



Evaluation Guide

2012 Copyright

The *2011 Drake Evaluation Guide*, Drake Tax Software, and any other related materials are copyrighted materials. All rights are reserved by Drake Enterprises, LTD., including all ownership rights. This document, associated software, and related material are the property of Drake Enterprises, LTD. No part of this document or associated online documentation may be reproduced or transmitted in any form or by any means without the express written permission of Drake Enterprises, LTD.

Publication Date: Spring 2012

© 2012 Drake Enterprises, LTD. All rights reserved.

Printed in USA.

While every attempt has been made to produce an accurate and complete manual, there is no warranty, expressed or implied, to that effect. Drake Enterprises, LTD., assumes no liability for damages or claims resulting from the use of the information contained herein.

TRADEMARKS

The Drake Software logo and Drake Software are registered trademarks of Drake Enterprises, LTD. Other product names mentioned in this manual may be trademarks or registered trademarks of their respective companies.

Table of Contents

2012 Copyright	i	Review Questions 4	105
Trademarks	i	File the Return Electronically	107
Welcome	1	Applying for an EFIN	107
CPE Information	3	Verifying EF Settings	107
Installing the Software	5	Preparing the Return for Electronic Filing . . .	108
System Requirements	5	Electronically Filing Returns	111
Registering Your Software	6	Practicing Electronic Filing	116
Installing from CD	6	Searching the EF Database	117
Installing from Drake Software Website	7	Viewing Your Online EF Database	118
State and City Programs	8	Including Bank Products	118
Viewing Drake Tutorials	9	Review Questions 5	119
Navigating the Program	11	Business Return	123
Logging in	11	Preparing the 1120 Evaluation Return.	123
Home Window	12	Financials	142
Navigating Drake	14	Review Questions Part 6	145
General Flow of Commands	16	Partnership Return	147
Program Setup	17	Preparing the 1065 Evaluation Return.	147
Setup Assistant	17	Financials	165
Required Program Settings	19	Review Questions Part 7	167
Optional Program Setup	26	Tools	169
Review Questions 1	37	Updating the Software	169
Hot Keys	41	Printing Blank Forms	170
Review Questions 2	43	Repairing Index Files	170
Return Preparation	45	Maintaining Files	170
Opening a Return	45	Producing Letters	171
Data Entry	48	Amortizing	172
Preparing The 1040 Evaluation Return	64	Edit EIN Database	172
Review Questions Part 3	89	Scheduling Appointments	173
Calculate and Print the Return	91	Other Tools	176
Return Calculations	91		
Viewing and Printing the Return	93		

Reports	179
Report Manager	179
Viewing Reports	180
Depreciation List	181
Fixed Asset Manager	182
Client Status Manager	182
Review Questions Part 8.....	189
Support Resources	191
Drake e-Training Center	191
Passport to Success	193
The TaxBook WebLibrary.....	194
Help	194
FAQS	194
Software Manuals	195
Drake Update Schools and Videos	195
Practice Returns	195
Drake Support Website	196
Customer Service and Support.....	198
E-mail.....	199
Suite Products	201
Tax Planner	201
Drake Document Manager.....	206
GruntWorx.....	214
SecureFileProTM.....	215
Client Write-Up	216
Review Questions Part 9.....	217
Glossary	219
CPE Exam	225
CPE Exam Answer Sheet	233

Welcome

Thank you for taking the time to review Drake Software and the *2011 Evaluation Guide*. We appreciate this opportunity to familiarize you with our software and its capabilities. Drake is a pioneer in the tax software and electronic filing industry. This year alone, Drake filed more than nineteen million federal- and state-accepted electronic returns. If you are not already electronic filing your clients' returns, let us help you. Electronic filing is free for federal and state returns in Drake Software.

You can also review this guide and receive CPE credits.

Upon completion of this Evaluation Guide you will be able to:

- Navigate Drake Software
- Prepare basic 1040, 1120, and 1065 returns
- Electronically file returns
- Utilize the Online EF Database, Tax Planner, Drake Document Manager, and more
- Run various reports using Drake Tools
- Report on client and EF data
- Perform software and file maintenance

If you have any questions about Drake Software, please contact your salesperson at (800) 890-9500 or our courteous and knowledgeable support staff at (828) 524-8020.

This Evaluation CD contains:

- A complete copy of the 2011 Drake Software tax software
- All state programs
- Drake Document Manager
- Tax Planner
- Drake Software and Client Write-Up Manuals
- Practice returns and solutions in PDF format
- 2012 Client Write-Up software

CPE Information

No prerequisites are necessary to participate in this self-study (distance-learning) overview course. There is no charge to participate in this program and no refund policy.

11 CPE credits (based on a 50-minute hour) are available. 5 CTEC credits are available, based on a 100-minute hour.

To receive CPE credits, install Drake Software and read the chapters in this guide. Take the final exam using the answer sheet, complete the evaluation, and send both to:

Drake Software Education
235 E. Palmer St.
Franklin NC, 28734-3049

If you prefer, send the exam answer sheet and evaluation by fax to (828) 349-5713.

The exam and the evaluation must reach Drake Software no later than April 15, 2013.

For questions or complaints regarding Drake Software CPE credits, contact Drake's Education Department at (828) 524-8020.



Drake Software is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.



Drake Software has been approved by the California Tax Education Council to offer the **2011** Evaluation Guide, 3038-CE-0090, which provides 5 federal credit towards the annual continuing education requirement imposed by the State of California. A listing of additional requirements to register as a tax preparer may be obtained by contacting CTEC at P.O. Box 2890, Sacramento, CA, 95812-2890, toll-free by phone at (877) 850-2832, or on the Internet at www.ctec.org.



APPROVED
CONTINUING EDUCATION
PROVIDER

Drake Software is an IRS qualified sponsor of continuing professional education for Enrolled Agents and Registered Tax Return Preparers. Course # FQTGU-T-00001-12-S

Drake Software is registered with the Texas State Board of Public accountancy as a CPE sponsor. This registration does not constitute an endorsement by the Board as to the quality of our CPE program.

Approved by the Pennsylvania State Board of Public Accountancy for 5 credits. (Based on a 100-minute hour)

Attention EAs, RTRPs and CRTPs: Please note that IRS Circular 230 Section 10.6(f)(I)(iii) is currently being modified and once finalized will no longer include programs related to tax preparation software as acceptable programs for CE credit. When these changes are confirmed, IRS CE credit for this course will no longer be offered from that date forward (currently this date is not known but is expected to be in early summer 2012). If this course is completed prior to the finalization of the Circular 230 revision, CE credit will still be awarded. In connection with these revisions, CTEC also will no longer accept software-training programs for CE credit.

Installing the Software

The *2011 Evaluation Guide* software disc includes the federal packages and state packages. The software is also available for download on *DrakeSoftware.com*. After installing the software, complete the required and recommended software settings. For setup instructions, see “Setup Assistant” on page 19.

SYSTEM REQUIREMENTS

To run Drake Software, your computer operating system must meet or exceed the following system requirements:

Windows 2000 & XP

- 233 MHz processor or higher
- 128 MB of RAM

Windows Vista & Windows 7

- 800 MHz processor or higher
- 512 MB of RAM
- Support for Super VGA graphics

All Windows Operating Systems

- CD Drive
- 200 MB of available hard drive space, plus 7MB for each state program
- Internet Explorer 6.0
- Internet access
- Hewlett-Packard (HP)-compatible laser printer (*strongly recommended*)
- TWAIN-compliant scanner
- Adobe Acrobat Reader for viewing PDF files

NOTE

If your computer is running Windows Vista, it may be necessary to upgrade your version of Adobe Acrobat Reader to version 8.0 or later.

REGISTERING YOUR SOFTWARE

When you register your software, Drake supplies you with a temporary EFIN and password—both of which are required when setting up the program. If you downloaded your demo software from *DrakeSoftware.com*, you were assigned a temporary EFIN and do not need to re-register your software.

To register your copy of Drake 2011, go to *DrakeSoftware.com* and click the registration link under “Software Orders & Demos” in the far right column. You will receive an e-mail with your assigned EFIN and password. Enter this EFIN and password when completing **ERO Setup**. See “ERO Setup” on page 20.

INSTALLING FROM CD

Complete the following steps to install Drake Software from CD:

1. Insert the 2011 Drake Evaluation CD into the CD drive.
2. After the introduction, from the menu, click **Install Drake Software**.
3. From the installation window, choose **Install Drake 2011 Tax Software**. Other installation options include **Install Client Write-Up**.
4. Read and accept the licensing agreement. Click **Next**.
5. Select which programs to install: **Install 2011 Drake Tax Software** and **Install State Tax Programs** are the defaults. Click **Next**. If you choose to not install states at this time, you may install states later. See “State and City Programs” on page 8.
6. Select a location to install Drake Software. If this is your initial installation, click **New**. If Drake Software has been installed on your computer or network before, choose the drive where you want this installation stored and click **Next**.
7. Enter DEMO in the text box. Click **Next**, and in the small popup window, click **OK**.
8. If this is your initial installation, choose an installation drive from the list of available drives and click **Next**.

NOTE

If a drive letter does not appear, the software has determined that there is not enough space on the drive.

9. If you chose to install states at this time, the **Select States to Install/Update** window is opened. Select from **States on CD** in the left pane. Click **Select** or **Select All**. The selected states appear on the right side and are updated automatically unless removed from the list. Click **Next**.
10. Click **Install** to continue.
11. When the installation is complete, click **Finish** to return to the main installation window.

12. Choose to install Client Write-Up, or view the Drake software manuals, practice returns, or IRS publications, or click **Exit**.

After the program has been installed, three icons appear on your desktop:

- Drake 2011 Tax Software
- Drake 2011 Tax Planner
- Drake Document Manager

To start the program, click the **Drake 2011 Tax Software** icon.

INSTALLING FROM DRAKE SOFTWARE WEBSITE

Complete the following steps to install Drake Software from the website:

1. Go to *www.DrakeSoftware.com* and click **Products > Download Center**.
2. Enter your EFIN and Drake password.
3. Choose the software package to download (Drake 2011).
4. Click the download link. The **File Download - Security Warning** window opens. Click **Save**.
5. Choose a location to save the download. For instance, on the computer's desktop or hard drive.
6. The download begins, showing you the progress on a status bar.
7. When the download is complete, double-click the file you downloaded, Drake11_Federal.exe. If the **Open File - Security Warning** window is opened, click **Run**.
8. Click **Yes** to begin installation. Select the drive on which to install Drake (local hard drive or network drive) and click **Install**.
9. Enter your Drake serial number if this is a first-time installation. Enter DEMO to install the software as the limited demonstration version. Click **OK**.
10. A message appears to verify that you are installing the Drake Software Demo Version. Click **OK**. Another message appears to verify the installation drive. Click **Yes** to continue.
11. After installation is complete, click **Exit** to exit the installer.

After the program has been installed, three icons appear on your desktop:

- Drake 2011 Tax Software
- Drake 2011 Tax Planner
- Drake Document Manager

To start the program, click the **Drake 2011 Tax Software** icon.

STATE AND CITY PROGRAMS

INSTALLING STATE AND CITY PROGRAMS

If you did not install states during the initial installation, choose one of the following methods for installing state and city programs. Installing a state also installs its city programs.

NOTE

If you downloaded the software from the Drake Software website, states were not included and you must choose one of the methods below to install states.

State and city returns are automatically produced with the federal return if indicated on the federal data entry screens. For example, if you indicate in the **State** field (box **15**) of the **W2** screen that the W-2 is for NY, Drake generates a New York return along with the federal return.

Installing States From CD

1. Insert your Drake CD into the CD drive.
2. From the **Home** window, go to **Tools > Install State Programs**.
3. Select **Install State(s) from this drive**. Select your CD drive letter from the list.
4. Click to select the states to install from the **States Available** list in the left pane. Click **Select**. (To select all states, click **Select All**.) The selected states appear in the **States selected for installation** list in the right pane.
5. Click **Install** to continue with the state installation.
6. When the installation is complete, click **Exit**.

Installing States From the Internet

If you installed the Demo software from *DrakeSoftware.com*, you received only the federal package. To install states online, complete the following steps:

NOTE

To install states over the Internet, **ERO Setup** must be complete. See "ERO Setup" on page 20.

1. From the **Home** window, go to **Tools > Install State Programs**.
2. Select **Install State(s) from the Internet**.
3. Click to select the states to install from the **States Available** list in the left pane. Click **Select**. (To select all states, click **Select All**.) The selected states appear in the **States selected for installation** list in the right pane.
4. Click **Install** to continue with the state installation.
5. When the installation is complete, click **Exit**.

VIEWING DRAKE TUTORIALS

Drake has more than 75 tutorials available that cover Drake Tax Software and Client Write-Up. Tutorials are also available in Spanish. To view the tutorials, go to www.DrakeSoftware.com > **Training** tab > **Tutorials**. For additional information on these tutorials, call your Drake sales consultant at (800) 890-9500.

