ltr** to open the *Letters* input screen. To create or edit *Custom Letters*, click the **link** below the *Custom Letters* heading to open the *Custom Letters* utility.

B On the left-hand side, you can navigate among the various Custom Letters. To preview the *Federal Paper Filing* Custom Letter template, expand the following sections (i.e., the folder icons): **Federal**, **Paper Filing**, and then **Template**. Once *Template* has been expanded, you will see a list of possible sections that will be put into the letter based on return information. For instance, if the return shows a balance due, one of the *tax due* sections will show rather than a *refund* section.

C In addition to this template, we want to communicate two other items to the Jones family. To preview these items, expand the **Extra Sections** folder. You will see a *New Section* and three defined sections. We want to include the **Charitable Contributions > $250** and **Other Services Provided** sections. Click on each to preview their content.

D Now that we have previewed these custom items, let's select them to print. Click **OK** in the lower right corner of the *Custom Letters* utility. This will return you to the *Letters* input screen. Check the **Print Custom Letter** box. Make sure that **TEMPLATE** is visible in the drop down box for *Federal Paper Filing*. In the *Federal Extra Sections*, select the **Charitable Contribution > $250** and **Other Services Provided** sections in two of the three drop down boxes (you can have up to three selected).

E We also want to include a separate privacy letter. Select **PRIVACY** from the first *Other Letters* drop down box (you can have up to three selected).

The *Custom Letters* utility allows for adding letters and sections. Once a letter/section is added, it can be selected on the *Letters* input screen. (If you open the *Custom Letters* utility from the *Letters* input screen and add letters/sections, you will need to move from the *Letters* input screen and then return to it before the new letters/sections will be available to select.)

F Now that we have made our *Custom Letter* choices, we are ready to review the return.

Step 22 – Review

A Click the **Review** button on the button bar.

B The *Audit Statements* screen will appear. These are concerns that have come to the program's attention while the return was processing. When possible, suggestions to resolve these concerns are given. If available, click the **Fix Now** link in the *Go* column to resolve these situations. If any red audits appear, they must be corrected before you will be allowed to e-file the return.

C Click the **Fix Now** link to correct one of the red audits for the US third-party designee.

D This will take you directly to the *Third Party Designee* section on the *Form 1040, page 2* input screen.

E Enter the following information:

- *Name:* **Your Name**
- *Phone number:* **Your phone number**
- *Personal ID number:* **12345**

F Click the **Review** button again. The remaining audits are meant to make you aware of various items within the return, but for this tutorial, we do not need to make any further changes.

Step 23 – Create E-file

In Review mode, you can create the e-file and prepare it to send to the IRS and/or state agency. The *Create E-File(s)* button appears above the list of forms if all red audits have been cleared. Since we created this return in the *Samples* folder, you can click the **Create E-File(s)** button and then access the *EF Center* via the **EF Ctr** button on the button bar. For step-by-step instructions on creating the e-file and transmitting the return, refer to *Filing Returns Electronically*.

Caution: If returns created in *Client Selection* folders other than the *Samples* folder are electronically filed, they are considered live returns and will be sent to the IRS/state agency. Take care when clicking the *Create E-File(s)* button to ensure that live data does not get transmitted when testing and exploring the e-file process.

Step 24 – Printing the Return

Let's print the paper filing copies of the federal and state returns and save a PDF copy to your hard drive. To accomplish this, we will utilize the *Advanced Form Delivery*.

A From *Review* mode, click on the **Adv.** button in the output pane. The *Advanced Form Delivery* window has options for paper printing and saving.

B In the *Print* box, select **All Government Paper Filing Sets** from the first drop down box. *All Government Paper Filing Sets* will print both federal and state returns.

C In the *Save* box, select the **Preparer File Set** in the *Set* drop down box. Click the **browse** button to the right of the *Path* field to select a destination for the saved return (in this case, select the **Desktop**). Once you have chosen a *Set* and a *Path*, the *Filename* field will be automatically populated, but it can be changed to anything you would like. We will leave the default name for this return.

D Now that our delivery choices are made, click **Start Job** at the bottom of the screen. A status window will appear and the delivery methods will proceed.

E Please verify that the methods of delivery were successful (check the printed copy and the saved copy).

Step 25 – Exiting the Return

When the *Advanced Form Delivery* is complete, use the following steps to exit.

A Click the **Clients** button located on the button bar. This will return you to the *Client Selection* screen.

B Or, click the **Close** button on the button bar. This will close the client. You can then exit the program by selecting **Exit** from the **File** menu.

Congratulations!

You have just completed the 1040 Sample Return.

Enhancing Your Performance

The software provides many tools that will help enhance your tax preparation. We know that in today's busy world, time is of utmost importance. We have included tools that will save you time without compromising your final product.

Control Data

Control Data is an area of the program that contains many system controls including license information, drive selection, and switches. Control Data is found under the Settings menu.

Note The Firm and Access information are completed during the initial configuration process.

- **Firm** – There are four key fields that are required in your Firm Data: Account Number, Charge Number, Serial Number, and Street Address. They must be entered exactly as shown on your License Notice. These fields should already contain data entered during the installation process. Enter other applicable information in the non-key fields (fields not highlighted in blue).

Note The Firm Telephone field will accept alpha characters (e.g., 1-800-TAX-PREP).

- **Access** – Displays the systems and associated states for which you have complete access.

- **Paths** – This tab indicates the drives to be used for saving, backing up, installing, and archiving data. All options can be altered, except the Install Path. To change this path, you must uninstall and reinstall the program. To change the User ID set during the installation, reenter it here. The "keep for" box, next to the Auto Backup Path field, indicates how many days the auto backup will store your client data.

- **Switches** – This tab contains program-related functions that affect several areas of the program. Tag the items you want to activate. This will default the selected function throughout all systems.

- **Startup** – This tab allows you to select your preference when opening the program. You have the option of opening the program to the Client Selection screen or opening the program in idle mode. You can also select to have the program check for alerts upon first opening the program.

- **Suppress** – This tab contains several items that can be disabled. Tag the items to activate the related Suppress feature.

- **Forms** – This tab contains options relating to specific forms and schedules. Tag the items to activate the related feature.

- **Audits** – This tab contains options that relate to audits generated by the program. Tag the items to activate the related audit features.

- **Mouse** – This tab allows you to adjust the mouse input/output control speed.

Note

Many of the Control tabs are user-specific.

Click the tabs to access the various Control Data functions.

Proforma Clients from 2010 to 2011

Beginning in 2011, what was previously referred to as *Updating Clients*, will now be referred to as Proforma Clients.

To simplify your tax practice procedures, we have provided a Proforma feature. This option will carry client information from the 2010 program to 2011, eliminating reentry of limited data. The 2010 data will remain intact for use in the 2010 program.
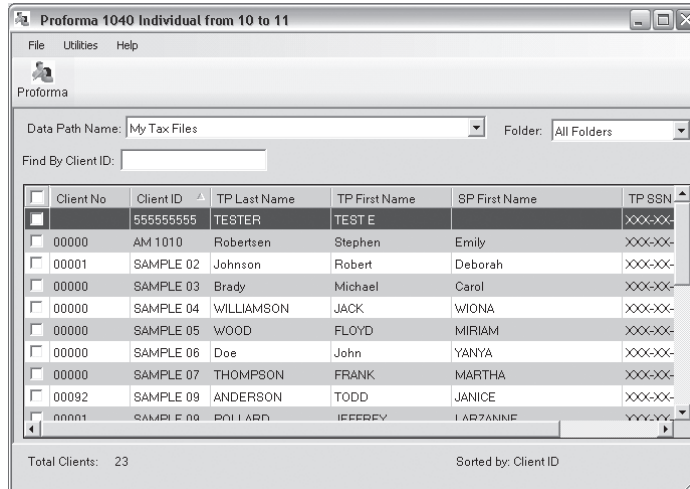
1 Click **Clients** on the button bar to open the Client Selection screen. Select the **Data Path Name** and **Folder** where the 2011 clients will be stored.

2 Click the **Proforma** button. A Proforma/Organizer screen will appear. Read and click **OK**. Select the **Data Path Name** and **Folder** location of the 2010 clients.

3 After locating the 2010 files, click **Utilities** and select **Options**. Tag the items you want included in the update process and click **OK**.
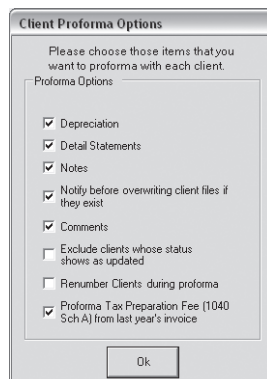
Note | If applicable, K-1s will be logged during the update process.

4 Tag the **2010 clients** you want to update, and click the **Proforma** button. A progress bar will indicate the update progression. Click **Close** when the process is complete.

Updating System Files

Some of the information you entered in the 2010 program is applicable for the 2011 program. You can update the Employer Library, Preparer Data, Custom Letters, Libraries, Invoice and Discount Library, Defaults, Custom Slip Sheets, RTN Library, Distribution Sets, and Custom Statuses. This will save reentry of data.

Note | This process may also be accomplished during the initial configuration.

1 Click the **File** menu, and select **System Updates**.

2 Tag the **system settings** you want to update.

3 Verify the **data path** where the 2010 program is located.

4 Click **Update**. The 2010 settings will be updated into the 2011 program. Click **Close** when the update is complete.
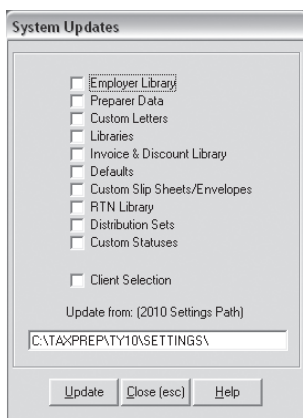
Note | You must be able to access the 2010 program drive to perform System Updates.

Client Selection Screen

The Client Selection screen gives you flexibility when managing your client files. It also gives you many choices when customizing your workspace. Determine how you would like to organize, sort, and find your client files. Customize the information displayed on the *Client Selection* screen. You can also define any path for your client files, including UNC paths.

Note
UNC stands for Universal Naming Convention. This allows you to specify network file paths without using drive mappings.

Getting Started
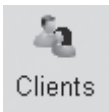
Click the **Clients** button on the button bar or click the **File** menu and select **Clients**. This will open the *Client Selection* screen.

Client files are divided by system. Click on any of the system tabs to view clients for the system selected. Files are further organized by data paths and folders. Use the *Data Path Name* drop down box to view the clients in each data path. Within each data path, you can create folders to further organize your clients. For information about creating or changing data paths, reference the *Data Paths* section.

The *Find by* option gives you a quick way to search for clients. We will discuss other search options later.

Note
The *Find by* feature searches based on the column header selected.

Note
Right clicking on a client will display a menu noting some of the most common actions including Quick EF Lookup and opening a state return.

Navigating Client Selection

Button Bar

- **EF Center** – Opens the E-File Center.

- **New** (Alt + N) – Creates a new client file. Enter the information on this screen and it will carry to the *General Information* screen.

Note
When entering a new client in the Samples directory a warning will appear prompting if you want to continue.

- **Open** (Alt + O) – Opens an existing client. Tag the client and click **Open** to open the client file in Input mode.

- **STaR** – Simple Tax Return Wizard that allows you to quickly enter client information. Screens are intuitive and will proceed based on data entered.

- **Review** (Alt + W) – Processes the client return for completion. Reviewing the return will bring up any audits and generates client letters. Press (Ctrl + W) to review the return without audits.

- **Copy** (Alt + C) – Copies the client file from one path or folder to another. This is especially helpful if you have saved clients to a disk or other removable device.

- **Delete** (Alt + D) – Deletes the client file from the *Client Selection* screen and places them in the *Client Selection Recycle Bin*.

- **Move** (Alt + M) – Moves the client file to another path or folder location.

- **EF Status** (Ctrl + F5) – Updates the *E-File and Bank* columns in *Client Selection* with the status for each e-filed and bank return. Reference the *Filing Returns Electronically* section.

Note
To quickly view EF/Bank Summary information for a client, **right click** on a client in Client Selection and select **Quick EF Lookup**. Verify SSN and click **OK**.

- **PUPs** (Alt+ G) – Allows you to select additional states for per unit processing.

- **Download** – Downloads client files that have been previously uploaded to another office or account bin. You must enter the filename assigned to the return in order to download it. Reference the *Download Clients* section.

- **Upload** – Uploads one or more client files to Technical Support or to another office or account bin. Reference the *Upload Clients* section.

- **Proforma** (Alt + P) – Updates prior year client files to the current year. Reference the *Proforma Clients* section.

Note
To perform an action on a client, you must first tag at least one client.

Menus

Client Selection - Individual

File   Edit   View   Utilities   Help
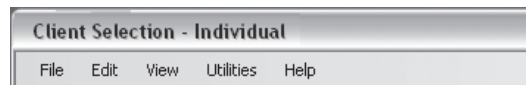
- **File**

    - **New Client** (Alt + N) – Creates a new client file. Enter the information on this screen and it will carry to the *General Information* screen.

    - **Open Client** (Alt + O) – Opens an existing client. Tag the client and click **Open Client** to open the client file in Input mode.

- **Import** – Imports a client file from another location. Click the **File** menu and select **Import**. Browse to the location of the file to be imported and click **Open**.

- **Export Client(s)** – Exports client files to another location or portable storage device. Tag the client file(s) to be exported and click the **File** menu. Select **Export**. Browse to the location where you want to save the files. Click **Save**.

- **Export** (Alt + X) – Exports client files within a system. Choose the system tab you would like exported. Click **Export**.

- **Close** (ESC) – Closes the *Client Selection* screen and returns you to Idle mode.

■ **Edit**

- **Copy** (Alt + C) – Copies client files from one path or folder to another. This is especially helpful if you have saved clients to a disk or other removable device.

- **Delete** (Alt + D) – Deletes the client file from the *Client Selection* screen and places them in the *Client Selection Recycle Bin*.

- **Move** (Alt + M) – Moves the client file to another path or folder location.

- **Renumber** (Alt + B) – Reassigns the tagged client(s) with a new client number that you choose.

- **Data Paths** (Alt + S) – Allows you to add, edit, or delete data paths. Reference the *Data Paths* section.

- **New Folder** (Alt + L) – Allows you to add new folders to the Data Path selected. When you create a new folder, Client Selection will automatically switch to that folder.

- **Delete Folder** – Deletes the folder currently open.

- **Recycle Bin** (Alt + Y) – Stores deleted client files. After deleting a client file, you can either restore it or delete it from the *Recycle Bin*. Deleting from the *Recycle Bin* permanently deletes a file.

■ **View**

- **Review** (Alt + W) – Processes the client return for completion. Reviewing the return will bring up any audits and generates client letters.

- **Review Without Audits** (Ctrl + W) – Reviews return and bypasses presentation of audits.

- **Refresh EF Status** (Ctrl + F5) – Updates the *E-File* and *Bank* columns in *Client Selection* with the status of each e-filed and bank return. Reference the *Filing Returns Electronically* section.

- **Refresh** (F5) – Refreshes the *Client Selection* screen. This is helpful if you are making many changes to client files.

- **Use Captions on Buttons** – Hides/shows the captions on the button bar across the top of the *Client Selection* screen.

- **Open EF Center** – Opens the E-File Center.

■ **Utilities**

- **Organizers** (Alt + Z) – Organizes data and helps you communicate with your clients. Reference the *Organizers* section.

- **Proforma Clients** (Alt + P) – Updates prior year client files to the current year. Reference the *Proforma Clients* section.

- **Batch Process** (Alt + A) – Processes multiple client files at the same time. Click the **Utilities** menu and select **Batch Process**. Select the desired action from the drop down menu and click **Process**. Reference the *Batch Processing* section.

- **Rebuild Clients** (Alt + R) – Refreshes the database listing for the clients on the *Client Selection* screen. This feature is usually used only when directed by technical support.

- **States & Pups** (Alt + G) – Allows you to select additional states for per unit processing. Reference the *Per Unit Processing (PUP) Codes* section.

- **Upload Clients** – Uploads one or more client files to Technical Support or to another office or account bin. Reference the *Upload Clients* section.

- **Download Clients** – Downloads client files that have been previously uploaded to another office or account bin. You must enter the filename assigned to the return in order to download it. Reference the *Download Clients* section.

- **Status Dialog** – Allows you to update the status or make a comment on a client's return.

- **Set Status for Group** – Changes status for one or more clients. Tag one or more clients, click the Utilities menu and select **Set Status for Group**. Choose a status from the drop down menu and click Assign.

- **Hide/Show Columns** (Alt + K) – Hides/shows columns on the *Client Selection* screen. Choose which columns you would like to view.

Highlight a column and click **Move Up** or **Move Down** to arrange the order of the columns displayed.

- **Custom Sort** (Alt + T) – Sorts clients according to specific information. Click the **Utilities** menu and select **Custom Sort**. Choose which **column** to sort, then select the **properties** by which you would like to sort.

- **Install Sample Returns** – Installs several sample returns to the Samples folder for you to reference.

- **Lock/Unlock Return** – Lock and unlock specific returns so no change can be made.

■ **Help**

- **Program Helps** (Ctrl + F1) – Displays program helps.

General Information Screen
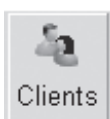
The *General Information* screen is where you will start most of your data entry. It contains personal information about the client, such as name, SSN, marital status, etc. We have provided links to other forms as well as input fields for some of the more common entries.

Click **Clients** on the button bar. Tag the client you want to open and click **Open**.

There are four *General Information* screen options:

■ **Advanced** – For complex returns.

■ **Lite** – For the majority of your returns.

■ **EZ** – For clients who qualify for Form 1040EZ.

■ **Español** – For Spanish speaking clients and preparers.

Within the *General Information* screen, you can link to a form instead of using the Forms pane by clicking on the highlighted underlined **form name**. The program will link to the form selected. Make any applicable form entries. When you are finished, click the **green arrow** button on the input form control bar to return to the *General Information* screen.

When entering new clients, the *General Information* screen will default to the screen option of the previous return you were preparing. When opening an existing client, the *General Information* screen will default to the screen option you were working on when you closed the return.

After working in a linked form, click the green arrow button to return to the *General Information* screen.

Select the desired *General Information* screen option.

Simple Tax Return Wizard (STaR)

☆
STaR

The Simple Tax Return Wizard (STaR) allows you to quickly enter simple 1040 returns by working through an input wizard. The feature assists in reducing errors and keystrokes, and the entire return can be prepared using only the keyboard. A list of the keyboard short cuts can be found at the end of this section.

When starting a new client or opening an existing client, STaR is on by default. If you would like to turn STaR off and use the standard new client screen, select the **Settings** menu, **Control Data**, and click the **Switches** tab. **Uncheck** Use STaR Wizard as default.

Check the box to set the STaR Wizard as your default input screen.

If you uncheck 'Use STaR Wizard as default', the Standard new client screen will appear. With the STaR Wizard off you will see the screen below when opening an existing client or starting a new client.

Click to toggle between the Input Forms and STaR Wizard input screens.

Click **Jump to STaR Wizard** at the bottom of the screen to toggle between the Standard and STaR Wizard input screens.

If STaR is checked as your default method, your tax preparation experience will begin as follows:

Click the **New** client button.

The following **STaR** Wizard screen will appear.

Beige colored fields indicate a required entry. They must contain data in order to proceed to the next screen.

Click to toggle between Spanish and English input screens.

Click to toggle between the Input Forms and STaR input screens.

Enter the Taxpayer's Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN).

If the taxpayer doesn't have one of these numbers, select **Ctrl-A** and the word **Applied** appears in the SSN field. You can help the taxpayer apply for an ITIN by filling out a Form W-7. The Form W-7 can be found in the list of input forms available in the software and can be accessed through the Standard input screens. You cannot electronically file the return without a valid SSN or ITIN, however, you can still use STaR to prepare the majority of the tax return.

Assuming the taxpayer has a SSN or ITIN, enter the nine digit number in the **SSN** field. After entering the number, the number will be hidden (masked). You will be prompted to **Re-key SSN**. Rekey the SSN and if the second number differs, you will be prompted to correct the number or 'Start Over'. If you choose to start over, click **Start Over** to clear the previous entries. You can then re-enter the SSNs. This will increase the accuracy of the tax return.

After typing the same SSN or ITIN in both entry boxes, you can proceed to the next screen by hitting **ENTER** on the keyboard.

If the client SSN matches one that already exists in the database, the following screen will appear.

You may continue with the data entered previously by clicking **OK**.

If you move the radio button to 'Create a new client file, a new instance of the client file will be opened with the same SSN or ITIN. If you select this option, duplicate clients will exist in client selection with the same SSN. If you want to delete one of the client files, reference 'delete a client file'.

If the 'Client File Exists' screen does not appear, you will proceed to the next screen.

Consents Screen

When the Consents Screen first opens the boxes will not be checked. To quickly check all the boxes indicating the taxpayer has received and consented to disclose their tax return information and also allow you to use this information to offer the settlement products and/or a debit card, hit the **SPACE BAR** one time.

To uncheck one box, use the **Shift-Tab** keys to move you back through the boxes. After arriving at the box you wish to uncheck, hit the **SPACE BAR** one time and the check mark will be removed. After marking all desired consent boxes hit the **ENTER** key to proceed to the next screen.

Note

Use the **PgUp** key to go back to the previous screen. Use the **PgDn** key to proceed to the next screen. The **BACK** and **NEXT** keys can be used for the same purpose. Use the Ctrl+J key to toggle between the STaR and Standard Input screens.

Personal Information Screen

The Personal Information screen is used to enter filing status information.

The Preparer Number allows you to identify which preparer is responsible for the preparation of the return. This number coincides with information entered in Settings, Preparers.

The number keys can be used to enter the **Filing Status** of the Taxpayer. Type '1' for Single, '2' for Married Filing Joint, '3' for Married Filing Separate, '4' for Head of Household, and '5' for Qualifying Widow(er).

After selecting the correct filing status, use the **Tab** key to advance to the next required field. The screen changes dynamically based on the filing status selected. The screen for our example is for the Single filing status. Note that no fields are displayed for Spouse entries. The following screen would appear if you hit '2' for 'Married Filing Joint'.

Personal Information   Taxpayer: Cris Winter

SSN > Consents > **Personal Information** > Dependents > Dependent EIC Due Diligence > Taxpayer EIC Due Diligence > W-2 > Filing Information

Preparer Number: [ ]

Filing Status
1-Single 2-Joint 3-Married Filing Separate 4-Head of Household 5-Qualifying Widow(er)   ☐ Check if Taxpayer can be claimed on someone else's return
[2. Joint]

Taxpayer   **Spouse**
First   Cris   First   Britt
Last   Winter   Last   Winter
SSN   123-45-6789   SSN   789-45-6123

Birthday   08-26-1998   Occupation   Birthday   08-26-1991   Occupation
Home   (451)234-5678 tester   Home   (123)132-1123 testone
Work   (456)789-4566   Work   (123)456-7897
Cell   (__)__-   Cell   (__)__-
Unemployment Comp [ ] Unemployment W/held 0   Unemployment Comp [ ] Unemployment W/held [ ]
Email   Email

Address
Street Address   1212132   Apt #   Zip   84315
City   Hooper   State   UT

Jump To Input Forms _ STaR en Español _ Hot Keys   [?] [Exit] [Back] [Next]

Click to jump to a desired screen.

As you advance through the fields, note that the Spouse's last name will auto-fill the same as the Taxpayer's last name. If the Spouse has a different last name on his or her SSN or ITIN card, you will need to over-write the field by typing the correct last name.

Note
When electronically filing, the SSNs and last names of the Taxpayer, Spouse and Dependents must match exactly what is on record with the Social Security Administration. Verifying this information now will save valuable time in the later e-file process.

When entering the **birthday** of the Taxpayer and the Spouse, you can enter the month and day and only the last two numbers of the birth year. The four digit year will automatically appear which will minimize keystrokes. You do not have to enter dashes.

Phone numbers are required entry fields as they are required when requesting bank products.

After entering the **zip code**, a drop-down will appear with a selection of city names. Use the up and down arrows or hit Enter to select the appropriate city.

After completing all entries on the screen, hit **TAB** or **ENTER** to proceed to the next screen or required entry field.

Note
At the top of each screen are 'breadcrumbs'. This will help guide you through the STaR Wizard and display your progress. If the associated screen is complete, the word will appear in green. If you forget to complete a field on one of the screens, the word will appear in red. If there are incomplete fields, red audits will be created when you Review the return, preventing you from electronically filing the return.

Dependents Screen

When this screen opens the **Dependent's last name** will be auto-filled. You will need to over-write this if it differs from that of the Taxpayer.

When you tab to the **Relationship** entry box, a drop down box showing a list of relationships will appear. Select the desired relationship description by entering the 'first letter' of the relationship desired. For example, type 'S' for Son or 'D' for Daughter.

The **Months** field is used to indicate the number of months the dependent lived in the home with the Taxpayer. This field will accept the numbers 0 thru 12, also the alpha numeric characters of CN to indicate the dependent is living in Canada, and MX to indicate the dependent is living in Mexico.

The **Status** box defaults to 0-Claimed. There are ten (10) status selections available. Select a status by typing the number of that status.

If the dependent is **Ineligible for CTC** (child tax credit), hit the **SPACE BAR** to check the box.

If **Childcare Expenses** have been paid on behalf of the dependent, enter the total expenses. If childcare expenses are entered, additional fields will appear requesting child care provider information.

Within the Dependent Grid at the top of the screen, use the **F11** and **F12** keys to move up and down to select a dependent you wish to Edit or Delete. To select the dependent for editing, hit the **F10** key. Highlight the dependent you wish to select and hit the **Edit** key to change previously entered dependent information. Click the **CLEAR** button or **Alt-C** keys to clear the data for a specific dependent you are entering information for if wish to begin data entry again. Click the **SAVE** button or **Alt-S** keys to save the dependent information.

After the dependent information has been entered hit **ENTER** or **Alt-N** to proceed to the next screen.

Dependent EIC Due Diligence Screen

Hit **Tab** to move to the next required field on the Dependent EIC Due Diligence screen.

To answer the questions on each dependent, use the '**Y**' or '**N**' keys. You can also use the mouse to navigate through the drop down. If the answers to the EIC Due Diligence questions do not meet the IRS requirements, the dependent will not qualify for EIC (Earned Income Credit). The word '**No**' will appear in the '**Claim EIC**' column. If responses to the due diligence questions meet the IRS requirements, the word '**Yes**' will appear in the '**Claim EIC**' column.

The dependents will appear in the grid in ascending age order from youngest to oldest. To navigate in the grid, use the **F11** and **F12** keys to select dependents. To return to the due diligence questions for a particular dependent, highlight the correct dependent by using the **F11** or **F12** keys and edit the desired answer. If a dependent passes the due diligence questions, but the taxpayer chooses not to claim the dependent for EIC purposes, simply click the '**Do not Claim EIC**' button in the Dependent List at the top of the screen for the applicable dependent.

After three (3) dependents have passed the EIC due diligence questions and the taxpayer has decided to claim them for EIC purposes, if the word 'Yes' appears three times in the 'Claim EIC' column you will no longer be prompted to answer EIC due diligence questions for any further dependents as this is the maximum number of dependents allowed for EIC in 2010.

Hit Alt-N to proceed to the next screen when all entries are complete. Hit **Alt-S** to save your entries.

Taxpayer EIC Due Diligence Screen

The Taxpayer EIC Due Diligence questions can be answered quickly using '**Y**' for yes and '**N**' for no. **Date** information fields will auto-fill with today's date with one stroke of the letter '**T**'.

W-2 – Wage and Tax Information Screen

Locality name options.

The W-2 – Wage and Tax Information Screen appears next. If the tax return is for a single Taxpayer, the Taxpayer's SSN or ITIN will auto-fill, along with the address that was entered in the filing information.

Use the **F11** and **F12** keys to navigate within the W-2 List grid after more than one W-2 has been entered. Use the **F10** key to select a W-2 for editing.

When **wages** are entered in box 1 of the W-2 Screen, boxes 3, 4, 5 and 6 will auto-calculate. If you need to re-enter the wages in box 1, hit **ReCalc** and boxes 3, 4, 5 and 6 will auto-calculate again based on the entry made in box 1.

After an **Employer** and **EIN** are entered once, this information will be saved to an Employer Library database. Later, if you enter another W-2 with the same EIN, the address and employer name will auto-fill saving time and keystrokes.

For any state with localities, the Locality name drop-down box will display the related locality options.

Use the **F3** key to scroll up the W-2 Screen and F4 to scroll down. You can also use the mouse to scroll up and down the W-2 Screen.

If a client was updated from last year, the W-2's will show in the grid ready for entry of wages for the current tax year. If the taxpayer's employer has changed and you would like to clear the grid, click **Remove all**.

After entering all W-2's for the Taxpayer and Spouse, hit Alt-N.

Filing Information Screen

The Filing Information screen will appear. The screen is divided into three sections: Electronic Filing and PIN, Financial Products, and Income or Deductions.

Click here to select bank products.

Click here to return to Income or Deductions page.

Electronic Filing and Pin

You will need to enter the Preparer PIN and the Taxpayer and Spouse's five digit **PIN** (Personal Identification Number). If the taxpayer and spouse entered the PIN, tab to the **Taxpayer/Spouse entered PIN** box and hit the **SPACE BAR**. This will check the box. If you entered the PIN's do not check this box. The Signature Date can be auto-filled with today's date by hitting the '**T**' key.

Financial Products

To enter financial product information select the **Click here to fill out financial products link**.

Because each Financial Partner's Bank application varies, reference the *Helps*, at the bottom of the Financial Product screen, within the software for details.

Income or Deductions

Selecting the **Click here to show the Income or Deductions page** link will return you to the related list, allowing you to select and access the desired input screen.

Arrow down to desired form and press Enter to access.

You will see a list of examples of additional income and deduction items that the Taxpayer may have requiring you to access the Standard input screens where other forms can be selected and tax information entered.

Press the **arrow keys** to scroll through the list. Press **Enter** on the desired form to access the related Standard input screen.

Click the green arrow to return to the Income or Deductions page of the STaR Wizard.

Click the green arrow to return to the Income or Deductions page of the STaR Wizard.

Note | If after leaving STaR Wizard you wish to return, click the STaR button.

After all entries are complete, hit the **Alt-R** keys or select **Review**. You will be launched out of the STaR Wizard and into Standard screens where you will be able to e-file or paper file the return.

Audit Diagnostics

A list of audits may appear.

All RED audits must be resolved before the return can be electronically filed. Additional information may be required before the return can be e-filed. This will be indicated in the Audit Diagnostic Statements.

Shortcut Keys

Following are shortcut keys mentioned throughout the document or displayed on the STaR Wizard screens.

Breadcrumb – Click desired topic at top of screen to access the related wizard screen.

Jump to Input Forms – Click to exit StaR and jump to the Standard input screens and other tax forms.

STaR en Español – Displays the STaR Wizard in Spanish.

Hot Keys – Displays a screen listing all of the Hot Keys.

? – Opens program helps.

Exit – Exits the STaR Wizard.

Back – Returns you to the previous screen.

Next – Click to advance to the next input screen.

Keys noted in the following chart allow you to perform all entries using the keyboard versus the keyboard and mouse.

STaR Hot Keys	Functionality within the STaR Wizard
Enter Key	Select Next Required Entry
Tab Key	Select Next Field
Spacebar	Toggle Checkbox Selection
Page Up	Navigate to Previous Screen
Page Down	Navigate to Next Screen
F1	Opens the Helps
F2	Selects next required entry
F3	Form W2 scroll up
F4	Form W2 scroll down
F10	Selects highlighted item from grid list
F11	Scrolls up a grid list
F12	Scrolls a grid list down
T	Inserts today's date in a signature date field
Alt-B	Navigate to Previous Screen
Alt-N	Navigate to Next Screen
Ctrl-H	Access Hot Keys Summary
Ctrl-J	Jump to forms input
Ctrl-Y	Allows entry of Alpha Numeric characters in SSN field (i.e. Applied)
Alt-R	Review and launch audit diagnostics from filing information screen
Alt-E	Exit STaR Wizard
Esc	Exit STaR Wizard

Married Filing Separate

The software has the ability to produce a Married Filing Separate return for both the taxpayer and spouse in addition to the Married Filing Joint return. A Married Filing Joint vs. Married Filing Separate Worksheet can also be produced to determine which filing status is more beneficial before you choose to split the returns.

State returns will be produced to agree with the federal filing status. All state entries made on the Married Filing Joint return will be allocated 100% to the taxpayer's state Married Filing Separate return, with the exception of Ohio. The Ohio state system has the ability to allocate state entries. This enhancement will be in other state systems in future years.