The following tax software tutorials are available:

- 1040.com Affiliation
- 7216
- 8615 Export
- Archiving
- Banking Setup*
- California W2CG
- Check Print*
- Client Bill
- Client Status Manager*
- Conversions
- Custom Data Entry
- Custom Fields
- Depreciation
- Drake Document Manager*
- Drake Tax Planner
- E1 Visa Prepaid Card Program
- e-Collect
- EIC
- Electronic Filing*
- Electronic Training Center (ETC)
- Email to Drake
- Enterprise Office Manager
- Field Flagging
- Form 3800 Changes for 2011
- Forms Based Data Entry
- GruntWorx
- Help Resources
- Home Window*
- Intro to Data Entry*
- K1 Features
- Knowledge Base
- Label Printing
- Late Filing Interest and Penalty
- Letters
- Michigan Cities
- Michigan Residential Credit
- Multi-State Apportionment
- Networks
- New Jersey Sick Pay
- Ohio Cities
- Online EF Database*
- Organizers & Proformas
- Pay Per Return
- PDF Attachments
- Pennsylvania Deceased Spouse
- PIN Signature
- Pricing
- Printing Setup
- ProSeries Conversions
- Reports
- Required Settings*
- Schedule D and Form 8949
- Schedule D Imports
- Scheduler
- School District Codes
- Search EF Database
- SecureFilePro
- Setup Options
- Software Updates*
- State Database
- Support Resources*
- Tax Library
- Trial Balance Import
- View/Print*
- W2 Import

*Tutorials in both English and Spanish.

Visit our complete library of tutorials, tax preparation courses, and practice returns at www.DrakeETC.com

Navigating the Program

Learn to navigate the program before tax season begins. This section highlights the basics of navigating the program.

NOTE For details on return navigation and data entry, see “Data Entry” on page 48.

LOGGING IN

The first time you open the software, you are automatically logged in. If you close the software, when you reopen it, you may be asked to log in. See Figure 1 below.

Figure 1: Preparer Login

A screenshot of a 'Preparer Login' dialog box. The dialog has a title bar that says 'Preparer Login'. Inside, there are two text input fields. The first is labeled 'Preparer ID:' and contains the text 'admin'. The second is labeled 'Password:' and is empty. Below the password field is a 'Login' button.

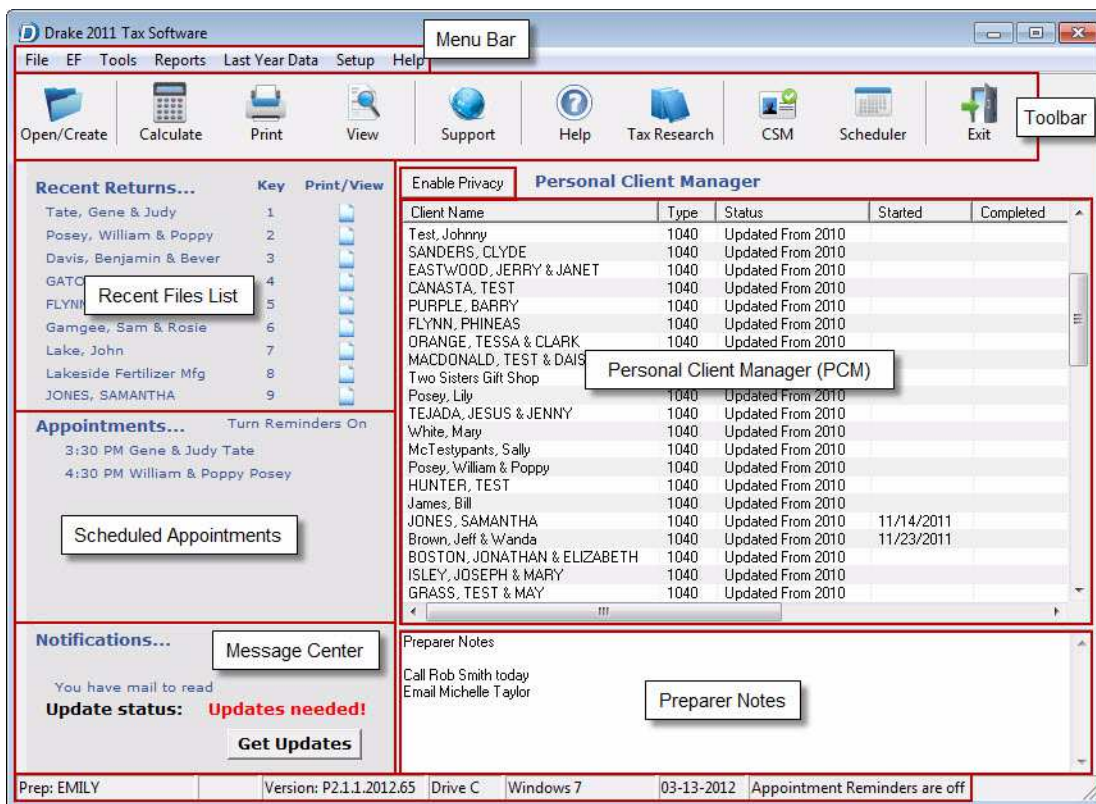
If, during your initial login, you created a preparer ID or set a password for the Admin account, enter a **Preparer ID** and **Password**. Click **Login**.

HOME WINDOW

The main window of the Drake program is referred to as the **Home** window. See Figure 2 below. The **Home** window's features include:

- Menu bar — Allows you to accomplish specific tasks in the program.
- Toolbar — Displays “speed” buttons used to quickly navigate the program.
- Recent Returns — Displays the last nine files opened in data entry. Click a client file to open it or press its corresponding **Print/View** button to open the return in View mode.
- Scheduled Appointments — Displays current day Scheduler appointments for the logged-in preparer.
- Notifications — View important notifications, including messages stating that you have updates to install, acknowledgements (“acks”) or check print files to download, or e-mail to download and read.
- Personal Client Manager (PCM) — Displays all the returns for the logged in preparer (see “Personal Client Manager (PCM)” on page 13).
- Preparer Notes — An electronic notepad. The notes section is preparer login specific, so when a preparer logs into the software, they will see their own notes.
- Status Bar — The status bar displays the current **Preparer Name**, the date the software was last updated, the drive on which the software is installed, the operating system in use, the status of scheduler reminders and the current date.

Figure 2: Home Window



PERSONAL CLIENT MANAGER (PCM)

From the **Home** window, view the Personal Client Manager, or PCM, a personalized version of the Client Status Manager, or CSM. The PCM helps you organize your day by providing a detailed list of all your returns. This tool is preparer login specific, so the logged in preparer may customize their Personal Client Manager by deciding what columns of return data display, and by filtering the list of returns.

From the Personal Client Manager, right click a record to:

- Open the client's return
- Display a Quick View of return information
- Open the EF Database for a client
- Set return statuses
- Filter the list of returns
- Customize the PCM
- Search records

NOTES

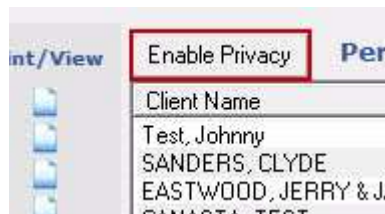
For details on CSM and PCM functionality, see "Client Status Manager" on page 182.

The "Admin" login, or preparers with "Administrator" security settings, may view the returns for all preparers in the Personal Client Manager.

ENABLING HOME SCREEN PRIVACY

You can hide the Recent Returns, the PCM, and the Preparer Notes sections of the Drake **Home** window as needed—for example, if a co-worker or client is looking at your computer screen with you. To do so, click the **Enable Privacy** button (shown in Figure 3) on the **Home** window. Click **Disable Privacy** to view the list again.

Figure 3: **Enable Privacy** button



NAVIGATING DRAKE

To navigate Drake, choose the method that is most comfortable for you. You can access Drake screens using your mouse, keyboard, and toolbar. Drake also offers several shortcut keys to make navigation quicker and easier.

MOUSE

- Left mouse button — Move the pointer over an item and click the left mouse button to select that item.
- Right mouse button — During data entry, place the pointer in any gray area and right-click to display a menu of common program functions. Right-click in a specific data entry field to cut, copy, paste, or view help for that field, or add a worksheet where applicable.
- Speed buttons — For a description of a speed button, place your pointer over the button and see a pop-up box with a description.

KEYBOARD

Maneuver through the Drake program with the computer keyboard. A variety of specialty keys makes the job easier.

Shortcut Keys

These keys allow you to move through the menus and select options quickly. Press **ALT** to display the underlined shortcut key for each option on the menu bar. The underlined letter for each option is the shortcut key. For example, to open a return with the keyboard, press **ALT, F** (for “file”), and **O** (for “open”). Press **ENTER**.

Hot Keys

Similar to shortcut keys, hot keys perform various actions with simple keystrokes. In Drake Software, right-click to display a list of hot keys available for that screen. For example, to calculate the return while in screen **1**, press **CTRL + C**. To view the return, press **CTRL + V**. For a list of **Home** window and data-entry hot keys, see “Hot Keys” on page 41.

TIP

In data entry, right-click the gray area to view a list of hot keys.

Macros

Use a macro to enter frequently-used data entry items with just a couple of keystrokes. To set up your own macros, go to **Setup > Macros**.

TOOLBAR

The speed buttons located under the menu bar are shortcut keys that can be used to maneuver through the program quickly. Different areas of the program are associated with specific speed buttons. For a description of a speed button, place your mouse pointer over the button and see a pop-up box with a description.

Figure 4: Home window toolbar speed buttons



The following chart describes the speed button functions of the **Home** window toolbar. It also displays hot keys that may be executed from the **Home** window to perform the function.

Speed Button	Function	Hot Key
Open/New	Opens an existing return or begins a new return.	CTRL + O
Calculate	Opens the Batch Calculation window to calculate one or more returns.	CTRL + C
Print	Opens the Return Selector , where you may select to print one or more returns.	CTRL + P
View	Opens the Return Selector , where you can view one or more returns.	CTRL + V
Support	Opens the Drake Support website, <i>Support.DrakeSoftware.com</i>	N/A
Help	Opens the Help System, where you can find answers to questions about the program.	N/A
Research	Opens the Tax Library website. For details, see “The TaxBook WebLibrary” on page 194.	N/A
CSM	Opens the Client Status Manager. For details on the CSM, see “Client Status Manager” on page 182.	CTRL + L
Scheduler	Opens the Appointment Scheduler. For details, see “Scheduling Appointments” on page 173.	N/A
Exit	Closes the software.	Esc

GENERAL FLOW OF COMMANDS

Program instructions refer to parts of the program as follows:

- **Menu bar** — The list of menu options across the top of the window.
- **Drop list** — The list of available actions shown when an option is selected from the menu. Also, some fields on some screens display an arrow (▶) next to an open text box. Click the arrow to open a list of available choices.
- **Speed buttons on toolbar** — The toolbar directly under the menu bar. Speed buttons are used for quick access to functions and are represented by icons.
- **Data Entry Menu** — The list of available screens when a return has been opened for data entry.
- **Selector field** — The field at the bottom of the **Data Entry Menu**. Type the letter or number code of the desired form to open its screen in data entry.
- **Tabs** — The **Data Entry Menu** displays tabs along the top of the screen below the toolbar. Each tab displays a list of additional data entry screens.
- **Buttons** — Items that perform actions. For example, click the **Exit** button to leave the program.

When instructions are given to perform an action, the flow of commands (for example, **Tools > File Maintenance > Backup**) is as follows:

1. Select the menu option to reveal the drop list. (For example, **Tools**.)
2. Select the action from the drop list. (For example, **File Maintenance**.)
3. If the action displays an arrow (▶) to the right, another list is available.
4. Select the action from that list. (For example, **Backup**.)

To shorten the commands in the instructions, the flow of commands is given with arrows (also known as “angle brackets”) between each function. For example, “Go to **Tools > Install Updates**” simply means, “From the menu bar, go to the **Tools** menu, click to open the drop list, and choose **Install Updates**.”

Use the keyboard or the mouse to select the menu option.

Program Setup

Drake Software's **Setup** menu allows you to customize the software to your office requirements. Many of these settings can be carried forward each year, saving you time and effort. From the menu, go to **Last Year Data > Update Settings 2010 to 2011**.

NOTE Drake recommends that you log in as "Admin" or as a preparer with Admin rights when accessing the setup screens. This way, you have full rights to all the features accessible only when logged in as Admin.

SETUP ASSISTANT

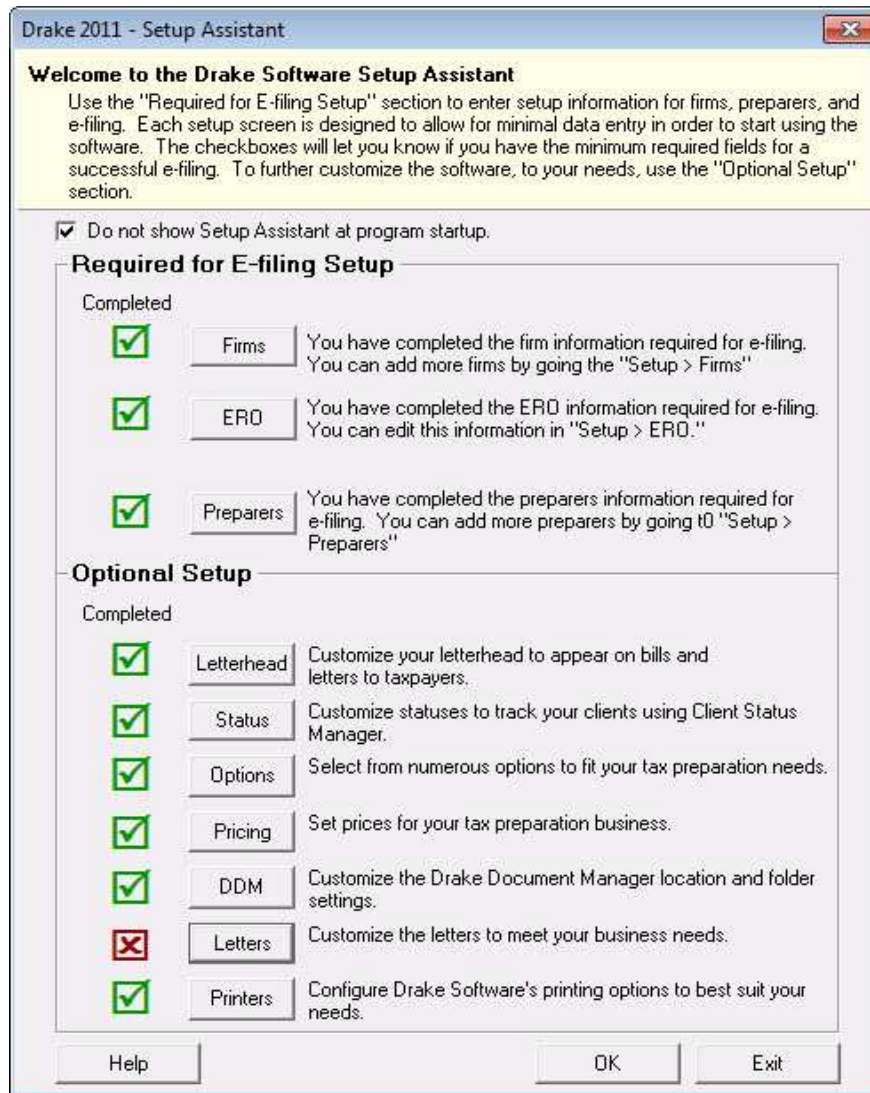
The Setup Assistant guides you through the required and recommended software setup screens.

The Setup Assistant is opened the first time you log in to Drake and each time you access the program until all the required information is entered, or until the assistant is disabled. To prevent the Setup Assistant from automatically opening each time you enter the program, click the **Do not show Setup Assistant at program startup** box. See Figure 5 on page 18.

The required settings must be completed before preparing and electronically filing tax returns.

NOTE It is not necessary that these screens be completed through the Setup Assistant. To exit the assistant at any time, click **Exit Assistant**. Return to the assistant later by going to **Help > Setup Assistant**, or access each setup screen individually from the **Setup** menu.

Figure 5: Setup Assistant



While the **Recommended** settings are not required, several of them are crucial for proper program functioning. For example, if you plan to use Drake Document Manager, the DDM path must be correct before creating returns. For details, see "Drake Document Manager" on page 206.

IMPORTANT

To get the most out of the Client Status Manager, your custom statuses must be determined before tax season begins so that they are available during tax season and can help provide accurate reporting. See "Client Status Manager" on page 182.

When all required settings are completed and marked with a green check mark, you are prompted to continue displaying the assistant at startup or to no longer show the assistant. This message also appears when the **Do not show Setup Assistant at program startup** box is cleared.

To exit the **Setup Assistant**, click **Exit** or **OK**.

REQUIRED PROGRAM SETTINGS

These settings must be completed before beginning tax preparation and electronic filing:

- **Firm(s)** — Set up and edit the firm information that appears on tax forms. Select bank and determine fees.
- **ERO** — This information is required for Electronic Return Originators (EROs) or preparers who use Drake e-mail, RIA Checkpoint, and other Internet-related features.
- **Preparer(s)** — Enter each preparer's general information, designate a login name and password, and set security options.

FIRM SETUP

Enter and edit information for a specific firm on the **Firm Setup** dialog box. See Figure 6 on page 20. There is no default firm information in the program.

1. From the menu bar, go to **Setup > Firm(s)**.
2. Enter the firm information. A red field description indicates required information.
3. Enter an address. Enter a ZIP code and the city and state fill in automatically.
4. Enter the phone number without spaces, dashes, or parentheses. (The program automatically formats the number.)
5. Select a starting DCN. DCNs must be staggered if you will be creating returns from more than one stand-alone computer using the same EFIN.
6. Click **Save** to save the information. Click **Exit** to exit without saving changes.

When a firm is created, it is given a firm number in the **Number** column of **Firm Setup**. Use this number to identify which firm is associated with a tax return in screen **1** of data entry.

Figure 6: Firm Setup

Drake 2011 - Firm Setup

Save Help Cancel

Num.	Firm Name	EFIN	DCN	Contact
1	Drake Software	777777	04531	Emily Moore

Red indicates not ready for e-filing.

General Information

Firm name: Drake Software
 Address: 235 East Palmer St.
 City: Franklin
Domestic Address
 St, ZIP: NC 28734
Foreign Address
 * Province/State:
 * Country, Postal code:
 Telephone number: (555)867-5309
 Fax number:
 Contact name: Emily Moore
 Email address:
 Federal EIN:
 State ID number:
 EFIN: 777777
 DCN serial number: 04531 Non-paid-prep

Banking Information

Retrieve and auto-fill info from your online Drake Bank Application:

Select Bank:
 EPS Financial, LLC
 Add-On Fee
 Additional Fee (Add-On): 0
 Enter the receiver of "Additional Fee (Add-On)" to print on tax return's Bank Information Sheet:

e-Collect Basic (direct deposit disbursement only)
 e-Collect Deluxe (check, and direct deposit disbursement)
 e-Collect Elite (E1, check, and direct deposit disbursement)

ERO SETUP

You must complete **Electronic Filing Setup** to:

- Electronically file returns
- Use the Drake E-mail program
- Download software updates
- Access your Online EF Database
- Access the Tax Library from the toolbar

IMPORTANT

A temporary EFIN assigned by Drake allows you to test electronic filing and gives you access to Drake Internet tools. Preparers who are new to electronic filing and wish to transmit live returns must apply with the IRS for an EFIN.

To set up an ERO's information:

1. From the menu bar, go to **Setup > ERO**.
2. Enter or edit the general information fields. Fields with green text descriptions indicate required entries. See Figure 7 below.

NOTE

You must enter your Drake Account Number in **Setup > ERO**. Enter your temporary EFIN and password in the **EFIN** and **Drake Password** fields. Your account number, EFIN and password are included on your packing slip or in the email confirmation you received after registering for a Demo.

The default **Connection Settings** are the settings that work for most computers. If you are experiencing problems connecting to Drake, please contact Drake Support for technical assistance.

The **Service Bureau** section must be configured only by offices practicing as Service Bureaus. Service Bureaus actively collect and transmit returns for other preparers. This is small percentage of offices.

3. Click **OK** to save changes. Click **Cancel** to exit without saving changes.

Figure 7: Electronic Filing Setup

Drake 2011 - Electronic Filing Setup - \DRAKE11\CF\CONFIG.11

Electronic Filing Setup
Enter Electronic Return Originator information below. All General Information fields, except Telephone Number, are needed for e-filing. Click help for Connection Settings information.

General Information

Account Number: 31597 EFIN: 777777
Drake Password: [masked]

Transmitter Name: EMILY MOORE
Transmitter Address: 235 EAST PALMER ST
City, State, Zip Code: FRANKLIN, NC 28734
Federal EIN: 123456789
Telephone Number:

Connection Settings
Choose the appropriate settings below:
If necessary, consult with your technician or contact Drake Support for assistance.

1. Always use my existing Internet connection (DSL/Cable/LAN/Dial-up)
2. Dial whenever an Internet connection is not present
3. Not Recommended: Always launch a new dial-up connection

When dialing, use this connection: [dropdown]

Advanced Options

1. Transfer my files using: [HTTPS dropdown]
- 1a. My machine uses a firewall (use Passive FTP to define port range)
- 1b. Reserved: [text box]

Franchise/Network Information (Admin only)

Master EFIN: [text box] Fee: [text box] Name: [text box]

Disclosure or Use of Tax Information by Preparers of Returns
Need consent to disclose tax return information to this franchisor/network: [checkbox]

Help Install Dialer OK Cancel

PREPARER SETUP

Each preparer must be entered in **Preparer Setup**. See Figure 8 on page 23. Enter preparer information into the program and the preparer is assigned a preparer number. The preparer number is used to display unique preparer information on letters, returns, and reports

NOTE

It is not necessary to edit the Admin information. Log in as Admin when accessing program setup features. Set up a preparer for use when preparing returns.

Set up Data Entry (DE) operators in **Preparer Setup**. Preparer numbers entered on returns are used primarily for tracking purposes.

To enter a new preparer in the software, complete the following steps:

1. From the menu bar, go to **Setup > Preparer(s)**.
2. From the toolbar at the top of the **Preparer Setup** dialog box, click **Edit Preparer** to make changes to an existing preparer, or **Add** to add a new preparer.
3. Enter preparer information. A yellow field indicates required entries, and a red field description represents required entries for e-filing.
4. To set security options, click the **Security** button at the top of the dialog box. See “Preparer Security Settings” on page 23.
5. Click **Save** to save changes. Notice that the preparer is now saved with a preparer number.

NOTE

A Preparer Tax Identification Number (PTIN) is required by the IRS for tax preparers. For information regarding PTIN requirements, visit www.IRS.gov.

Figure 8: Preparer Setup

Number	PTIN	Login	Preparer Name	Security
ADM		Admin	ADMINISTRATOR	Admin
1	P01241328	Emily	Emily Moore	Admin
2		Perry	Perry Platypus	Front Office

General Information

Preparer name: Emily Moore
 E-mail: emily.moore@drakesoftware.com
 Self-employed:
 Social Security Number:
 PTIN: P01234567
 Office number (optional):
 Hourly Rate:
 Firm: 1 - DRAKE SOFTWARE

Return Signature Options

PIN signature **: 12345
 Use PIN for:
 8879 PIN Signature
 Alternative Electronic Signature
 ** Used as Third Party Designee PIN if indicated in Setup > Options > Optional Items on Return

Republic Bank Information

RBIN:

Power of Attorney Information

Preparer designation:
 CAF Number:
 Jurisdiction:

State Registration Numbers

Registration numbers for CA, MD, NY, OR, and VA.

W-7 Acceptance Agent

Acceptance agent:
 Agent title:

Return Signature Options

Designate a PIN signature for signing returns electronically to produce the 8879 IRS e-File Signature Authorization.

1. Enter a PIN in the **PIN Signature** field. (Choose any five-digit number).
2. Select **Use PIN for: 8879 PIN Signature**.

NOTE

For details on electronically signing returns, see “Signing the Return Electronically” on page 108.

Return signature options may also be set for the **Third Party Designee** and **Alternative Electronic Signature**. For details, review the *Drake User’s Manual: Tax Year 2011*, available on your Evaluation CD.

Preparer Security Settings

Preparer security defines what functions the preparer can access in the program. These settings must be established before the preparer can begin working in the software.

In Drake, you can set preparer security on the individual level, or use group security to assign the same security level to many preparers.

Only administrative users can set security rights.

Default Security Options

With a preparer selected and in Edit mode, select one of the following options:

- **Custom Security** — See “Custom Security Setup” below.
- **Set Security to Allow No Options** — The preparer cannot access any items in the program.
- **Set Security to Allow All Options** — The preparer can access all areas of the program.
- **Set Security Equal to Existing Preparer** — Select this option and choose an existing preparer from the list. This sets the current preparer’s security rights to match the existing preparer.
- **Add Preparer to Security Group** — See “Group Security” on page 25.
- **Front Office** — Select this option to allow a receptionist to set up views and manage appointments in the Scheduler. For more information, see “Scheduling Appointments” on page 173.
- **Administrator** — The preparer has full administrative rights similar to logging in as “Admin.”

Custom Security Setup

Determine which areas of the program a preparer can access.

1. Double-click a preparer’s name or click once then click the **Edit Preparer** button to open the preparer’s information in Edit mode. Click the **Security** button at the top of the window and select **Custom Security**. The **Preparer Security Setup** dialog box is opened. See Figure 9 on page 25.
2. Click an item on the menu bar to display a drop list. Click to select menu items for accessibility or clear the check marks to deny access. Boxes with check marks indicate access is permitted. Go through all seven menus.
3. Click **Save**. When prompted, click **OK**.
4. Click **Save** to save the preparer settings. Click **Exit**.

Figure 9: Preparer Security Setup



Group Security

Group security allows you to assign a preparer to a group and to set security on the group level. Assign preparers to predefined groups, or create new groups.

Three security groups are available by default:

- **Admin** — Users with administrative rights; group cannot be deleted
- **Full** — Users with full access to everything except special Admin features
- **Front Office** — Front Office rights (Scheduler access only)

To access group security, go to **Setup > Preparers**. Click **Group Security** to open the **Group Security** dialog box.

NOTE

Preparers must have security set up to avoid all functions of the program being disabled when the preparer logs in. A warning message displays when you set up a preparer without security rights chosen.

Preparer Schedule

Before you can use the Scheduler program, you must create schedules for each preparer. See “Generating Preparer Schedules” on page 174 for details.