Audits, Helps, and popups provide information relating to the split process.

Following are the steps to allocate items of income/deduction between taxpayer, spouse, or 50/50 joint and to split a Married Filing Joint return through designated inputs; the Married Filing Separate Worksheet; and/or Utilities, Split Return.

Designated Inputs

Inputs on the MFJ return can be designated as taxpayer (T), spouse (S), or 50/50 joint (J). This is accomplished by using several types of input entries applicable to the form or schedule:

- **Screen inputs** – for fields having separate input fields for taxpayer and spouse.

- **Grids** – column to indicate ownership.

- **Detail statements** – column to indicate ownership.

The state can be indicated on many forms through detail statements. Generally, input screens that already contain fields for the two-letter state code, such as Schedules C and E, will not have a state column in the detail statement grid.

A We will allocate an amount to the taxpayer and spouse using Detail Statements and the T/S/J column. We will also allocate 100% of an amount using the right click feature. Create a new client with a filing status of MFJ on the *Client Selection* screen. Indicate a taxpayer and a spouse.

1 Click the **Federal** button on the button bar.

2 In the Forms pane, click **1 - 1040 Pg 1**.

3 Double click on the *line 17* input field to open the **Detail Statement** grid.

4 Enter **Rental Property 1** in the *Description* column, **Taxpayer** in the *T/S/J column*, and **$3,000** in the *Amount* column.

	Description	T/S/J	Amount
1	Rental Property 1	Taxpayer	3,000
2	Rental Property 2	Spouse	1,000
3			

Detail Statement
Schedule E Income-FORM 1040 PG 1-2204
Total: 4,000
☑ Print this statement with the return ☑ Update this statement's descriptions to 2012
☐ Use cents   OK   Help

5 Press **Enter** to access *line 2* of the *Detail Statement*.

6 Enter **Rental Property 2** in the *Description* column, **Spouse** in the *T/S/J column*, and **$1,000** in the *Amount* column.

7 Click **OK**.

8 Double click on *line 18* to open the **Detail Statement** grid..

9 Enter **Farm income** in the *Description* column, **Spouse** in the *T/S/2* column and **$500** in the *Amount* column.

10 Click **OK**.

B Now we will generate the Married Filing Joint vs. Married Filing Separate Worksheet to determine if splitting the return is beneficial to the client. If you do not want to generate the Married Filing Joint vs. Married Filing Separate Worksheet before splitting the return, click the **Utilities** menu, and select **Split Return** (unspecified items to be allocated 50/50 joint). Dialog windows will appear as indicated below.

Married Filing Joint vs. Married Filing Separate Worksheet

A A Married Filing Joint vs. Married Filing Separate Worksheet drop down box is available in the Advanced option mode of the General Information input screen under the Filing Status section. (If input entries were not designated as taxpayer, spouse, or 50/50 joint, then the work-sheet can still be generated based on the options provided in the drop down box.)

Note The Married Filing Separate Worksheet includes all aspects of Form 1040: exemptions, income, adjustments, deductions, credits, other taxes, pay-ments, and the refund or amount due.

- Generate MFJ vs. MFS Worksheet (allocate unspecified amts 50/50 joint).

- Generate MFJ vs. MFS Worksheet (allocate unspecified amts 100% to Taxpayer).

- MFS Worksheet not selected.

1 After making your selection, review the return by clicking the **Review** button on the button bar.

2 Review the MFS Worksheet.

3 Click the **Split Return** button. A dialog window will appear, pro-viding additional information.

Split Joint Return

Note: Any value that has not been allocated to either taxpayer or spouse will split 50/50 between the taxpayer and spouse.

Note: By hitting the OK button, new client files will be created. Please look for the 'Cris Winter' and 'Britt Winter' tax returns (MFS Filing Status) in the same Data Path Name(My Tax Files) and folder (Samples).

Note: By creating 2 separate returns from a joint return, there may be 2 records logged into the Management Database for the taxpayer: 1 for the joint return, and 1 for the separate return. This could affect report totals by counting the taxpayer twice.

Note: Taxpayer and/or Spouse MFS returns already exist. If you do not want to overwrite these existing returns, please click Cancel.

Disclaimer   OK (esc)   Cancel   Help

4 Click **OK** to split the return.

5 Another dialog window will note how to view the two MFS returns. Click **OK**.

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The joint return has been split into 2 MFS returns. You can find the returns in the same Data Path Name (My Tax Files) and folder (Samples). To view the MFS returns close out of the current return and open the client selection screen.

OK
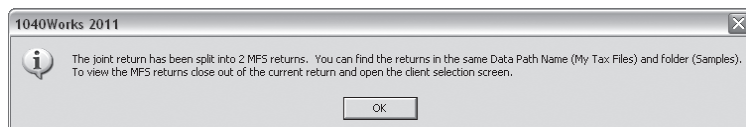
6 A final dialog window will appear indicating the forms, schedules, and input screens being split. Review the dialog, and click **Close**.

Forms, Schedules, Inputs Screens that are Split for 2009 program. Forms, schedules, input screens not included on this list will carry to both the taxpayer and spouse MFS returns, therefore, manual adjustments are necessary.
Form 1040 through line 44, Tax
Form W-2 (2G, FEC)
Form 1099 (R, G, M)
Schedule A
Schedule B
Schedule C, T/S only, cannot split a joint
Form 8829
Schedule SE
Schedule D
Sale of Home Wk
Schedule E pg 1 only
Schedule E pg 2 if entered on K-1's
Schedule F
Form 4835
Form ES payments only
Form 2106/2106EZ
Form 4562 if entered in the Asset Manager only
Form 4684
Form 4797, page 1
Form 4797, page 2 if T/S only, cannot split a joint
Form 6252
Form 6781
Form 8453
Form 8812
Form 8814
Form 8901
GI input screen
PO input screen
INV input screen
DI input screen
EF – 8453 input screen
Letter input screen
Clergy input screen
Disaster input screen
1040, pg 1 and 2 if they use the separate inputs on those screens
SSA input screen
Retirement input screen
SE

7 Click **Clients** on the button bar and open the **MFS - Spouse** return.

8 In the Forms pane, click **1 - 1040 Pg 1**. Verify that *line 17* shows *$1,000* and *line 18* shows *$500*.

This feature should be a great time saver!

Data Paths

The program gives you flexibility in storing client files. Instead of limiting you to a drive letter, you can define any path for your client files, including UNC paths.

Note

UNC stands for Universal Naming Convention. This allows you to specify network file paths without using drive mappings.

The storage location is called a Data Path Name. A default Data Path Name has been set. If you prefer to select your own path(s), open the **Client Selection** screen. Click the **Data Path Name** drop down box and select a **data path**. If you want to add or edit a data path, click the **Edit** menu and select **Data Paths**, or press **Alt + S**. From this screen you can add, edit, or delete data paths.
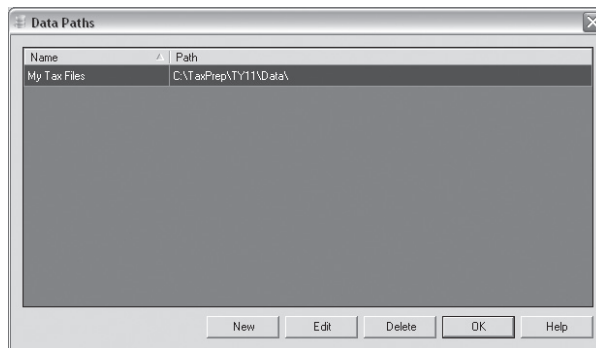
Organizers

Organizers are a great way to communicate with your clients. They alert the client of information to review and bring to the tax interview. Organizers can be accessed from the *Client Selection* screen under the *Utilities* menu. We have also included an option for a blank organizer on the *Organizer Options* screen.

1 Click **Clients** on the button bar.

2 Click the **Utilities** menu and select **Organizers**. Read the Proforma/ Organizer Information note and click **OK**. Verify that last year's data path name and folder are correct.

The program will auto detect data paths set up in the 2010 software.

Tag clients.

Select last year's data path.

Select last year's folder.

3 Click the **Utilities** menu and select **Options**. Select the desired Organizer options and click **OK**.

Select the slip sheet format.

Check to print organizers for clients with the Organizer option selected in 2010.

Option to print the SSN.

Check to print organizers in duplex format (both sides).

Select the type of Privacy Notice.

Select the type of organizer.

Select the desired Cover Letter format.

Select to view blank organizer options.

Click to force or suppress specific forms.

4 Tag the **clients** you would like to prepare organizers for.

5 Select the corresponding button to preview, save, or print organizers.
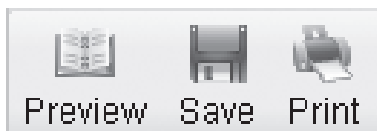
Security

Security has been designed to limit access to client information. Implementation of the Security feature in your practice is optional, but highly recommended. You can create secure folders that can only be accessed with a password. You can also restrict access to other areas of the program.

Security Setup

1 To set up Security, click the **Workbench** menu, and select **Security**. Check the **Enable Security** box.

2 Enter a **Master Password** consisting of 6 to 20 characters. The password is case sensitive. Re-enter the password to verify it was entered correctly.

3 Select a **question** from the drop down box. Provide the **answer** to your question. This question allows you to open the program if you forget your password.

Security Protect

1 Click the **Protect** tab.

2 Tag the **items** within the program which you want to protect and limit access to. The *Master Password* is required when accessing areas tagged for protection.
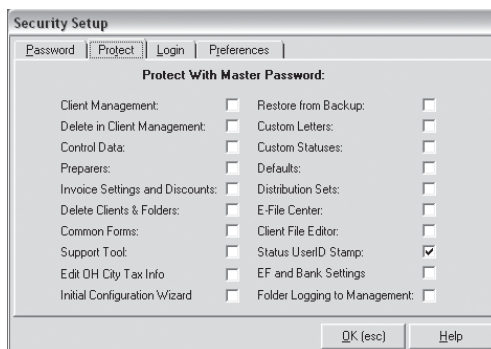
Security Login

1 Click the **Login** tab.

2 If running on a network, you can limit individual access to certain paths and folders. To do this, check the **Require Users to Login upon Startup** box.

3 A list with User IDs within the office will appear on the Login tab. You can add or delete users using the corresponding buttons at the top of the screen. Enter a password next to the user's name. (Make sure you inform the user of the password.) The password must consist of 5-12 characters and is case sensitive.

4 Check the **Limited** box, if desired. If the user is Limited, select the **Data Path Name** the user will be able to access. Limited users only have access to the Common Forms tab on the Forms pane. They can only use the Clients, Assets, Fed, and State buttons located on the button bar.

5 By setting up logins that require passwords, user-specific settings (in Control, Printers, Colors, and EF and Bank Settings) move from computer to computer with the individual user.
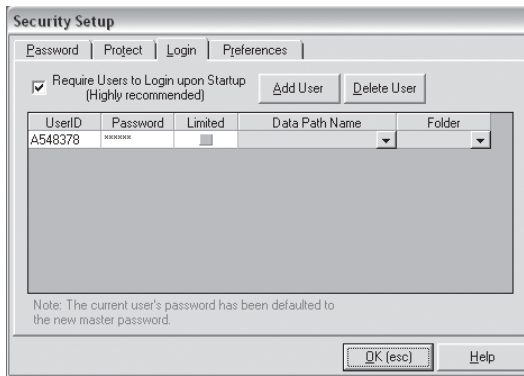
You must set a password for each individual user. This is required when logging into the program. When the program is opened after Security has been set, the *Login* screen will appear. You have the option of logging in as a specific user, which will allow you to open the program and prepare returns, or you can input the *Master Password*, which only allows you to edit the Security settings. You will not be able to open the program if you only input the *Master Password*.

Security Preferences

1 Click the **Preferences** tab.

2 Check the boxes to secure opening, viewing, and access to clients in different areas of the program by SSN/EIN.
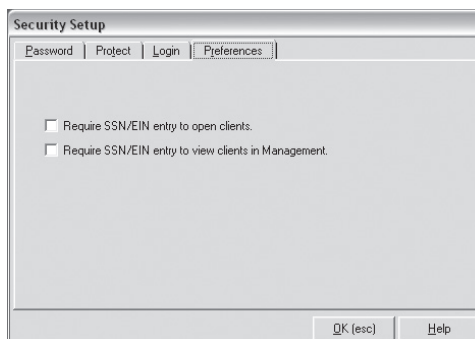
Secure Folders

You have the option to secure folders. To access this feature, Security must be enabled.

1 To create a secure folder, click the **Clients** button.

2 Click the **Edit Menu** and select **New Folder**.

3 Enter the **folder name** and the **Password**. Click **OK**.

Note If you forget the secure folder *password*, click the **Reset** button. Enter the **Master Password** and click **OK**. Enter a **New password** for the folder and click **OK**.

Management Security

1 Click **Mgmt** on the button bar. If you have restricted access to Client Management, you must provide the *Master Password* before entry is allowed.

2 Clients in secure folders WILL automatically appear. If desired, you may limit access to clients in secure folders. While setting up security, select the Preference tab. Check the box to **Require SSN/EIN entry to view clients in Management**. After enabling this feature, clients in secure folders can only be accessed by entering the **SSN** or **EIN**.

Forgot Password/Change Master Password

1 If you forget the *Master Password*, click the **Workbench** menu, and select **Security**.

2 Click the **I Forgot** button.

3 You will be asked to provide the answer to the question you selected when you set up security. If you are able to answer the question, you will be allowed to enter a new *Master Password*. Re-enter the **password** to ensure you have entered it correctly. Click **OK**. You will be prompted with a message noting the *Master Password* was changed.

4 Use the *I Forgot* option if you want to change your Master Password.

> **Note** If you forget both the *Master Password* and the answer to your question, you must call TaxWorks Support for assistance.

Client Status

Client status is used for inhouse tracking purposes. You can track and view the progress of a client's return and note any comments.

Status

To change the status for one client, click **Status** on the button bar while in the client's return. While on the Status tab, click the drop down box and select the **desired status**. The Date and ID fields will auto-fill.

To create a custom status, from the Status screen, click the **Custom Statuses** button. Enter the name of the custom status and click **Add**. The custom status will appear on the screen, and will be added to the drop down box.

To remove a status, click the **Status** button while in the client's return. Highlight the status, right click, and select **Delete Status**.

The status *Proformaed* is set during the proforma process. Select when the status *In Progress* is set from the drop-down box. Other statuses must be set manually.

Click to type comments for the client that is open.

Click to add and view custom statuses.

Check to suppress the display of this screen after exiting each client.

Auto Status Feature

Every time you exit a client's return you will see a window that asks if you want to change the client status. This feature can be turned off by checking the **Do not display preparation status automatically** box and clicking **OK**. This will turn the feature off for all clients.

To turn the feature back on, click **Control** on the button bar. Click the **Suppress** tab. Uncheck the **Suppress Status Prompt** box.

Note Custom Statuses can be updated from the prior year. Reference *Updating System Files* section.

Batch Processing Clients

Use the Batch Process feature to initiate quick processing or printing of several client returns at once. You can print or save specific sets for several clients. Process an e-file, proformas, diagnostic, invoice, extension, or full return only. To access the Batch Process feature, click the **Clients** button. Tag the desired **clients**, click **Utilities**, and select **Batch Process**. Select the desired **Process option** from the drop down box and click **Process**.
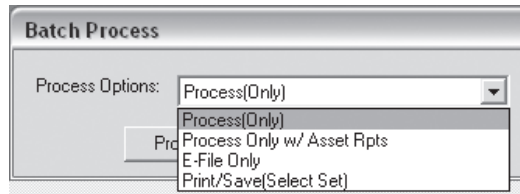
Managing Your Clients' Data
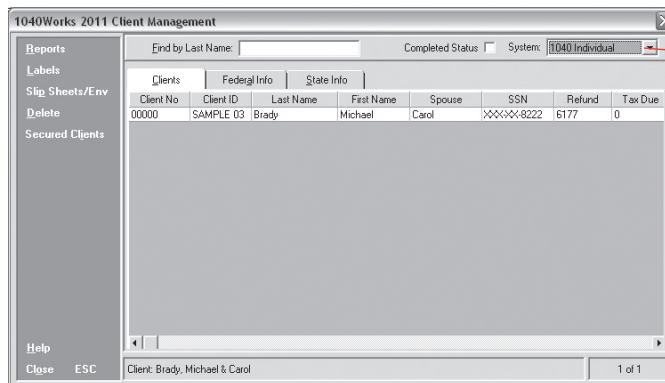
Select the System.

A powerful tool for keeping track of client information and status is Client Management. All *Proformaed* and *Reviewed* clients will appear. Click the **Mgmt** button. Select the applicable **system** you want to work with from the drop down box.

From the Management screen, highlight the desired client and select the **Clients**, **Federal Info** and **State Info** tabs to view detailed information for each.

- **Clients** – a database will maintain a list of clients that have been reviewed or updated.

- **Federal Info** – view a summary of the client's federal return, including forms/schedules and dollar amounts.

- **State Info** – view a summary of the client's state return including dollar amounts, resident status, and the desired refund receipt method, such as bank deposit or paper check.

Note

You may want to **delete** a client from the Management screen. If you delete a client, the client file will remain in Client Selection, but information in Management will be lost. You must **review** the client again to have it reappear in Management.

Management Reports

Reports are a must in every office. The program has made your work easy. Click the **Mgmt** button. On the Management screen, click **Reports**. There are two report categories available. Each category offers multiple reports depending on the system selected. Select the desired report category, and click **Next**.
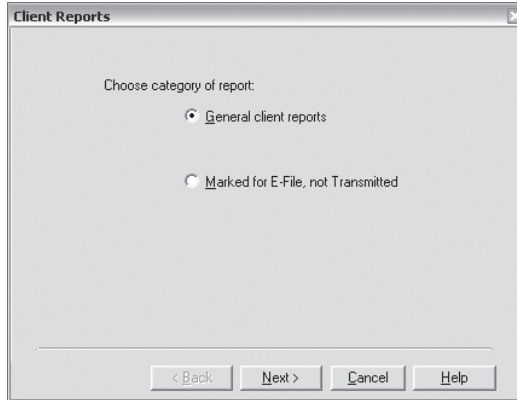
- ■ **General client reports**

    - **Production Summary** – Tracks inhouse office production.

    - **Status Report** – Allows printing of clients by status (i.e., *Updated*, *In Progress*, etc.).

    - **Group Status** – Allows you to select and group clients by specific status.

    - **Address/Phone List** – Gives an address and phone listing.

    - **Client Summary** – Lists tax return information, including AGI, tax due, refund, and invoice amounts.

    - **Referral Report** – Lists client's name, SSN, and referral source.

    - **Commission Report** – Allows you to figure the commission payment per invoice amount for each preparer.

    - **Invoice Report** – Lists invoice information, such as total invoice amounts paid and outstanding invoice amounts.

    - **Paper Returns** – Lists clients who paper filed (non-e-filers).

    - **Client Logs** – Lists clients you started working on, and notes the specific day. (Range selection cannot be viewed; it can only be printed.)

    - **Detail Report** – Prints return information for selected clients.

- **Detail Family Report** – Lists taxpayer, spouse, and dependent information for all clients.

- **Comment Report** – Lists clients and comments entered in the Status menu.

- **State Totals** – Lists the total number of returns processed, categorized by state and system.

- **Birthday Listing** – Lists all clients and spouses by birthday.

■ **Marked for E-File, Not Transmitted** – Creates a report noting clients that have been marked for electronic filing and reviewed, but no e-file was created and the client has not been transmitted.

Note E-File & Financial Product reports are available in the E-File Center. Reference the *Filing Returns Electronically* and *Financial Products* sections.

Note CPA and Other Professional Privacy Letters are available while entering client data from the Instruction Letter input screen. Reference the *Instruction Letter, Custom Letters* section.

Status Drawer

The Status Drawer is used to track, view, and print *status* information.

Status

Click the **File** menu and select **Status Drawer**. From the drop down box, select the desired **system**. From the Preparation Status tree, highlight the desired **status**. The screen will list clients that fall under the status selected. You can **preview** or **print** the selected status report.

Select the system from the drop down box.

Click the box to print the Advanced Report with expanded status information.

To change or add a client status from the *Client Selection* screen, right click on the client's name and select **Status Dialog**. To change or add a client status or comment while in the client's return, click the **Status** button on the button bar. While on the Status tab, select the desired **status** from the drop down box. Date and ID fields will auto-fill. To add additional comments, click the **Comments** tab. Typed comments will automatically word wrap when printed. To add additional statuses click the **Custom Statuses** button.

Click to enter comments.

Click to enter custom statuses that can then be selected from the Status drop down box.

Asset Tracker
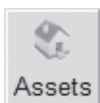
Click the **Assets** button on the button bar to launch the Asset Tracker.

The Asset Tracker is a powerful tool that allows you to track all of the taxpayer's fixed assets. It organizes all of the depreciable assets by form or schedule. Fields with double arrows » indicate you have the capability to enter the item through the Asset Tracker Easy access tabs allowing you to move quickly to the desired aspect of the asset.

Navigation

The Tree

The tree displays all assets in the current return, separated by form.

A Click on the **plus (+) sign** in front of a form to see all of the assets for that form.

B Click on an **asset** in the tree to display the entry tabs.

C Click a **form** to see the Asset Tracker grid details on all assets for that form.

D Use **Ctrl+Page Up** / **Ctrl+Page Down** to move from asset to asset through the tree.

E Right clicking on the **New** Button provides multiple options:

1 Add a new asset.

2 Expand the selected form.

3 Collapse the selected form.

4 Access the Help file.

5 Close the Asset Tracker.
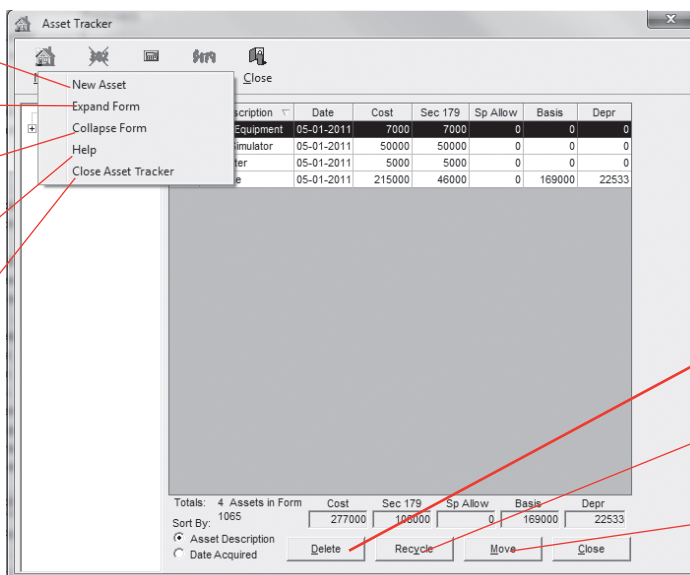
Click to **Delete** the selected asset.

Click to **Recycle** the selected asset.

Click to **Move** the selected asset.

Asset Tracker
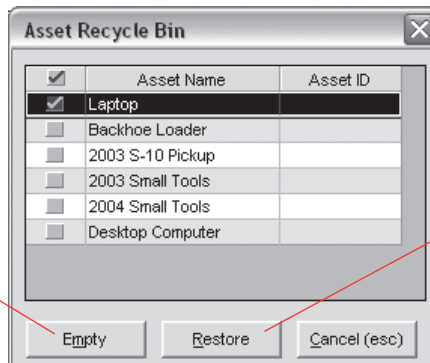
The Asset Tracker grid displays summary information for the form that is currently selected in the tree.

A Sort assets by any column in ascending or descending order by clicking on the column header. The arrow indicates the current column selected and in what direction it is sorted.

B Look at the totals for cost, current section 179 expense, current special depreciation allowance, depreciable basis, and current depreciation.

C Double click on an asset to see that asset's details.

D Tag/untag all assets by clicking on the header in the tag column.

Use Shift+Page Up / Shift+Page Down to move through the assets in the order sorted in the Asset Tracker grid.

E Delete assets by tagging one or more assets and clicking the **Delete** button. Click **Yes** and then **OK**.

F Restore assets by clicking the **Recycle** button.

1 Tag the assets and click the **Empty** button. This will permanently delete these assets.
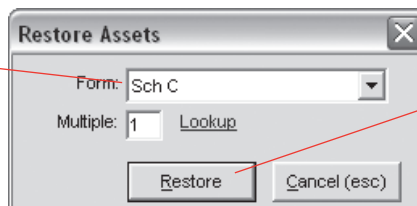
2 Tag assets to restore them (undelete them) and click the **Restore** button.

3 Select the proper form and multiple (if necessary) to which the assets should be restored. Use the Lookup link to find the proper multiple.
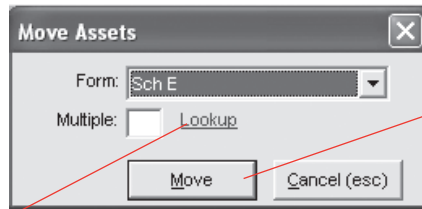
4 Click the **Restore** button.

G Move assets by tagging the assets and clicking the **Move** button.
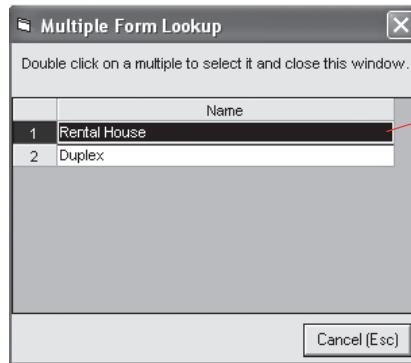
1 Select the proper form and multiple (if necessary) to which the assets should be moved.

Move Assets

Form: Sch E

Multiple: ☐ Lookup

Move   Cancel (esc)

2 Click the **Move** button.

3 Click **Lookup** to display a list of multiples noting the form description and multiple number. Use this feature to quickly view and select the multiple to which the asset relates.

Multiple Form Lookup

Double click on a multiple to select it and close this window.

	Name
1	Rental House
2	Duplex

Cancel (Esc)

Double click the multiple associated with the asset.
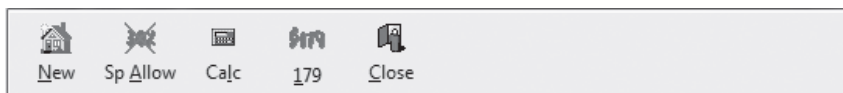
H Exit the **Asset Tracker** by clicking the **Close** button.

Note

Click the **Color Key** link to open a grid defining a legend for field colors used in the Asset Tracker. Assets highlighted in yellow on the tree or in the grid have been disposed of during the current year. Assets highlighted in cyan have a date of disposition after the end of the current calendar or fiscal year. Italicized font indicates that an asset is part of a group disposition. Bold, italicized font indicates the primary asset in a group disposition. Assets highlighted in magenta have been placed in service after the end of the current calendar or fiscal year.

Asset Tracker Button Bar

The button bar is used to access options within the Tracker. Each option will be covered in greater detail later in this section of the reference manual.

New   Sp Allow   Calc   179   Close

A   **B**   **C**   **D**   **E**

A Click the **New** button to add a new asset.

B Click the **Sp Allow** button to make elections regarding the special depreciation allowance.

C Click the **Calc** button to access the calculator.

D Click the **179** button to access additional information regarding section 179 expense in the current return.

E Click the **Close** button to close the Asset Tracker.

New Asset

The New Asset screen allows for quick entry of basic asset information. It gathers the minimum amount of data necessary to start depreciating an asset. The screen expands as additional data is required.

A Enter the form and the multiple number (if necessary).

B FOR 1040 RETURNS ONLY: The state and taxpayer/spouse indicator will carry from the indicated form or will default to the resident state and *joint* (if MFJ) or *taxpayer* (if not MFJ).

C Enter the asset's description.

D Enter the date the asset was placed in service.

E Enter the cost of the asset.

F Enter any current section 179 expense. If the asset was not placed in service in the current year, the New Asset screen will prompt you for prior section 179 expense.

G If the asset was not placed in service in the current year, enter any prior depreciation.

H Select a type.

Note | Type is an optional entry. You can leave the type blank; however, the types have built-in default depreciation methods and periods. If a period cannot be determined from the type or method selected, you will be prompted to enter the appropriate period. See the next page for a table of types and their default depreciation methods/periods.

I   If the type is a vehicle, enter the mileage and, if applicable, select the auto expense method Optimal (for first year), Actual to force actual expenses, or SMR to force Standard Mileage Rate.

Note Standard mileage rate is only available on individual returns. All other returns must use actual expenses.

J   If a default method is not entered, or the asset needs to be depreciated under a different method, select the appropriate depreciation method.

K   Click **OK** to add the asset. The Asset Tracker will take you to the General tab for the newly added asset.

L   If you do not wish to add the asset, click **Cancel**. The Asset Tracker will return to the last visible screen.

Note The following table gives the available types and their associated default depreciation methods.

Type	Depreciation Method
Land	MACRS Straight Line[1]
Residential Rental Real Estate	MACRS 27.5 Year Straight Line
Res. Rental Furn & Fixtures	MACRS 5 year Double Declining Balance
Non Res. Real Estate	MACRS 39 Strait Line[2]
Machinery and Equipment	MACRS 7 Year Double Declining Balance
Furniture and Fixtures	MACRS 7 Year Double Declining Balance
Vehicles	MACRS 5 Year Double Declining Balance
Trucks & Vans	MACRS 5 Year Double Declining Balance[3]
> 6000 GVW Vehicles	MACRS 5 Year Double Declining Balance[4]
6000 to 14000 GVW Vehicles	MACRS 5 Year Double Declining Balance[5]
Computer Systems	MACRS 5 Year Double Declining Balance
Depr Computer Software	3 Year Straight Line Depreciation
Amortization	Nonrecovery Amortization[6]
Improvements	MACRS 15 Year 150% Declining Balance
Indian Reservation	No default method selected[7]
Water Utility Property	MACRS 25 Year Straight Line
Qual Leasehold Improvement	MACRS 39 Year Straight Line
Other/Miscellaneous	No default method selected
Not Applicable	No default method selected

1   Land is not depreciated. If land is selected, the entire cost will be entered as land on the General tab.

2   If the property was placed in service before May 13, 1993, the Asset Manager will use MACRS 31.5 Year Straight Line.

3   Trucks and vans have slightly higher passenger automobile limitations than standard vehicles. See the instructions for Form 4562 for additional information.

4   Vehicles with a gross vehicle weight of more than 6,000 pounds are exempt from the passenger automobile limitations. See the instructions for Form 4562 for additional information.

5 Sport Utility Vehicles with a gross vehicle weight of 6,000 to 14,000 pounds are exempt from the passenger automobile limitations. However, they are limited to $25,000 of Sec. 179 expense.

6 Enter the appropriate period, in years, for amortization.

7 Qualified Indian Reservation property is depreciated at faster than standard MACRS rates. Select the proper method for the class of property being depreciated and the modified Indian Reservation calculations will be used. See Publication 946 for additional information.

Tabs

General Tab

The General tab shows detailed information about the asset.

A Federal and Alternative Minimum Tax depreciation calculations appear side by side. AMT calculations are defaulted based on the federal calculations. To change the AMT calculations, uncheck the AMT Basis = Fed Basis checkbox.

B Force Options allows you to handle special situations, such as Indian Reservation or Gulf Opportunity zone calculations.

C Business Use Percent, if less than 100%, will reduce the asset's depreciable basis. If mileage is entered on the Vehicle tab, the Business Use Percent is automatically calculated.

D The Evidence checkboxes are used to answer the questions on the 4562 Part V for listed property.

E The Section 179 Property checkbox is used to determine which property is subject to the $800,000 limitation for each year. If the property does not qualify as Section 179 Property, uncheck the box. See Publication 946 for information on properties that qualify as Section 179 Property.

F The Qualifies for Special Depreciation Allowance checkbox is used to determine whether the asset qualifies for section 168(k) bonus depreciation. If the asset does not qualify as section 168(k) property, uncheck the box, See Publication 946 for more information.

G If the asset does not meet the Original Use Test to qualify for the special depreciation allowance, check the box.

H The Amortization Code Section and Period boxes carry to Form 4562 Part VI for assets that use the Nonrecovery Amortization depreciation method.

Nonconforming State Depreciation

The State Depreciation link provides access to depreciation calculations for states that do not conform to federal depreciation rules.

A If the asset does not meet the Original Use Test to qualify for the special depreciation allowance, check the Original Use box No.

C Select the state from the tree to view that state's depreciation calculation.

B If there is another reason why the asset does not qualify for the special depreciation allowance, uncheck the Qualifies for Federal Special Depreciation Allowance box.

D If there is a difference between federal and state depreciation besides the special depreciation allowance, uncheck the box to activate the State column.