OPTIONAL PROGRAM SETUP

The following settings are not required but Drake recommends reviewing and utilizing each option so you may get the most out of your software.

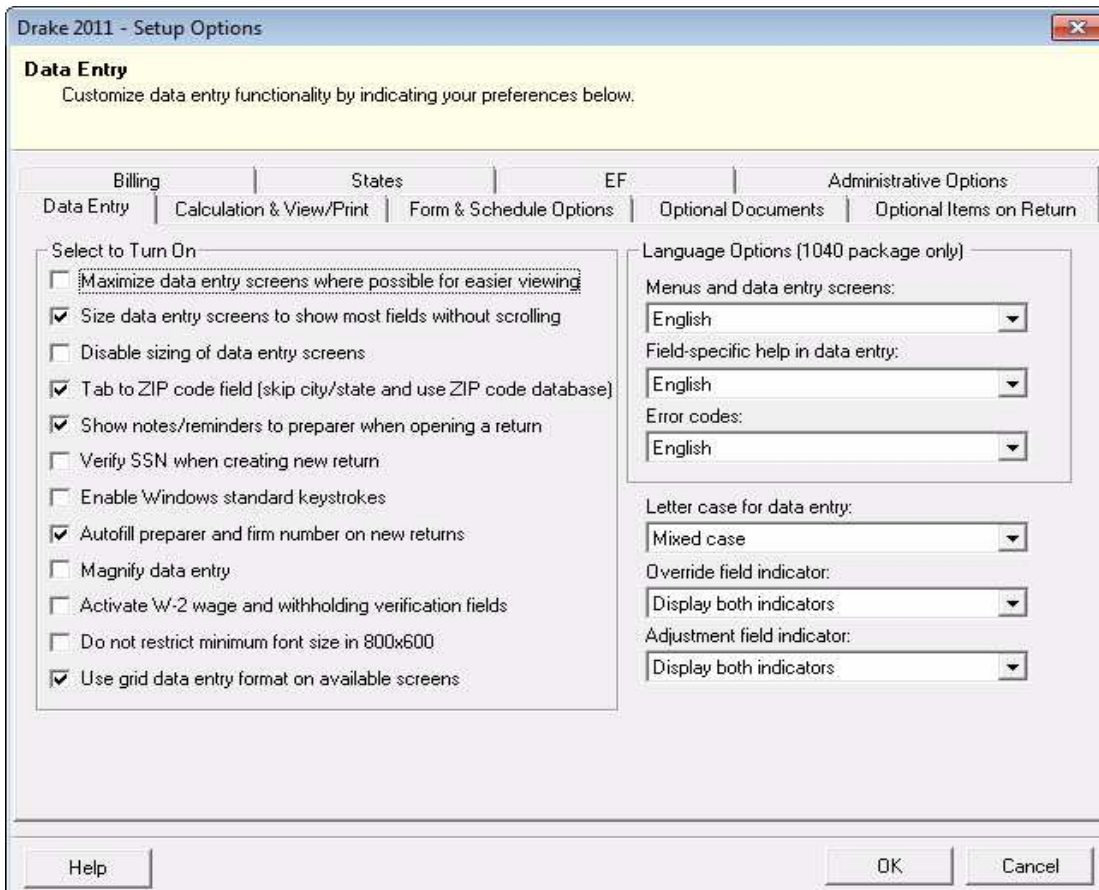
NOTE Most optional settings can be carried forward each year. From the menu, go to **Last Year Data > Update Settings 2010 to 2011**.

SETUP OPTIONS

Setup Options enable you to customize the software to suit your office needs. See Figure 10 below. The default preferences are those that are preferred in most offices. To change or view the defaults, follow these steps:

1. From the menu bar, go to **Setup > Options**.
2. Click the tabs to open the various option windows.
3. After selecting all options, click **OK** to save.

Figure 10: Setup Options



The following options are available:

Setup Options, Data Entry	
Option	Description
Maximize data entry screens where possible for easier viewing	Increase the size of the Drake screen to fill your monitor. Effective at all monitor resolutions.
Size data entry screens to show most fields without scrolling	Decrease the size of large Drake screens so they fit on your monitor. Effective only when monitor resolution is set to 1024 x 768 or smaller.
Disable sizing of data entry screens	Keep preparer from resizing screens. Effective usually for monitor resolution set to 800 x 600 or smaller.
Tab to zip code field (skip city/state and use zip code database)	Press the TAB key while entering an address in data entry to bypass the City and State fields and go directly to the ZIP field. City and State fields are completed automatically based on the ZIP code entered.
Show notes/reminders to preparer when opening a return	Show all notes and reminders from the NOTE and PAD screens every time you open a client file that contains notes or reminders.
Verify SSN when creating new return	Require double entry of SSN or EIN, helping eliminate erroneous entries.
Enable Windows standard keystrokes	CTRL+X = cut; CTRL+C = copy; CTRL+V = paste; SHIFT+CTRL+X = autofill amended screen; SHIFT+CTRL+C = calculate return; SHIFT+CTRL+V = view return
Autofill preparer and firm number on new returns	Automatically enter the firm number and preparer number where required on data entry screens.
Magnify data entry	Enlarge the active field for easier reading.
Activate W-2 wage and federal withholding verification fields	To ensure accuracy of data entry, your firm can require that amounts for wages and taxes withheld are entered twice on the W2 screen.
Do not restrict minimum font size in 800X600	If this option is selected, the program will not attempt a font substitution to retain readability. Text on the screens will shrink to fit as needed.
Use grid data entry format on available screens	Choose to activate grid data entry for the Dependent, Dividend Income, Interest Income , and 4562 screens.
Language for menus and data entry screens	Choose between English and Spanish.
Language for field specific help in data entry	Choose between English and Spanish.
Error codes:	Select English or Spanish as the language setting to be used in the error codes received during e-filing.
Letter case for data entry	Choose between all uppercase letters and mixed case.
Override Field Indicator	Format override fields in data entry.
Adjustment Field Indicator	Format adjustment fields in data entry.

Setup Options, Calculation & View/Print	
Option	Description
Auto-calculate tax return when exiting data entry	Returns are automatically calculated every time you exit the return.

Setup Options, Calculation & View/Print	
Option	Description
Display client fee on Calculation screen	Allows the fees charged for return preparation to appear on the Calculation Results screen.
Print only one overflow statement per page	Each overflow statement is printed on a separate piece of paper.
Go directly to form when accessing View or Data Entry mode	Go from a data entry screen to the corresponding form in View mode when clicking the View button or pressing CTRL+V. When the Data Entry button is clicked in View mode, the program returns to the data entry screen.
Audible notification of calculation error messages	The program produces a “beep” to indicate an error message.
Layout for depreciation schedule	Select Portrait to produce the depreciation schedule vertically using 8.5 x 11 paper; select Landscape to produce it horizontally.
Pause option for calculation	Choose the circumstances under which the Calculation Results window appears, allowing a review of calculation results before proceeding to View/Print mode.
Number of days to store print files	Select to store print files from 1 to 9 days, or to have them removed after being selected for e-filing. If a return is needed after the print file is removed, recalculate the return to recreate the print file.
Print sort options for Interest/Dividends	Choose how items entered on the INT and DIV screens are sorted when printed on Schedule B: alphabetically, numerically, or not at all.

NOTE

Many of the **Form & Schedule Options** settings can be adjusted from the **Print** screen in data entry. (Type PRNT in the selector field and press ENTER.) An “on-the-fly” adjustment affects only the open return and does not change the global settings in **Setup > Options**.

Setup Options, Form & Schedule Options	
Option	Description
Print Schedule A only when required	Produce Schedule A only when taxpayer qualifies to itemize.
Print Schedule B only when required	Produce Schedule B only when taxpayer has enough interest income to require filing Schedule B.
Print form 4562 only when required	Produce Form 4562, Depreciation and Amortization, only when the tax return requires it.
Print form 6251 only when required	Produce Form 6251, Alternative Minimum Tax, only when the tax return requires it.
Next-year depreciation schedule	Select this option to produce a depreciation schedule for next year in addition to the depreciation schedule for this year.
W2/1099R forms	Produce and display in View/Print mode all W-2 forms with the return.
Print two W2/1099Rs per page	If return has more than one W-2 or 1099R form, print two per page.
Carryover worksheet	Produce any carryover worksheets associated with the return.
Print Page 2 of Schedule K-1 ...	Produce and print page 2 of Schedule K-1 for 1120S, 1065, and 1041.
1040A/EZ suppress	Automatically suppress Form 1040A or 1040EZ.

Setup Options, Form & Schedule Options	
Option	Description
Form 1045 page 2 (NOL)	Automatically produce Form 1045, page 2, if the return has NOL.
Select to turn ON ___ list if greater than ...	Produce lists of these forms when the selected number in the drop list is exceeded.
Form 8879 bank account options.	Select option to print or omit bank account numbers, or to print only the last four digits of the account number.

Setup Options, Optional Documents	
Option	Description
Folder coversheet	This option generates a folder cover sheet containing the taxpayers' names and the name, address, and phone number of the preparer's firm.
Prior year(s) comparison form	Select this option to produce a comparison sheet containing data from the current year's return and past-year returns.
Return summary	Select this option to produce a return summary with every return prepared.
Bill summary	Select this option to produce a summary of the taxpayer's bill with each return.
Federal filing instructions	Displays detailed federal filing information, including the date to file, form to be filed, address to file, and payment amount. The instructions are listed as FILEINST.PG in View mode. Activated by default. Clear to disable, or use the PRNT screen to activate or disable "on the fly."
State filing instructions	Displays detailed state filing information, including the date to file, form to be filed, address to file, and payment amount. The instructions are listed as "STINST.PG" ("ST" refers to the state abbreviation; for example, OHINST.PG for Ohio instructions). Activated by default. Clear to disable, or use the PRNT screen to activate or disable "on the fly."
Envelope Sheet	Choose the size of the envelope on which to print the addresses of the taxpayer, the IRS Service Center, the state tax department, and the city tax office.
Estimated Payment Coversheet	Select this option for 1040 and 1041 returns with quarterly taxes. An IRS Service Center must be selected, and this item marked, to activate this option.
Letter Options	Select the result letter templates to be used for each package.
Include privacy letter with returns	Select this option to print the privacy disclosure letter with every return.
Include engagement letter with returns	Select this option to print engagement letters for all packages when the return is calculated. At the end of the letter template are spaces for client and preparer signatures. Engagement letters can be produced prior to completion of the return using Tools > Letters > Letters .
Include customized supplemental letter with returns	Print a customized letter that can be used for various purposes.
Include K1 letter with returns	Print the cover letter for individual K-1s (partnership, S corp, and fiduciary packages only).
Referral coupons	Enter the number of sheets per return or the coupon amount.

Setup Options, Optional Items on Return	
Option	Description
Date on return	The default is the current date. To change this date, enter the required date on the PRNT screen. If desired, select to print dates for taxpayer and spouse signatures (excluding 1040).
Print dates for taxpayer and spouse signatures (excludes 1040)	Select this option to print the signature dates on the return.
Taxpayer phone number	Select this option to print the taxpayer's phone number entered on screen 1.
Third party designee	Select the third-party designee name to print on the main form of the return.
Rounding amounts	Select Dollar or Penny rounding. Dollar rounding is required for e-filing. Penny rounding prints penny amounts on all forms.
Interest and Penalty Calculation	Calculate penalties and interest on returns filed after the due date based on interest rates entered.

Setup Options, Billing	
Option	Description
Print taxpayer's SSN on the bill	Select this option to print the taxpayer's SSN on the bill.
Show preparer fees withheld from bank product	Select this option to print the RAL Application fees withheld from the RAL amount on the bill.
Print taxpayer's phone number on the bill	Select this option to have the taxpayer's telephone number (from screen 1) printed on the bill.
Print taxpayer's e-mail address on the bill	Select this option to have the taxpayer's e-mail address (from screen 1) printed on the bill.
Sales Tax	Enter the sales tax percent to add to client's bill. Enter a number greater than one. For example, 4.5 would represent a sales tax rate of 4.5%.
Billing statement format	Select among seven formatting options, including: <ul style="list-style-type: none"> - Billing by time (preparing bill based on time spent preparing return multiplied by preparer's hourly rate as defined in Setup > Preparers) - Billing by form (preparing bill based on forms necessary to complete return by price entered in Setup > Pricing); program prepares a bill summary along with whatever option is selected here unless the Bill Summary option is cleared at Setup > Options > Optional Documents tab.
Header on bill	Select among options for the header to be printed on the bill.
Custom Paragraph	Choose to have a custom paragraph printed on the bill. Select a location, then write the paragraph in the supplied text box.

Setup Options, States	
Option	Description
There are specific options available for some states. Select the state from the drop list and select the options that apply. Set up each desired state separately.	

NOTE

Many of the **EF** settings can be adjusted from the **EF** screen in data entry. These “on-the-fly” changes do not affect settings in **Setup > Options**.

Setup Options, EF	
Option	Description
Auto-generate Taxpayer(s) PIN (1040 Only)	Taxpayers can choose their own PINs, or the software can assign a randomly generated PIN.
Require 'Ready for EF' indicator on EF screen	Select this option to require that the Ready for EF indicator on the EF screen be marked before a return can be selected for e-filing.
Lock client data file after EF acceptance	Select this option to lock the client's data file once it has been e-filed. Opening a locked file requires you to acknowledge a warning screen before you can edit the return. You can also access a locked file at Tools > File Maintenance > Unlock Client Files .
Print 9325 when eligible for EF	Print Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, for every eligible return.
Suppress federal EF	Select this option to prevent e-filing of any return.
Print EF status page	Select this option to have the EF Status page printed whenever a return is eligible for e-filing.
Alert preparer when bank product is not included	Select this option to alert the preparer after each calculation that there is not a bank product entered on the current return.
Activate imperfect return election in data entry	Activates Imperfect Return Election check box on EF screen in data entry.
Allow selection for EF from the 'Calculations Results' screen	Allows preparer to send the currently active return directly from the Calculations Results window to the e-filing queue. (The return is then transmitted automatically the next time you e-file returns.)
Enable prompting before automatic transmission of 'Check Print Records'	Allows program to notify you before it transmits the Check Print records.
E-mail 9325 Notice to Taxpayer (automatic from Drake Processing Center)	Have Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, automatically e-mailed to taxpayer when return is accepted. (E-mail address must be present on screen 1.)
Default ERO	Choose a preparer number, Paid Preparer , or None . Override the choice in data entry.
Check for email during EF transmit/receive	Select this option to have the program check for e-mail received every time you transmit returns or pick up acknowledgements.
Combine EF steps (Select, Transmit, Post Acks)	Select this option to combine all steps of e-filing. Click OK or press Esc on selected returns to e-file, pick up any new acknowledgements, and process the acknowledgements in one step.
Transmit return data to Drake for multi-office Web reports	Select this option to have the Client Status Manager (CSM) data sent automatically to the Multi-Office Manager (MOM) during the EF process.
State EF	Choose to suppress e-filing of all state returns, or select states to suppress while other state returns remain eligible.
EF Selection Report Options	Customize EF selection reports by specifying which columns (such as SSN/EIN, client name, refund/balance due, etc.) should be included in the EF selection report.

The Select print options for 1040A/EZ (suppress), Form 1045 page 2 (NOL), and Form 2210.

Setup > Options, Administrative Options	
Option	Description
Use Customized Data Entry Menu	Click Customize , and then select the package and package type to customize. Click Load Menu . When the data entry screen is opened, click (uncheck) items to disable them in the Data Entry Menu . Click Save . The selected (unchecked) items will not be visible or accessible to any user other than those with administrative rights.
Customize user-defined data entry fields	Create option lists for the Miscellaneous Codes fields on screen 1 and the Adjustments and Payments fields on the BILL screen.
Use Customized Flagged Fields on all Returns	Select this box, click Flag , and select a package type. When the Data Entry Menu is opened, click the desired screen and click each field to flag. Click a field a second time to clear it. Click Esc to save your changes. Note: This option is available for federal packages only.
Apply current-year Admin flag settings when updating from prior year	Flags set globally last year will still be set globally after updating data from Last Year Data > Update from 2011 to 2012 .
Print due diligence documents	Print due diligence documents generated from the EIC1, EIC2, EIC3, EIC4, and 5405 screens.
Require applicable due diligence screens to be completed	Require that applicable fields on the EIC1, EIC2, EIC3, EIC4, and 5405 screens be completed before the return can be e-filed.
Enable logged in preparer's Personal Client Manager	Display the Personal Client Manager on the Drake Home window for the logged-in preparer (check box is marked by default).
Display Update Availability to:	Select which preparer groups can view update availability. Selections are Administrators (users with administrative rights), All preparers, or No one . A selection of No one turns off the user notification feature.
Default Password	Select a default password format for PDF documents password protected using the Drake PDF Printer.
Charge ALL taxpayers the same fees (You MUST read the program help before choosing this option)	Click the Program Help link to display important information about fees charged in certain states. Some preparers are required to select this option.

PAY PER RETURN

The Pay Per Return package is available for offices preparing a small number of returns in a tax year. Pay Per Return setup is necessary only for those who have a PPR version of the program installed. Activate returns and purchase additional returns from **Setup > Pay Per Return**. (Restrictions apply.)

DIRECTORIES/PATHS

Directories and Paths determine where the program finds and stores client data and other files. If you are installing Drake on a network, complete **Setup > Directories/Paths**. See the Drake Software 2011 Manual, found on the Evaluation CD, for specific installation instructions for your network. If you are installing Drake to a stand-alone computer, you can skip this section.

PRICING

The Pricing setup information is used to calculate and generate a client bill during calculation. Prices can be defined for each form and for each item on some forms. Set minimum and maximum charges for a completed return.

To access Pricing, go to **Setup > Pricing**.

NOTE

You can override Pricing during data entry, either by entering an amount in the **Fee Override** field on screen 1 or by adjusting fee amounts on the **BILL** screen.

Bank product costs are established in **Setup > Firm**.

Pricing on the Fly

To edit or add pricing amounts without entering **Pricing Setup**, edit “on the fly.” From View/Print mode, right-click a form in the category and select **Setup > Form Properties** to set pricing. Pricing changes made on the fly change the pricing file “globally” (for all returns).

MACROS

Macros are used in data entry to make the process of repetitive data entry quicker and easier. A string of data is set to a combination of keys called “hot keys.” When you use a hot key, that pre-set string of data fills the chosen fields. To create your own macros, go to **Setup > Macros**.

TIP

To access a list of macros in data entry, press CTRL + SHIFT + M.

LETTERS

Various client letters are available in Drake and can be printed in batches or generated individual with a tax return. Preparers can modify letters associated with return preparation and various tools in **Letters Setup**. Pre-written letters are available for all packages and include: schedule, preseason, estimate, cover, result, extension, amended, after-season, engagement, EF status, and business results letters, plus referral coupons and the privacy policy. The individual results letters are available in English and Spanish.

To edit a letter, go to **Setup > Letters**. The **Client Communications Editor** is split into two parts. The left pane contains two tabs: **Letter Outline** and **Keywords**. Each tab consists of conditional paragraph categories in an expandable tree format. The right pane displaying the selected letter template.

- One comprehensive result letter is available for each package and is printed with all pertinent return information for most return scenarios. This includes paper filing and electronic filing information, federal, state, and city result information, and such special taxes as school district or franchise tax.
- Further customize letters by choosing from the various keywords and conditional paragraphs.
- Many editing and formatting features are available. Change alignment, font size, or font. Cut, copy, or paste.
- Preview letters as you edit from within the **Client Communications Editor**.
- Create your own letterhead and print logo and firm information on the top of letters.

Other Features:

- Choose a default letter to print with each return, or override the default on a per-return basis.
- Add custom paragraphs to result letters on a per-return basis.
- Carry letters forward each year.

When the letterhead feature is activated, the preparer's firm information is printed with either a selected bitmap graphic or the default simple graphic. Set the letterhead to be printed on client bills and client letters. From the **Letter Editor**, click the **Setup** button and choose **Letterhead Setup** from the drop list.

NOTE

To print batches of letters, mailing labels, envelopes or post cards, go to **Tools > Letters**.

COLORS

Customize the appearance of the Drake program on your screen. Match the color scheme to your Windows scheme or select other custom colors. To customize your color scheme, go to **Setup > Colors**.

IMPORTANT

Make sure the background color and the text color contrast or the text disappears.

PRINTING

When Drake is installed, the program designates the default printer in Windows as the default printer in Drake. It is not necessary to add and set up a printer, even if you add another printer in Windows. Every printer installed in Windows is accessible from Drake.

Editing Printer Setup

To edit printer settings, go to **Setup > Printing > Printer Setup**. In the **Printer Setup** window, make adjustments as necessary.

Printing Sets and Print Order

The [F6] **'Sets' Setup** tab allows you to choose which forms are printed with each return, the number of each form that gets printed, and the order in which the forms are printed. Sets can be defined in **Printer Setup**, from the forms list in View/Print mode, or by right-clicking a form and selecting **Setup > Form Properties**. To set up **Sets** and the print order, go to **Setup > Printing > Printer Setup** and select **Sets** and **Set Form Order**.

Drake Document Manager

To change the location where Drake Document Manager (DDM) files are saved, or to integrate your DDM files with Drake's filing system, go to **Setup > Printing > Document Manager**.

For more on the Drake Document Manager, see "Drake Document Manager" on page 206.

Review Questions 1

Answer the questions below. See page 38 for answers and explanations.

1. Which option on the **Setup** menu would you use to indicate a bank to be used for bank products?
 - a) **ERO**
 - b) **Pricing**
 - c) **Firm**
 - d) **Preparers**

2. Which setup screen(s) must be completed before beginning tax preparation and electronic filing?
 - a) **Options**
 - b) **Directories/Paths**
 - c) **Firm, ERO, and Preparer(s)**
 - d) **All Setup** menu screens

3. You hire your first data entry assistant. This person is responsible only for entering tax return data in the software. You would prefer that this person not do any electronic filing. When creating a preparer login for your new hire, which security settings do you use?
 - a) **Front Office**
 - b) **Custom Security Setup**
 - c) **Set Security to Equal Existing Preparer**
 - d) **Set Security to Allow no Options**

4. You have created a preparer login in **Setup > Preparers** for each of your employees. However, when they log in, they do not have access to any of the software's menus. To correct this, you:
 - a) Go to **Setup > Options > Administrative Options** tab and enable menus.
 - b) Go to **Setup > Preparers** and designate security settings for each preparer.
 - c) Suggest that all preparers log in as "Admin" to prepare returns.
 - d) Suggest that they click **Disable Privacy** on the **Home** window.

5. Which of the following is incorrect regarding the Setup Assistant?
 - a) To access the Setup Assistant, go to **Help > Setup Assistant**.
 - b) You must complete all setup items using the Setup Assistant before preparing returns.
 - c) The Setup Assistant indicates the status of each setup item using the check, X and ? symbols.
 - d) The Setup Assistant provides a list of all required and recommended setup items.

6. The following package(s) can be installed from the Drake CD:
 - a) Federal
 - b) States
 - c) Cities
 - d) All of the above

ANSWERS PART 1

1. The correct answer is **c) Firm**. Go to **Setup > Firm(s)** and select your firm. Click **Edit Firm**. On the right side of the screen, select the bank used for bank products from the **Select Bank** drop list.
 - a) is incorrect. **Setup > ERO** is used to enter information about the ERO and to indicate the connection settings used during the electronic filing process.
 - b) is incorrect. Set pricing for forms and schedules in **Setup > Pricing**. The amounts entered here are used to compile the client bill.
 - d) is incorrect. Establish preparer information in **Setup > Preparer(s)**. Custom security and access options are also set here for each preparer.
2. The correct answer is **c) Firm, ERO, and Preparer(s)**. At least one firm and one preparer must be entered, and the **ERO** screen is required for electronic filing or using Drake's Internet tools.
 - a) is incorrect. **Options** setup is not required, although we recommend reviewing each option to see which settings suit your office environment..
 - b) is incorrect. **Directories/Paths** settings are required only when running Drake on a network.
 - d) is incorrect. Not all setup screens are required, but we do recommend reviewing each setup screen before tax season.
3. The correct answer is **b) Custom Security Setup**. Using custom security, determine what areas of the program the preparer can access. Disable the preparer's access to the **Electronic Filing** menu.
 - a) is incorrect. **Front Office** security is designed for office personnel that would need access only to the Scheduler. This would not be the setting to choose for a preparer who needs to access data entry.
 - c) is incorrect. Choose **Set Security to Equal Existing Preparer** when you want to copy an existing preparer's custom rights to the new preparer. This keeps you from going through the **Custom Security** process again.
 - d) is incorrect. You would not want **Set Security to Allow no Options**. This would block the new hire out of every menu in the program.
4. The correct answer is **b) Go to Setup > Preparers and designate security settings for each preparer**. All preparers must have security rights defined. You may give them rights specifically, or assign them to a security group.
 - a) is incorrect. Use this option to customize the **Data Entry** menu, used when preparing returns.
 - c) is incorrect. The "Admin" login is used as the initial software login and to set up the software.
 - d) is incorrect. Click **Disable Privacy** to display certain **Home** window features, like the PCM and preparer notes.
5. The incorrect statement is **b) You must complete all setup items using the Setup Assistant before preparing returns**. It is not necessary to complete all setup items using the Setup Assistant; they can be accessed at any time from the **Setup** menu.
 - a) is incorrect. Once the Setup Assistant is has been set not to display, you may return to it by going to **Help > Setup Assistant**.

c) is incorrect. On the Setup Assistant window, setup items that are complete are marked with a check, items that have not been started display with an “X”, and those that are not complete have a “?” symbol.

d) is incorrect. The Setup Assistant lists the required items - Firm, Preparer and ERO. It also lists recommend setup items including Letterhead, Status, Options, Pricing, DDM, Letters and Printers.

6. The correct statement is d) All of the above.

All federal, state, and city programs are available on the Drake CD. If you install Drake from the website, you must install your States and Cities from within the Drake Software program (**Tools > Install State Programs**)..

Hot Keys

Hot keys allow you to perform specific actions quickly and easily. Knowing when and where to use these keys can save you valuable time during tax season.