E Click **OK** to return to the General tab.

Vehicle Tab

The Vehicle tab gathers additional information about automobiles.

A Enter any business mileage, commuting mileage, and other mileage.

B Current year depreciation allowance for Standard Mileage Rate (SMR) will calculate based on the business mileage.

C Prior year depreciation allowance for SMR can be entered (it will update from year to year).

D Parking and Tolls, Gasoline and Oil, Repairs, and Other are all reported on the Auto or Vehicle Expense line on the form where depreciation is reported. Interest and Lease expenses also carry to the appropriate lines on the return.

E The Options drop down box provides the following options related to passenger automobile limitations:

0 Not Applicable: Standard passenger automobile limitations apply.

1 Suppress Passenger Auto Limit: No passenger automobile limitations apply (typically for vehicles over 6,000 pounds gross vehicle weight).

2 Electric Vehicle Limitations: Higher passenger automobile limitations apply for qualified electric vehicles. The higher limitations do not apply to vehicles placed in service after Dec. 31, 2006.

3 Trucks and Vans: Slightly higher limitations for trucks and minivans placed in service on or after January 1, 2003. See the instructions to Form 4562 for additional information.

4 6000 to 14000 GVW SUV (179 limitation only): No passenger automobile limitations. Section 179 expense is limited to $25,000 for vehicles placed in service after October 22, 2004.

Note
The Asset Tracker will optimize between Standard Mileage Rate (SMR) and actual expenses the first year a vehicle is placed in service on 1040 returns. If actual expenses are greater than SMR, actual expenses will be used. To force SMR, do so in the Method Selected drop down box.

Note
Business returns (1041, 1065, 1120, and 1120S) must use actual expenses.

Note
A vehicle expense worksheet will print for each vehicle entered in the Asset Tracker, detailing entries on the Vehicle tab.

Disposition Tab

The Disposition tab is used to dispose of assets.

A Use the Group Selection box to group assets for sales (Form 4797), installment sales (Form 6252), like-kind exchanges (Form 8824), or casualties/thefts (Form 4684).

B Select the type of disposition:

0 Not Disposed (default)

1 Sale (Form 4797)

2 Installment Sale (Form 6252)
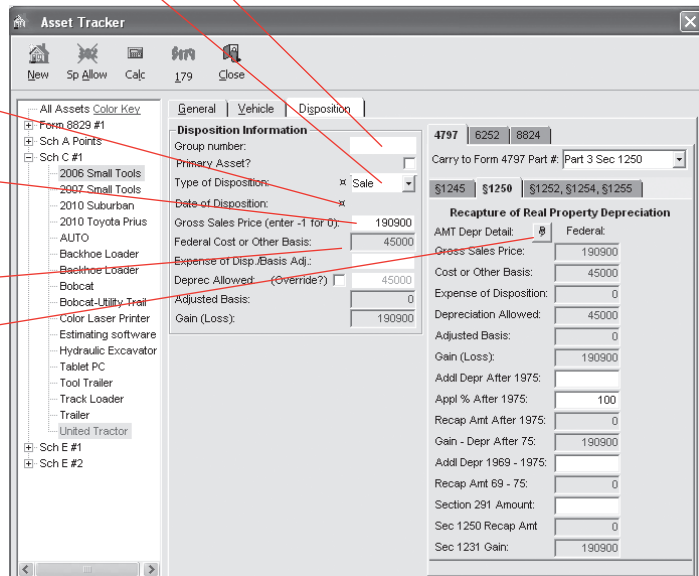
3 Like-Kind Exchange (Form 8824)

C Enter the date of disposition.

D Enter the gross sales price.

E Enter any other information for the specific type of disposition.

F Click the ⚐ Button to access the Alternative minimum Tax (AMT) Depreciation allowed detail.

Note ▶ All disposition forms are automatically generated within the Asset Tracker.

Note ▶ Disposed assets will appear in yellow on the Asset Tracker grid and tree. Assets disposed after the end of the current tax year will appear in cyan.

Group Disposition

A   Enter a Group number for the disposition group you are creating. All assets in this group will use the same group number.

B   Choose one of the assets as the Primary Asset.

C   Select the type of disposition.

D   Enter the disposition date.

E   Enter the gross sales price.

F   Enter any other information for the specific type of disposition.

G   Select the part of Form 4797 on which the sale will be reported.

H

If land is to be reported separately, enter the sales price of the land, any expenses associated with the sale of the land, and the part of Form 4797 on which the sale of the land will be reported.

Note   If there are assets that are §1250 and §1245 property included in the same group, apply the asset to the applicable group with the use of the §1250 and §1245 tabs. Select the correct part # in the carry to Form 4797 drop down.

Note   The Asset Tracker will calculate required depreciation recapture for 1245, 1250, and other assets. All Disposition forms are generated within the Asset Tracker. No additional entries are necessary in the return.

Special Depreciation Allowance Elections
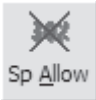
The Asset Tracker will generate election statements if the taxpayer has elected out of the special depreciation allowance for any of the given classes of property.

Sp Allow

Elections for Special Depreciation Allowance

Elect out of Special Depreciation Allowance

From which classes does the taxpayer elect out of the Section 168(k) Special Depreciation Allowance?

	50% Property None	100% Property None
All Classes	☐	☐
3-Year Property	☐	☐
5-Year Property	☐	☐
7-Year Property	☐	☐
10-Year Property	☐	☐
15-Year Property	☐	☐
20-Year Property	☐	☐
Water Utility Property	☐	☐
Depreciable Computer Software	☐	☐
Qualified Leasehold Improvement Property	☐	☐

NOTE: Once the election is made for a class of property, the special depreciation allowance for that class of property will be disallowed for the current tax year. 50% Special Depreciation Allowance only applies to new assets acquired on or after January 1, 2008, and on or before December 31, 2009 and to certain special types of property for periods beyond 2009. See Publication 946, Form 4562 Instructions, or the Internal Revenue Code for any exceptions. To Elect out of 50% Special Depreciation Allowance, select none for each applicable class of asset. An election statement will be printed when the tax return is reviewed.

OK (esc)

A For property that is eligible for the 50% special depreciation allowance, check the None box for each class that the taxpayer elects out of. Check the box for all classes if the taxpayer does not want to claim the 50% allowance on any assets for the current year.

B Click **OK** to close the Elections screen.

C If the elections have changed, the Asset Tracker will recalculate all of the assets to apply the elections.

D The election statement(s) will be available to print when you review the return.

The elections are client specific.

Note

Section 179 Information

Click the 179 button to access all of the §179 information.

Carryover

Enter any §179 carryover that was disallowed in prior years.

A Select the form.

B Enter the multiple number or use Lookup to choose the multiple.

C Enter the amount of the carryover.

D Click **OK** to return to the Asset Tracker.

§ 179 Information

Carryover

Carryover of Disallowed §179 Deduction

Form/Schedule	Multiple	Amount
Sch C	01 Lookup	2577
	Lookup	
	Lookup	
	Lookup	
	Lookup	
	Lookup	
	Lookup	
	Lookup	
	Lookup	
	Lookup	

OK   Cancel (esc)

Note Disallowed §179 information is automatically carried forward from the previous year during the update process.

Depreciation Reports

A To view and print depreciation reports click the Review button on the main tool bar.

B Close the Audit Diagnostics screen.

C In the Form box, scroll to the report you are searching for. Click on the report you would like to view.

D Click the **Print** icon to print your selected report.

    1 The Asset Tracker will produce the following depreciation reports

        • Federal current depreciation

        • AMT current depreciation

        • Non-conforming State depreciation

Two-Year Comparison Report

The program has integrated a Two-Year comparison Report. This tool can help you provide important billable financial planning services to your client.

This is a valuable service to provide every year to assist your clients in reaching specific goals.

You can create this whether you provide associated investment and/or insurance services. These reports are located near the bottom of the Forms pane.

You may create a quick draft plan set during the tax interview using estimated amounts or schedule a detailed meeting later for in-depth planning. This allows the client to think about their goals with a rough draft in hand.

The Two-Year Comparison Report is a direct result of the tax return. It compares key items on the prior year's return with those on this year's return. Prior year data is carried forward during the update process. If the tax software was not used to prepare the return in 2010, enter the applicable information. To produce the report, you can check the **Prepare Two-Year Comparison Worksheet** box on the *2YR - 2-Yr Analys* input screen or check the **Two-Year Comparison** box on the *PO - Options* input screen. This report can also serve as a Personal Income Statement to a lending institution. You can view the Two-Year Comparison from any input screen by pressing **Ctrl+T**.

Barcode Reader

Capture W2 and K1 data by scanning forms with a 2-Dimensional (2-D) barcode using a hand-held 2-D barcode scanner. Form data automatically imports to the tax software, streamlining your data entry process. Refer to helps in the program for details.

Signature Pad

Move closer towards the goal of a paperless office by having taxpayers sign their return on a signature pad instead of the paper signature forms. The signature is applied to the tax return for archival purposes in ArkWorks or other document management systems. The signature can be printed on the return if you need to provide a paper copy of the return for any reason. Easily apply the taxpayer's, spouse's, or tax preparer's signature to forms such as the 8879 or 8867 EIC Due Diligence Worksheets. Refer to helps in the program for details.

Labels

Your client correspondence can look professional by using a label on your envelopes. This can be done by clicking the **Mgmt** button and selecting **Labels**. Select the **Type** of label from the drop down box. Make other selections as necessary.

Tag the clients for whom you would like to print labels.

Select the type of label.

Select the number of labels per client.

Adjust where the printing should start when using sheets of labels that have been partially used.

Click to toggle between Custom and Regular modes. Use Custom mode to create and save labels for your specific needs.

Click to move the printing left or right.

Click to move the printing up or down.

Click to view how the label will appear when printed.

Slip Sheets and Envelopes

If you are using window envelopes or folders to communicate with your clients, use slip sheets for a professional look. There are two ways to print slip sheets.

To customize slip sheets click the **Mgmt** button and select **Slip Sheets/Env**, or while in a client's return, select **PO - Options** from the Forms pane.

Note | If there are no slip sheets on file, the Add Slip Sheet box will automatically appear.

From the slip sheets drop down box, select one of the defaults or select **Add New** and create your own. If you select **Add New**, name the slip sheet. Select to print it in **portrait** or **landscape,** select the **type** of label and if you want a slip sheet for the **Federal**, **State(s)** or **Both** returns. Click **OK**. Add a border, change the font, and drag the From and To addresses where you would like them to print on the page. The new slip sheet will appear in the drop down box for use with other clients.

To print slip sheets for multiple clients, click the **Mgmt** button and select **Slip Sheets/Env**. Select the **Type** of slip sheet. Tag the **clients** for whom you would like to print slip sheets and click **Print**.

Select the type of slip sheet/envelope.

Select the format for the slip sheet/envelope.

Click to edit the address placement on the slip sheet/envelope.

Click to preview how the slip sheet/envelope will appear when printed.

Note | You can print a custom slip sheet for the "For Folder" type. You can also print slip sheets on a # 10 envelope, if you desire.

Backups

We highly recommend that you backup critical files periodically. There are many software products available to backup program files. We have included a utility that allows you to backup files to your hard drive, zip disk, tape drive, or another computer on the network. We suggest you use separate disks for each day of the week. It is also wise to perform a monthly backup. Use a separate disk, tape, or drive each month. Our utility will backup select items, settings, client files, and related database information.

Note

If you are operating on a network, others must be out of the program before using the backup utilities.

Backup

To backup system and client files, click the **File** menu and select **BackUp**. Click the **browse button ⋯** and select the **Backup To** location and select the **path** from the **Client Files From Data Path Name** dropdown box. Tag the **files** you would like to include in your backup. Click **OK** to begin the backup. When the backup is complete, you can view and print the log.

Designate the location to which you want to back up.

Tag the items to back up.

Click to perform the backup operations.
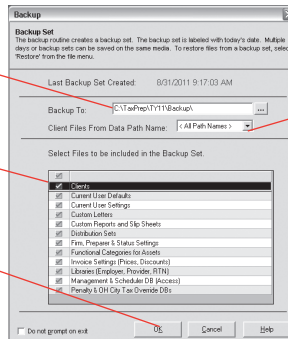
Verify the data path where the client files reside.

Every time you exit the program, the Backup screen will appear. To suppress this, check the **Do not prompt on exit** box. To turn this feature back on, click the **Control** button and click the **Suppress** tab. Uncheck the **Suppress prompt for backup** box.

Restore

To restore files you backed up using the program Backup feature, click the **File** menu and select **Restore**. Browse and select the **Path to Backup Set**. Select the date of the **Backup Set** you would like to restore from the drop down box. Click **Next**. Select the **type** of file you would like to restore and click **Next**. The program will then build and display a list of files or types of files. Tag the **files** you would like to restore and click **Next**. After the files have been restored you will receive the message, "To restore other files click 'More.'" Click **More…** to restore other files or **Close** to finish.

Tag items/clients you want to restore.

Specify the destination path.

Click to perform the restore operation.
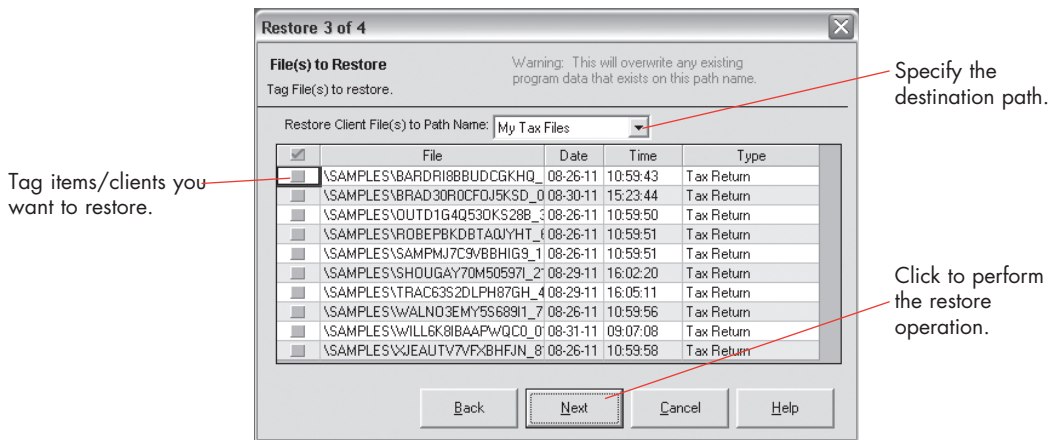
Auto Client Backups

The program will automatically back up the client file each time you click **Close** or **Clients**.

Note

You may also back up clients using the Copy feature on the Client Selection screen.

Instruction Letters

Letters are a convenient way to correspond with your clients. The program has included the ability to print many different types of letters with a return.
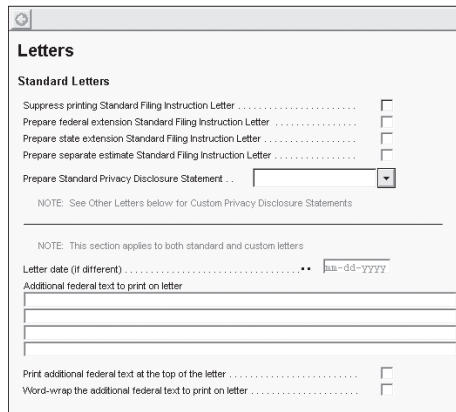
Standard Filing Instruction Letter

The Standard Filing Instruction Letter is generated automatically with each client return. It contains information such as refund amount, balance due, and mailing instructions, which are pulled from the return. There are also federal and state extension letters.

While in a client's return, select **LTR – Instr Ltr** from the Forms pane. The letter input screen will appear. It contains options for printing Standard, Custom, Privacy, and Engagement letters.

Additional text may be added to the Standard and Custom letters. To default the additional text for all clients, input the **text** and press **Ctrl+D**.

The normal default is to print additional text at the bottom of the letter. Check the **Print additional federal text at the top of the letter** box to override the default placement.

Note The Standard Filing Instruction Letter can be suppressed by checking the **Suppress printing Standard Filing Instruction Letter** box.

Custom Letters

You have the ability to print both a Standard Filing Instruction Letter and a Custom Letter. Standard Filing Instruction Letters are generated automatically. Custom Letters will only print if indicated.

Note

You can update Custom Letters from the 2010 software. To do so, click the **File** menu and select **System Updates**. Check the **Custom Letters** box and click **Update**.

Note

By default, the name and address on the *General Information* screen will carry to the Custom Letter exactly as entered. However, this can be over-ridden, if desired.

To generate Custom Letters, from within a client's return select **LTR - Instr Ltr** from the Forms pane. Under the Custom Letters heading, check the **Print Custom Letter** box.

Click to access the Custom Letters screen.

Click to access the Custom Letters utility, allowing you to create and edit Custom Letters.

Check the box to print the Custom Letter.

Custom Letter templates are included in the program. Default templates include:

- Federal: Paper Filing, Amended, Electronic Filing, EF Extension, Extension

- State: Paper Filing, Amended, Electronic Filing, First Extension, Second Extension, EF Extension, K-1

- City: Paper Filing, Amended, Extension

Each template contains numerous sections. Letters and sections can be copied and/or modified.

Note Templates will only generate if they apply to the return (ex: The amended template will only print when preparing an amended return).

Step-by-Step Customizing a Letter

There may be times when the Custom Letter template does not meet your needs. Let's walk through the steps of customizing your own letter.

1a To access the Custom Letters utility, while in a client's return select **LTR - Instr Ltr** from the Forms pane. Click the **Click here option to create or edit Custom Letters** link.

1b To access the Custom Letters utility outside of the client's return, click the **Settings** menu and select **Custom Letters**.

Click the plus (+) sign to expand and view the letter sections.

The Copy icon is used to copy the letter sections.
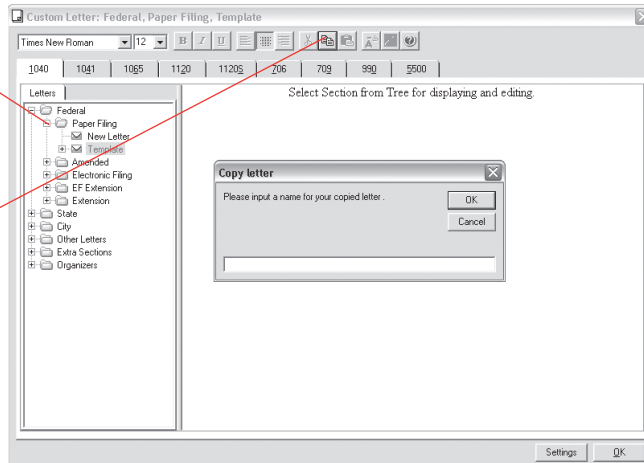
2 The 1040 tab should already be highlighted. Click the **plus (+) sign** next to Federal to expand the tree. Click the **plus (+) sign** next to Paper Filing and highlight **Template**. The template can be used as a starting point and modified to meet your needs.

3a Click the **Copy** button from the button bar at the top of the screen. A message will appear stating, "Please input a name for your copied letter." Give the letter the name **Sample** and click **OK**. The template will be copied to the new Sample letter. *Sample* will be listed in the Letters column.

3b You can also copy the template by clicking **New Letter**. A message will appear stating, "Please input a name for your new letter." Name the letter **Sample** and click **OK**. You will be prompted to select **Copy Letter** or **Blank Letter**. By selecting Copy Letter, you can use the drop down box to select the **Template** or other existing Custom Letters. Check the **system** you want to copy the letter to. Click **OK**. The template will be copied to the new Sample letter. *Sample* will be listed in the Letters column.

4 If the Sample letter is not expanded, click the **plus (+) sign** next to Sample. This will expand the tree, allowing you to view a list of sections that may be included in the letter based on tax return facts.

5 To make a change to the letter, highlight the appropriate section. To test this feature, let's use the Footer section. Click **Footer**. Text from the Footer section will appear. Place the **cursor** behind the word "call." On the left-hand side of the screen, click the **Insert Codes** tab. Highlight and double click **Preparer Telephone Number**. ~PRETEL~ will appear in the sentence. When you print the letter, the actual preparer telephone number will replace ~PRETEL~.

6 After modifying the Sample letter, click **OK**.

Click to access different insert codes.

Click to change the margins and borders.

7a If you accessed the Custom Letters utility from within the client's return, you will return to the letter input screen. To access the letter you have just created, you must leave the letter screen and then return to the letter screen. Select **GI - General Information** (or any other form) from the Forms pane. Reselect **LTR - Instr Ltr** to return to the letter screen.

7b If you accessed the Custom Letters utility outside of the client's return, click the **Clients** button, highlight a **client**, and click **Open**. Select **LTR - Instr Ltr** from the Forms pane.

8 To print Custom Letters, you must check the **Print Custom Letter** box.

9 Note that TEMPLATE, NO LETTER, NO EXTRA SECTION, and NO OTHER LETTER are defaults for the Custom Letter categories. The Template letter will print where TEMPLATE is noted. To include other letters, click the drop down box and select the desired letter. For our example, click the drop down box for Federal Paper Filing and select the **Sample** letter.

10 When you click the **Review** button and the return is processed, the letters selected will be listed as part of the return.

11 Tag the **letters** and click the **printer** icon.

> **Note**
>
> You may insert a picture into a Custom Letter using the copy (Ctrl+C) and paste (Ctrl+V) functions. For example, many preparers like to paste their logo into their letters. Copy an image from another application. Place your cursor where you would like the picture to appear in the letter, and paste it in.

Other Letters

We have given you the ability to print two other letters: Privacy and Engagement. Scroll to the Other Letters area at the bottom of the letter screen. From the drop down box, select the desired **letter**. These will print as separate letters. Other Letters can be defaulted for all clients.

Federal Extra Sections

You have the option of adding three extra sections to the federal letter. Scroll to the Federal Extra Sections area at the bottom of the letter screen. We have included text for the following extra sections: Inability to Pay Balance Due, Charitable Contribution > $250, and Other Services Provided. These sections will print prior to the Closing section. To include them, select the desired **letter** from the drop down box. Federal Extra Sections cannot be defaulted for all clients.

Invoice

The Invoice feature allows entry of individual billing amounts for each form, schedule, and various line items. Once the invoice settings have been entered and saved, the defaults will automatically carry when a return is processed. Click the **Settings** menu and select **Invoice Settings** to access the *Invoice* screen.

Select the applicable system.

Enter the amount you would like to charge for each form or schedule.

Select to view and set state invoice options.

Click to customize fonts and borders for the invoice.

Click to copy the complete grid to paste into spreadsheets and other documents.

Enter the amount to bill per line item on a specific form or schedule.

Check to suppress printing the item on the invoice.

Click to save the invoice settings.

Click to print the invoice settings.

Enter a specific form to search for.

Click to import information from a CSV (Excel) file.

Click to export information into a CSV (Excel) File.

Note
While working with the invoice prices, you can bill by amount, per item, or both.

Note
You have the ability to print the invoice with an override date, email address, and website address. Check the appropriate box(es) on the client's *Invoice* screen.

You can import and export invoice information to and from Microsoft Excel spreadsheets (CSV files). This makes it easy to change prices and suppress items in the invoice. Click the **Export** button and make your changes on the spreadsheet. (In the spreadsheet, the number **1** is equivalent to a check mark in the suppress column.) When finished, close the Excel file. Click **Import** to import the spreadsheet back into the Forms and Invoice Settings pane.

After importing a spreadsheet, the changes won't appear until you click **OK** and reopen the Forms and Invoice Settings pane.

If you want to override invoice settings for a specific client, while working in a client's return, select **Inv - Invoice** from the Forms pane. You can enter specific amounts, percentages, discount codes, payments, etc.

To enter discounts, click the **Discount Library** link, or click the **Settings** menu, and then select **Discounts**. Enter the **discount code**, **description**, **amount**, or **percentage**. To activate the discount codes, enter the corresponding **discount code** on the *Inv - Invoice* screen in the Discount Codes section. Discounts will be applied to the invoice prices set.

Entries made on the Invoice Options screen will override the invoice prices.

Click the Discount Library link to enter the discounts.

Enter the discount codes in this section.

Invoice Options

DETAILED INVOICE prints a detailed list of schedules and forms in the return with the prices set in the SETTINGS - Invoice Settings.

NON-DETAILED INVOICE prints only the total price being charged for preparing the return.

The following options are available as exceptions for individualizing the client invoice: (Default is DETAILED invoice with line item amounts).

Do NOT print an invoice	☐
Invoice number	
Print client ID on invoice	☐ Yes
Suppress invoice number	☐ Yes
Suppress printing of preparation fee subtotal	☐ Yes
Date to print on invoice (defaults to today's date)	mm-dd-yyyy
Print firm e-mail address to invoice header under firm name and address	☐ Yes
Print firm web site to invoice header under firm name and address	☐ Yes
Print firm fax number to invoice header under firm name and address	☐ Yes
Print NON-DETAILED invoice	☐ Yes
Print subtotals for Federal, State, and Additional Items sections	☐ Yes
Print invoice but with TOTAL amount from Invoice Prices only	☐ Yes
Print Additional Item amounts	☐ Yes
Print invoice with TOTAL amount entered here only (Enter amount. '-1' = -0-)	

Discount Codes:

Method 1: Enter discount as a percentage (.xxx) or as an exact number	
Method 2: Discount settings . . . . Discount Library	
Discount code	
Discount code	
Discount code	
Print discount code instead of discount description	☐ Yes
Sales Tax: Enter as a percentage (.xxx) or as an exact number	

Payment #1		**Payment #2**	
Amount paid		Amount paid	
Payment date	mm-dd-yyyy	Payment date	mm-dd-yyyy
Payment method	▼	Payment method	▼

Utilities, Settings, and Workbench Menus

This section includes many tools that will decrease key strokes and improve output performance.

Utilities

The following items can be accessed from the *Utilities* menu. You must be in a client's return to access the *Utilities* menu.
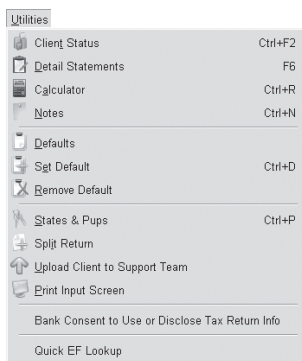
- **Client Status** (Ctrl+F2) – This function is used for tracking purposes. Select the desired option from the drop down box or customize your own statuses. You may also add comments.

- **Detail Statements** (F6) – To make multiple entries for one field, use the Detail Statements feature. Enter the descriptions and amounts. Check the box(es) to print detail statements with the return, have detail statement descriptions update during the update process, and print the amount entered in cents versus rounding to the nearest dollar. The total amount will carry to the field. The field will change to a peach color, indicating it was detailed.

- **Calculator** (Ctrl+R) – An independent calculator can be used to perform simple calculations. The calculator can be accessed four different ways. (1) Click the **Utilities** menu and select **Calculator**. (2) Press **Ctrl+R**. (3) While in a numeric field, enter a **number** and press the **plus (+) key** on the 10-key pad. Add or subtract numbers using your 10-key pad. When you press **Enter**, the calculator will paste the total to the highlighted field. (4) While in a numeric field, enter a **number** and press the **minus (-) key** on the 10-key pad. Add or subtract numbers using your 10-key pad. When you press **Enter**, the calculator will paste the total to the highlighted field.

To turn off the automatic Paste feature, uncheck the **Paste value when '='
is pressed** box on the calculator.

This is the Tape section, similar to a desktop calculator.

Click to store a number.

Click to deactivate the Paste
Amount feature.

Click to clear the memory.

Click to recall a displayed
number.

Click or press Ctrl+P to
paste the value into the
program.

- **Notes** (Ctrl+N) – This function allows you to type notes within a client's
  return. The notes will print with the return. Only notes entered under the
  three EF tabs will be included in the e-file return sent to the IRS.

- **Defaults** – Select this option to view detail on defaults selected. You
  can also delete individual or multiple defaults or copy default settings to
  other users.

EF and Bank defaults can be accessed by selecting **Settings** and then **EF
Settings**.

- **Set Default** (Ctrl+D) – This function allows you to set a default for the
  highlighted field your cursor is in. Enter the default information. Click the
  Utilities menu, and select **Set Default**, or press **Ctrl+D**. The default is now
  set. Once the default is set, it affects every subsequent return entered in that
  system. Entries made in default fields will override any default settings.

- **Remove Default** – This function allows you to remove a default set
  in the highlighted field your cursor is in. Select the desired field, and
  remove the contents. Click the **Utilities** menu, then select **Remove
  Default**, or press **Ctrl+D**. The previously set default is now removed.
  The default is removed for all returns you process from now on.

- **States & Pups** (Ctrl+P) – If you have purchased a limited use package and
  need to process a state or system that has not been purchased, an authoriza-
  tion code must be obtained in order to process the return. Use this function
  from within the client's return to retrieve a PUP code via the Internet.

- **Split Return** – This option allows you to split a married filing joint return,
  automatically creating married filing separate returns for both the taxpayer
  and spouse. The married filing joint return is retained. Amounts for married
  filing separate returns are allocated based on entries made in the applicable
  T/S/J fields. The popup window notes the names and location for the split
  returns created, as well as the forms and schedules involved in the split.

■ **Upload Client to Support Team** – This option gives you the ability to upload a client file with a note to Support from within the client's tax return. If you are having trouble with a client, you can upload the client file and ask our Support staff to help answer your question. This feature will not automatically notify us that you have uploaded a file. Please e-mail or call Support after uploading the file.

■ **Print Input Screen** – This option prints an exact replica of the client data entered on the input screen.

■ **Bank Consent to Use or Disclose Tax Return Info** – This option allows the tax preparer to obtain the taxpayer's written consent to use tax return information for purposes other than preparing the tax return.

■ **Quick EF Lookup** – This utility pops up a screen allowing you to quickly view client e-file and financial product information.

Settings

The following items can be accessed from the Settings menu:
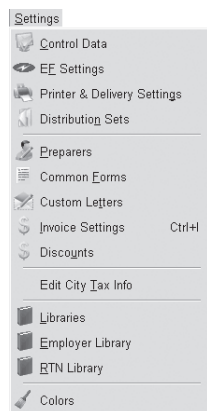
■ **Control Data** – Reference the *Enhancing Your Performance, Control* section.

■ **EF Settings** – This is where "control" information for Electronic Filing is entered. Reference the *Filing Returns Electronically* section.

■ **Printer & Delivery Settings** – Reference the *Print Features, Setting Print Defaults* section.

■ **Distribution Sets** – Reference the *Print Features, Distribution Sets* section.

- **Preparers** – Enter information for multiple preparers in the same office on this screen. Enter the corresponding preparer number on the *General Information* screen in the Preparer Number field. Corresponding preparer information will then print in the Preparer section of the federal/state return. The Preparer Number field can be set as a default.

- **Common Forms** – This is used to change or select forms you would like listed while working in a client's return. The list is located on the Forms pane under the Common tab. You can view each user's Common form selections and modify your own. This is helpful if you want to restrict users to certain forms. Reference the *Security* section.

- **Custom Letters** – Reference the *Instruction Letters, Custom Letters* section.

- **Invoice Settings** (Ctrl+I) – Reference the *Invoice* section.

- **Discounts** – Enter discounts you want applied to your invoice pricing. Enter a **code**, **description**, and the **discount** amount or percentage. While working in the client, select **INV - Invoice** and enter the applicable **code** in the Discount Code section.

- **Edit City Tax Info** – Select this option to view and edit city information.

- **Libraries** – When you start to type an entry that resembles one you typed before the program can auto-complete or auto-fill the entry for you in certain fields because it has been saved in a library (i.e. Interest Income description on Schedule B). Each system has a separate library. Select this option to view, edit, or delete entries that have been stored in a library.

- **Employer Library** – Employer information entered on W-2s and 1099-Rs is stored in the Employer Library. When entering W-2 and 1099-R Employer ID Numbers, the employer's name and address will auto-complete if the EIN has been entered previously. Select this option to delete, or edit information.

- **RTN Library** – Routing transit numbers entered for financial institutions are stored in the RTN Library. Select from the bank names previously entered to auto-fill the RTN. Use this option to view, add, edit, or delete information.

- **Colors** – Reference the *General Instructions, Colors* section.

Workbench

Some of the items listed under the Workbench menu are utilities used by the Technical Support staff to resolve problems or questions you may have. The following are Workbench items you can access without Technical Support assistance.

- **Security** – Reference the *Enhancing Your Performance*, *Security* section.

- **List Business Codes** – Select this option to view the Business Code List.

- **Support Tool** – This feature is used to perform most of the program maintenance and special adjustments. We recommend that you only use this feature as directed by Technical Support.

- **Client File Editor** – The Client File Editor lists the different input and output file calculations for the return that is currently open. We recommend that you only use this feature when directed by a technical support agent, as any changes made here will affect the return.

- **Command Line** – Select this option to perform certain functions across systems or within a single return. We recommend that you only use this feature when directed by technical support.

- **Initial Configuration Wizard** – Reference the *Installation*, *Initial Configuration* section.

Print Features

The tax forms are approved for filing by the IRS and state agencies. All of our forms print in a professional laser or PDF format. We provide utilities that allow you to print federal and state returns together or separately, batch process a group of clients, and print blank input and output forms. We have a utility called the Form Filler that provides supplemental forms not supported in the tax systems.

Tax year 2011 federal and state forms and laws are in various update stages. You will notice a DO NOT FILE message on some forms. Included in this message is the date you can anticipate the release of the form. If the current date is later than the date printing on the form, use the upgrade feature to receive final forms that are approved and ready to file, or the revised release date. Please do not call Technical Support with questions on forms until the DO NOT FILE message is no longer displayed.

Several states have 2D barcodes on the forms. This feature helps states process returns more efficiently. Original copies of 2D barcode forms must be submitted to the state for processing.

In addition to the print features discussed in this section, you can duplex print the tax return. To do so, click the **Settings** menu and select **Printer & Delivery Settings**. Check both the **Print forms in PDF format** box and the **Duplex Print** box. You can also duplex print any worksheet associated with the return by checking the **Duplex Worksheets** box. Click **OK** to save the changes.

Distribution Sets

Distribution Sets are a convenient way for you to print sets of forms for your specific needs. Click **Settings** and select **Distribution Sets**.

Types of Distribution Sets

- Government Paper Filing
    - ◆ Federal Paper – The federal set includes all of the federal forms and worksheets available for printing in the program.

Note | Part-year and non-resident federal form sets are available.

    - ◆ State Paper – After selecting the state, the set will include all of the state forms and worksheets available for printing in the program.

◆ City Paper – After selecting the city, the set will include all of the city forms and worksheets available for printing in the program.

◆ Extension – All extension forms can be found here.

■ Signature

◆ Paper Signature – This set includes all signature forms required when filing a paper return.

◆ EF Signature – This set includes all signature forms required when e-filing a return.

■ Preparer

◆ Preparer Review – This set includes all forms needed for the preparer to review a return.

◆ Preparer File – This set includes forms that may be kept by the preparer in his/her records.

■ Client

◆ Client Copy – This set includes forms the client might need for their personal records.

◆ Ptr, Shr, Benf Sch K-1s – This set includes K-1s for all of the different business systems.

Note

The program is delivered with a checkmark by forms falling into the selected set per recommendations set by government agencies. However, all forms are available within each set.

Highlight the set to view or edit.

Select the desired System and State.

Click to expand each group and view the forms.

Click this button to create a custom set. The Add New Set screen will appear.

Step-By-Step Customizing Sets

1 To customize sets, click the **Settings** menu and select **Distribution Sets**.

2 Highlight the desired **set** in the Select Set to Edit column.

3 From the drop down boxes, select the **System** and **State**.

4 Tag the desired **form groups** in the selection box at the right. Groups include:

◆ Correspondence

◆ Federal Forms

◆ K-1 Forms

◆ Separately Filed Forms

◆ Worksheets, Statements and Overflows

◆ State Forms

5 Click on the **plus (+) sign** by the form group name to expand the group and view the forms available within each selected group.

6 Tag the **forms** you want included in each group or untag forms you do not want included in the group.

Select desired set to edit.

Select desired forms group. Click to tag and untag all forms within the group.

Click to reset the forms to factory settings.

Select the system and state.

Click to apply the changes that were made.
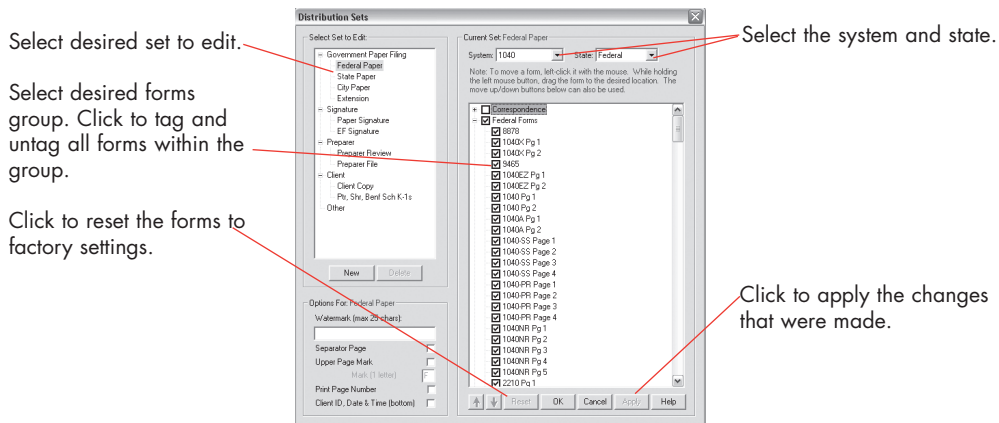
7 There are additional options found in the bottom left-hand corner of the Distribution Sets screen.

◆ **Watermark** – Type the description you want to print as a watermark on the forms.

◆ **Separator Page** – This prints a cover page for separating each print set.

◆ **Upper Page Mark** – This prints a mark in the upper right-hand corner of the form to easily identify different sets. The mark is defaulted in the program, but can be edited.

◆ **Print Page Number** – The page number (relating to the set) will print in the upper right-hand corner next to the page mark.

◆ **Client ID, Date & Time** – This prints the Client ID, date, and time at the bottom of each page.

Create a New Set

1 To create a new set, click the **New** button on the Distribution Sets screen.

2 Give the new set a **name**.

3 Select a **category** from the drop down box.

4a You may start with a blank set, or

4b If you want to copy an existing set, highlight the **selection** from the Duplicate Set From drop down box.

5 Move the **radio button** to all forms tagged or no forms tagged.

6 Click **OK**.

Note You have the ability to move forms across groups.

Setting Print Defaults

Before you print any returns, verify your print options.

1 We have provided tax 'soft fonts' with our program. Soft fonts are only required if you are using a *Laser printer*. Soft fonts are automatically loaded before every print job sent to the printer. If you never turn your printer off, or if it goes into sleep mode, the soft fonts will remain in the printer's memory. If you turn your printer off, fonts will be erased and will need to be reloaded. To load tax soft fonts manually, click the **Installations** menu and select **Load Soft Fonts**.

2 We have provided an application of Adobe Acrobat Reader® version 9 with our program. Adobe Acrobat Reader® is required if you are using a BubbleJet, DeskJet, or Inkjet printer. Forms will be printed in PDF.

Note Soft fonts are an IRS-specific font designated for use with tax forms.

3 Click the **Settings** menu, and select **Printer & Delivery Settings**, **Printers & Options**. Verify the printer settings.
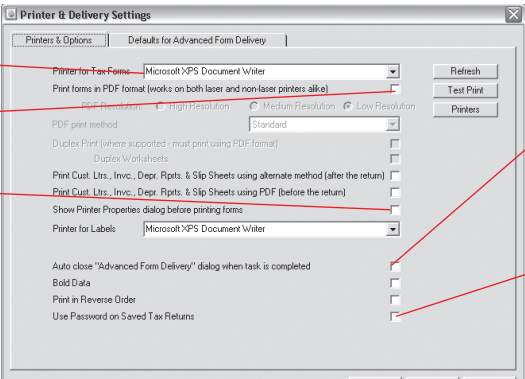
Select the applicable printer.

Check if you are using a non-laser printer.

Select the default printer for labels.

Check to auto-close the Advanced Form Delivery screen.

Check to use a password when opening saved tax returns.
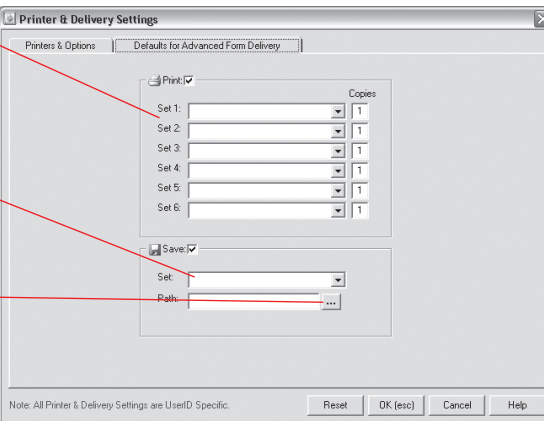
4 Click the **Defaults for Advanced Form Delivery** tab. After working in a client and clicking Review, the Review screen will appear, allowing you to preview the return prior to printing. You will see an Adv. button on the option bar located at the top of the Review screen. Defaults set on the Defaults for Advanced Form Delivery tab will be applied when accessing the Adv. button. Reference the *Print Features, Advanced Form Delivery* section.

Select the print set(s) you would like to default, as well as the number of copies per set. You can select up to six sets.

Select the set you would like to default in the Save section.

Click to browse the desired save location.

Printing the Return

Each client you prepare a tax return for is unique. Like your clients, we have unique print options. You can mix and match these options to meet your needs.

Print Individual Returns

Most preparers like to print returns while working in Client Selection.

1 Click the **Clients** button. Tag a **client** and click **Open**. Click **Review**. Close the Audit Diagnostic screen if it appears.

2 Let's assume all of the information is correct and we are ready to print the return. Tag the **desired forms**.

3 *Tagged F6* will appear in the Print Option drop down box. Click the **printer** icon.

Click to print.

Tag the desired forms to print (optional).

Select the print option from the drop down box.

The Adv. button allows you to print specific print sets and save the return.

Enter the watermark to print on the tagged forms.
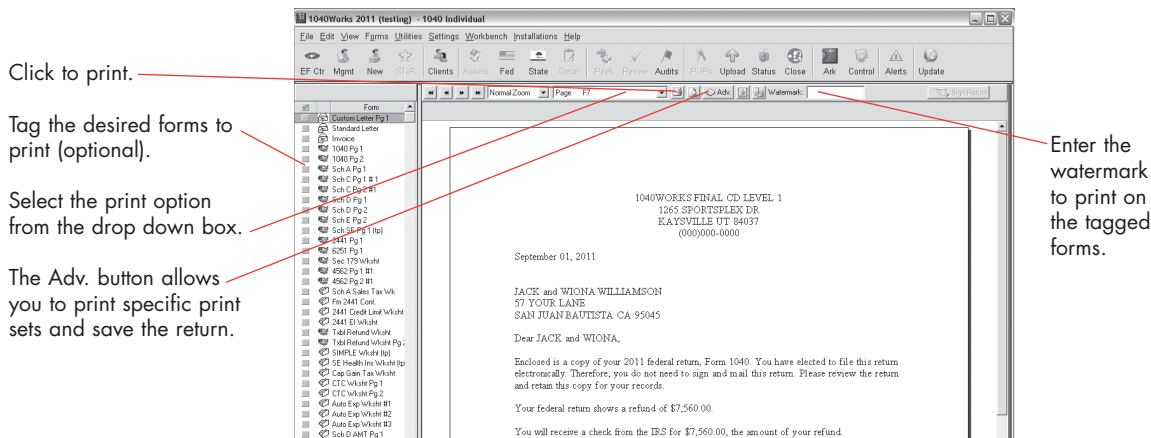
Batch Process Printing

Sometimes you will want to print more than one return at a time. Or, maybe you want to print a State Only return. You can do this through the Batch Process feature.

1   Click the **Clients** button. From the *Client Selection* screen, tag the client(s) you want to batch process.

2   Click the **Utilities** menu and select **Batch Process**.

3   Click the **Process Options** drop down box and make your **selection**.

4   Click **Process**. Client forms included in the selected Process Option will print.

Select the Process Option. —

Batch Process

Process Options: Process(Only)   ▼

             Process(Only)
 Pro Process Only w/ Asset Rpts
        E-File Only
        Print/Save(Select Set)
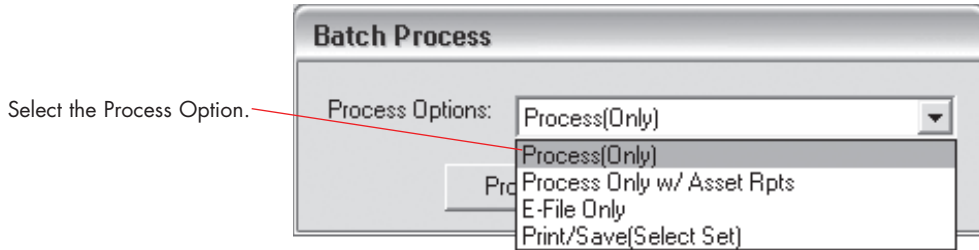
Advanced Printing

Advanced printing allows you to print the return by sets and save the return in PDF. Continue to the next section for details on this feature.

Advanced Form Delivery

Advanced Form Delivery is a powerful tool that allows you to print and save returns. You can perform the steps individually or all together. To access the Advanced Form Delivery screen:

1   Click the **Clients** button. Highlight a **client** and click **Open**.

2   While in a client's return click the **Review** button. Close the Audit Diagnostics screen if it appears.

3   Click the **Adv.** button located on the option bar in Review mode.

4   Make the desired selections, or use any defaults that appear. Reference *Print Features, Setting Print Defaults*.

5 Click the **Start Job** button to perform the options selected on the Advanced Form Delivery screen.

There are two methods of form delivery: print and save. C**heck** the box found next to each method to activate the selection. **Uncheck** the box to deactivate the selection.

- **Print** – allows you to select which sets, and how many copies of each set, you would like to print. You can choose up to six sets from the drop down boxes.

- **Save** – allows you to save specific sets of your client's return. You may choose the path where you will save the file, and the filename.

There are several buttons located at the bottom of the Advanced Form Delivery screen.

- **Settings** – links to the Printer & Delivery Settings screen, where you may change printer options and adjust any defaults for Advanced Form Delivery.

- **Sets** – links to the Distribution Sets screen, where you can adjust existing sets to meet your needs, or create your own custom Distribution Sets by clicking the New button.

- **Defaults** – links to the Defaults for Advanced Form Delivery tab within Printer & Delivery Settings where you can set the defaults for Advanced Form Delivery.

- **Use Defaults** – click to use the defaults set on the Defaults for Advanced Form Delivery screen.

- **Set Defaults** – after customizing the settings on the Advanced Form Delivery screen, click this button to save the selected items as your defaults.

- **Clear All** – click to clear all of the settings currently on the Advanced Form Delivery screen.

- **Preview** – click to preview a set of the items you have selected on the Advanced Form Delivery screen.

- **Start Job** – click to perform the print or save options you have selected on the Advanced Form Delivery screen.

- **Close** – click to exit the Advanced Form Delivery screen.

- **Help** – links to a document with useful information on how to use Advanced Form Delivery.

Note

Refer to the *Print Features* section for other print tips and *Enhancing Your Performance, Backups* section for other tips on saving data.

Other Printable Forms

Not only do we provide various print options, we also provide various printable forms.

Form Filler

Occasionally you may need a form that is not included in the system or state you are working with. To access this feature *within* the client's return, click the **Forms** menu and select **Form Filler**.

Select the applicable **system** or **state**. Select the desired **form** and enter the **information**. When finished, click **Save**. The selected form and data will be saved with the return. No calculations are performed. When the return is **reviewed**, the selected forms will appear at the bottom of the list, shaded in yellow.

To print forms *independent* of a return, you must have your workspace in Idle mode (client returns and Client Selection screen are closed). Click the **Forms** menu and select **Form Filler**. To print multiple forms at one time, hold down the **Ctrl** key, click the **desired forms** (or for grouped forms, hold shift & down arrow), then click **Print Page** or **Print Blank**.

Print the form with data.

Print a blank form.

Select the system or state.

Set the number of copies.

Search for a specific form.

Clear all the data input on the forms.

View the entire form.

Select the form.

Note

No calculations are performed. Manually calculate the values and enter them on the corresponding lines.

Internet Service Provider (ISP)

All system communications will be done online. You can use the ISP of your choice. However, we have found that high-speed connections, such as cable modems or DSL, allow you to interface with the program online much more efficiently. There are many features that are only available when connected to the Internet.

Testing Your ISP

The program is programmed to recognize and automatically launch your ISP. If you would like to perform a test of your ISP through the program, click the **Help** menu and select **Test Communications**.

Tests the capability to upgrade systems, upload client files, and other tasks.

Tests electronic filing and upload related tasks.

Click to perform the selected test.

Ping options are used by Technical Support to troubleshoot Internet problems.
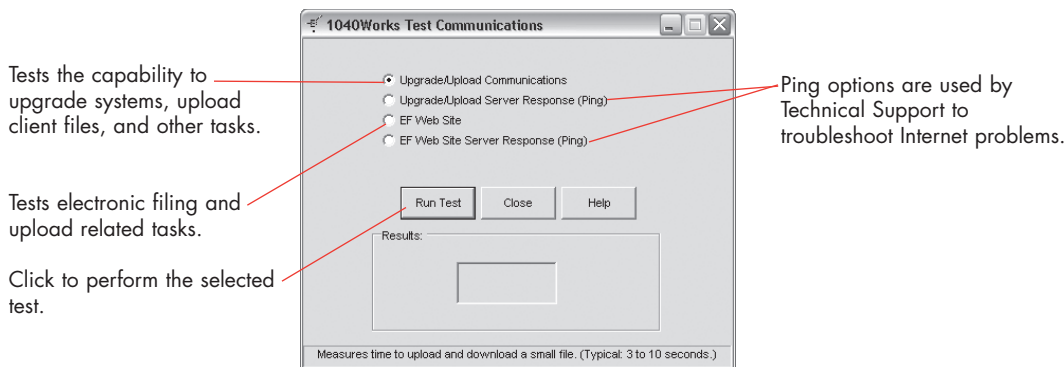
Upload Clients

There are three Upload client features:

Upload a client to support while in the return

If you have questions on a client's return, you can upload the client to support and attach a note to the client file. When prompted, you may write a short message and support will research the problem and e-mail or call you back with an answer. Call or e-mail support to alert them that a client file has been uploaded.

Note

Support is not automatically alerted when you upload a client file. You must call or e-mail support to alert them of the uploaded file.

1   Click the **Upload** button or click the **Utilities** menu and select **Upload Client to Support Team**.

2 If you wish to attach a note to the return, click **Yes**. Type the note and click **Send**. To upload the return without a note click **No**.

3 A security statement will appear. This statement is to inform you that during the upload process, certain personal information will be altered to protect the client. We highly recommend that you do not click the Opt Out button, unless directed by a Technical Support agent. Clicking the Opt Out button allows the client file to be uploaded without altering or masking the client's information. Click **Close** or the **Opt Out** button. The file will be uploaded to support.

4 A screen will appear asking you to contact Support to alert them that a file was uploaded. You can do this by phone or e-mail. Click **OK**.
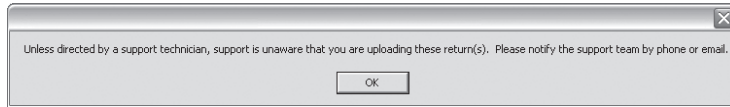
Upload client to support from Client Selection

This is a great feature to use if you want to upload multiple clients to support, or upload a client file while not in a client's return.

1 Click the **Clients** button.

2 Tag the **client(s)** you wish to upload and click **Upload**.

3 Move radio button to **Support Team** and click **Upload**.

4 If you wish to attach a note to the return click **Yes**. Type the note and click **Send**. To upload the return without a note, click **No**.

5 A security statement will appear, informing you that during the upload process, certain personal information will be altered to ensure the privacy and security of the information. We highly recommend that you do not click the Opt Out button, unless directed by a Technical Support agent. Clicking the Opt Out button allows the client file to be uploaded without altering or masking the client's information. Click **Close** or the **Opt Out** button. The file will be uploaded to support.

6 A screen will appear asking you to contact support to alert them that a file was uploaded. You can do this by phone or e-mail. Click **OK**.

Click to upload client(s) to support.

Select Support Team.

Upload Clients
⦿ 1040Works Support Team
○ Account Number LQ15168
Upload Filename:
[Upload] [Cancel]
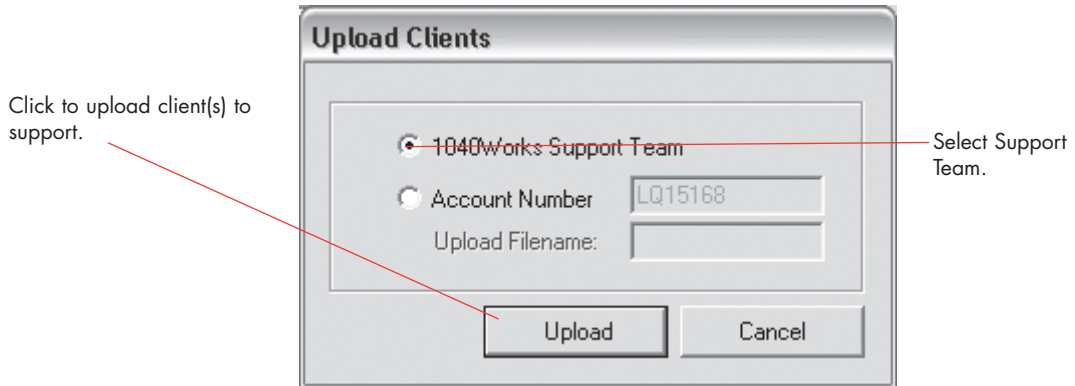
Upload client(s) to your own account folder

You can upload client(s) to your own account folder. The folder will reside on our Server for you to retrieve later. This is a great feature for those who work at home and at the office. You can upload files from the office to the server and retrieve the files from your home, or vice versa.

Upload client(s) to an account bin

1 Click the **Clients** button.

2 Tag the **client(s)** and click **Upload**.

3 Select **Account Number**. **Verify** the account number is your assigned account number. You must enter an **Upload Filename**. The filename can be no more than eight numbers/letters. Remember the filename because it will be used to download the file later. Click **Upload**.

4 The client file(s) will be uploaded to the server and will reside in the specified account number folder. Click **Close**.

5 Continue to the *Download Clients* section for instructions on retrieving the uploaded file(s).

Upload clients to your own account folder.

Click to upload the clients.
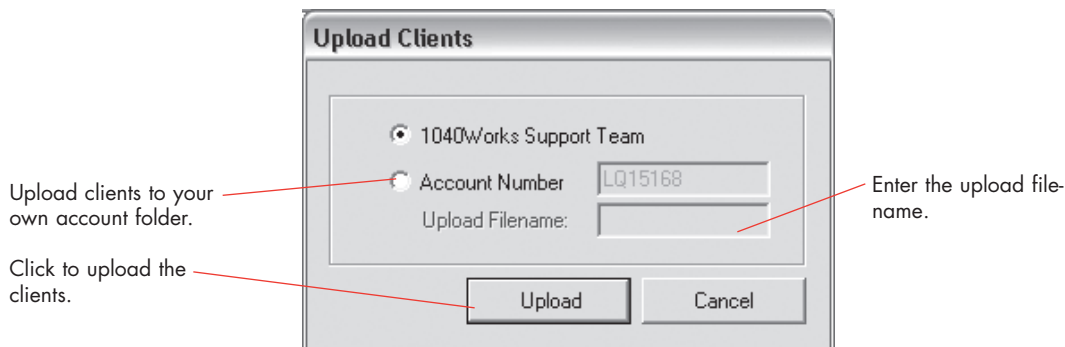
Enter the upload file-name.

If you use the same filename for several transmissions, it will overwrite any files/folders previously uploaded. Be sure to remember the filename as support does not have access to this.

Download Clients

Download client(s) from an account bin

Proceed through the following steps to retrieve files you previously uploaded to your account bin.

1 Click the **Clients** button. Click **Download**.

2 Enter the **filename** assigned during the upload process.

3 Select the desired **SSN/EIN** option. Click **Download**.

4 The client file(s) will be downloaded to your computer. A screen will appear asking if you want to remove the client file(s) from the server. Click **Yes** or **No**. Click **Close**.

Click Download to retrieve the uploaded files.

Enter the file name previously assigned.
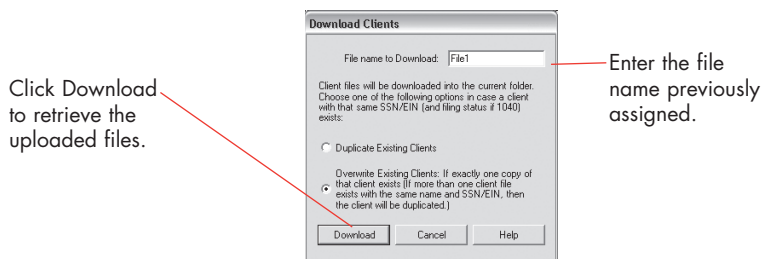
Client files uploaded to the server are automatically deleted two weeks from the date the files were uploaded.

Update Systems

You can set up the program to automatically update systems during the Initial Configuration set up. If you did not set up Auto Updates in the *Initial Configuration* section, but you would like to, or if you would like to manually download and install updates, reference the *Installation, System Updates* section.

> **Note** When updating systems through the Internet, you are approximately three weeks ahead of CD mail delivery. If updating on a regular basis, CDs received in the mail do not need to be installed.

Per Unit Process (PUP) Codes

PUPs
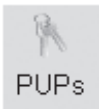
If you purchased a limited use package or need to process states or systems that you have not purchased, a PUP code must be obtained in order to process returns of this type. There are two ways to obtain PUP codes:

Retrieve a PUP code *while in the return*

1 Click the **Pups** button or click the **Utilities** menu and select **States & Pups**.

2 The States to Process and Pup Codes screen will appear, noting the resident state you entered on the federal *General Information* screen. To select additional states, type the **two-letter state abbreviation** or select the **state** from the drop down box. *Input states in the order they will process*.

3 Click **Get Pup(s)**. The Internet request will take place. Click **Close**. The PUP code will paste to the Pup Code field on the screen. Click **Close**.

The resident state must be entered on the federal *General Information* screen in the address area. The resident state will always process last to ensure that the credits carry properly.

Click Advanced to access the Move Up and Move Down portion of the screen.

Click to retreive a history of your PUP code transactions.

Click to retrieve a PUP code.

States to Process and PUP Codes

PUP code(s) must be obtained separately for each system. PUP code(s) received through the Internet will automatically be pasted into the return. You can process each return as many times as necessary with the same PUP code.

PUP History

1 Click the **Help** menu and select **Pup History**.

2 A note may appear, alerting you that you will be accessing a web page with the PUP history. Access may require you to login. Click **OK**.

3 The Internet will launch. After a successful transmission, the PUP History report will appear. The report can be viewed or printed.

Help

There are numerous ways to obtain help while using the software. The **Help** menu contains many helpful Internet options. Reference the *Help Menu* section of this manual for more details.

Alerts

Alerts allows our personnel to send messages throughout the year to all customers or specific groups of customers. These messages alert you of program upgrades, helpful hints, e-file IRS drain information, etc.

To view Alerts you must have a valid Internet connection.

1 Click the **Alerts** button.

2 New alerts will be listed in bold text.

3 Double click on the **alert title** in the Subject column to view the alert in detail.

You can tag an alert and mark it as viewed or archive it. Marking an alert as viewed will stop it from opening when you initially open the software. Archiving an alert will move it into the archives. You can view archived alerts in the EF Center. Click **Reports**, then **Alerts** under Archived.

Note This feature will keep you informed and help eliminate the need to contact Support.

Double click to view the alert.

Tag alerts by checking box.

Alerts will be assigned a number according to the level of Severity.

	Subject	Date/Time ↓	Severity	Type
☐	Transmission Received	9/8/2010 3:17:59 PM	1	EF
☐	IRS EMS Power Outage over Labor Day	9/1/2010 3:46:18 PM	2	EF
☐	IRS EMS Power Outage over Labor Day	9/1/2010 3:46:03 PM	2	EF
☐	Transmission Received	8/30/2010 3:34:54 PM	1	EF
☐	Transmission Received	8/19/2010 2:47:40 PM	1	EF
☐	Transmission Received	8/19/2010 11:48:22 AM	1	EF
☐	Transmission Received	8/19/2010 8:12:36 AM	1	EF
☐	test	8/6/2010 11:06:13 AM	3	Fed
☐	test	8/6/2010 10:44:21 AM	3	Fed
☐	test	8/6/2010 8:48:37 AM	1	ST
☐	Transmission Received	7/30/2010 3:14:14 PM	1	EF
☐	Transmission Received	7/30/2010 3:12:25 PM	1	EF

Mark as Viewed Archive

Prev 1 2 3 4 Next Page size: 12 ▼   46 items in 4 pages

After tagging alert(s), click to **Mark as Viewed** or **Archive**.

Note The program will automatically check and warn you of new alerts when you open and/or close the software, unless you suppress this feature under the Startup tab in Control.

E-File Center

The E-File Center is a powerful tool that allows you to send, receive and track e-file and bank information. Reference the *Filing Returns Electronically* section for complete instructions.

Filing Returns Electronically

The software comes with an integrated electronic filing module for federal systems 990, 990PF, 1040, 1041, 1065, 1120, 1120S, 5500, and Extensions. Many states can also be filed.

To file returns electronically, you must go through four basic steps: preparing the return, transmitting the return, handling acknowledgments, and correcting rejects, if required.

How to Become an E-File Participant

To participate in the e-file program, you must be an authorized e-file provider. This requires that you file federal Form 8633, Application to Participate in the IRS and State e-file programs. Instructions can be found on the IRS website at www.irs.gov.

Declaration Control Number (DCN)

Most 1040 e-file returns are assigned a Declaration Control Number (DCN). The DCN is used by the IRS for identification purposes. The number must be unique for each return. The program will automatically assign the DCN when the return is reviewed if the File Federal Return Electronically box is checked. The DCN will print at the top of Form 8879. The DCN will be the same for both the federal and state returns.

The DCN is divided into 3 parts: The first six digits are your EFIN, the next three digits are the batch number, and the last two digits designate the sequence of the return within the batch.

Before you proceed, click the **Control** button. On the **Firm** tab enter your **Default EFIN**. If you are operating on a network, or only one stand alone computer, you are done. Click **OK**.

Enter your EFIN.

The EFIN can be entered during the initial installation configuration.

If you are using several stand alone (non-networked) computers you need to click the **Settings** menu and select **EF Settings**. Click the **EFIN Batches** tab. Enter your **EFIN** on line 1. Enter a different **Starting Batch number** on each computer. A batch represents 99 returns. The Ending Batch number is optional, but helpful if you want to ensure two computers do not run into the same range of DCNs.

Enter your EFIN.

Enter your Starting Batch number.

Enter your Ending Batch number.

Network users should not use this screen.

If you need to reassign a DCN, check the **Force new DCN** box on the EF - E-File screen in the return.

Step 1 – Preparing the Return

1 Click the **Clients** button. Click **New** or double click on an existing client.

2 Enter the taxpayer's name, address, and other applicable tax return information. Reference the *1040 Sample Return* section for help in entering tax information.

To help eliminate e-file rejects, check the **Verify Key E-File Information** box under the **Settings** menu, **EF Settings**, **EF Switches** tab. You will be prompted for re-entry of SSNs, names, and key W-2 and 1099-R fields. Reference this utility in the *Helpful Hints* section.

3 On the *General Information* screen you have four screen options: Advanced – for complex returns; Lite – for electronic filing, simple returns; EZ – for input related to 1040EZ; Espanõl – for forms in Spanish. For our example we will use the **Adv** screen option.

4 Scroll to the *Type of Return and Referral* section. Select how you want the return filed from the drop down box. This is optional, but will create an audit if information entered on the return does not match your selection.

5 In the *Electronic Filing and Direct Deposit Information* section, check the **File federal return electronically** box.

Select the GI screen option.

Select the type of return from the drop down box to allow the program to audit, ensuring the applicable entries have been made.

Click to enter electronic funds withdrawal or direct deposit information.

View the anticipated refund date.

Check the box to File federal return electronically.

Click to access input to file a state return electronically.

Make required PIN entries to produce signature Form 8879.

6 To file the state return electronically click the **File State Return(s) Electronically** grid.

7 Verify or enter the **two-letter state** code in the State column.

8 Check the **EF** column to file the state return(s) electronically.

9 The State EF File Type column will auto-fill. If you would like to change the file type, click the **arrow** for the drop down box. Select the desired **e-file type**. Piggyback and Direct are the defaults. Piggyback can only be noted on ONE of the states if you are e-filing multiple states in a single return. Direct states cannot be changed.

Refer to *State Electronic Filing* for detailed information on Piggyback, State Only, and Direct states.

Verify or enter the two-letter state code.

Check the state EF box.

Click on Piggyback or State Only to change the file type.