Home Window Hot Keys

Desired Action	Keyboard Keys
Open returns	CTRL + O
Calculate returns	CTRL + C
Print returns	CTRL + P
View returns	CTRL + V
Open recent client files	1 - 9
Open the Quick Estimator	CTRL + Q
Open the Client Status Manager	CTRL + L
Open the EF Return Selector	CTRL + S
Transmit and receive	CTRL + T
Open Drake Software Help	CTRL + F1
Exit the program	ESC

Data Entry Hot Keys

Field Help during data entry	F1 OR SHIFT + ?
Insert today's date into any date field	ALT + D
Calculate a return	CTRL + C
View a return	CTRL + V
Print a return	CTRL + P
Return to data entry from view/print mode	CTRL + E
Split MFJ return to MFS return	CTRL + S
Open unformatted schedule; Access form 4562 from the Depreciation field	Double-click, CTRL + W or right-click > Add Worksheet
View preparer notes	CTRL + R
Increase Declaration Control Number (DCN)	CTRL + M
Toggle heads-down and standard data entry	CTRL + N
Delete a data entry screen	CTRL + D

Reset the screen	CTRL + U
Exit screen without saving changes	SHIFT + ESC
Open the Help system	CTRL + ?
Open the Drake Document Manager	F6
Open the Tax Planner	F7
Open the Set Client Status menu	F8
Go to EF Database	F9
Activate the popup calculator	F10
E-mail a client data file	F11
Exit data entry	ESC
View/Open Forms Based Data Entry	CTRL + G
Enter the preparer note pad (PAD screen)	CTRL + SHIFT + N
Clear all flags	CTRL + SHIFT + SPACEBAR

Review Questions 2

Answer the questions below. See page 44 for answers and explanations.

1. How do I delete a screen in Drake?
 - A) CTRL + ?
 - B) CTRL + D
 - C) CTRL + C
 - D) CTRL + N

2. Can I split a joint return into two married filing separate returns? How?
 - a) No
 - b) Yes, CTRL + U
 - c) Yes, CTRL + P
 - d) Yes, CTRL + S

3. How can I create a detailed worksheet for a particular line item on a return?
 - a) With your cursor in the data entry field, press F10.
 - b) You cannot.
 - c) With your cursor in the data entry field, press CTRL + W.
 - d) With your cursor in the data entry field, press ESC.

4. How do I save screen information in a return?
 - A) CTRL + O
 - B) CTRL + END
 - C) ESC
 - D) ALT + ?

5. Press this hot key to clear all flags on a return:
 - A) CTRL + SHIFT + N
 - B) CTRL + E
 - C) CTRL + SHIFT + SPACEBAR
 - D) ALT + D

ANSWERS PART 2

1. The correct answer is **b) CTRL + D**. This hot key deletes the current screen.
 - a) is incorrect. CTRL + ? is used to open the Help system.
 - c) is incorrect. CTRL + C is used to calculate a return.
 - d) is incorrect. CTRL + N activates the “Heads Down” method of data entry. The Heads Down method uses field codes that correspond with proformas you can prepare during an interview. This makes it possible for a data entry clerk with no tax knowledge to enter basic information into a return.
2. The correct answer is **d) Yes, CTRL + S**. Use this hot key to split an MFJ return into two MFS returns, allowing you to compare the differences.
 - a) is incorrect. With Drake Software, CTRL + S allows you to split the MFJ return.
 - b) is incorrect. CTRL + U is used to reset a data entry screen.
 - c) is incorrect. Use CTRL + P to print a return.
3. The correct answer is **c) With your cursor in the data entry field on a Drake screen, press CTRL + W**. Enter this shortcut in any numeric field to access an unformatted schedule.
 - a) is incorrect. F10 is used to access the pop-up calculator when in a numeric field in data entry.
 - b) is incorrect. With Drake, you can use CTRL + W in any numeric field to access an unformatted schedule.
 - d) is incorrect. ESC is used to save the current screen and exit to the **Data Entry Menu**.
4. The correct answer is **c) ESC**. This hot key is used to save a data entry screen and return to the **Data Entry Menu**.
 - a) is incorrect. Use CTRL + O to open an existing return or create a new return.
 - b) is incorrect. Use CTRL + END to jump to the last field on the screen.
 - d) is incorrect. Use ALT + ? in any data entry field to view field-specific information. SHIFT + ? functions the same way.
5. The correct answer is **c) CTRL + SHIFT + SPACEBAR**. This hot key removes all flags, but you can also remove them one at a time by pressing F4 in the flagged field or right-clicking the field and selecting **Remove Flag**.
 - a) is incorrect. CTRL + SHIFT + N is used to open the preparer note pad in data entry.
 - b) is incorrect. CTRL + E returns to data entry from View or Print mode.
 - d) is incorrect. ALT + D inserts the current date in a date field in data entry.

Return Preparation

In this section, we review:

- Opening returns
- Navigating fields and forms
- Preparing an individual tax return

NOTE

While there are many ways Drake Software simplifies tax preparation, the software cannot replace a fundamental understanding of tax laws.

OPENING A RETURN

On the menu bar, go to **File > Open/Create Returns**, or click **Open/Create** from the toolbar. The **Open/Create a New Return** window appears. See Figure 11 below. Here, you can create a new return or open an existing one.

Figure 11: Open/Create a New Return

Drake 2011 - Open / Create a New Return

Enter the SSN/EIN or the LAST NAME for the return you want to open/create
 If a NAME is entered, then the closest match will be displayed and the corresponding SSN/EIN will be entered in the SSN/EIN field automatically.
 Sorting by PACKAGE is available by selecting the PACKAGE TYPE on the right of this screen.

400001901

Name	SSN
JONES, SAMANTHA	500001001
BATES, ANDREW	500000001
CUSTOM COLORS PAINTS IN	400001515
FLYNN, PHINEAS	400000044
ISLEY, JOSEPH & MARY	400001809
TATE, GENE & JUDY	400007004
POSEY, WILLIAM & POPPY	400000000
DAVIS, BENJAMIN & BEVER	400007000
GATOR ROOFING	420021120

• Last 9

All Clients

1040

1120

1120S

1065

1041

990

706

Help OK Cancel

NOTE

Returns are created by entering either a Social Security Number (SSN) or, in the case of a business return, an Employer Identification Number (EIN).

To create a new return, click **Open/Create** from the toolbar, or go to **File > Open/Create Returns** and complete the following steps:

1. Type the client SSN or EIN in the top box. Then click **OK**, or press ENTER.
2. If the program does not find the SSN or EIN, you are prompted to create a new return. Click **Yes** to continue or press ENTER. See Figure 12 below.

Figure 12: New Return Prompt



3. The **New Return** dialog box varies according to the following options (See Figure 13 below):
 - **SSN Verification** — This section is displayed when running a Pay Per Return package or when this option is selected on the **Data Entry** tab under **Setup > Options**. (PPR clients cannot disable this selection.) Re-enter the SSN or EIN.
 - **Return Type** — Select the type of return to create: **Individual - 1040**, **C Corp - 1120**, **S Corp - 1120S**, **Partnership - 1065**, **Fiduciary - 1041**, **Tax Exempt - 990**, or **Estate - 706**.
 - **Name Entry** — This section is displayed if the Drake Document Manager is integrated with Drake Software (**Setup > Printing > Document Manager**). Entering the client's name creates a client folder in the DDM.

Figure 13: New Return

4. Click **OK** to continue. or press ENTER.
5. The return is opened to screen **1 (Demographics)**. Enter the new client's name and address.

Press ESC to save and close screen **1** and go to the **Data Entry Menu** for the return.

To open an existing return, choose either of the following methods:

- From the **Home** window, if it is a recently-opened file (the last nine are listed), select it from the **Recent Files** list or press **1** through **9**.
- Double-click a Client Name from the Personal Client Manager (PCM). Click **Open** from the **Client Quick View** window.
- Click the **Open/Create** button on the top left of the screen and take one of the following steps:
 1. Type the SSN or EIN in the top field with no dashes, spaces, or other characters. (Numbers only.) Click **OK** or press ENTER.
 2. Select the desired return from those returns displayed in the lower box. Use the filters to the right to narrow your search to return types.
 3. Clear the top field and click **OK** or press ENTER. Scroll through the resulting list to select a return. Click the headers to sort by name or SSN.
 4. Type an individual's name or company name in the text box and press ENTER.

TEST RETURNS

Test returns are located in the software and consist of various forms and schedules. View these returns to see how different return scenarios are prepared in Drake. Test returns are identified by SSNs that begin with 400-00 and end with 0001 through 0010. Use these returns to practice electronic filing.

To open a test return, click the **Open/Create** button, type a test SSN on the **Open/Create a New Return** screen, and press ENTER. Once the return is opened, it appears in your return list.

NOTE

Before accessing the test returns in the program, go to **Tools > Repair Index Files**. Select **Repair All**, then choose **Scan Current Files** and click **OK**.

DATA ENTRY

Working within a return is known as “data entry.” The screens, in almost every instance, resemble the corresponding tax form.

The following sections are specific to data entry navigation and features.

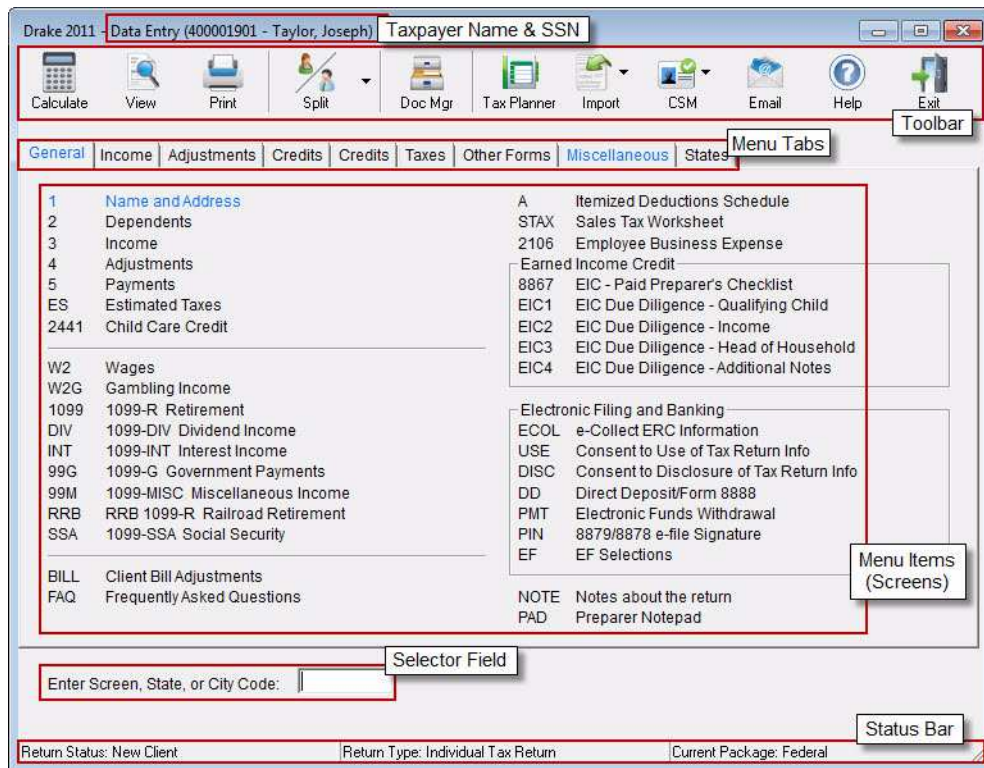
DATA ENTRY MENU

Newly-created returns open to screen **1 (Demographics)**. Close screen **1** and you are taken to the **Data Entry Menu**.

Existing returns open to the **Data Entry Menu**.

To access a form for data entry, click the form description or type the screen code into the selector field at the bottom of the **Data Entry Menu**. See Figure 14 below.

Figure 14: Data Entry Menu



Toolbar

Drake Software offers several data entry shortcuts that can help make return preparation quicker and easier. See Figure 15 below.

Figure 15: Data entry speed buttons



Calculate calculates the return	Import imports Sch D and W-2 data into Drake
View opens the return in View mode	CSM opens the Client Status Manager status selection list
Print opens Print mode for the return	Email opens Drake E-mail with the client file attached
Select the Split droplist to split a MFJ return into two MFS returns	Help opens the Drake Help System
Doc Mgr opens the Drake Document Manager	Exit exits the return
Tax Planner opens the Tax Planner	

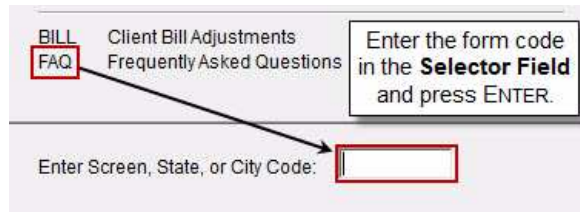
Tabs

The forms and worksheets available for data entry are divided into categories and listed under different “tabs.” Categories vary depending on the tax package. Click a tab to access its categories. To select a tab using your keyboard, use TAB, the arrow keys, PAGE UP, or PAGE DOWN.

Form Codes and Selector Field

Form codes are listed to the left of each screen name on the **Data Entry Menu**. The selector field at the bottom displays a blinking cursor. To access a screen using your keyboard, type its form code in the selector field and press ENTER.