10 Click **Close**.

11 To participate in **Direct Deposit or Electronic Funds Withdrawal**, click the grid. This allows input of bank information so the taxpayer's refund can be directly deposited (DD), or the balance due amount can have electronic funds withdrawn (EFW) from the taxpayer's bank account.

Select the applicable federal account to default the state bank information the same as federal.

For direct deposit purposes only, you can select to split your federal refund in up to three accounts.

- **One account** – The amount will default. Account information will print on Form 1040, page 2.

- **Two or three accounts** – You must enter an amount or percent on each line. Account information will print on Form 8888.

How Changes to Refunds Will Be Handled When Using Form 8888

Refund Increase

If the amount of the refund increases, the additional amount will be deposited into the last account listed on Form 8888. (Example: If three accounts, Form 8888, line 3; if two accounts, Form 8888, line 2.)

Refund Decrease

- **Calculation Errors or Past-Due Federal Tax:** If an error was made on the return or the taxpayer owes past-due federal tax, the decrease or offset amount will be deducted first from the account noted on Form 8888, line 3, next from the account noted on line 2, and finally from the account noted on line 1.

- **Other Offsets:** If the taxpayer owes past-due amounts to any Treasury Department Financial Management Service (FMS), the amount will be deducted first from the account with the lowest routing transit number, second from the next lowest routing transit number, and third from the highest routing transit number.

> **Note**
>
> If you are processing a return with a financial product, do not enter deposit information in the EFW grid on the General Information screen. Deposit information for Financial Products should be entered on the "Bank" input screen.

12 Verify the federal and/or state information in the *Government* column. If changes to the state(s) need to be made, they must be changed in the *File State Return(s) Electronically* grid.

13 Select **Federal Account 1, 2, or 3** in the *Same as Federal* column if you want the state bank account information to mirror one of the federal accounts. If you want different account information, leave the column blank. By checking this column, information entered on one of the federal lines will default to the state line in the Financial Institution Name, Routing Number, Depositor Account Number, and Account Type columns.

14 The *Financial Institution Name* column is an auto-fill library field. Enter the institution name or click the drop down box and highlight your selection.

> **Note**
>
> If entries were made in the RTN Library, or if you entered the bank information previously, you can select the applicable **Financial Institution Name** from the drop down box. The *Financial Institution Name* and *Routing Number* columns will auto-fill. Refer to the *Utilities, Settings, and Workbench Menus* section for details on the RTN Library.

15 The *Routing Number* column will auto-fill if the routing number related to the Financial Institution was entered previously. If necessary, enter the **Routing Number**.

16 Enter the **Depositor Account Number**.

17 In the *Account Type* column, click the drop down box and select desired account.

18 Determine if the client will receive a refund or owe taxes. In the *DD/ EFW* column, click the drop down box and highlight **DD** for direct deposit, **EFW** for electronic funds withdrawal, or none for zero payment/refund. When the return is reviewed, if adjustments need to be made to this column, a related audit will appear.

Note For EFW, use line 1 only. Lines 2 and 3 are for Direct Deposit of refund into multiple accounts.

19 In the Foreign Bank column, from the drop down select **Yes** or **No** to indicate whether the refund is going through an account outside of the U.S.

20a DD – If the client participates in DD and is depositing their refund into more than one account, enter the specific dollar amount for each account in the **Amount** column.

20b EFW – If the client participates in EFW, the payment **amount** will default to the total tax due. This will not appear in the column as the return input may not be complete. Only enter an **amount** if the tax-payer wants only a portion of the tax due to be withdrawn.

21 Use the **Percent** column to have the software calculate the specific dol-lar amount for each account.

Note Use either the *Amount* column or *Percent* column, but not both in the same return.

22 If the client participates in EFW, the withdrawal date will default to April 15th. To override the withdrawal date, enter the desired **date**. If the return is e-filed after April 15th, the program will default to the date the return is entered. The IRS will debit the account on the first business day following acceptance. Default dates will not appear on the screen.

23 Click **Close**.

24 If the client participates in EFW, a daytime phone number is required. Verify the taxpayer's daytime phone number is entered on the *General Information* screen.

Note Taxpayers may pay their federal taxes using a credit card. Visit www.irs. gov for details. Do not complete the *Direct Deposit and Electronic Funds Withdrawal* grid. There is a finance charge associated with this service. A 1040-V will print in case the taxpayer decides to pay by check. State credit card options vary. Check with the individual states for details.

25 The IRS has mandated the use of the PIN Program for all tax returns. Use of the PIN will generate Form 8879. Form 8453 is a transmittal for certain forms that cannot be e-filed. Refer to *Personal Identification Number (PIN) Program* for detailed PIN and Form 8453 information.

26 Enter a **5-digit PIN** for the taxpayer and spouse (if applicable).

27 Enter a **5-digit PIN** for you, the ERO. This number must remain the same on all returns associated with the ERO.

> **Note**
> To default the taxpayer, spouse, and ERO PINs for all e-file returns, enter the **5-digit number** for each. Press **Ctrl+D** on each field to set the default. Click **OK**. PINs will only be activated if a signature date is entered.

28 Only check the **Taxpayer(s) entered PIN(s)** box if the taxpayers entered their own PINs.

29 Enter the **Signature Date**.

> **Note**
> Enter the letter "T" in any date field to auto-fill the current date.

30 After entering all tax and e-file information, check the return for EF Audits by clicking **Review** or **Audits** on the button bar.

> **Note**
> Simplify the PIN process for repeat clients by using the Self-Select PIN Program. Refer to the *Self-Select PIN Program* section.

31 Click **Fix Now** to correct any EF Audits. Click **Review** or **Audits** again, if applicable. If you cannot click Audits because it is dimmed, this means there are no Audits to view.

Click Fix Now to access the field in the return that requires attention.

32 Verify that federal and state (if applicable) Form 8879 and 8453 (if applicable) were generated. **Print** Form(s) and have the taxpayer(s) sign the forms BEFORE transmitting the return to the Filing Center.

Note A client's e-file and Form 8879, and 8453 if applicable, will not be generated until all EF Audits, filtered by the software, have been corrected. We cannot verify SSN/Name mismatches. You must click **Review**, instead of *Audits*, to generate the e-file return.

33 Click **Create E-File(s)** above the Forms pane to move the client's e-file to the E-File Center transmission screen. Click **OK**.

Click Create E-File(s) when ready, to allow the return to be sent to the IRS and/or state.

If the return contains a state e-file type of Direct or State Only, an additional screen will appear. Verify that the state returns are ready to e-file and check the corresponding boxes. If applicable, untag returns that are not ready to e-file. Click **OK**.

Transmit Directly to Filing Center

To transmit an e-file return without going to the EF Center, click **Settings** and select **EF Settings**. Under the EF Switches tab check **Allow for Transmitting Directly to the Filing Center From Create E-File**.

After reviewing a return, click the **Create E-File** button. The following screen will appear.

Sends return to Filing Center bypassing E-File Center.

Moves return to E-File Center. Log in to E-File Center to transmit return to Filing Center.

Click **Transmit Directly to Filing Center** to move the return to the Filing Center, ready for transmission to the IRS and/or States. This eliminates the need of logging into the E-File Center and selecting the return in Send Clients.

To print a transmission report for all returns transmitted to the Filing Center from the Review screen, log into the E-File Center. Select **Reports**. Click **Transmissions**. Enter desired **beginning** and **ending date**.

State Electronic Filing

The following states can be e-filed:

1040: AL, AR, AZ, CA, CO, CT, DC, DE, GA, HI, IA, ID, IL, IN, KS, KY, LA, MA, MBT, MD, ME, MI, MN, MO, MS, MT, NC, ND, NE, NJ, NM, NY, OH, OK, OR, PA, PR, RI, SC, UT, VA, VT, WI, and WV

1041: MA, MBT, NY

1065: AL, CA, CO, GA, ID, KS, MA, MD, ME, MBT, MD, MI, MN, MS, MT, ND, NY, PA, UT, WI, WI Est. Pmts., WV

1120: AL, CA, CO, FL, GA, ID, IL, KS, LA, MA, MBT, MD, ME, MI, MN, MO, MS, MT, ND, NJ, NY, OR, PA, RI, SC, UT, WI, WI Est. Pmts., WV

1120S: AL, CA, CO, FL, GA, ID, KS, LA, MA, MBT, MD, ME, MI, MN, MO, MS, MT, ND, NJ, NY, OR, PA, RI, SC, UT, WI, WI Est. Pmts., WV

Note ▶ State programming is contingent on release of specifications by the states. Therefore, this list is subject to change.

Note ▶ Implementation and start dates vary by state. We will pass information to you through Alerts as plans are finalized. To manually check this information click the **Help** menu and select **Release Dates**.

You can e-file one or more state returns for each taxpayer. You can also e-file most state returns with or without the federal return. There are three types of state e-file returns:

State Return Types

Piggyback (PB) – Piggyback state returns are sent to the IRS with the federal return. They cannot be sent after the federal has been accepted; they must be sent initially with the federal. You can only file ONE state return piggyback. Piggyback state e-file clients will appear on the E-File Center, Send Clients screen with the state noted in the State column. The federal e-file return will have *FED* noted in the *IRS* column. All states except CA, IL, MA, ME, MN and PR can be sent piggyback.

State Only (SO) – State Only returns are sent to the IRS separate from the federal return. You can e-file MULTIPLE State Only states per client. State Only e-file clients will appear on the *E-File Center, Send Clients* screen with the state noted in the *State* column. If a federal e-file return is sent, it will appear on a separate line with *FED* noted in the *IRS* column. State Only states include: AL, AR, AZ, CO, CT, DC, DE, GA, HI, IA, ID, IN, KS, KY, LA, MD, MI, MO, MS, MT, NC, ND, NE, NJ, NM, NY, OH, OK, OR, PA, RI, SC, UT, VA, VT, WI, and WV.

Direct – Direct state e-file returns are sent directly to the state, separate from the federal return. You can e-file MULTIPLE Direct states per client. Direct e-file clients will appear on the *E-File Center Send Clients* screen with the state noted in the *State* column. If a federal e-file return is sent, it will appear on a separate line with *FED* noted in the *IRS* column. CA, IL, MA, ME, MN, and PR can only be sent as Direct states.

State E-File Defaults

Refer to Helpful E-File Tools at the end of Step 1 for details on setting state e-file defaults.

Personal Identification Number (PIN)

There are two PIN programs: Practitioner PIN will generate Form 8879 and must be retained by the ERO for 3 years. The Self-Select PIN will not generate a signature document. Prior year AGI amounts are required in lieu of the signature.

Practitioner PIN Program

Practitioner PIN program information is entered on the General Information screen.

Check only if the taxpayer typed in the PIN.

Taxpayer/Spouse PINs

The taxpayer and spouse can select their own PINs. Each is composed of 5 digits. All zeros are not permitted. The taxpayer and spouse PINs can be the same.

ERO PIN

The ERO must select a PIN. This PIN must remain constant for all returns submitted at one location. If the ERO moves from one office to another, a unique PIN must be used for each office.

To default the taxpayer, spouse, and ERO PINs, while in each field enter the **5-digit number**. Press **Ctrl+D** to set the default. Click **OK**. The PIN numbers will only be activated if a signature date is entered.

PIN Input Verification

Do not check the Taxpayer(s) entered PIN(s) box unless the taxpayers touched your keyboard and entered their own PINs. The default is Preparer (ERO) entered Taxpayer(s) PIN(s).

Signature Date

A Signature Date noting when the taxpayer PIN was entered is required. If taxpayer and spouse PINs were entered on different dates, use the taxpayer date. Touch the letter "T," while in this field to auto-fill the current date.

PIN Exclusions

- Primary taxpayers under age 16 who have never filed.

- Secondary taxpayers under age 16 who did not file the immediate prior year.

- Legal or illegal aliens with SSNs not valid for employment (Citizenship Code C or D).

Form 8879 – IRS E-File Signature Authorization Form

- Taxpayers can enter their own PINs or the taxpayer and/or spouse can authorize the ERO to enter their PINs for them. It is not acceptable for a taxpayer to enter the PIN of a spouse who is not present.

- Form 8879 must be signed by the taxpayer.

- Form 8879 can be provided to the taxpayer personally, by mail, or by fax.

- Form 8879 must be returned to the ERO before the return is e-filed.

- The ERO must retain Form 8879 for 3 years.

- The ERO can provide a copy of Form 8879 to the taxpayer upon request.

- If corrections must be made to Form 8879 due to changes or rejections, a new Form 8879 must be used.

Self-Select PIN Program

Self- Select Pin information is entered on the EF-E-File screen.

Use Self-Select Pin

Check the Yes box to elect to use the Self-Select Pin program.

Taxpayer/Spouse Prior Year PIN

Enter the taxpayer and spouse PIN from the prior year.

Taxpayer/Spouse Prior Year AGI

Enter the taxpayer and spouse adjusted gross income from the prior year tax return. If you filed Married Filing Joint or the spouse did not work, the taxpayer and spouse AGIs should match.

Note ▶ Prior year PIN and AGI amounts will carry forward during the update process, if applicable. Those who forget their client's PIN and prior year AGI can go to the IRS website, and by submitting the client's personal information (birthdate, SSN, etc.) will receive a 'Token' containing the client's prior year PIN and AGI.

Taxpayer/Spouse PINs

The taxpayer and spouse can select their own PINs. Each is composed of 5 digits. All zeros are not permitted. The taxpayer and spouse PINs can be the same.

ERO PIN

The ERO must select a PIN. This PIN must remain constant for all returns submitted at one location. If the ERO moves from one office to another, a unique PIN must be used for each office.

PIN Input Verification

Do not check the Taxpayer(s) entered PIN(s) box unless the taxpayers touched your keyboard and entered their own PINs. The default is Preparer (ERO) entered Taxpayer(s) PIN(s).

Signature Date

A Signature Date noting when the taxpayer PIN was entered is required. If taxpayer and spouse PINs were entered on different dates, use the taxpayer date. Touch the letter "T," while in this field to auto-fill the current date.

Note ▶ The signature form is eliminated when using the self-select PIN program.

Form 8453 – U.S. Individual Income Tax Declaration for an E-file Return

Form 8453 will only be generated if the return contains forms or supporting documents that are required to be mailed to the IRS for e-filed returns. Form 8879 will also be generated and must be signed by the taxpayer(s) and ERO. Reference EF-E-File screen for a list of supporting document forms.

E-File Notes

With the use of a PIN, e-filing is truly a paperless process. The IRS allows electronic notes and explanations for e-file returns. To access notes and explanations, while in the client's return, click the **Utilities** menu and select **Notes**. The screen acts as a word processor. Notes and explanation pages will print as part of the return.

There are four tabs to select from. The first tab, *Notes*, will NOT go to the IRS. Notes can be as long as you want. You can enter as many notes as you wish. Information on the other three EF tabs are sent to the IRS as part of the e-file. They are limited to one note each and can contain no more than 4,000 characters.

Notes

Notes are NOT included in the IRS e-file. Notes are items you may want to follow up on, specific client needs, missing information, etc.

EF Preparer Notes

EF Preparer Notes are included in the IRS e-file. Click this tab from the Notes screen to provide additional voluntary information related to the tax return but is not required.

EF Election Explanation

EF Election Explanations are included in the IRS e-file. Click this tab when the taxpayer makes an election.

EF Regulatory Explanation

EF Regulatory Explanations are included in the IRS e-file. They are similar to EF Election Explanations, but are used when the taxpayer cites a specific regulation. The specific "regulation" must be cited, followed by an explanation or other supporting information.

Information entered under this tab will NOT be included in the e-file sent to the IRS.

Information entered in these tabs WILL be included in the e-file sent to the IRS.
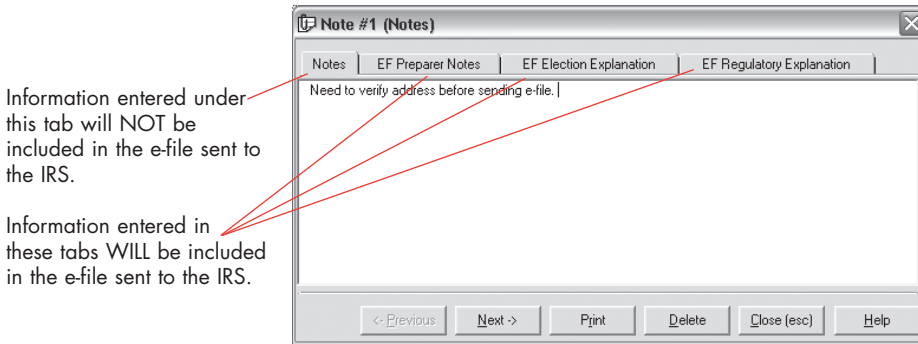
Helpful E-File Tools

EF Settings

We have included several options to help simplify the e-file process and create more accurate e-file returns. These tools can be accessed by clicking the **Settings** menu, selecting **EF Settings**, and clicking the **EF Switches** tab. Tag the **items** you want to activate. Click **OK** to save the changes and exit.

Check to prompt for reentry of key e-file information.

Check to view anticipated refund cycle dates on the toolbar.

If participating in Financial Products, check to validate that preparer fees were entered in the client return.

Check to default e-filing for all 1040 federal returns.

Check to default e-filing for all 1040 state returns.

Check to allow sending returns directly to the Filing Center bypassing the need to log into the E-File Center.

Refresh EF Status

We have included columns in the *Client Selection* screen that allow you to view e-file and bank statuses without going to the EF Center. You must have Internet access to update information to the *Client Selection* screen. However, if you are running on a network, other computers without Internet access can view the status after it has been updated.

To update the e-file and bank statuses on the *Client Selection* screen, tag the clients and click **EF Status** on the button bar. The current e-file statuses will appear in the EF Fed Status, EF State Status, and EF Bank Status columns. If more than one state was e-filed, the resident state will appear in the EF State Status column.

Click to update and view e-file and bank statuses.
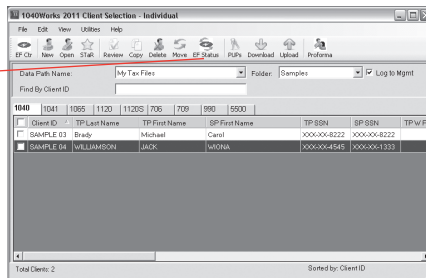
Step 2 – E-File Center

The program has a powerful e-file command center. The E-File Center allows you to send, view, and track e-file and Financial Product information from one location.

With this feature, your information will reside on a secure server instead of on your network or hard drive. This eliminates lost transmissions, acknowledgments, check print records, as well as several keystrokes. You can access the E-File Center anywhere you have internet access.

E-File Center Login

In order to access the E-File Center you must have an Internet connection.

1 Click **EF Ctr** on the button bar.

2 The E-File Center login screen will appear.

> **Note**
>
> You have the ability to login to the E-File Center as the Administrator or as a user. It will be necessary for the Administrator to perform the initial setup, as they will have the ability to see all user names and passwords. If you are the only person in the office, follow the Administrator instructions.

3 If this is the first time you are accessing the E-File Center, enter your **User Name** and **Password** as the following:

- Administrator – Enter your **Account Number** for the User Name and your **Charge Number** for the Password as they appear on your 2011 License Notice.

- User – Enter the **User Name set up by your Administrator**, and enter the word **password** (all lowercase) as your Password.

Click the **Log In** button.

> **Note**
>
> For security reasons, we recommend that you create unique user names for each individual in your office who will access the E-File Center. Reference steps 8 through 14 for details.

> **Note**
>
> Check the **Keep me logged in** box to make sure your session in the E-File Center does not expire.

4 A screen will appear requiring you to create a unique User Name and Password.

- Administrator – Enter your **First Name**, **Last Name**, and **User Name**. Enter a **new password** and verify it.

- User – Your First Name, Last Name, and User Name will already be filled in. If you want to make changes, delete the entries and type in the desired names. Enter a **new password** and verify it.

Note You may be prompted to create additional user names – refer to the E-File Center overview for additional instructions.

Note For security reasons, we do not recommend the sharing of User Name and Password information.

5 Enter your **e-mail address** for recovery purposes and verify the e-mail address. Select a **security question** and provide the **answer**.

6 Click **Submit**.

7 You have successfully completed the Security setup.

8 You will be asked to re-log into the E-File Center using the new password you just set. Reenter your **User Name** and the new **Password**. Click the **Log In** button. You are now in the E-File Center.

You may also click the **Manage User** link at the top of the screen to reset your own password.

Note
The first time you log in with your new password, a screen will appear suggesting you create additional User Names for your office. There will also be a Financial Products enrollment screen which may be bypassed by clicking **Proceed to the E-File Center**.

Click Security to reset or recover existing passwords.

Note
To reset existing passwords, click **Security**, then **Edit Login**.

9 To set up additional Users, click the **Security** link.

Note
This link will only appear if you are logged in as the Administrator.

10 The Manage User Names screen will appear.

Click to add new users.

Click to delete a user.

Click to edit user login information.

11 Click the **Add** button to set up additional User Logins.

12 Enter the user's **First Name**, **Last Name**, and **User Name**. The Password will automatically be set as *password* until the user changes it the first time they log into the E-File Center.

13 Tag the **areas** of the E-File Center the user will be able to access. The default is access to all areas.

14 Click **Submit** when complete.

15 A screen will appear stating your new login has been added. Click **Finish**.

Note

The owner of the new user account will be prompted to reset the User Name and Password when logging in to the E-File Center for the first time. The Administrator will need to inform the user of the User Name and Password, which is *password*.

16 If you need to make changes to existing user logins, click the Security link on the Overview screen.
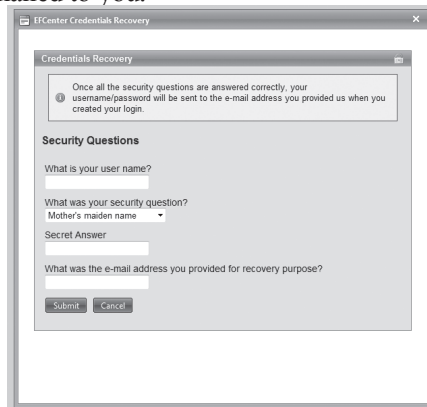
17 Click the **Edit Login** link for the user you wish to edit.

18 You have the ability to change the user's first name and last name, create a new user name, reset the password, and edit access to areas of the E-File Center. Make the applicable changes and click **Submit**.

19 You have the ability to reset a password, or recover an existing password. To perform these functions, click the **Exit Login** link. Click the **Reset Password** button. Note on the screen that the password will be reset to your 'charge number' if you are the Administrator, or to 'password' for all other users.

20 If you are a user and have forgotten your password, click the **EF Ctr** button. The Login screen will appear.

21 Click the **Forgot Username/Password** links.

Click to recover login user name and password.

22 Fill in the Security Questions, which consist of account number, security question, answer to your security question, and e-mail address you entered during your initial login. Click **Submit** to have your user name and password emailed to you.

23 Access your email account to retrieve your login user name and password information.

E-File Center – Overview

The Overview screen is the command center. It is from the Overview screen that you will access all e-file and bank features and information.

E-File Center buttons – The following buttons are located across the top of the *E-File Center* screen:

- ■ **Overview** – Links to the *Overview* screen, covered in items 1 through 19.

- ■ **Send Clients** – Links to the *Send Clients* screen where you will transmit e-file and bank returns to the Filing Center.

- ■ **Acknowledgements** – Links to federal and state Acknowledgments and Confirmation Letters.

- ■ **Database** – Links to the *Database* screen, allowing you to select and view e-file and bank status information on clients that have been transmitted to the Filing Center, IRS, states, and bank.

- ■ **Bank** – Links to the *Bank* screen, allowing you to view and print bank checks, and view a summary of information and items received from the bank.

- ■ **Reports** – Links to the *Reports* screen, allowing you to view and print various e-file and bank reports. Also includes **Archived** e-file and bank reports, Alerts, and other times that were previously viewed.
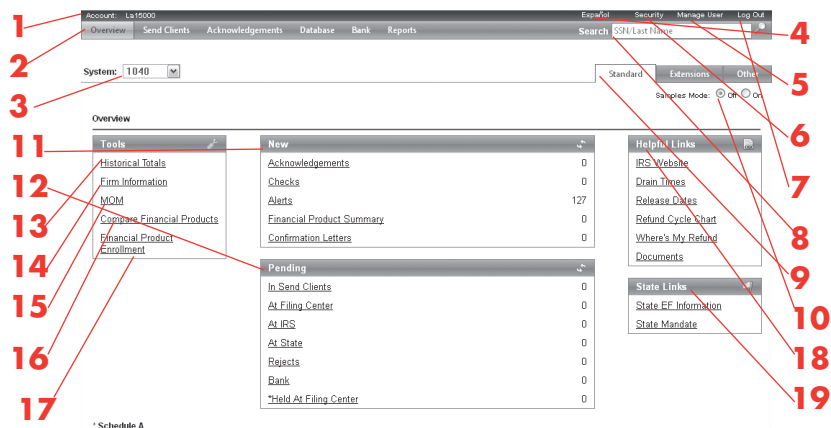
1   **Account** – Displays your account number for quick reference.

2   **Overview** – Displays the main screen which allows you to link to features where you can perform e-file and financial product tasks.

3 **System Selection** – Drop down box allows selection for specific e-file systems.

4 **Español** – Toggles to a Spanish version of the E-File Center.

5 **Manage User** – Allows you to reset your password and related security items.

6 **Security** – Allows you to secure E-File Center options by user.

7 **Log Out** – Allows you to log out of the E-File Center.

8 **Search** – Allows you to track returns by SSN, EIN, or last name and view detailed client information.

9 **Return Mode** – There are three e-file return modes:

- ■ **Standard** – Use when working with regular e-file returns.

- ■ **Extensions** – Use when working with e-file extensions.

- ■ **Other** – Use when working with other e-file returns (e.g. amended returns).

10 **Samples** – Move radio button to **On** to simulate the e-file process. Returns will be passed through Filing Center steps but will not go to the IRS/States/Banks. Move radio button to **Off** when working with live e-files.

11 **New** – Links to new items that have never been viewed.

12 **Pending** – Links to returns that need to be sent, are at the Filing Center/ IRS/State, unresolved rejects, and returns awaiting bank approval.

13 **Historical Totals** – Keeps a running history of the number of e-file returns that have been accepted, as well as financial products that have been approved.

14 **Firm Information** – Allows you to change the firm information that will print on E-File Center reports vs. pulling the firm data entered within the software.

15 **Multiple Office Management (MOM)** – Allows you to access and manage multiple office information and reports. (For users with multiple accounts and offices.) Refer to *Multiple Office Management* in this section for details in working with this feature.

16 **Compare Financial Products** – Provides a comparison of fees for all banks.

17 **Financial Product Enrollment** – Links to the *Financial Product Enrollment* screen and helpful bank information.

18 **Helpful Links** – Links to helpful IRS information, IRS websites, and program documents.

19 **State Links** – Links to helpful state information and state websites.

Note	To link to Alerts from within the E-File Center, click **Alerts** located under the New section.
Note	Refer to other E-File Center items located in this section after Step 5 – Correcting Rejects.

Step 3 – Transmitting Returns

1 Click **EF Ctr** on the program button bar.

2 Enter your **User Name** and **Password**. Click **Login**.

3 From the System drop down box, select **1040**.

4 From the Overview screen, click **Send Clients**.
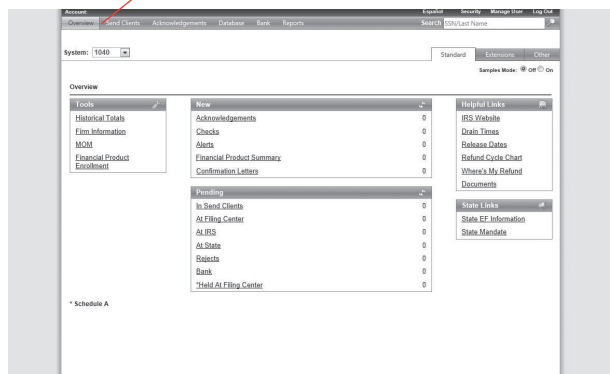
Note	In order to provide greater security and privacy in the E-File Center, all SSNs/EINs are masked in an XXX-XX-1234 format.

5 Tag client **e-files** that are ready for transmission. If a client you want to transmit is not listed on the *Send Clients* screen, return to **Clients**. **Open** the client, and make sure the **File Federal Return Electronically** box is checked. **Review** the return and verify Form 8879. Click **Create E-File(s)** to move the client to the *Send Clients* screen.

Note	To remove a client from the *Send Clients* screen, tag the **client** and click **Delete**.

6 After clients are tagged, click **Send**.

7 Verify the transmission totals and click **OK**.
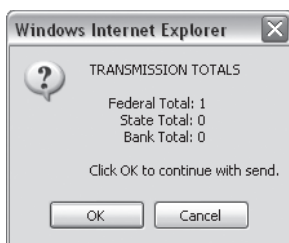
8 The transmission process will take place. Returns will be sent to the Filing Center.

9 After the transmission process, the Transmission Report will appear. View, print, e-mail, or save the report as PDF. Click **Close** to return to the *Send Clients* screen.

Click to print the Transmission Report.
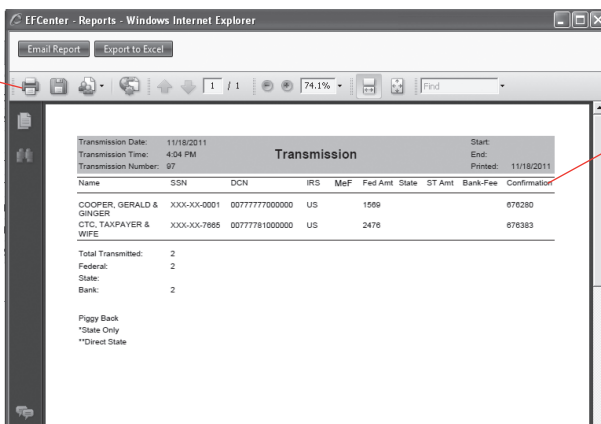
The E-File Center assigns a confirmation number, validating the return was transmitted successfully.

Step 4 – Handling Acknowledgments

Acknowledgments will automatically appear in the E-File Center when available. MeF acknowledgments take between 5 minutes and one hour. Legacy 1040 and direct state acknowledgments take 4 to 12 hours. State Only and Piggyback state acknowledgments are received approximately 48 to 72 hours after transmitting.

1 Click **EF Ctr** on the button bar.

2 Enter your **User Name** and **Password**. Click **Login**.

3 From the *System* drop down box, select **1040**.

4 Click the **Acknowledgements** button or click **Acknowledgements** under the *New* section.

Acknowledgments that are bold with a highlighted background are new and have never been viewed. Viewed acknowledgments will appear as regular text without a highlighted background.

5 To view Acknowledgment Reports, click the **transmission date**, or tag the **acknowledgment(s)** and click **View**.

6 Acknowledgment report(s) will appear. Among the icon selections are **Print, E-mail Report**, or **Save as PDF**. Click the red **'X'** tab to **Close**.

7 To remove clients from the Acks screen, tag the **acknowledgment(s)** and click **Archive**. Acknowledgments will be deleted from the screen and saved to an archive directory. To view archived acknowledgments, click **Reports** on the button bar.

The bottom of the Acknowledgment Report includes legends for information noted on the report.

8 To view Confirmation Letters, click the applicable **Confirmation Letters** link.

9 A list of accepted clients will appear. Click the client's **name**, or tag the **client(s)** and click **View**.

Select to view the client's Confirmation Letter.

10 The Confirmation Letter will appear. **Print**, **E-mail Report** or **Archived**. **Close** by returning to the overview screen.

11 Upon your exit, a screen will appear, asking if you printed the Confirmation Letter. Click **Yes** or **No**. A date will appear in the Printed/E-mailed column on the screen.

12 You may also email Confirmation Letters. The e-mail address defaults from the entry on the *General Information* screen. To edit or add an e-mail address, click **Edit**. Enter the correct **email address** and click **Save**. Tag **clients** and click **E-mail**. A message will appear, confirming the email was sent. Click **OK**.

| Note | Emails sent through the E-File Center are sent through an unmonitored email account. This is due to the fact that some ISPs may block emails with From addresses that do not match the domain server. Emails will be sent through the E-File Center with the domain server and the From field matching. The preparer's email address will be included in the body of the email. You also have the ability to type a message to your clients before sending the email. |

| Note | From the Client Selection screen you can view limited EF Status information. You can also right click on a client and select **Quick EF** lookup to view more EF Client information. |

Step 5 – Correcting Rejects

If you receive an acknowledgment noting a return was rejected, determine the error. Error codes and business rules are explained in detail on the Acknowledgment Report. You can also view rejects from the *Overview* screen under Pending, Rejects or from the Database button, which has several reject links.

1 After determining the reject problem, return to **Clients**. Open the client and make the necessary corrections.

2 **Review** the return and verify Form 8879. Click **Create E-File(s)**. Verify the information and click **OK**.

3 Repeat Step 3 – Transmitting Returns.

| Note | For a detailed list of federal reject codes, reference the online knowledge base. For state reject codes, reference individual state e-file handbooks. |

E-Filing Imperfect Returns

The IRS and states will accept e-filing of imperfect individual returns on second or subsequent transmissions for returns relating only to reject codes 501 or 504 (dependent name control and SSN mismatch).

On the first transmission of a return containing a dependent name/SSN mismatch, the IRS acknowledgment will be returned with a code "R," indicating "Rejected." Instructions will be noted in the acknowledgment on how to handle the reject. Verify the data and make corrections if applicable. Repeat the transmission process.

If you find the information to be correct, the return may be retransmitted as an imperfect return, and will go through exception processing. To send an imperfect return:

1 Click **Clients**. Highlight the client and click **Open**. Select **EF - E-File** from the Forms pane. Check the **Mark return as "Imperfect"** box. Repeat the transmission process.

2 When the IRS acknowledgment is received, a code "E" will be returned, indicating "Exception Processing." The IRS will accept the return into the system, but the related credit(s) or exemption(s) may be disallowed. The IRS will send a notice to the taxpayers. The taxpayers will need to contact the IRS or the Social Security Administration to clear up the related dependent name/SSN mismatch. Processing of the return will be delayed.

Note
States will also accept imperfect individual returns with reject codes 501 or 504. Therefore, federal imperfect returns can be sent with a state piggyback return. (Step 1 on how to e-file imperfect returns applies to federal and state.)

Note
Do not check the **Mark return as "Imperfect"** box on first e-file transmission.

E-File Test Procedures

You can test sending an e-file return through the program. To do so, you must be in the *Samples* folder on the *Client Selection* screen. The procedure is the same as regular e-filing, EXCEPT when you get to the E-File Center, select the **1040** system, and move Samples mode radio button to **ON**. For testing purposes, the DCN will be your EFIN and five zeros. An Alert Bar will appear noting that you are in Samples Simulation Mode. While in Samples Simulation mode, under Tools, click **Samples Simulation**, to set manual work flow process. This will allow you to manually move the return through each e-file step including: Send to IRS, Receive State Acks, Print Bank Checks, etc.

You will be able to test transmitting a return, and viewing/printing a transmission report, acknowledgment report, and bank check, if applicable. After sending the test return, refer to the instructions printed on the sample transmission report for viewing/printing sample acknowledgments and bank checks.

E-File Center Database

We have provided a utility to help you track the status of your e-file and bank clients. After transmitting clients to the E-File Center, you will be able to view the status of returns as they progress through the E-File Center, IRS, state, and bank.

From the Overview screen, click the **Database** button. The initial Database screen gives a quick summary of all available database options. Select one of the available options.
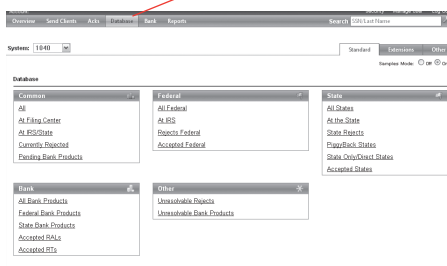
You will link to a grid listing clients meeting criteria for the option selected. The grid has several columns noting information related to the option selected. Click on the column header to sort the grid per the selected column. Click a client's name to view detailed client information.

Find a specific client by entering the name or SSN.

Click the name to view detailed client information.

Click to view the report.

Open the drop down windows to view each section.

E-File Center Reports

We have provided several e-file and bank reports to help manage your clients' information. From the Overview screen, click the **Reports** button. Select one of the reports.

You will link to a screen asking you to enter various report limitations. Select the report by SSN, date range, type and status, and sort by options. Click **View** to create and view the report. You can **print**, **e-mail**, **export to Excel**, or **save** the report in PDF.

A report listing clients Marked for E-File, Not Transmitted is available in the program. Click the **Mgmt** button and select **Reports**.

E-File Center Archive

After viewing alerts, transmissions, acknowledgments, and bank reports, you may want to archive them for later access.

Archiving Items

For our example we will archive an acknowledgment report. From the Overview screen, click the **Acknowledgements** button. Tag a **report** and click the **Archive** button. The acknowledgment will be moved to an archive location. Click **OK**.

Accessing Archived Items

From the Overview screen, click the **Reports** button. Select the archived item you want to access. You will link to a grid allowing you to view and print archived items.

E-File Center Helpful Links

We know how helpful it is to have ready access to many e-file and bank documents. From the E-File Center, Overview screen we have provided access to several helpful **documents**. In addition, we allow you to link to IRS and state websites. Click any of the items listed under Helpful Links and State Links to view and access helpful information.
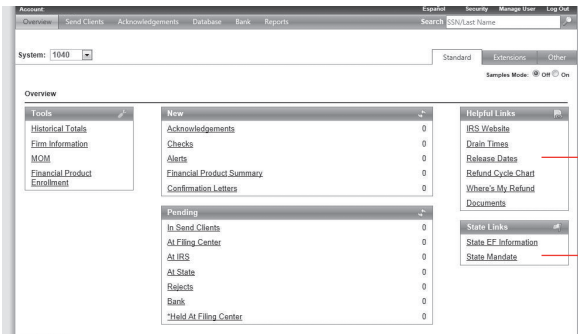
Click to access helpful e-file information.

Multiple Office Management (MOM)

The Multiple Office Management (MOM) utility allows tax preparation firms with multiple locations to manage and view all or limited offices e-file and bank activity. This utility allows you to establish tier structures. Designate a parent, child, and other groups as applicable.

From the E-File Center Overview screen click **MOM** under the Tools menu.
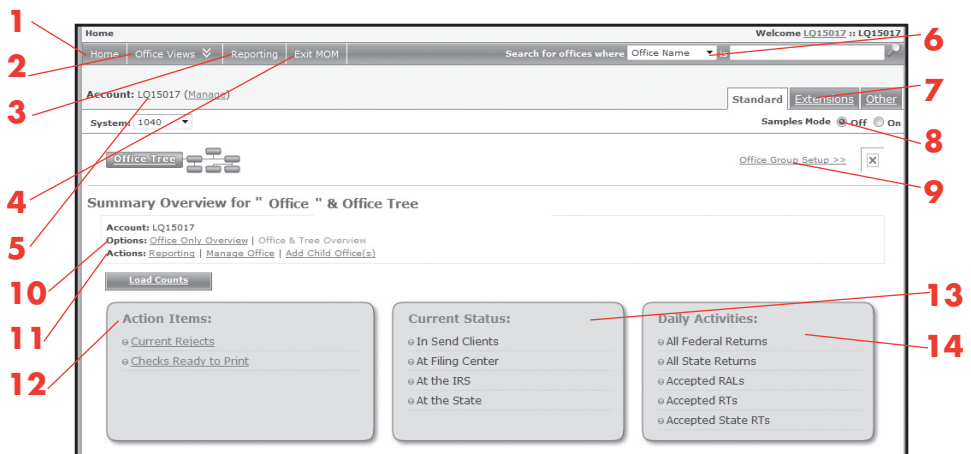
1　**Home** – Click to return to the MOM home page.

2　**Office Views** – Allows you to view information for all offices, office trees, add and manage office groups, and search for a specific office.

3　**Reporting** – Allows you to view reports for office trees, full listings, or organization.

4　**Exit MOM** – Exits the MOM Utility and returns you to the E-File Center.

5　**Account** – Displays office account number assigned by the software. Click **Manage** to display screen allowing you to view and manage office detail for applicable account number.

6　**Search** – Allows you to search for a specific office by account number, address, city, state, contact name or office name.

7　**Return Mode:**

   • **Standard** – Use when working with regular e-file returns.

   • **Extensions** – Use when working with e-file extension returns.

   • **Other** – Use when working with other e-file returns. (e.g. amended)

8　**Samples** – Move radio button to **On** to work in e-file sample simulation mode. Move radio button to **Off** to work in live e-file return mode.

9　**Office Group Setup** – Allows you to create unique groups.

10　**Options** – This option allows you to select **Office Only Overview** displaying an overview of the office information. The **Office & Tree Overview** displays offices associated with the parent office in a 'tree' format.

11　**Actions** – Click **Reporting** to produce federal, state, bank and other reports. Click **Manage Office** to view specific 'sub' office or 'child' office details. Click **Add Child Office** to add 'child' or additional offices to the 'parent' or main company tree.

12　**Action Items** – Displays a summary of the items that need action. Items include financial product enrollment, fees, reject returns and checks to print.

13　**Current Status** – Displays the number of returns that are in send clients, at the filing center, IRS and states.

14　**Daily Activities** – Displays daily activity totals for federal and state returns, and financial products.

Creating a Group

To set up groups, from the Home page click **Office Group Setup**.

Click **+ Add New Group**.

Enter the **Group Name** and **Group Description**. Click **+Add Offices to Group**.
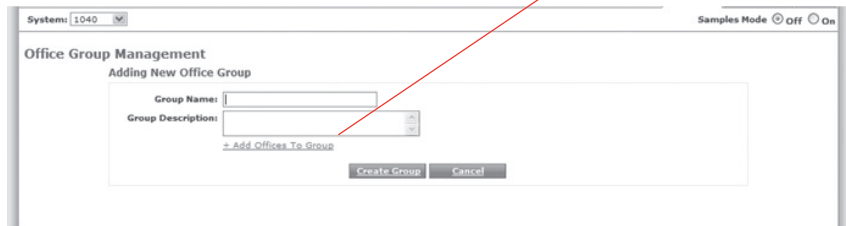
Tag desired offices to add to group and click **Submit**.
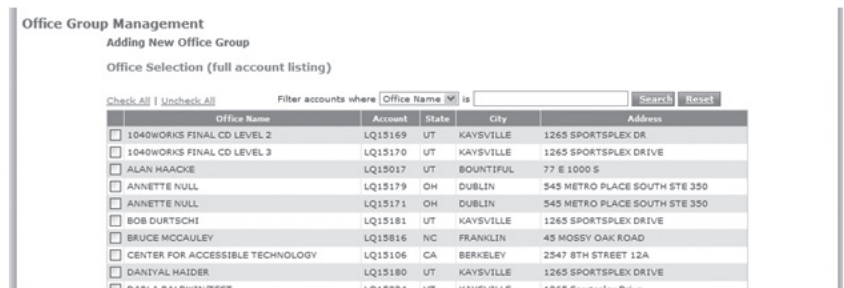
A banner will appear, confirming that offices have been added to the group.

To add additional groups, select the **Office Views** tab. Click **Office Groups** and then **Management**.

Establishing a 'Parent' or 'Child'

■ **Parent**

By default, all offices (and newly created accounts) in an organization point to the master account/office as the 'Parent'. Offices can be moved under other accounts as 'Child' accounts. Therefore, an office becomes a parent inherently by adding offices under it using the 'Add Child Office(s)' feature.

■ **Child**

To add a child(ren), select the **Office Views** tab. Click **Full Office Listing** or **Office Tree**. Locate desired parent office and click **Add Child Office(s)**. **Tag** desired 'Child Offices' and click **Add**.

1040 IRS E-File

E-File Service Centers

The IRS has five 1040 e-file processing centers: Andover, Austin, Fresno, Kansas City, and Philadelphia. For you, the user, service center assignments will be handled through the program.

1040 e-file processing and Help Desk phone support will be handled at two centers.

- Andover will handle Andover and Kansas City e-files.
- Austin will handle Austin, Fresno, and Philadelphia e-files.

Note

The software supports e-filing for Form 2555, Foreign Earned Income Exclusions. All e-file returns containing Form 2555 will be e-filed and handled through the Austin center.

IRS E-Help Phone Number

The IRS has one centralized toll-free number for e-file help. The e-help number is menu driven. Proceed through appropriate prompts in order to speak to the applicable e-file processing center. You can speak to a live attendant or leave a message.

The IRS e-help telephone number is **1-866-255-0654**.

Form 8453

Form 8453 will only be generated if the return contains forms or supporting documents, that are required to be mailed to the IRS for e-filed returns. These include: Rev Proc 2009-20, 1098-C, 2848, 3115, 3468, 4136, 5713, 8283, 8332, 8858, 8864, 8885, and 8949. Form 8879 will also be generated and must be signed by the taxpayer(s) and ERO.

Internal Revenue Service
Attn: Shipping and Receiving, 0254
Receipt and Control Branch
Austin, TX 73344-0254

Note State Signature document requirements vary per state. Reference the individual state e-file handbooks or view the state requirements from the E-File Center Overview screen, State EF Information link.

1040 Modernized e-File (MeF)

MeF stands for Modernized e-File. The IRS has used this platform when e-filing business returns for several years. The IRS is migrating individual returns to this platform in a three phase process. All of the work is done by the software, behind the scenes.

What you will notice is near real-time transmission and acknowledgments. A response time of about five minutes should be expected during non-peak periods. Drains still apply if returns do not meet MeF criteria, requiring e-file returns to be filed under the Legacy platform used to e-file individual returns for years. MeF will also allow filing of prior year 1040 returns going forward. For example, on January 2012, 1040 MeF will accept tax year 2011, 2010 and 2009 returns meeting MeF criteria. Year round filing is also available. Reject codes are similar to the Legacy platform you are accustomed to but will appear in a different format. They are referred to as business rules.

Individual states are also migrating to the MeF platform. The states that we will support include: AL, AR, CO, CT, DE, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MO, MI, MT, NE, NJ, NM, ND, OH, OK, OR, PA, RI, SC, UT, VA, and WI. Others will be added as they become available.

In the E-File Center, the Send Clients screen has an additional column indicating whether the return is sent through the MeF platform. Other e-file reports will also include this column.

To opt-out of MeF on a specific tax return, while in a return choose **EF - E-File** from the *Forms* pane. Check the **Opt Out of 1040 MeF (Federal and State) for this return** box.

Check this box to opt-out of MeF for this return.

Electronic Filing Declaration

File federal return electronically . . . .   ☐ Yes

File State Return(s) Electronically   ▦

Opt out of 1040 MeF (Federal and State) for this return . . . .   ☒ Yes
Override EFIN . . . .
Force new DCN . . . .   ☐

Federal returns with piggyback states not available in the MeF program will automatically be sent via Legacy format.

1040 Drain Times

The software has an automated E-File Center that operates day and night. It also handles federal, state, and bank transmission and receipt processes.

1040 Drain Times
View the latest e-file drain times in the E-File Center. From the *Overview* screen click **Drain Times** in the IRS Links box.

Note

Legacy and MeF drain times are different. Times indicated are one hour before IRS drain times to ensure that returns will be processed for the applicable drain.

IRS Funding Cycles
The IRS processes returns daily, but funding cycles occur once a week (for both paper and e-file). To assure returns make the weekly funding cycle, returns must receive an acceptance in the Thursday morning drains.

The software will notify all users via Alerts if drain times change. From the E-File Center Overview screen, you can also click the **Drain Times** link.

To access the IRS Refund Cycle Chart, noting when clients can anticipate the receipt of refunds, from the E-File Center Overview screen, click the **Refund Cycle Chart** link.

For the past few years, the IRS has been implementing a system known as CADE (Customer Account Data Engine) to process tax return data more quickly. This allows taxpayers to receive their refunds sooner and allows IRS Customer Service representatives access to accurate and up-to-date information.

With CADE, some clients may receive refunds more quickly than is indicated on the IRS Refund Cycle Chart. However, the IRS will not include ALL taxpayers with the above criteria, and they do not indicate specific returns, which have fallen into the CADE processing.

E-File Extensions

Forms 4868, 7004, 8868 (Automatic Extensions of Time) can be filed electronically. The e-file extension process works like regular e-filing with the following exceptions: Form 4868 is used for 1040 extensions; Form 7004 is used for business extensions (1065, 1120, 1120S); Form 8868 is used for 990 extensions.

Form 4868 (1040 Extension)

1 Check the **File Form 4868 extension electronically** box on the GI screen instead of *File Federal Return Electronically*.

2 On the EXT-4868 screen, select the appropriate **Extension Option** from the dropdown box.

3 On the E-File Center Overview screen, select **1040** from the System drop down box and then click the **Extensions** tab.

Note

If you e-file a 1040 extension, you can later e-file your client's 1040 return. When you do this, uncheck the boxes you checked in steps 1 and 2 above. Check the **File Federal Return Electronically** box on the GI screen. Follow the e-file instructions for 1040 returns.

Form 8878 will be generated if an Electronic Funds Withdrawal was requested with the extension.

Form 7004 (1065, 1120, and 1120S Extensions)

1 On the General Information screen click the **Electronic filing options** link to access the e-file screen.

2 Complete the applicable information in the Electronic Filing section.

3 In the Extension section, click the **extension** link to access the Form 7004 input screen.

4 Complete the applicable information on Form 7004.

5 Refer to the 1040 e-file section and complete the creating and sending an e-file return process.

6 On the E-File Center Overview screen, select the **applicable system** (1065, 1120, 1120S). Click the **Business Extensions** tab to access the e-file returns. Click the **Send** tab to send the return(s) to the Filing Center.

Form 8868 (990 Extension)

1 From the forms list, select **EF-EF Options**.

2 Complete the applicable information in the Electronic Filing section.

3 In the Extension section, click the **extension** link to access the Form 8868 input screen.

4 Complete the applicable information on Form 8868.

5 Refer to the 1040 e-file section and complete the creating and sending an e-file return process.

6 On the E-File Center Overview screen, select the system 990 from the dropdown box. Click the Other tab to access the e-file returns. Click the Send tab to send the return(s) to the Filing Center.

Software Extension Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

990 E-File

The IRS has mandated that all 990 Exempt Organizations with assets of $10 million or more and filing 250 federal returns must file Form 990 electronically.

The 990 e-file process is similar to the 1040.

1 From the forms list, select **EF-EF Options**.

2 Complete the applicable information in the Electronic Filing Options screen.

3 On the E-File Center Overview screen, select **990** from the System dropdown box.

Reference *www.irs.gov/efile/article/0,,id+108211,00.html* for 990 IRS instructions (no related IRS publication number).

Software 990 Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

IRS 990 E-help Phone Number

1-866-255-0654 – Ogden

Form 8879-EO Retention

You must use the Practitioner PIN program. You will need to have the client sign Form 8879-EO before transmitting the return. This must be retained by the ERO for 3 years.

990 IRS E-File Application

To participate in the IRS 990 e-file program, you must file Form 8633 with the IRS. Check box 990 under question #4. The easiest way to apply is through IRS e-services at http://www.irs.gov/taxpros/article/0,, id=109646,00.html.

1041 E-File

The 1041 e-file process is similar to the 1040.

1 On the General Information screen click the **Electronic filing options** link to access the e-file screen.

2 Complete the applicable information on the Electronic Filing Options screen.

3 Refer to the 1040 e-file section and complete the creating and sending an e-file return process.

4 On the E-File Center Overview screen, select **1041** from the System dropdown box.

1041 Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

IRS 1041 E-help Phone Number
1-866-255-0654 – Ogden

Form 8879F Retention
When using the PIN program, the client must sign Form 8879F before transmitting the return. This must be retained by the ERO for three years.

1041 IRS E-File Application

To participate in the IRS 1041 e-file program, you must file Form 8633 with the IRS. Check box 1041 under question #4. The easiest way to apply is through IRS e-services at http://www.irs.gov/taxpros/article/0,,id=109646,00.html.

1065 E-File

The IRS mandated all partnerships with 100 or more K-1s to be filed electronically. A $50 penalty for each K-1 over 100 is imposed.

The 1065 e-file process is similar to the 1040.

1   On the General Information screen click the **Electronic filing options** link to access the e-file screen.

2   Complete the applicable information on the Electronic Filing Options screen.

3   Refer to the 1040 e-file section and complete the creating and sending an e-file return process.

4   On the E-File Center Overview screen, select **1065** from the System dropdown box.

Reference IRS Pub 4163 and 4164 for 1065 MeF details.

1065 Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

IRS 1065 E-help Phone Number

1-866-255-0654 – Ogden

Form 8879-PE Retention

When using the PIN program, the client must sign Form 8879-PE before transmitting the return. This must be retained by the ERO for three years.

1065 IRS E-File Application

To participate in the IRS 1065 e-file program, you must file Form 8633 with the IRS. Check box 1065 under question #4. The easiest way to apply is through IRS e-services at http://www.irs.gov/taxpros/article/0,,id=109646,00.html.

1120/1120S E-File

The IRS has mandated that all 1120/1120S corporations with assets of $10 million or more and filing 250 federal returns must file form 1120/1120S electronically.

The 1112/1120S e-file process is similar to the 1040.

1 On the General Information screen click the **Electronic filing options** link to access the e-file screen.

2 Complete the applicable information on the Electronic Filing Options screen.

3 Refer to the 1040 e-file section and complete the creating and sending an e-file return process.

4 On the E-File Center Overview screen, select **1120 or 1120S** from the System dropdown box.

1120 Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

IRS 1120/1120S E-help Phone Number

1-866-255-0654 – Ogden

Form 8879-C and 8879-S Retention

You must use the Practitioner PIN program. You will need to have the client sign Form 8879-C or 8879-S before transmitting the return. These must be retained by the ERO for 3 years.

1120/1120S IRS E-File Application

To participate in the IRS 1120/1120S e-file program you must file Form 8633 with the IRS. Check box 1120 under question #4. The easiest way to apply is through IRS e-services at http://www.irs.gov/taxpros/article/0,,id=109646,00.html.

5500 E-File

The IRS has mandated that all 5500 returns be filed electronically.

The 5500 e-file returns go to the E-File Center. Returns are then passed to EFAST2 (ERISA Filing Acceptance System 2) versus IRS.

E-Filing the Return

- You must register for EFAST2 electronic credentials through www.efast.dol.gov in order to receive the required ID number.

- The **Administrator Signer ID**, **Sponsor Signer ID**, and **DFE Signer ID** are 8 digits (the first character is alpha followed by 7 numbers) The ID number is issued by EFAST2. It must remain constant for all 5500 e-filed returns.

- The **Administrator PIN**, **Sponsor PIN**, and **DFE PIN** are 4 digits (all numbers). The PIN is issued by EFAST2. It must remain constant for all 5500 e-filed returns.

- From the forms list select **EF-Ef Options**. Complete applicable information.

- Click **Create E-File(s)** button after reviewing the return. *Reference Step 1 – Preparing the Return*.

- No signature document is required.

E-File Center

- On the E-File Center Overview screen select **5500** from the System drop down box to access the 5500 information.

5500 Drain Times

View the latest e-file drain times in the E-File Center. From the *Overview* screen, click **Drain Times** in the Helpful Links box.

E-File Help Desk

The help desk for EFAST2 is 1-866-GO EFAST (1-866-463-3278) and is available 8am to 8pm ET Monday through Friday.

Michigan Business Tax (MBT) E-File

Michigan mandates electronic filing of individual and business returns with $350,000 in gross receipts. Michigan does allow certain waivers. Form 803c can also be filed electronically.

E-File for Michigan Business Tax (MBT) 1040, 1041, 1065, 1120, and 1120S systems is available through the software.

To e-file MBT returns from the E-File Center, select **MI-MBT** from the System drop down box.

E-File Mandates

Federal Mandates

1040/1041 – Preparers who prepare more than 10 individual or trust returns in 2011 will be required to e-file.

1065 – All 1065 partnerships with 100 or more K1s must be filed electronically. A penalty of $50 per partner will be assessed for those not complying with the mandate. Certain waivers are available, but are very limited.

1120/1120S – All 1120/1120S corporations with assets of $10 million or more and filing 250 federal returns must e-file.

990 – All 990 exempt organizations with assets of $10 million or preparers filing 250 federal returns must e-file. 990PF has been added to the 250 federal return mandate as of tax year 2006.

990N – ePostcards for *small* Exempt Organizations must be e-filed.

5500 – All 5500 Annual Return/Report of Employee Benefit Plans must be e-filed.

If you fall into any of the mandates and do not currently e-file, you are required to apply with the IRS to obtain an EFIN. Reference *How to Become an IRS E-File Participant* at the beginning of this section.

State Mandates

AL – (1040) Preparers who prepare more than 50 individual income tax returns, and use tax preparation software, must file all returns using electronic means. Electronic means include electronic filing or printed returns with 2D barcodes. Taxpayers not wanting to electronically file must complete an additional "Opt-Out" form, Form EOO – Taxpayer E-File Opt-Out Election form. This form must be completed and attached to the taxpayer's printed 2D barcode return.

All business returns must be filed electronically.

(1120/1120S/1065) If an income tax return preparer prepares 25 or more acceptable, original corporate/partnership income tax returns using tax preparation software in calendar year 2011, all acceptable corporate/partnership income tax returns prepared by that income tax preparer must be filed using electronic technology. There is no opt-out provision.

CA – Preparers who prepare more than 100 individual income tax returns during a calendar year are required to e-file all individual income tax returns. The preparer will be assessed a $50 penalty for each acceptable individual income tax return that is prepared using software and not filed by the preparer electronically, unless the failure to file electronically is due to reasonable cause and not due to willful neglect. The tax preparer would then not be subject to the penalty if the taxpayer elects not to e-file the tax return.

CT – Connecticut legislation requires preparers who prepared 50 or more income tax returns in the previous calendar year to file all personal income tax returns electronically.

FL – If you paid $20,000 or more in tax during Florida's fiscal year (July 1-June 30), you must electronically file and pay Florida corporate income tax.

GA – All 1120 State returns must be e-filed.

IN – Preparers who prepared 100 individual income tax returns in the previous tax-filing season are required to electronically file all individual income tax returns.

KS – Preparers who prepare more than 50 Kansas Individual Income tax returns during any calendar year must electronically file a minimum of 90% of the returns. There is currently no opt-out provision. However, the mandate does not have a penalty for failure to comply with the electronic filing requirement.

LA – Preparers who prepare more than 100 individual returns in any calendar year are required to e-file 60 percent of the returns due on or after January 1, 2010; and 90 percent due January 1, 2012.

MA – (1040) Preparers who prepared 100 or more MA Forms 1 and 1-NR-PY during the previous calendar year are required to file electronically. Preparers must continue to file electronically in subsequent years unless they prepare no more than 25 individual income tax returns. Electronic payment of tax liability for e-file individual income tax returns is encouraged, but not required. Payment may be made with the e-file return or by the taxpayer through the DOR's website. The taxpayer may opt out of e-filing, but must file paper forms containing 2D barcodes.

(1040 Extension) Personal Income Tax Extension requests with no payment or payments of $5,000 or more must be made electronically. Extensions may be filed through the software.

(1041) Fiduciaries filing Form 2 with total Part A, Part B, and Part C net taxable income of $50,000 or more must use electronic means to make any payments to the Department. Payments may be made through the DOR's website.

(1065) Partnerships filing Forms 3 and meeting the following income thresholds, loss thresholds, or with 25 or more partners, must submit all Forms 3 and Schedules 3 K1 by electronic means. Income threshold: (1) $50,000 or more in gross income, or (2) $100,000 or more received from the sale of stock and securities. Loss threshold: (1) $50,000 or more in ordinary loss from trade or business activities, or (2) $100,000 or more in losses from the sale of stock and securities.

(1120) All corporations subject to the corporate excise, including security corporations, with more than $100,000 in gross receipts or sales, must file returns and tax payments using electronic means. Exception: financial institutions, insurance companies, and public utilities.

(1120 Extension) Corporate Extension requests and accompanying payments must be filed electronically. Any corporation with more than $100,000 in gross receipts or sales must e-file. In addition, any corporation making a payment of $5,000 or more with its corporate excise extension must e-file the request and make the payment by electronic means. Requests and payments can be made through the DOR's website.

Reference MA Mandate TIR04-30 on the MA DOR website at www.dor.state. ma.us.

MD – The threshold for TY2011 and beyond is 100 Maryland individual returns.

There is a taxpayer opt out provision and the preparer can apply for a hardship waiver by writing to the Maryland Comptroller's office.

A penalty may be imposed of $50 per return with a maximum penalty for one year of $500.

ME – For returns filed in calendar year 2011 or any subsequent calendar year, a tax return preparer must file by electronic data submission all original Maine tax returns for individual income tax that are eligible for electronic filing, except:

1. When for the previous calendar year, the tax return preparer prepared 10 or fewer original Maine tax returns for individual income tax that are eligible for electronic filing;

2. When the taxpayer refuses to allow the return to be filed by electronic data submission and the tax return preparer notes the refusal in the taxpayer's records; or

3. When the tax return preparer has been granted a waiver from mandatory participation under section .05.

MI – The Michigan Department of Treasury mandated electronic filing for both individual income tax and single business tax returns. Preparers completing 10 or more personal income tax returns are required to e-file all eligible returns that are supported by their software.

MN – Preparers who prepared more than 100 individual income tax returns in the previous tax-filing season are required to e-file all individual income tax returns. Exceptions: (1) Joint returns where both reciprocity and form M1NR are required to file, or (2) the SSN was used erroneously on a previously e-filed return. The preparer will be fined $5 per return for each return filed on paper.

NE – Preparers filing 11 or more returns may be required to file them electronically.

NJ – Practitioners who prepared 25 or more returns will be required to file returns electronically.

NM – Preparers who prepared more than 25 individual income tax returns in the previous tax-filing season are required to file all returns using electronic means. Electronic means includes electronic filing or printed returns with 2D barcodes.

NY – Individual/Partnership/Fiduciary: If a practitioner filed a total of 4 NY state returns for individual, partnership, and fiduciary, *or* uses tax software to prepare one or more returns, they must file all of their returns electronically. A $50 penalty applies to each return or extension that they fail to e-file. The taxpayer will be assessed a $25 penalty for not e-filing. Preparers may not charge a separate e-file fee.

Corporate: The new mandate requires tax return preparers who meet certain requirements to e-file authorized tax documents. The mandate also requires electronic payment of the balance due on any authorized tax document.

There are two parts to this mandate:

Part I – If a preparer prepares over 100 corporate business documents, then they must file their corporate returns electronically. The following are considered corporate business documents and figure into the threshold for the mandate: Estimated payments, Extensions, and Corporate return. So, the actual threshold could be as low as 17 corporate returns for a practitioner if they filed 4 estimated payments, the extension, and the return.

Part II – If a business files their own return and they use tax software that has been approved for corporate electronic filing, they must file their return electronically.

A $50 penalty applies to each document that they fail to e-file, unless the taxpayer opted out of e-filing or they have other reasonable cause for failure to comply.

The taxpayer will be subject to a $50 per tax document penalty for failing to electronically pay the balance due. The Department cannot abate the payment penalty for reasonable cause.

New York City – As of January 1, 2011, tax preparers who prepared more than 100 original New York City General Corporation Tax or Unincorporated Business Tax documents in calendar year 2010, including tax documents for prior periods; and used tax software to prepare one or more corporation tax documents in 2010 must electronically file New York City Forms NYC-3L, NYC-4S, NYC-4SEZ, NYC-204, NYC-204EZ and NYC-EXT; and submit the payment electronically.

Note

The software will only support NYC-204 and NYC-204EZ.

OH – Paid tax preparers who filed more than 75 tax returns during the 2008 calendar year or during any subsequent year must, beginning on Jan. 1, 2010, use electronic filing technology to file state income tax returns. This requirement does not apply to paid tax preparers who, during the previous calendar year, prepared 25 or fewer tax returns. The law provides that the tax commissioner may impose a $50 penalty for each return above 75 that is not filed, but should have been filed, by electronic technology.

OK – Preparers who prepare more than 50 individual income tax returns in the previous tax-filing season are required to e-file all individual income tax returns. There is an opt-out if the taxpayer indicates on the return that they do not want the return to be filed by electronic means.

PA – If a third party preparer has prepared more than 50 PA Corporate returns/reports within the last calendar year, that person is required to file them electronically. Once the preparer has filed his/her returns electronically, they must continue to file PA Corporate returns electronically regardless, even if the number of PA Corporate returns prepared decreases.

RI – Preparers who prepared more than 100 individual income tax returns in the previous tax-filing season are required to e-file all individual returns. The tax administrator won't require e-filing by a paid preparer's client who specifically requests that a return be filed on paper.

SC – Preparers who prepare more than 100 individual income tax returns in the previous tax-filing season are required to electronically file all individual income tax returns.

UT – A tax return preparer, or two or more tax return preparers affiliated together in the same establishment, who prepare 101 or more individual income tax returns, must submit all individual income tax returns electronically or use 2D barcode technology. Exceptions: Taxpayers who elect out of electronic filing or 2D barcode technology, returns that include a schedule that cannot be electronically filed or by 2D barcode, and undue hardship on the tax return preparer.