Figure 16: Selector Field



Status Bar

The status bar displays the **Return Status** (see “Client Status Manager” on page 169), the **Return Type**, and the **Current Package**.

WORKING IN A TAX RETURN

The data entry process varies little from package to package. The following section covers navigation and data entry features.

Add, Modify, and Delete Data

Tax returns are prepared in Drake by entering pertinent information on specific data entry screens. Entries are used to calculate the federal and state tax return forms. To open a data entry screen, use one of the following methods:

- Keyboard — From any tab, type the form code in the selector field and press ENTER.
- Mouse — Select a tab and click the screen name.

Save and Exit Data Entry Screens

Press ESC to exit a screen. Information on that screen is saved. Press ESC on the **Home** window, click the **Exit** button from the Toolbar, or click the **X** in the top right corner of the screen to exit the Drake program.

Reset

Press CTRL + U to reset a data entry screen to the state it was in when you opened it.

Exit Without Saving

Press SHIFT + ESC to exit the screen without saving. This resets the screen and returns you to the **Data Entry Menu**.

Delete a Screen

To delete a screen, use one of the following methods:

- Press CTRL + D from within the screen. At the prompt, click **Yes**.
- Right-click within the screen (but not within a field) and select **Delete Screen**.
- Multiple occurrences of a screen (for example, if you have entered two W-2s) are displayed in an **Existing Forms List**. See “Existing Forms List” on page 52. Select the appropriate screens to open and delete.

NOTE

If a data entry screen has data, the screen name appears as colored text on the **Data Entry Menu**. Removing all data from the screen does *not* delete the screen. If a screen name is colored but contains no data, it must be deleted to prevent electronic filing errors.

Navigating Data Entry Fields

A blinking cursor indicates the active field. Click inside a field to activate it. The various methods of navigating fields include the following:

Desired Action	Keyboard Keys
Move cursor forward one field	TAB, ENTER, or Down Arrow
Move cursor back one field	SHIFT + TAB or SHIFT + ENTER, OR CTRL + UP ARROW
Delete character behind the cursor	BACKSPACE
Delete character in front of the cursor	DELETE
Move to last field on the screen	CTRL + END
Move to first field on the screen	CTRL + HOME
Bring up additional data entry screens (W2, 1099, schedules, etc.)	PAGE DOWN
Return to previous screen	ESC
Go to first position in a data entry field	HOME
Go to last position in a data entry field	END
Navigate through data entry field	LEFT ARROW, RIGHT ARROW, or CTRL + LEFT ARROW or CTRL + RIGHT ARROW
Access View mode	CTRL + V
Access Print mode	CTRL + P
Access data entry from View/Print mode	CTRL + E
Open a worksheet for the current form	CTRL + W
Delete a form or schedule	CTRL + D

Access States and Cities In Data Entry

Drake automatically prepares states forms based on data entered. In data entry, click the **States** tab to view a list of states with individual tax programs. If you need to add or alter state information, click a state from the list to enter the data entry menu for that state. Press ESC to return to the **States** list. You can also enter the two-letter state code in the selector field to display state and city screen menus. To access another state, enter another state code or go to the **States** tab and click the selected state. It is not necessary to return to the main federal forms screen of the **Data Entry Menu** to enter a new state code.

For states with city tax, the city forms for that state are listed on the **City** tab of that state's **Data Entry Menu**. Click the form to open the data entry screen or type the corresponding code into the selector field.

Grid Data Entry

This feature allows faster data entry and is available for the **Dependents** screen (screen 2), **Interest Income (INT)** screen), **Dividend Income (DIV)**, and **Depreciation Detail (4562)**. Only the most commonly-used fields are displayed in grid data entry. See Figure 17 below.

Figure 17: Grid Data Entry

	First Name	MI	Last Name	Suffix	SSN	Relationship	Months	Date of birth	Childcare Paid
1	Olivia				400-00-0123	DAUGHTER		07-01-2001	
2	Andrew				400-00-0234	SON		03-20-1992	
3	Anne				400-00-0345	DAUGHTER		09-12-2007	4750
4									

Row: 1 of 4

To turn grid data entry on or off, from the **Home** window, go to **Setup > Options > Data Entry** tab and click **Use grid data entry format for available screens**. Once in data entry, press F3 to move back and forth from full screen to the grid data entry screen. You do not have to activate grid data entry in **Setup > Options** to use the F3 feature.

Page Down for Additional Forms

Press PAGE DOWN to open an additional (blank) data entry screen. Each time a new screen is produced, the record number is indicated on the status bar.

Use PAGE DOWN in the following circumstances:

- To open another form or schedule. For instance, if you have completed one **W2** screen and need to create a second one, press PAGE DOWN.
- To move to the next data entry screen. For example, instead of returning to the **Data Entry Menu** to move from screen 1 to screen 2, press PAGE DOWN.

NOTE

The properties of the PAGE DOWN feature vary depending upon which screen is open. If PAGE DOWN moves to the next data entry screen but you need a duplicate blank screen, press CTRL + PAGE DOWN.

Existing Forms List

If there are multiple occurrences of a form in data entry, the number of forms entered appears in parentheses next to the screen name on the **Data Entry Menu**. If, for instance, three W-2s are entered, a (3) appears beside **W2 - Wages** on the **Data Entry Screen**. When the **W2** screen is accessed, an **Existing Forms List - W2: Wages** appears. See Figure 18 on page 53.

Figure 18: Existing Forms List: Wages

#	TS	Employer Name	Wages, Ti...	Federal T...	Advance ...	Dep Care ...
1	S	Asheville Elementary	29039	3478		
2	S	Blue Mountain Used Bookstore	18237	2164		
new	Ne...					

To open a screen from the list, double-click a row, or select a row and click **Open**. To open a new, blank screen, double-click **New Record** or select **New Record** and click **Open**.

Screen Links and Tabs

Many data entry screens have “hot links.” These links allow you to access a related screen without returning to the **Data Entry** menu. Simply click a link to move from the current screen to the related screen. For example, you may access a state related screen from the federal data entry screen by clicking the state link. See Figure 19 below.

Figure 19: Screen Links

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

Dependent Information *Use <F3> to switch to grid mode*

Links to States: AR LA NY-EIC NY-272 PA

Links to related screens: Form 2441

Dependent first name: Anne, M.I.: =, Last name (different):, SSN: 400-00-0345, Relationship: DAUGHTER, Months in home: , Date of birth: 09-12-2007

Childcare Expense Information: Form 2441, Qualifying childcare expenses incurred and paid in 2011: 4750, Portion of qualifying expenses provided by employer: , Age determined by date of birth: Age: 4 as of 12/31/2011

Some data entry screens, such as the **K1** screen, contain “tabs.” Tabs are the only way to access related screens and directly associate the information on each related screen. See Figure 20 below.

Figure 20: Screen Tabs

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

1065 K1 1-12 1065 K1 13-20 Basis Worksheet Basis Worksheet continued 6198 At Risk 6198 At Risk continued

Schedule K-1 for 1065

TS: [dropdown], F: [checkbox], ST: [dropdown], C: [dropdown], Passive Activity No: [input]

Partnership ID number: [input], Partnership name: [input]

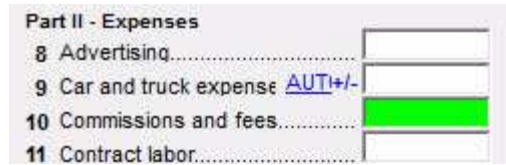
Tabs on K1 Screen

Field Flags

Use field flags to set certain fields apart for review. Flagged fields require verification before the return can be filed. You can “flag” fields as you go or set flags globally for all new returns.

To flag fields as you go, press F2 in a field or right click the field and choose **Flag for Review**. The field is displayed with a shaded background (default is green). See Figure 21 below.

Figure 21: Flagged Field



Once you have verified the field, clear the flag by clicking the field and pressing F4, or right-clicking the field and selecting **Remove Flag**. A return with unverified fields generates an UNVER message page when the return is calculated. Clear all flags to remove the message.

TIP

To clear all return flags at once, press CTRL + SHIFT + SPACEBAR from the **Data Entry Menu** of a return.

Flagging Fields For All Returns (Globally)

- Flagged fields can be selected globally. Only the ADMIN login can access the global flagging feature at **Setup > Options > Administrative Options** tab. Global flags can be one of two types: for *screens*, or for new *returns*.
- Flag a field for a screen — Each time a new screen with a global flag is created in data entry, the flag is present. An unverified flag produces an EF message page only if the screen exists for the return.
- Flag a field for new returns — When a field is flagged for all new returns, an unverified flag produces an EF message page whether or not the screen has been opened for the return.

Magnifying Fields

Data entry fields can be magnified for easier viewing. When this feature is activated, the active field in data entry is displayed with large text in a yellow background. See Figure 22.

Figure 22: Magnified Field

Gifts to Charity	
16 Total gifts by cash or check.....	6252
30% limitation.....	
Charitable miles.....	

TIP

Activate or disable the Magnify Field feature from **Setup > Options**. Under the **Data Entry** tab, select (or clear) **Magnify data entry**, then click **OK**.

Overrides and Adjustments

Override fields and adjustment fields can be found throughout data entry.

- **Override fields** — Data entry fields that allow overrides are preceded by an equal sign (=) and appear in red by default. Data entered in these fields replaces, or overrides, program calculations.
- **Adjustment fields** — Data entry fields that allow adjustments are preceded by a plus and a minus sign (+/-) and appear in blue (default). Data entered in these fields adjust program calculations by the amount entered. Enter a negative number to subtract an amount. See Figure 23 below.

Figure 23: Override and Adjustment Fields

NOTE

Formatting options for these fields are available in **Setup > Options**. On the **Data Entry** tab, select from the list under **Override field indicators** and **Adjustment field indicators**.

ZIP Code Database

For quicker data entry on screens requiring ZIP codes, enter the ZIP code before entering city or state information. City and state fields automatically fill from the system database.

EIN Database

Each time an EIN is entered from forms W-2, W-2G, 1099-R, 2441, 8283, or 1099-G, the number and the corresponding business name and address are stored in the EIN database.

An EIN stored in the database helps you enter data more quickly. The next time the EIN is entered on a **W2**, **1099**, or **2441** screen, the business name and address automatically appear in the appropriate fields.

Auto-Complete Database

Throughout data entry, bank name and financial institution fields automatically fill once they've been entered. For example, enter `First Bank` in the **Name of Payer** field on the **DIV** screen and the next time that bank name must be entered in that field, typing `F` fills the entire bank name from the Auto-Complete database. The **Name of Payer** fields on the **DIV** and **INT** screens and the **Name of financial institution** fields on the **BANK**, **DD**, and **PMT** screens activate this feature.

Add, edit, or remove auto-complete entries or change the order of your auto-complete list. To designate priority entries, right-click a field that uses the auto-complete feature and select **Edit Auto-Complete Data**.

Search Field

To search the list of valid entries for the **Resident City** and **School Dist.** code fields on screen **1** and the **Business Code** field on schedule **C**, use the data entry search function.

To access the search feature in a field, press **CTRL + SHIFT + S** to open **Data Entry -Search**.

Commonly Used Codes

Throughout return data entry, codes **TS**, **F**, **ST**, and **C** are used to indicate whether the data is applicable to the taxpayer or spouse, or to federal, state, or city returns.

- **TS (or TSJ)** — Select **T** if a data entry screen applies to the primary taxpayer, **S** if it applies to the spouse, or **J** if it belongs to each spouse equally. (Default is **T**.)
- **F** — Indicates whether the data should be used in calculating the federal return. Data *is not* carried to the federal return if a zero is entered in this box.
- **ST** — The two-digit state code indicates whether the data should be used on a specific state return. The items are included on the state form if the software is preparing that state return. If this field is left blank, the software uses the resident state by default. The data *is not* carried to *any* state or city if a zero is entered in this box.
- **City** — The code entered indicates the source of the income on city returns.

Figure 24: Form Codes

Schedule C - Profit or Loss from Business

TS F ST Citv Passive Activity No.

A Pro **T** Belongs to the Primary Taxpayer

C Bu **S** Belongs to the Spouse of the Primary Taxpayer

E **J** Belongs to each spouse equally

E Street address.....