VA – Preparers who prepare more than 50 individual income tax returns must file individual income tax returns using electronic means or software that produces a 2D barcode. A waiver can be requested in writing to the Tax Commissioner clearly demonstrating the nature of the undue hardship to comply with the mandate.

WI – Preparers who prepare 100 or more WI Forms 1, 1A, and WI-Z, and Schedule H are required to e-file individual income tax returns. Exception: WI returns on which the taxpayers write "no e-file" before their signatures to indicate they do not want to e-file the return.

WV – Preparers who prepare more than 100 individual returns in any calendar year are required to e-file.

Financial Products

We have partnered with several leading financial institutions to offer our customers a variety of financial product options to choose from. Financial Products allow tax preparers to earn fee based revenue while providing the following benefits:

- Can give taxpayers quicker access to their funds

- No out of pocket expenses – All fees can be deducted from the refund

- Tax preparation fees are deposited directly into the tax preparers account

- Multiple disbursement options – Checks printed in the tax preparer's office, direct deposit or pre-paid debit cards

- Serves the unbanked client

For a complete listing of all Financial Partners, access the 2011 E-File Center.

Click to view a comparison of all financial product offerings.

Click to enroll with a financial partner.

Financial Product Enrollment

Financial Product enrollment is available in the *E-File Center*. Click Financial Product Enrollment on the Overview screen to enroll.

Completing the Client Bank Application

Because each Financial Partner's bank application varies, reference the Helps, at the bottom of the Financial Product screen, within the software for details.

E-File Center

EF Ctr

The E-File Center is where you will handle all e-file and bank transactions.
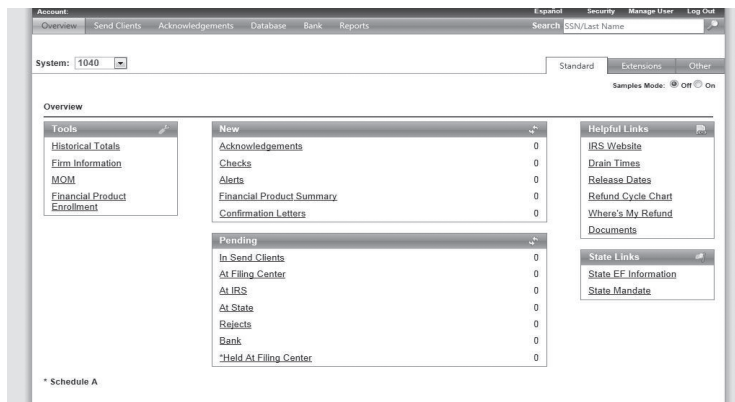
E-File/Bank Transmission

1 Click **EF Ctr** on the button bar.

2 Enter your **User Name** and **Password**. Click **Log In**.

3 Verify that **1040** has been selected from the System drop down box.

4 Click **Send Clients**. Verify that a code appears in the Product Type column.

5 Tag the **clients** and click **Send**.

6 Verify the information and click **OK** to transmit the files to the filing center.

Click to access the bank clients that are ready to transmit.

Tag clients that are ready to transmit.

Click to transmit clients.

Verify a bank product exists.

	Name ↑	SSN	EF-Type	MeF	Amount	State	Amount	Bank Fee	EFIN	Date
☐	CTC, TAXPAYER & WIFE	XXX-XX-7665	US	No	2476		0		777781	10/29/2011
☐	FULLTEST, ONE	XXX-XX-4684	US	No	3044	UT	2519	RAL-130	860065	1/7/2011
☐	LAST, FIRST	XXX-XX-7987	US	No	3352		0	RT-230	777778	1/5/2011
☐	MERRILL, MATT	XXX-XX-7777	US	No	966		0	Bonu$	457878	7/28/2011
☐	TAXPAYER, SAMPLE & SPOUSE	XXX-XX-0009	US	No	4531	ID	385		111111	12/28/2011
☐	THREE, TEST	XXX-XX-4434	US	No	3044	UT	2519		860065	4/13/2011

Check Alignment

Each printer functions differently. Your printer may pull check stock differently than another. This could impact the check print alignment. If the check print alignment needs to be adjusted, proceed through the following steps.

1 Under the **Bank** tab select **Print Settings**.

2 Load blank paper in the printer. Click **Print Test Check**. Hold the printed information up against the check stock to verify alignment.

3 From the vertical and/or horizontal alignment drop down boxes, make the applicable selection. Click **Save Settings**.

4 Repeat steps 2 and 3 until alignment is correct.

Print Checks

When the bank releases the check print records, they will automatically appear in the E-File Center.

Click **Bank** and the **Check** to access the available checks.

Tag the checks to be printed.

Click to print the checks.

1 Click **EF Ctr** on the button bar.

2 Enter your **User Name** and **Password**. Click **Log In**.

3 Verify that **1040** has been selected from the System drop down box.

4 Click the **Bank** button, then click **Checks**.

5 Tag the **check(s)** that are ready to print. Click **Print**.

6 Enter the *first* **check number** in the sequence and click **Next**. The computer will automatically list the rest of the check numbers.

7 Verify the check numbers. Load the checks in the correct sequence into your printer and click **Print**.

8 Verify that the check(s) printed correctly. Click **Yes** or **No**.

9 If *Yes*, the check reconcilement record(s) will be created automatically. The software will forward these records to the bank.

10 If *No*, tag the check(s) that did not print correctly and click **Next**.

10a A screen will appear with reasons the check(s) may have printed incorrectly. Select the applicable reason and click **Next**.

10b The check(s) to be reprinted will appear. Verify the information and click **Finish** to continue or **Back** to make adjustments.

10c After clicking *Finish*, the checks will reappear on the *Bank, Checks* screen. Repeat the *Print Checks* process.

Note Separate disbursements will be made for the federal and state check records.

Note Reference the bank's user manual for check stock storage and security instructions.

Delete Available Check Records

If for some reason a check you have already printed appears on the *Bank, Checks* screen, you may delete the check record from the screen

1 Tag the **check** you want to delete and click **Delete**. The check will disappear from the screen.

Issuing the Check

1 Before issuing the check to the client, verify the client's identification again.

2 Verify that the check number printed by the computer matches the number preprinted on the check. If there is a discrepancy, DO NOT issue the check. Reference the *Reprint Checks* instructions.

3 Explain to the client the APR (Annual Percentage Rate) and loan charges and fees printed on the check stub.

4 If applicable, secure the client's signature on the *Check Received By* line at the bottom of the bank application to certify the receipt of the check. Write the number of the check and the date received.

5 Issue the check to the client. The bank provides a Good Funds Letter, if needed.

Multiple Disbursements

If more than one disbursement is required, the bank will:
- Issue multiple check print records.
- Make multiple direct deposits.
- Restock the debit cards.

If the client decides to decline the check, contact the bank for Stop Check information.

If the client decides to decline the loan, contact the bank.

Reprint Checks

Printed checks that are damaged, torn, or used out of sequence *prior* to the disbursement to the taxpayer may be reconciled internally using the *Reprint Checks* procedure. An automatic VOID check reconcilement record will be created.

1 Click the **Bank** button, then click **Reprint**.

2 Enter the taxpayer's **SSN** for the check to be reprinted. Click **Go**. Tag the desired **check** and click **Reprint**. Use caution when selecting checks to be reprinted as one client could receive multiple checks.

3 A screen will appear with reasons the check may need to be reprinted. Select the applicable reason and click **Next**.

4 The check to be reprinted will appear. Verify the information and click **Finish** to continue or **Back** to make adjustments.

5 After clicking *Finish*, the check will reappear on the *Bank, Checks* screen. Follow the *Print Checks* procedure.

6 After printing the check, a check reconcilement record is again created for the reprinted check. The previously printed check will have a VOID reconcilement record created automatically. The system will forward both reconcilement records to the bank.

7 Reference the bank's user manual for procedures on handling VOID checks.

Lost or Stolen Check

Printed checks that are damaged, lost, or stolen *after* disbursement to the taxpayer may require bank intervention. Due to the tight security related to lost and stolen checks, and different scenarios encountered, the ERO should contact the bank.

1 Click the **Bank Tab** button, then click **Lost or Stolen Check**.

2 This process varies by bank. Follow the prompts given for the requested information.

Summary

The *Bank, Summary* screen is where you will find information for items passed to you from the bank. Available check print records, fee records, deposits, checks cleared, RAL denials, and other bank information are detailed on the summary reports.

1 Click the **Bank** button, then click **Summary** located under Bank Tools.

2 Tag the desired **report** and click **View**, or double click on the desired **summary report**.

3 Summary reports can be **printed**, **saved** as PDF files, **exported** as Excel Files, or **e-mailed**.

4 Click **Close** to return to the E-File Center.

5 At any time you can tag the **report** and click **Archive** to remove the report from the screen, if desired.

Database

The E-File Center Database is a convenient utility to help you track the bank status on clients that have been transmitted to the E-File Center. From the E-File Center, click the **Database** button.

1 Select the desired database option.

Click to view clients with pending bank products.

Click to view various bank client situations.

Click to view clients with unresolvable bank products.

- **Common, Pending Bank Products** – Click to view bank clients with pending bank products. These include nonfunded and partially funded clients.

- **Bank, All Bank Products** – Click to view all bank clients and associated bank products.

- **Bank, Federal Bank Products** – Click to view federal bank clients only.

- **Bank, State Bank Products** – Click to view state bank clients only.

- **Bank, Accepted RALs** – Click to view accepted RAL bank clients only.

- **Bank, Accepted RTs** – Click to view accepted RT bank clients only.

- **Other, Unresolvable Bank Products** – Click to view bank clients with unresolvable bank products.

Find a specific client by entering the name or SSN.

Tag a client and click View as Report to view the client information.

2 Click the **client name** to view the detailed information.

3 The following screen will appear.

Select Bank to view the detailed bank information.

Click various tabs to display detail Disbursement, Reconciliation, and Bank Summary information.

4

From the drop down box select **Bank** to view bank details.

5 Click **Reconciliation** while viewing the client's detail bank information. Reconciliation information will be displayed. Click **Bank Summary List** to view a summary of bank transactions. Click **Disbursements** to

return to bank disbursement display.

Reports

Reports are a great way to manage and track the status of your bank clients.

1 Click the **Reports** button.

2 Se

3 Select the report **range, type and status**, and **sort by** options, if appli-
ca

4 Click **View**. The report may be **printed**, **emailed**, **exported** to Excel, or **saved** as a PDF file. Click **Close**.

- **Bank Product Disbursements** – Lists acknowledgment status, bank product, and authorization information.

- **Denied RAL** – Lists declined RAL clients and associated denial codes.

- **Funding Discrepancies** – Lists clients who have not received funds or have received only partial funding.

- **Preparer Fees from Bank** – Lists requested bank fees, bank fees received, and deposit dates.

- **Outstanding Preparer Fees** – Lists clients with outstanding fees to be paid to the preparer.

- **Check Print Summary** – Lists checks printed by date range.

- **Check Printed** – Lists information about printed checks including print date and time, check number, amount, SSN, paid to, and phone.

- **Check Reprinted** – Lists information about reprinted checks including reprint date, check number, check amount, SSN, EFIN, phone number, pay to, and reprint reason.

- **Check Print Action History** – List all actions performed during the check print process.

Helpful Links

From the *E-File Center*, *Overview* screen, click **Financial Product Enrollment** under the Tools menu. Click **Compare Financial Products** to view the bank fees, available states, products offered, and contact information for the respective banks. Click **Documents** to view detail instructions and information when working with financial products.

Help Menu

There are numerous help features available within the program.

Click the **Help** menu.
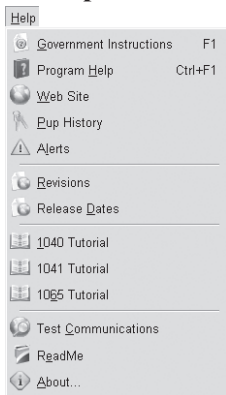
- **Government Instructions (Shift+F1)** – View Federal and State instructions, including IRS Package X and State Instruction Booklets.

- **Program Help** – View detailed information about the program by topic. This can also be accessed within the client's return by pressing **Ctrl+F1**, or by clicking the **Help** button located in the lower right-hand corner of several screens.

Print instructions for the topic selected.

Click Search and enter the keyword you would like information on.

Select the topic.
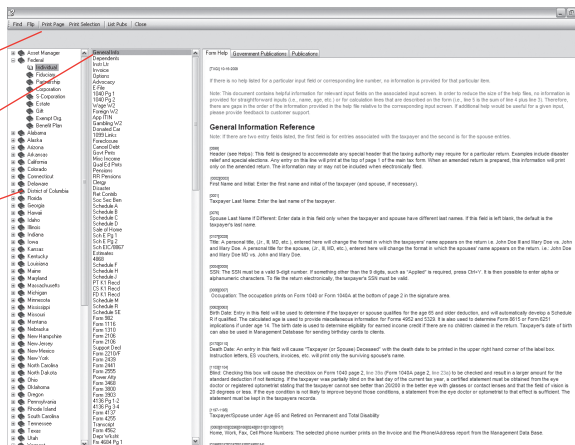
- **Website** – This option will launch the software's web page. Find out about company products and read the latest news.

- **Pup History** – This option gives a report of all PUP codes you have requested. The report contains the date, system, state, SSN/EIN, PUP code, and charges.

- **Alerts** – Alerts are messages sent by personnel alerting you of important upgrades, e-file and bank information, etc.

- **Revisions** – Select this option to search the Online Knowledge Base for any federal and/or state revisions, or operational revisions that have been made to the program.

- **Release Dates** – This option links to a grid noting the anticipated release dates for system and state programs, forms, and electronic filing.

- **1040, 1041, 1065 Tutorials** – Select one of these options to access a step-by-step tutorial that will help you prepare a return in the related system.

- **Test Communications** – This option will perform an Internet test with your ISP and the software.

- **ReadMe** – This option opens a document containing installation and initial configuration instructions.

- **About** – This option lists pertinent license agreement information applicable to your program.

States and Cities

We provide software for all 1040 states with a state tax as well as the Florida intangible tax. Business software includes all 1041, 1065, 1120, and 1120S states that have an applicable tax. The software also supports select 1040 cities, including Michigan, New York, Ohio and Pennsylvania cities. Movement through the federal and state returns is similar.

State and City Access
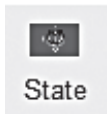
To access state and city input screens, while in the federal portion of the client's return, click the **State** button. The state screen defaults to the two-letter state code entered on the federal *General Information* screen in the address field. To change or add other states, click the **States** button above the Forms pane. The *States to Process and Pup Codes* screen will appear. Enter the **two-letter state code** or select the **state** from the drop down box. For states with cities that we support, a Cities button will appear above the Forms pane. Click the **Cities** button. A *Cities to Process* screen will appear. Tag the desired **city** and click **OK**.

Click to prepare a city return.

Click to add or delete a state.

Displays the states and cities included in the return.

Lists the forms available for the selected state/city.

Note

The *Cities* button will only be present if you select a state for which the software supports related city returns.

Ohio Cities

For Ohio cities, the software has working city and working date input fields on the federal Schedules C, E, F, K-1 Received, and 1099-Misc. input screens. The W-2 input screen also contains a grid for entering Ohio city information. The income entered on these federal forms will carry to the corresponding working city return(s). The program has income grids as well as a *Resident Cities* grid on the *OHCGI, Ohio City Information* input screen which is located on the Ohio state module. Entries in the *resident cities* and *residency dates* input fields will generate the resident city return(s). The income will be split between multiple resident cities, if applicable. City income must be imported or entered in these income grids in order for the city returns to calculate correctly.

When adding a city to the *Resident Cities* window or in one of the city grids, the city name must be spelled correctly according to our city database. If the city is misspelled, the information will not flow to the city return. You will see a popup message if the city entered is not recognized by the database.

The Ohio city tax rates and mailing addresses are contained in the *City Tax Information* database. To access this database, click the **Settings** menu and select **Edit OH City Tax Info**.

For the business systems, there is no OHCGI, Ohio City Information input screen. All OH city information is located on the city forms. To add the applicable city forms, click the **Cities** to access the Cities to Process window. Any city not included on the RITA or CCA city forms needs to be entered using the Generic city form.

Multiple State Processing

The state indicated on the *General Information* screen will be the resident state, State of Incorporation, or State of Organization. To add additional states, click the **State** button on the button bar. Click the **States** button located above the *Forms pane*. Select additional **states** from the drop down box or enter the **two-letter state code(s)**.

Displays the PUP code downloaded from the Internet.

Enter additional state abbreviations or select a state from the drop down box.

Click to download PUP codes.

Click to access a report containing all PUP code requests.

Click to activate state e-filing.

Click to delete a state from the return.

Click to view the Move Up/Down options.

Note

The resident state *must* be the first state listed on the *States to Process* and *Pup Codes* screen in order for the program to correctly process the state taxes paid credit properly. For new clients the resident state defaults to the state listed on the *General Information* screen.

Multiple State PUP Codes

If you are using the PUP code system, you will need a separate PUP code for each state. Reference the *Internet Service Provider, Per Unit Process (PUP) Codes* section.

State and City Forms

Occasionally, you may need a form that is not included in the state or city return you are preparing. While working in the client's return, click the **Forms** menu and select **Form Filler**. This option includes many forms. Enter data in the forms, or print blank forms. When the client's return is saved, the *Form Filler* data will be saved also. Reference the *Print Features, Other Printable Forms* section for complete instructions.

State W-2, W-2G, 1099-R, 1099-Misc, 1099-G, and City W-2

The state entered in the address field on the federal *General Information* screen will automatically carry to the state fields on Forms W-2, W-2G, 1099-R, 1099-Misc, and 1099-G. Enter the **two-letter state code** on these forms to override the state entered on the *General Information* screen.

Enter the City locality code.

Enter the Two-letter state code.

Click to access the Ohio City Income Grid.

Ohio
City income should be entered on the *Ohio City Income* grid and not on the state wages grid. See the *Form Helps* for further instructions.

Consult the *Form Helps (F1)* to view the city locality codes on 1040 W-2 inputs.

For states with reciprocal state agreements, the calculation for nontaxable nonresident wages has been automated.

1099-R

This screen allows for state-specific exclusions of pension income based on the type of income. The program will automatically list any applicable pension types in the drop down box based on the state that is entered in the *State* input field. The following states have additional *Types* to select: AZ, HI, KS, LA, ME, MA, MI, NC, NJ, NY, OK, RI, and WI.

Enter the two-letter state code.

Select the type of income for state exclusions.

Multiple ES Payments and Vouchers

ES Payments and Vouchers are accessed on the ES - Estimates screen. Select **ES - Estimates** from the Forms pane. The ES screen allows you to access the federal and state ES forms from one screen.

Click to access the federal and multiple state ES drop down box.

Select for multiple ES input.

Business Systems

The software provides the following business systems:

- 1041 Fiduciary
- 1065 Partnership
- 1120 Corporation
- 1120S S Corporation

All state programs are available with each of these federal systems. Business systems have the same features as the 1040 Individual program. These features include:

- Asset Tracker
- Audit and diagnostic statements
- Batch Process
- Client Management and reports
- Electronic signatures
- Multi-state processing
- Real-time calculation
- Simple entry and integration of K-1s received

Business systems offer the following additional features:

- Carry assets from Asset Tracker to balance sheet
- Carry book/tax depreciation differences from Asset Tracker to Schedule M-1
- Calculate weighted average for change in ownership (1065 & 1120S)
- Produce election statements
- Manage up to 10,000 K-1s
- Electronic filing
- Perform Special Allocations on Form 1065
- Prepare Form 1041-A and/or Form 5227 for charitable and split-interest trusts
- Prepare Forms 1120-C, 1120-H, 1120X, Sch M-3, Sch PH

- Produce various information forms (i.e., Forms 2553, 2848, 8822, SS-4, etc.)

- Track NOL and charitable deductions in 1120/1120S systems

- Track outside basis for partners and shareholders

New Business E-Filing Screen

We are pleased to introduce a standard business e-file options screen. The screen can be accessed by selecting **EF-EF Options** in the forms pane list when entering federal or state tax data. Reference the Electronic Filing section for more details.

1041 Sample Return

Dan Smith and his eldest son, Alan, have come into your office to have Dan's fiduciary tax return prepared. Let's prepare a fiduciary return for the Smith Trust and learn about some of the features in the tax program.

Step 1 - Background Information

Dan created the Smith Trust (EIN 87-1454876) on February 19, 2001 to set aside money for education for his sons, Alan (SSN 847-45-6800) and Josh (SSN 748-54-7847). Alan's address is 136 East Main Street in Glendale, AZ 85308. Josh's address is 1210 East Brown Road in Chandler, AZ 85286. Alan serves as a trustee of the trust.

The trust agreement requires that all income be distributed equally between the two beneficiaries annually. Although the trust permits distributions of principal to the beneficiaries at the discretion of the trustee, no distributions of principal were made during the year. The agreement contains no provisions for contributions to charity. Capital gains are allocated to principal and expenses are allocated to income.

Step 2 - Start-Up

A   Double click the Progam icon on your desktop.

B   The tax program should automatically open to the *Client Selection* screen. If not, click the **Clients** button on the button bar.

Step 3 – Folder Selection

A   Click the **1041** tab.

B   For purposes of this tutorial, we will use the *Samples* folder. Click the **Folder** drop down box in the upper right-hand corner of the *Client Selection* screen.

C   Select **Samples** from the list of available folders.

Note   If you did not install the sample returns during the initial installation, you may not see a *Samples* folder listed. To install the sample returns, click the **Utilities** menu on the *Client Selection* screen and select **Install Sample Returns**.

Step 4 - Client Selection

A. Since the Smith Trust return is new, click the **New Client** button.

Step 5 - New Client

A   The *New Client* screen will appear, enabling you to initialize the client.

To move from field to field, use your mouse or press the **Enter**, **Tab**, or **Arrow** keys. Press the **Shift** and **Tab** keys together to move back a field.

B Enter the *Client Number* as **1**.

C Enter the *Client ID* as **SMITH4876** (we have used the first five letters in the trust name and the last four digits of the EIN).

The *Client No.* and *Client ID* fields are optional entries. They may be left blank or any combination of letters and/or numbers may be used.

D Enter the *Estate/Trust Name* as **Smith Trust**.

E Enter the *Fiduciary Name* as **Alan Smith**.

F Enter the *EIN* without a dash, as it is already provided. Smith Trust's EIN is **87-1454876**.

G Enter the *Address* as **136 East Main Street**.

  1 Smith Trust's *zip code* is **85308**.

There are no fields for the city and state. Simply enter the zip code and the program will insert the city and state on the *General Information* screen. If the zip code represents more than one city, the program will open a window with a selection of cities for that zip code. Select the correct city by highlighting it.

H Click **OK**. A screen will appear that asks if you are sure you want to create the return in the *Samples* folder. Click **Yes**.

Step 6 - General Information

A The first input screen will appear. This is the *General Information* screen. Notice that the client ID, estate/trust name, address, city, state, zip, county, and EIN have all carried from the *New Client* screen.

B Enter **(623) 555-2231** as the *Fiduciary Phone No*.

C For this tutorial, enter your **own firm's email address** in the *E-mail address* field. We will use this email address later in the tutorial.

Step 7 - Electronic Filing Options

A Click the **Electronic filing options** link to access the *Electronic Filing Options* input screen.

This link will be present for 2011 only.

B From the *Electronic filing options* drop down box, select **1 - E-file return**.

C Enter **SMIT** as the *Name control*.

D In the *Form 8879-F and Form 7004* area, enter the following PIN information:

- *Taxpayer's PIN*: **88888**
- *Practitioner's PIN*: **33333**
- *Taxpayer entered PIN*: **Yes**
- *Fiduciary PIN signature date*: **03-06-2012**

E In the *Electronic Funds Withdrawal* section, check the **Payment with electronic funds withdrawal** box.

F Enter the following bank information:

- *Bank name*: **Arizona State Bank**
- *Routing transit number*: **012345678**
- *Bank account number*: **7632154**
- *Type of account*: **Checking**
- *Payment date*: **04-10-2012**

G Click the **green arrow** button on the input form control bar to return to the *General Information* screen.

Step 8 - Finishing the General Information Screen

A Since the Smith Trust is a simple trust, check the Simple box below *Type of Entity*.

B Enter the *Date Entity Created* as **02-19-2001**. The dashes are already provided and do not need to be entered.

C Enter **Trustee** in the *Title of Person Signing Return* field.

D Enter **Alan Smith** in the *Name of fiduciary or officer representing the fiduciary signing the return* field.

E Click the **Flip** button on the button bar to view the information entered in the *Heading* section of the output form.

F Click the **Flip** button again to return to the *General Information* screen.

Note ▶ Instead of clicking the *Flip* button, simply right click on the output form itself. Right clicking on the output form again will return you to the input pane.

Step 9 - Preparer Options

A Click **PO - Options** in the Forms pane to access the *Preparer Options* screen. Alan would like the *Two-Year Comparison Worksheet*. This worksheet lists the income, deductions, taxes, and credits for the current and prior years and computes the differences between them.

B Check the **Two-Year Comparison** box.

Step 10 – Interest and Dividends

Now let's enter the income and deductions on the *Form 1041*, *page 1* input screen for the Smith Trust.

A In the *Forms* pane, click **1 - 1041 Pg 1**.

B Click the *Interest Income* grid.

C Enter the following information on rows 1 and 2 of the *Interest Income* grid:

- On row 1, enter **USA Bank** for the *Interest Income Description*.

- Enter **5546582** for the *Account Number*.

- Enter **$2,864** for the *Interest Income (Not US Govt)*.

- On row 2, enter **Arizona State Bank** for the *Interest Income Description*.

- Enter **7632154** for the *Account Number*.

- Enter **$783** for the *Total Muni Bonds*.

D Click **Close**.

E Click the **Dividend Income** grid.

F Enter the following information on rows 1 and 2 of the *Dividend Income* grid:

- On row 1, enter **Diversified Funds** for the *Dividend Income Description*.

- Enter **96482** for the *Account Number*.

- Enter **$1,223** for the *Total Ordinary Dividends*.

Note

The *Qualified Dividends* field automatically populates based on the entry made in the *Total Ordinary* field. Press **Enter** or **Tab** after making an entry in the Total Ordinary field and the amount will automatically carry to the *Qualified Dividends* field. If you need to change this amount, simply type the correct amount in the field.

- On row 2, enter **First Choice Funds** for the *Dividend Income Description*.

- Enter **34665** for the *Account Number*.

- Enter **$229** for the *Total Ordinary Dividends*.

G Click **Close**.

Step 11 – Capital Gains and Losses

A Click the **Schedule D** link on line 4 of the *Form 1041, page 1* input screen. By clicking this link, the program will jump directly to the *Schedule D - Capital Gains and Losses* input screen.

B Click the **Details on Sales of Short-Term and Long-Term Capital Gains and Losses** grid.

C Enter the following information on row 1 of the *Schedule D Sales of Short-Term and Long-Term Capital Assets* grid.

- *1099 Transactions Prop Desc*: **Southwest Airlines**

- *# Shares*: **300**

- *Type*: **0 Non specific**

- *Acquired Date*: **08-01-2007**

- *Sold Date*: **10-17-2011**

- *Term*: **L** (auto populates)

- *Sales Price*: **$11,475**

- *Cost or Basis*: **$8,754**

Note

The *Gain or Loss* will automatically be calculated based upon the *Sales Price* and *Cost or Basis* amounts; no entry is required in the *Gain or Loss* field.

D Enter the following information on row 2 of the *Schedule D Sales of Short-Term and Long-Term Capital Assets* grid.

- *1099 Transactions Prop Desc*: **Delta Airlines**

- *# Shares*: **260**

- *Type*: **0 Non specific**

- *Acquired Date*: **04-17-2008**

- *Sold Date*: **03-24-2011**

- *Term*: **L** (auto populates)

- *Sales Price*: **$11,736**
- *Cost or Basis*: **$4,214**

E Click **Close**.

F Click the **green arrow** button on the input form control bar or press **CTRL+B** to return to the previous input screen.

Step 12 – Form 1041, page 1, Deductions

A Scroll down to the Deductions section of the *Form 1041, page 1* input screen.

B On line 11, enter **$735** in the *Tax: Other* field for intangible taxes.

Note: The program automatically allocates indirect expenses to tax-exempt income. Expenses deemed indirect are:

- Fiduciary fees
- Attorney's fees
- Unlimited other deductions
- Limited other deductions

Taxes are not deemed indirect by the program and, therefore, are not automatically allocated. Override the allocated amount by entering the amount directly in the input field. For purposes of this tutorial, leave the return as completed by the program.

C Enter the following additional deductions:

- *Fiduciary fees*: **$430**
- *Attorney fees*: **$220**

Note ▶ You will notice that the *Form 1041, page 1* input screen skips lines 16 – 18. This is because the program automatically calculates these lines based on the entries in the *Income* section as well as the entries on lines 10 through 15b of the *Deductions* section.

Note ▶ The *Income distribution deduction* on line 18 is pulled from Schedule B on page 2 of Form 1041. Most of the fields on Schedule B are populated based on information entered in the program, such as whether the trust is a simple trust or a complex trust and whether any discretionary distributions were made to the beneficiaries.

Note ▶ The program automatically enters an exemption amount on line 20 of Form 1041 based on the type of entity selected in the *Heading* section of the return.

Step 13 – Form 1041, page 2, Schedule A

The Smith Trust is a simple trust. Therefore, no entries are made in the *Schedule A- Charitable Deduction* section of the input screen.

Step 14 – Form 1041, page 2, Schedule B

The program automatically completes Form 1041, page 2, Schedule B for simple trusts. Use the *Tier 1* and *Tier 2 Allocations* grids to report required (line 9) and discretionary (line 10) distributions.

Step 15 – Form 1041, page 2, Schedule G

The total tax amount on line 23 of *Form 1041, page 1* is pulled from Schedule G on page 2 of Form 1041. The tax due for the Smith Trust is $1,146. This amount is computed on Schedule D, part V using the maximum capital gains rates. The program makes an entry on line 1a of Schedule G, noting that the amount is Schedule D tax.

Step 16 – Form 1041, page 2, Other Information

A The *Other Information* section is located at the bottom of the *Form 1041, page 2* input screen. Line 1 is automatically answered based on income information entered on page 1 of Form 1041. As the Smith Trust had $783 of tax-exempt interest income, the box for line 1 is automatically checked *Yes* and *$783* is entered for the amount of tax-exempt income.

B The remaining questions in this section should be answered No for the Smith Trust, which is the default. When viewing the output form, the *Other Information* section of Form 1041 should appear as follows:

Step 17 - Schedule I, Alternative Minimum Tax

A Click **I - Schedule I** in the *Forms* pane. The program carries the necessary information to Schedule I. Adjustments can be entered in part I of Schedule I by entering amounts directly in the fields on the input screen.

Note | Lines 1-6, 8, 14, and 15 are computed automatically. Entries in these fields will override the calculated amounts. The manual entries are the amounts that carry to Form 1041, Schedule I.

B The program carried the $735 of other taxes to Schedule I, line 3 based on the entries on the *Form 1041, page 1* input screen.

C The *Part II* section is used to calculate the income distribution deduction for minimum tax purposes. Adjustment amounts in part II are pulled from other portions of the return by the program. Entries in these fields will override the calculated amounts.

D The *Part III* and *Part IV* sections are also computed automatically. Therefore, no further adjustments to Schedule I are required for the Smith Trust.

Step 18 - Schedule K-1

A In the *Forms* pane, click **K1 - Benef K-1**.

B Enter the following information for Alan Smith:

- *Beneficiary's Name*: **Alan Smith**
- *Street Address*: **136 East Main Street**
- *Zip Code*: **85308**
- *Social Security Number*: **847-45-6800**

C Enter **50%** in the *Percent of distribution field*.

> **Note**
>
> Since only one beneficiary has been entered to this point, and all the income is required to be distributed, the program will allocate all of the income to Alan's K-1 until another beneficiary is entered.

D Click the **Next** button on the input form control bar.

> **Note**
>
> The input form control bar will show *2 of 2*, indicating there are now two beneficiaries.

E Enter the following information for Josh Smith:

- *Beneficiary's Name*: **Josh Smith**
- *Street Address*: **1210 East Brown Road**
- *Zip Code*: **85286**
- *Social Security Number*: **748-54-7847**

F Enter **50%** in the **Percent of distribution** field.

Step 19 - Two-Year Comparison

Alan wanted a two-year comparison report so he could identify any significant changes in amounts reported in the current year versus the amounts reported in the previous year. In *Step 7, Preparer Options*, the *Two-Year Comparison* box was checked. However, because this is a new client, the previous year amounts must be manually entered. In subsequent years, the report will be updated for the prior year amounts.

A In the *Forms pane*, scroll down and click **2YR - 2Yr Comp P1**.

B Enter the following amounts for the prior year:

- *Interest*: **$3,142**

- *Dividends*: **$783**
- *Capital gain (loss)*: **$3,212**
- *Total income*: **$7,137**
- *Taxes*: **$712**
- *Fiduciary fees*: **$250**
- *Total*: **$962**
- *Adjusted total income*: **$6,175**
- *Income distribution deduction*: **$2,963**
- *Exemption*: **$300**
- *Total deductions*: **$3,263**
- *Taxable income*: **$2,912**
- *Total tax*: **$107**
- *Tax due*: **$107**

Step 20 - Reviewing the Return

Now let's review the return. The program will produce Form 1041, pages 1 and 2; Schedules K-1 for Alan and Josh; the Two-Year Comparison Worksheet; the Accounting Income statement, Schedule I, the Allocable Shares Worksheet, and detail statements.

A Click the **Review** button on the button bar.

The program produces audit statements that may provide useful information or help identify trouble spots in the return. Green audits, which are reminders and information-only audits require no further action. However, red audits must be resolved before electronically filing the return.

To correct an audit, click **Fix Now**. This will take you to the form and field in question where you can make changes. If you notice that the *Audit* button on the button bar is inactive before you click *Review*, no audits are present in the return. You can suppress an audit by clicking the **Click here to suppress** button in the *Suppress* column.

B Click **Close** to continue to *Review* mode.

Step 21 – Create E-File

In *Review* mode, you can create the e-file and prepare it to send to the IRS and/or state agency. The *Create E-File(s)* button appears above the list of forms if all red audits have been cleared. Since we created this return in the

Samples folder, you can click the **Create E-File(s)** button and then access the *EF Center* via the **EF Ctr** button on the button bar. For step-by-step instructions on creating the e-file and transmitting the return, refer to *Filing Returns Electronically*.

Caution: If returns created in *Client Selection* folders other than the *Samples* folder are electronically filed, they are considered live returns and will be sent to the IRS/state agency. Take care when clicking the *Create E-File(s)* button to ensure that live data does not get transmitted when testing and exploring the e-file process.

Step 22 - Printing the Return

You have various options for printing.

A Click the **down arrow** button in the *Print* drop down box and select **All** to print all of the pages in the return, along with the letters, invoices, supporting schedules, etc. that you have designated the software to produce. Then click the **Print** button.

B To print specific forms, tag the forms you want to print by checking the box next to the form in the *Output Forms* list. Select **Tagged** from the *Print* drop down box and then click the **Print** button.

C To print only one specific form, highlight the form, make sure **Page** is selected in the *Print* drop down box, and click the **Print** button.

D In addition to printing directly from Review mode, you can also click the **Adv.** button to open *Advanced Form Delivery*. This feature has options for paper printing, emailing, and saving all at the same time.

E In the *Print* section, select **EF Signature Set** from the *Set 1* drop down box.

F In the *Save* section, select **Preparer File Set** in the *Set* drop down box. Click the **browse (…)** button to the right of the *Path* field to select a destination for the saved return. The *Filename* field will be automatically populated, but can be changed if desired. We will leave the default name for this return.

G In the *Email* section, select **Client Copy Set** from the *Set* drop down box. The program is automatically set to send the information to the email address listed on the *General Information* screen. If you would like to send a carbon copy to another email address, such as your firm or preparer email, utilize the *CC* field.

H Now that our delivery choices are made, click **Start Job** at the bottom of the screen. A status window will appear and the delivery methods will proceed. For the email option, your default email program will open and a new email message will be created with the *To* address being the address you entered on the *General Information* screen. The email will have a default message with the client copy of the return attached as a pdf document.

I In your email program, click **Send**.

J Once that is done, the focus should again return to the program and the *Advanced Form Delivery* screen. Click **Close** at the bottom of the window to return to *Review* mode.

> **Note**
>
> Emailing a return will send the return in a PDF file format. The recipient will need Adobe Acrobat Reader (available from www.adobe.com) to view the file. The recipient will also need a password to open the file. When the email is received, the password will appear in the body of the email message. You must have your email program (such as Outlook or Outlook Express) already set up to email a tax return. To set up your email, click the **Settings** menu, and select **Email Settings**.

Step 23 - Exiting the Return

When you are finished printing or viewing the return, use the following steps to exit:

A Click the **Clients** button on the button bar. This will return you to the *Client Selection screen*.

B Or, you may click the **Close** button on the button bar. This will close the client. You can then exit the program by selecting **Exit** from the *File* menu.

Congratulations!

You have just completed the 1041 sample return.

1065 Sample Return

Frank Able and Susan Baker, partners of AbleBaker Bookstore, have just come into your office to have their partnership tax return prepared. Let's quickly prepare a partnership tax return for the AbleBaker Bookstore and learn about some of the features in the program.

Step 1 – Start-Up

A Double click the **Program icon** on your desktop.

B The program should automatically open to the *Client Selection* screen. If not, click the **Clients** button on the button bar.

Step 2 – Folder Selection

A Click the **1065** tab.

B Create a new folder by clicking **Edit** on the menu bar and selecting **New Folder** from the list.

C Type **Tutorial** in the *New Folder Name* field and click **OK**.

Step 3 – Client Selection

A A database will maintain a list of clients already in your folder. Since the AbleBaker Bookstore partnership is new, click the **New Client** button.

Step 4 – New Client

A The *New Client* screen will appear, enabling you to initialize the client.

B To move from field to field, use your mouse or press the **Enter**, **Tab**, or **Arrow** keys. Press the **Shift** and **Tab** keys together to move back a field.

C Enter the *Client Number* as **1**.

D Enter the *Client ID* as **ABLE9999** (we have used the first four letters in the partnership name and the last four digits of the EIN).

> **Note** The *Client ID* and *Client No.* fields are optional entries. They may be left blank or any combination of letters and/or numbers may be used.

E Enter the *Partnership Name* as **AbleBaker Bookstore**. An input field for the second name, if applicable, is provided.

F Enter the *EIN* without a dash, as it is already provided. AbleBaker Bookstore's EIN is **10-9999999**.

G Enter the address as **334 North Main Street**.

   1 AbleBaker Bookstore's zip code is **20904**.

There are no fields for the city and state. Simply enter the zip code and the program will insert the city and state on the *General Information* screen. If the zip code represents more than one city, the program will open a window with a selection of cities for that zip code. Select the correct city by highlighting it.

   2 AbleBaker Bookstore's city is **Silver Spring**.

H Click **OK** to continue.

Step 5 – General Information

A The first input screen will appear. This is the *General Information* screen. Notice that the Client ID, partnership's name, address, city, state, zip, county, and EIN have all carried from the *New Client* screen.

B The partnership is a calendar year partnership. The *Fiscal/Short Year* is not applicable for this return. Leave this area blank.

C The business activity for AbleBaker Bookstore is **Retail**. Highlight the *Business Activity* input field. Click the down arrow (▼) button on the drop down box. A listing of the principal business activities will appear in a tree format based on the North American Industry Classification System in the IRS form instructions. Find *Retail Trade* and click the **plus (+) sign** to expand the tree. A more detailed listing will appear. Select **Book Stores**. The program will insert the *Principal Business Activity* as **Retail Trade**, the *Principal Product or service* as **Book Stores** and the *Business Code Number* as **451211**.

D Enter the date the business started as **10-01-80**.

E The *Method of Accounting* is **Accrual**.

F For this tutorial, enter your firm's email address on the Email address line.

Step 6 – Preparer Options

We will now go to the *Preparer Options* screen indicated in the Forms pane as **PO - Options**. Frank and Susan want to produce financial statements in the program in order to determine their ability to obtain financing for a future real estate investment. The financial statements prepared on a tax basis include a *Statement of Revenue and Expenses*, a *Balance Sheet*, and a *Statement of the Partner's Capital*.

A Check the box to **Prepare financial statements**.

Frank and Susan also want the *Two-Year Comparison Worksheet*. This worksheet lists the ordinary income, expenses, and Schedule K amounts for the current and prior years and computes the differences between them.

B Check the box to **Prepare two-year comparison worksheet**.

Step 7 – 1065, page 1, Ordinary Income and Expenses

Let's start by entering the ordinary income and expenses on page 1 of Form 1065 for the AbleBaker Bookstore.

A In the Forms pane, click on **1 - 1065 Pg 1**.

B Enter the following ordinary income in the appropriate field in the Input pane:

> Gross receipts or sales, line 1a **$409,465**
>
> Returns and allowances, line 1b **$3,365**
>
> Interest income on accounts receivable, line 7* **$559**

* We will create a detail statement on line 7 for the interest income of $559. Put the curser on the line 7 input field, then click the **Detail** button on the button bar. Enter the description as **Interest income on accounts receivable**. Enter the amount as **$559**.

C Click **OK** to return to the 1065, page 1 input screen.

Note ▶ When you move from this field, the color of the field will change, indicating that it was detailed. The total amount will also appear.

D Enter the following allowable deductions in the appropriate input fields:

Salaries and wages, line 9 . . . . **$29,350**

Guaranteed payments to partners, line 10 . . . **$25,000**
(Frank received $20,000 and Susan received $5,000)

Repairs and maintenance, line 11 . . . . **$1,125**

Bad debts, line 12 . . . . **$250**

Real Property, line 13 . . . . **$20,000**

State Income Taxes, line 14 . . . . **$3,295**

Interest, line 15 . . . . **$1,451**

Other Deductions, line 20

Advertising **$4,000**

Other business deductions* **$4,003**

* We will create a detail statement for the other business deductions of $4,003. Put the curser on the line 20 input field for *Other business deductions*, then click the **Detail** button. Enter the descriptions as **Labeling Costs** and **Miscellaneous Deductions** on separate lines. Enter the amounts as **$3,000** and **$1,003**, respectively.

E Click **OK** to return to the 1065, page 1 input screen.

F On the button bar, click the **Peek** button to view the output form. Check to make sure the *Total Other Deductions* of **$8,003** is printing on line 20.

Step 8 – Depreciation

The partnership has bookshelves that they are currently depreciating. The bookshelves were purchased in one transaction. Therefore, they will be set up as one asset. We will use the *Asset Tracker* to help track the depreciation.

A Click the **Assets** button located on the button bar to open the *Asset Tracker*.

B Click the **New** button to add the asset.

   1 Make sure the *Form* is set to **1065**.

   2 Enter the *Description* as **Shelves**.

   3 The shelves were purchased on **05-01-2010**.

   4 The *Type* is **Furniture and Fixtures**.

   5 The *Prior Depreciation* is **$480**.

   6 The *Cost* was **$3,356**.

   7 The *Method* should default to **MACRS 7 Year (M7YR)**.

   8 Click **OK** to continue. You are now on the General tab of the *Asset Tracker*.

Note Select the *Type* by clicking ▼ in the *Type* field, or start typing **Furniture** to use the auto-fill feature. This is an optional entry.

   9 The *Current Depreciation* should be **$822**.

   10 Enter **$480** as the *Prior Depreciation* in the *AMT* column.

C Click **Close** to exit the *Asset Tracker* and return to the 1065, page 1 input screen.

Step 9 – 1125A, Cost of Goods Sold

A From the *Forms Selection* pane, click on **Form 1125-A, Cost of Good Sold**.

   1 Enter the following amounts:

   Inventory at beginning of year, line 1 . . . . . .**$18,125**

   Purchases, line 2 . . . .**$268,741**

   Inventory at end of year, line 7 . . . .**$19,225**

   2 Line 8, *Cost of goods sold*, will automatically calculate and should equal $267,641.

   3 The *method* used for valuing inventory for the partnership is **Cost**, which is the default method in the program. Therefore, no entry is necessary.

   4 The remaining questions regarding inventory are answered No by default for the partnership. You do not need to make any entry.

B Again from the forms seleciton pane, select the *Form 1065, page 1* input screen.

C Click the **Peek** button on the button bar to review the numbers on the form. As a result of the *Cost of goods sold* entries, Form 1065, page 1 should show the following:

Total income, line 8 . . . . $139,018

Total deductions, line 21 . . . . $89,296

Ordinary business income, line 22 . . . . $49,722

Step 10 – 1065, page 2 & 3, Other Information, Schedule B

The AbleBaker Bookstore is a Domestic General Partnership, which is the default in the program. Therefore, an entry on line 1 of Schedule B is not necessary. In addition, the partners will all be treated as general partners on the Schedule K-1s.

Note	The questions on lines 2 and 4-16 are answered No by default for the partnership. Question 3 will automatically be produced based on infor-mation entered on the Partner K-1s, to be entered later in this tutorial. Also, question 17, the last question on Schedule B deals with foreign partnerships and is not applicable for this return.

Step 11 – 1065, page 4, Schedule K

A In the Forms pane, click on **4 - 1065 pg 4**.

B The partnership has several items that must be reported separately on Schedule K.

1 Click the *Interest* grid button on line 5. Enter the *Interest Income Description* of **Maryland Municipal Bonds**. In the *Total Muni Bonds* column, enter **50**. Note that the resident state of **MD** appeared in the *State* column. This state can be changed to indicate the state that issued the bonds, if needed. The tax-exempt interest will carry to line 18a of Schedule K. Click the **Close** button.

2 Click the **Dividends** grid button on line 6. Enter the *Dividend Income Description* of **Amazon.com Stock**. Press the **Tab** key to move to column 1a and enter **150** as the *Total Ordinary Dividends*. Press the **Tab** key to move to column 1b. Notice that the *150* automatically appears in column 1b. This is to help eliminate key strokes, as most ordinary dividends are also qualified dividends. Column 1b can be changed if necessary. Click **Close** to return to the 1065, page 4 input screen.

3   We will create a *Detail Statement* for the contributions for line 13. Click the line 13a, *Cash contributions (50%)*, input field, then click the **Detail** button on the button bar and select **Detail Statement**. Enter the descriptions as **United Way** and **American Cancer Society** on separate lines. Enter the amounts as **300** and **350**, respectively. Close the grid. Click **Peek** to view the full form. Verify that line 13a shows the total contributions of $650.

C   Enter **$52,880** on line 19a, *Distributions of cash and marketable securities*. Frank and Susan each withdrew $26,440 from the partnership.

Step 12 – 1065, page 5, Analysis of Net Income

A   In the Forms pane, click on **5 - 1065 pg 5**.

Note

The *Analysis of Net Income* section will be automatically filled out based on the type of partners indicated on the Schedule K-1 input screen. The Schedule K-1 input will be deferred to a later step in this tutorial.

Step 13 – 1065, page 5, Balance Sheet

A Enter the AbleBaker Bookstore beginning and ending balance sheet amounts as shown below:

	Beginning of Tax Year	End of Tax Year
Cash, line 1	$9,981	$9,181
Notes and accounts receivable, line 2a	$7,150	$10,990
Tax-exempt securities, line 5* Maryland Municipal Bonds	$1,000	$1,000
Bldg/other depreciable assets, line 9a	$3,356	
Accumulated depreciation, line 9b	$320	
Accounts payable, line 15	$8,742	$8,329
Mortgages, notes, bonds under 1 yr, line 16	$3,000	$2,600
Mortgages, notes, bonds over 1 yr, line 19		$7,739

* For the *Tax-exempt securities*, line 5, create a Detail Statement by clicking the **Detail** button on the button bar and using *Maryland Municipal Bonds* as the description. Notice that the detail statements on the balance sheet allow the beginning and ending amounts for the year to be entered.

B Scroll down below the balance sheet to locate Schedule M-2, *Analysis of Partners' Capital Accounts*. Enter **$27,550** as the balance at the beginning of the year on line 1 of Schedule M-2. The M-2 beginning and ending balances for the year will automatically carry to the balance sheet, line 21.

C Verify the following amounts by clicking the **Peek** button on the button bar to view the form. These amounts should automatically carry and print on the balance sheet of Form 1065, page 5:

	Beginning of Tax Year	End of Tax Year
Inventories, line 3*	$18,125	$19,225
Bldg/other depreciable assets, line 9a ^		$3,356
Accumulated depreciation, line 9b ^		$656
Total assets, line 14	$39,292	$43,096
Partners' capital account, line 21 ~	$27,550	$24,285
Total Liabilities and Capital, line 22	$39,292	$43,096

* This field carries automatically from Schedule A, *Cost of Goods Sold*.

^ This field carries automatically from the *Asset Tracker*.

~ This field carries automatically from Schedule M-2.

Note

In the subsequent year, the beginning balance sheet amounts need not be entered because the amounts will carry from the prior year ending balance sheet amounts to the subsequent year beginning balance sheet amounts during the Update process. The detail statements will also be updated.

Step 14 – 1065, page 5, Schedule M-1

No entries are required for the AbleBaker Bookstore because all of the M-1 items carry automatically from other parts of the return.

A Scroll down to the bottom of the input screen to locate Schedule M-1, *Reconciliation of Income per Books with Income per Return*.

B Click **Peek** to view the output screen.

C On line 3, *Guaranteed payments* of $25,000 automatically carried from page 1, line 10.

D On line 6, *Tax exempt interest* of $50 automatically carried from page 4, Schedule K, line 18a.

E On line 7a, *Depreciation* of $486 automatically carried from the *Asset Tracker*.

F On line 9, *Income (loss)* of $74,222 automatically carried from page 5, Analysis of Net Income (Loss), line 1.

G On line 1, *Net income (loss) per books* of $49,758 was computed based on the above amounts.

H Click **Peek** to return to the input screen.

Step 15 – 1065, page 5, Schedule M-2

A Scroll below Schedule M-1 to locate Schedule M-2.

B The $27,550 for the balance at the beginning of the year for the Partners' Capital Accounts was entered in Step 13. This amount will carry to Schedule L. In the subsequent year, it is not necessary to enter this amount because it will be updated and reflect the prior year's ending balance amount.

C Click **Peek** to view the output form.

D On line 3, *Net income (loss) per books* of $49,758 carried automatically from Schedule M-1, line 1.

E On line 6, *Distributions* of $52,880 carried automatically from Schedule K, line 19a.

F On line 9, *Balance at end of year* of $24,428 was computed based on the above amounts.

G Click **Federal** to return to the input screen.

Step 16 – Schedule K-1, Frank W. Able

We need to enter Frank's K-1 information.

A In the Forms pane, click on **K1 - Partner K-1**.

B Notice the *Prior*, *Next*, and *1 of 1* buttons at the top of the input screen. This screen is set up as a multiple input screen where up to 10,000 K-1s may be entered.

C Enter **Frank W. Able** as the *Partner's name* (top line).

D Enter Frank's *Street Address* as **10 Green Street**.

E Enter the *ZIP code* as **20904**.

F Select **Silver Spring** as the city.

G Enter Frank's *SSN* as **123-00-6789**.

H Check the box to indicate that Frank is the *Tax Matters Partner*. The required information will carry automatically to page 2 of the 1065.

I If you **peek** the form, you will notice for item G that the box for *General partner* is automatically checked on the form because this is a General Partnership.

J Click **Peek** to return to the input screen.

K Select **7, Individual – Active** from the drop down box for the *Type of entity* field on item I.

L Enter **50%** in the *Master Default %* field for item J since Frank's percentage of profit sharing, loss sharing, and ownership of capital is 50%.

M Enter **$14,050** for Frank's *Beginning Capital* for item L, *Partner's capital account analysis*. The remaining amounts from item L are automatically computed. In the subsequent year, you need not enter the beginning capital account because the ending capital account for the prior year will update to the beginning capital account for the subsequent year.

N Enter **$20,000** on line 4, *Guaranteed Payments to Partner*, of part III for Frank's guaranteed payment. Frank's guaranteed payment and his share of ordinary income will be subject to Self-Employment Tax. The program will carry the self-employment earnings to line 14a.

O All remaining amounts will carry automatically to Schedule K-1 from Schedule K.

Step 17 – Schedule K-1, Susan L. Baker

Now we need to enter Susan's K-1 information.

A At the top of Frank's K-1 input screen, click the **Next** button to access the second K-1.

B Notice that at the top of the input screen, next to the *Prior* and *Next* buttons, we see *2 of 2*.

C Enter **Susan L. Baker** as the *Partner's name* (top line).

D Enter Susan's *Street Address* as **10 Orange Street**.

E Enter the *ZIP code* as **20904**.

F Select **Silver Spring** as the city.

G Enter Susan's *SSN* as **546-01-3333**.

H If you **peek** the form, you will notice for item G, that the box for *General partner* is automatically checked on the form because this is a General Partnership.

I Click **Peek** to return to the input screen.

J Select **7, Individual – Active** from the drop down box for the *Type of entity* field on item I.

K Enter **50%** in the *Master Default %* field for item J since Susan's percentage of profit sharing, loss sharing, and ownership of capital is 50%.

L Enter **$13,500** for Susan's *Beginning Capital* for item L, *Partner's capital account analysis*. The remaining amounts from item L are automatically computed. In the subsequent year, you need not enter the beginning capital account because the ending capital account for the prior year will update to the beginning capital account for the subsequent year.

M Enter **$5,000** on line 4, *Guaranteed Payments to Partner*, of part III for Susan's guaranteed payment. Susan's guaranteed payment and her share of ordinary income will be subject to Self-Employment Tax. The program will carry the self-employment earnings to line 14a.

N All remaining amounts will carry automatically to Schedule K-1 from Schedule K.

Step 18 – Self-Employment Worksheet

Because Frank and Susan are general partners and their income is subject to Self-Employment Tax, the total net earnings of $74,722 will carry to Schedule K, line 14a. In addition, the *Self-Employment Worksheet* will be produced. The worksheet is a duplicate of the worksheet found in the IRS form instructions. To view the worksheet, the return must be reviewed (Step 21).

Step 19 – Two-Year Comparison

Frank and Susan want a Two-Year Comparison report so they can identify any significant changes in amounts reported in 2011 versus the amounts reported in 2010. In Step 6, Preparer Options, the *Two-Year Comparison* box was checked. However, because this is a new client, the 2010 amounts must be manually input. In subsequent years, the report will be updated for the prior year amounts.

A In the Forms pane, click **2YR-2Yr Comp P1**.

B Enter the following amounts for the prior year:

Income:

Gross receipts or sales.	**$300,000**
Less returns and allowances	**$3,000**
Cost of goods sold.	**$250,000**
Other income.	**$50**

Deductions:

Salaries and wages.	**$25,000**
Guaranteed payments to partners	**$25,000**
Repairs and maintenance.	**$2,000**
Bad debts.	**$200**
Rent	**$20,000**
Taxes and licenses.	**$2,500**
Interest.	**$1,400**
Depreciation.	**$320**
Other deductions	**$5,000**

Schedule K:

Guaranteed payments to partners	**$25,000**

C In the Forms Pane, click **2YR2-2Yr Comp P2**.

D Enter the following amount for the prior year:

Self-Employment:

> Net earnings from self-employment **$32,320**

Step 20 – State Instructions

The AbleBaker Bookstore also operates a store in Washington, D.C. The partnership is required to file a Washington, D.C. Partnership Return of Income.

A Click the **State** button on the button bar. It should have the Maryland State flag on it since Maryland was entered as the incorporation state on the *Federal General Information* input screen.

B Click the *States...* button.

C Notice that Maryland is already entered as the resident (organization or incorporation) state.

D Select **DC** from the drop down box as the *2nd state*. Then click the **Close** button.

E Click the ▼ on the *State* drop down box located on the Forms Pane. Select **DC** from the list of states.

F The state information will carry directly from the federal inputs. If you would like to override any values, you may do so now.

Step 21 – Review the Return

Now let's review the return. The program will produce Form 1065, pages 1 through 5; Schedules K-1 for Frank and Susan; a Two-Year Comparison; Financial Statements; Form 4562; and a Detail Statement. The program will also produce a Self-Employment Worksheet, a Federal Depreciation Schedule, a Partner's Summary, Schedule M-1 explanation, Partner's current year increase/decrease worksheet, an instruction letter for the Partnership, a K-1 letter with each K-1, an invoice, and state forms.

A Click the **Review** button on the button bar.

B The program produces some audit statements that may provide useful information or help identify trouble spots in the return. This return should produce only one green FYI audit. However, if you do see some audits while processing client tax returns, they should be resolved before filing the returns, if possible; green audits, which are reminders and FYI information audits, require no further action.

Step 22 – Compare 1065, Pages 1-5, Schedules K-1

In the *Samples* directory, you will find a copy of the AbleBaker Bookstore return. Review the return, print out Form 1065, pages 1 through 5, and Schedules K-1. Compare them to the return that you have entered in the *Tutorial* folder.

Step 23 – Printing the Return

You have various options for printing.

A You can print or save the return.

B There are several ways to print *all* of the forms:

   1 Click the ▼ in the *Print* drop down box and select **All**. Then click the **Print** button.

   2 Select all of the forms by clicking the checkbox at the very top of the Output Forms list. Select **Tagged** from the *Print* drop down box and then click the **Print** button.

C To print specific forms, tag the forms you want to print by checking the box next to the form in the Output Forms list. Select **Tagged** from the *Print* drop down box and then click the **Print** button.

D To print only one specific form, highlight the form, make sure **Page** is selected in the *Print* drop down box, and click the **Print** button.

E To save the return in PDF file, tag the forms you want to save and click the **Adv.** button. In the *Save* section of this screen, select **Tagged** from the *Set* drop down box. Click the **Browse (…)** button to find the appropriate location. Click the **Start Job** button.

Step 24 – Exiting the Return

When you are finished printing or viewing the return, use the following steps to exit.

A Click the **Clients** button on the button bar. This will take you back to the *Client Selection* screen.

B Or, you may click the **Close** button on the button bar. This will close the client. You can then exit the program by selecting **Exit** from the *File* menu.

Note

Saving a return will save the PDF file in a location that you specify on your computer. If you have installed the ArkWorks program, you can automatically archive tax returns to ArkWorks by clicking the **ArkWorks** button.

Congratulations!

You have just completed the 1065 Sample Return.

Other Systems

706 Estate Tax

Frequently Asked Questions

Q: What is the due date for filing Form 706, and can I file an extension?

A: The due date for Form 706 is nine months after the date of death. An automatic six-month extension can be granted by filing Form 4768. The IRS releases the current year forms in September. The 706 system is the only system to have a complete set of forms for two years, so the death date is required to determine which forms need to be filed.

Q: Why aren't any forms appearing when I review the return?

A: This usually occurs when the date of death has not been entered on the current year return. This is a required field. A dropdown box is available to indicate prior or current year.

Q: What are the supporting schedules for Form 706?

A: Review the summary at the bottom of Form 706 (Recapitulation), page 3 for a list of the schedules.

Information to Note

- On January 1, 2008, the estate and gift tax treaty between the US and Sweden was terminated, therefore, Sweden has been deleted from the countries and Credit Under Treaties (Schedule P).

- Form 706 cannot be updated as it is a one-time filing, only filed after death.

- Form 706 comprises mostly input grids.

- Assets and property are entered on Schedules A through I.

- Items carry to Schedule M from the asset schedules.

- The Alternate value date for the 2032 election on Form 706, page 2 is automated to six months after the date of death, unless overridden by an earlier date.

- Items from Schedules A, E, F, G, or H can be carried to Schedule A-1, 2032A property election.

    a. All heirs must sign and agree to the special use valuation on page 4.

b. A reduction in value cannot exceed $1,000,000.

  c. 25% of the gross estate must be 2032A real property.

  d. 50% of the estate must be real or personal 2032A property.

- The 2032 and 2032A elections may be made together or separately.

- The Marital Deduction is automatically calculated on Schedule M.

  a. Schedule M can be completed directly in the To Surviving Spouse grid.

  b. No values will carry from the other schedules.

  c. Additional information must be entered manually.

- Distributions to beneficiaries of the estate are entered on Schedule M, page 2, line 5.

  a. Specific bequests may be entered separately, but cannot exceed the remainder.

  b. The remainder of the estate can be distributed as a fraction, percentage, or amount.

  c. The last heir receives any remainder.

- The Unified Credit is $1,730,800, which is equivalent to sheltering $5,000,000 of the taxable estate.

- The amount used in computing the 2% portion of estate tax payable in installments is $1,340,000.

- The Generation-Skipping Transfer Tax (GST) exclusion is $5,000,000 in 2009.

- The Credit for State Death Taxes was repealed in 2005. There is now a State Death Tax Deduction.

- Schedules P, Q, R, and R-1 are not listed in the Recapitulation.

  a. Schedule P is used to report foreign death taxes and any credits.

  b. Schedule Q is used to calculate credits from taxes paid on prior transfers within ten years, prorated for the time since the transfer. The maximum is three entries.

  c. Schedules R and R-1 are used to calculate GST taxes.

- Schedule U is used to report the Qualified Conservation Easement Exclusion.

709 Gift Tax

Frequently Asked Questions

Q: What is the due date for filing Form 709, and can I file an extension?

A: The due date is April 15th of the tax year. Extending the federal Form 1040 with Form 4868 automatically extends the federal Form 709 for six months. If Form 1040 is not extended, Form 8892 can be filed to extend Form 709. Form 8892 is also used as a payment voucher when Form 1040 is extended.

Q: Can taxpayers and spouses file jointly?

A: No. Separate returns must be filed. Information from one spouse's return is required on the other. Separate returns will automatically generate if the box is checked for *Will a gift tax return for this calendar year be filed by the spouse*?

Information to Note

- Community property is automated if the address listed is a community property state.

- Gift splitting is automated if the *Do the donors consen*t box is checked.

- Returns may be incorrect if the preparer tries to split gifts manually, community property is calculated manually, or one half of the gift amounts were entered manually on each return.

Other Products

The tax software offers the following products to help with your tax preparation:

- **Refund Calculator** – The Refund Calculator asks for limited attributes that will help you quickly estimate your client's refund before entering the full return. This product is installed during the initial installation. You can access it by clicking the **File** menu from the tax program's task bar, and selecting **Refund Calculator**. Tabs at the top allow entries for General Client information, W-2 income, 1099 Income, Other Income, Adjustments, and Deductions. Entries made in the Refund Calculator can be exported into TaxWorks to create a new client. This is done by clicking on the **File** menu item at the top left of the *Refund Calculator* screen, and selecting **New Client**.

- **TaxPlanner** – The TaxPlanner helps you predict your clients' tax situation with up to five different options on the screen at the same time. If you have purchased the TaxPlanner, you should have received a CD in the mail containing the installation instructions, or an email containing Internet installation instructions. After installation, you can access the TaxPlanner by clicking the **File** menu and selecting **TaxPlanner**. If you open the TaxPlanner while in a client's return, any amounts entered in the return will automatically be imported into the TaxPlanner. You can access the TaxPlanner Help by pressing **F1** within the TaxPlanner. A tutorial on how to use the TaxPlanner can be found online at cache.taxworks.com.

- **RedGear Accounting Powered by CYMA** – RedGear is excited to team with CYMA to offer a fully-integrated, sophisticated accounting software solution. A few of the features include: Single User System Manager, After-The-Fact Cash Disbursements & Receipts, After-The-Fact Payroll with Complete Payroll Reporting, General Ledger with Financial Reporting, Accounts Payable, Accounts Receivable and Bank Reconciliation. Contact your sales representative for more information.

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Notes

Keyboard Shortcuts

Control Keys

Keys	Description	Keys	Description
Shift **Tab**	Moves to previous field	**Ctrl** **N**	Input Mode: Notepad
Ctrl **A**	Audits	**Ctrl** **P**	Input Mode: Get PUP Code Calculator: Paste
Ctrl **B**	Links Back to Parent Form	**Ctrl** **R**	Input Mode: Calculator
Ctrl **C**	Universal: Copy	**Ctrl** **S**	Input Mode: Save
Ctrl **D**	Input Mode: Set & Clear Defaults	**Ctrl** **T**	Calculator: Print Tape Input Mode: 2-Year Comparison
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Ctrl **F**	Input Mode: Status Drawer	**Ctrl** **X**	Universal: Cut
Ctrl **L**	Viewing File	**Ctrl** **Y**	Make fields accessible to Alpha Characters

Function Keys

Keys	Description	Keys	Description
F1	Help	**F10**	Print/Save Default Sets
F2	Federal Forms	**F11**	Peek
F4	State Forms	**F12**	Client Selection
F5	Asset Tracker	**Ctrl** **F1**	Program Help
F6	Input Mode: Detail Statement Review Mode: Prints Tagged	**Ctrl** **F2**	Client Status
F7	Input Mode: Review Return Review Mode: Prints Single Form	**Shft** **F4**	Next State
F8	Print Advanced Form Delivery	**Ctrl** **F5**	Reset Desk
F9	Erase/Delete	**Ctrl** **F10**	Reset Forms In Use