MFJ to MFS Split

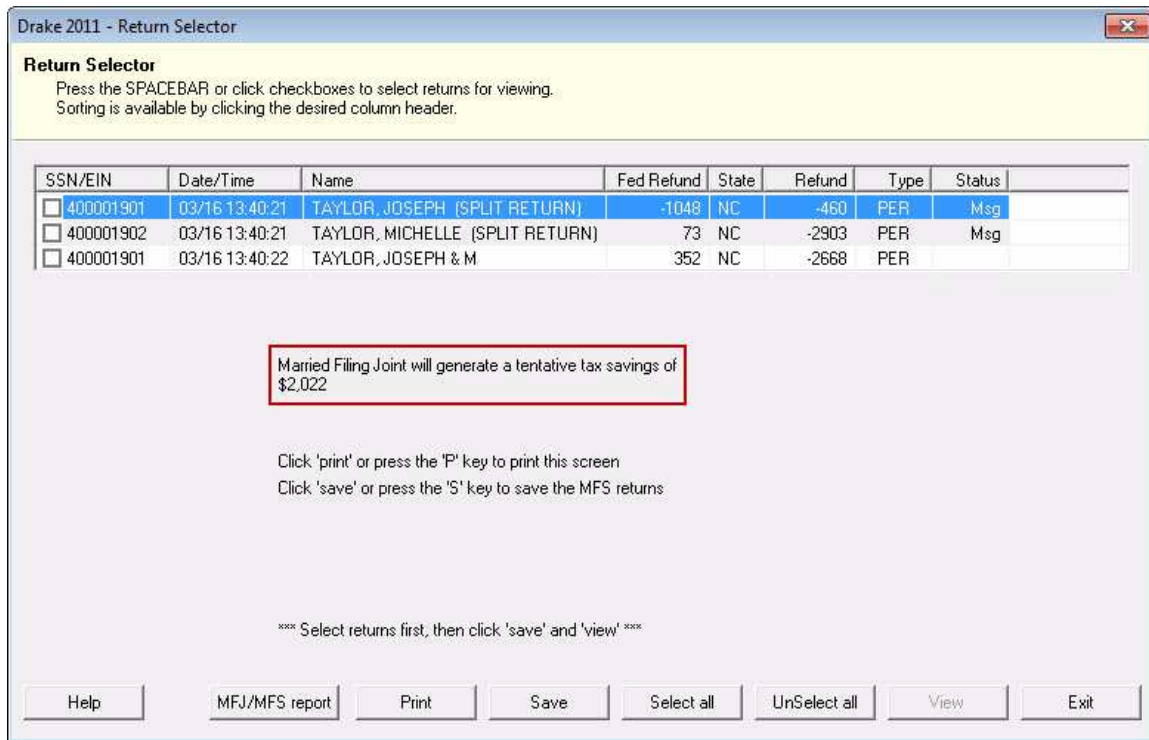
The **MFJ to MFS** function splits a joint return into two separate returns.

Before splitting a return, use the **TS** or **TSJ** fields to identify each item (such as W-2s) as applying to the taxpayer or the spouse. Also, to force either the standard or itemized deduction, select the applicable field on **Schedule A - Itemized Deductions**.

To split a return, complete the following steps:

1. Press CTRL + S or click the arrow next to the **Split** button while in the joint return to select a filing status based on the living arrangements of the couple. The software calculates the split and displays a calculation summary of the three returns. See “Calculating the Return” on page 91 for more information on reading calculation results.
2. Press ENTER to close each **Calculation Results** screen and open the **Return Selector**. Three return results are displayed: the joint return and two separate returns. Details for each return are listed. See Figure 25 on page 58.
3. Select returns to print, view, or save. Click the applicable button at the bottom of the window.

Figure 25: Return Selector



NOTE

Do not save all three returns if the joint return will be filed rather than the separate returns. The separate returns can be viewed without being saved.

4. Click **Exit**.

If the split has been saved, the MFJ and both MFS returns can be opened for additional data entry. When you open the return, select a version to open at the prompt. To access the taxpayer's MFS return, enter the SSN and choose the split file. To access the spouse's MFS return, enter the spouse's SSN.

Detail Worksheet

A detail worksheet is available in every numerical field in data entry. Worksheets allow up to 30 lines of descriptions and amounts. When the worksheet is saved, the amounts entered are totaled in the data entry field. Detail worksheets are not electronically filed with a return, but the descriptions are updated with the return into the next year.

To use a worksheet, complete the following steps:

1. Press CTRL + W or double-click a numeric field to open a **Detail Worksheet** for the field. See Figure 26 on page 59.

Figure 26: Detail Worksheet

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

Detail Worksheet

Sort Options: F1 - Description Ascending F2 - Description Descending
F3 - Amount Ascending F4 - Amount Descending

Title: Schedule A, Line 16 - Cash Contributions

Description	Amount
Asheville Food Bank	275
Buncombe County Humane Society	100
United Way	400

2. Drake automatically prints a title in most instances. If the **Title** field is left blank, Enter a worksheet title.
 3. Enter a **Description** and **Amount** for each item.
 4. Press ESC to save and close the worksheet and total the amounts.
- **Open an existing worksheet** — Activate a shaded (worksheet-present) field and press CTRL + W or double-click the field.
 - **Sort items in a worksheet** — Click inside the column to sort. Follow the **Sort Options** instructions at the top of the **Detail Worksheet** screen.
 - **Delete a worksheet** — Open the worksheet and press CTRL + D. Click **Yes** to confirm.

The data entry field is shaded to indicate a worksheet is present. See Figure 27 below.

Figure 27: Field with worksheet

Force itemized
 Force standard

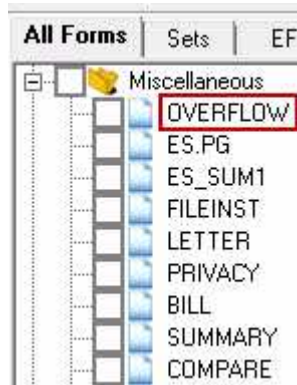
State Information
HI IA KY ND PA WI
NY-214 NY-249 VA VT

Gifts to Charity

16 Total gifts by cash or check..... 775
30% limitation.....
Charitable miles.....

When the return is printed, the worksheet appears in View or Print mode as OVERFLOW. See Figure 28 on page 60. See “Viewing and Printing the Return” on page 93 for more on View/Print mode.

Figure 28: Overflow Worksheet



Macros

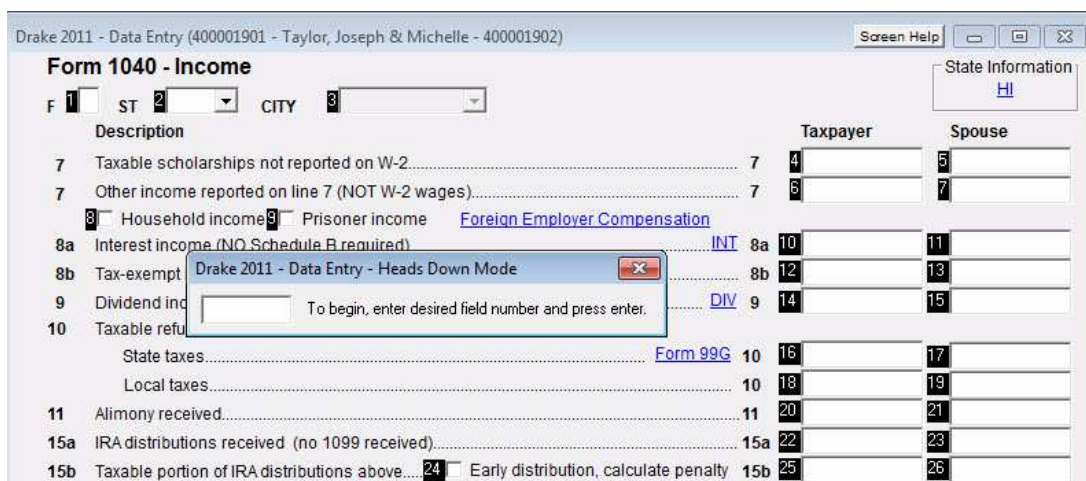
Macros can make data entry quicker and easier, entering frequently-used data entry items with just a few keystrokes. To use a macro, place the cursor in the appropriate field and press the shortcut key combination that identifies the macro.

Press CTRL + SHIFT + M in a data entry field to view a list of available macros. Create your own Macros in **Setup > Macros** from the **Home** window.

Heads-Down Data Entry

Heads-down data entry is an efficient method of data entry when working from a proforma interview sheet. See “Producing Letters” on page 171 for more on proformas. To activate Heads-Down data entry, press CTRL + N while in a data-entry screen. See Figure 29 below.

Figure 29: Heads Down data entry



Right-Click Menus

To access several useful functions in data entry, right-click the screen, or right-click within a field to view a right-click menu.

Calculator

A calculator is available in every numeric field in data entry. To access the calculator, press F10 from within the field. Press F1 to insert the calculated results into the data entry field. When the calculator is active, the NUM-LOCK status is activated and cannot be disabled. NUM-LOCK is disabled when the calculator is closed.

Imports

Importing features are accessed from the data entry toolbar.

Schedule D Import

Import capital gain and loss transactions into Drake using the **Schedule D Import** tool. Import transaction information from Excel 97-2003 or later, TAB (tab delimited), or CSV (comma delimited) files. For the data to import correctly, the worksheet must contain specific columns of information. Details about the required spreadsheet format are available from the **Schedule D Import** window.

NOTE

Automate the process even further with a GruntWorx Trades import. For details, see “GruntWorx” on page 214.

W-2 Import

If your client is an employee of a company that uses Talx W-2 eXpress, that client’s W-2 can be downloaded directly into Drake. See the Drake Support site, *Support.Drakesoftware.com*, for information on purchasing W-2 downloads and for a list of companies that supply employee W-2s using this service.

DATA ENTRY RESOURCES

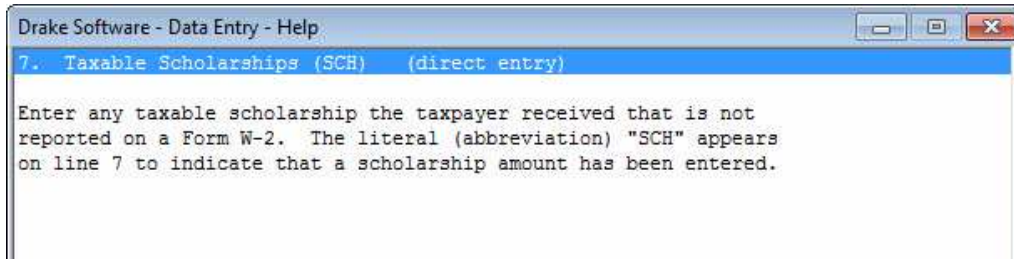
Answers to most data entry questions are just a few key strokes away. To access help in data entry:

- For field specific help, press F1 or SHIFT + ? or right-click in any data entry field and click **View Help**.
- Click one of the various **Screen Help** buttons on the screen title bar for help within a particular screen.

Field Help (F1)

Field help provides specifics — such as explanations and lists of accepted entries – about each field in data entry. To access field help, place the cursor in the field and press F1 or right-click the field and select **View Help**. The **Data Entry - Help** opens. See Figure 30 on page 62.

Figure 30: Field Help



Screen Help

Various screens in data entry offer screen-level help with detailed explanations of the screen and associated form. To open Screen Help, click **Screen Help** located at the top right of the screen. See Figure 31 below.

NOTE

Screen help is available only for screens with **Screen Help** buttons.

Figure 31: Screen Help



The TaxBook WebLibrary Form/Line Finder

Click **Screen Help** to access to the TaxBook WebLibrary Form/Line Finder. (An Internet connection is required.) Enter a line number in the **Input Line #** field and click **Go** to access line-specific instructions from the TaxBook's online tax return guides. Line numbers for fields are indicated in data entry. See Figure 32 below.

Figure 32: The TaxBook WebLibrary Form/Line Finder

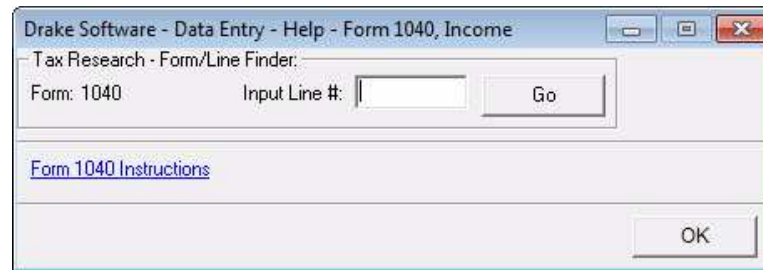


Figure 33: The TaxBook WebLibrary

Form 1040 U.S. Individual Income Tax Return 2011 Line-by-Line Instructions Cross References

20 Social Security benefits. Social Security benefits are reported to the taxpayer on Form SSA-1099. Social Security Equivalent Tier 1 Railroad Retirement Benefits are reported to the taxpayer on Form RRB-1099. Report amounts from both forms on line 20a. Railroad retirees report Tier 2 Railroad Retirement Benefits from Form RRB-1099-R on line 16. Use amounts from box 5, Form SSA-1099 and RRB-1099, to calculate taxable Social Security benefits. Use the *Social Security Benefits Worksheet*, page 16-3. Enter total benefits on line 20a and the taxable amount, if any, on line 20b. If the taxpayer is Married Filing Separately and lived apart from his or her spouse for all of 2011, enter "D" to the right of the word benefits on line 20a. **Repayments.** All repayments made in 2011 are subtracted from gross benefits before the net amount is reported in box 5, Forms SSA-1099 and RRB-1099. It does not matter whether the repayment was for a benefit received in 2011 or in an earlier year. If total benefits repaid from box 4 are more than gross benefits from box 3, the net benefits in box 5 will

IRA deduction. If a taxpayer or spouse is an active participant in an employer plan and makes an IRA contribution in the same year as receiving Social Security benefits, see Social Security recipients, page 13-12, for special rules. **Lump-sum payments for prior years.** Benefits reported in box 5 can include amounts paid for prior years. A footnote on Form SSA-1099 will list any amount included in 2011 paid for a prior year. Taxable benefits for 2011 can be calculated in two ways. Use the one that produces lower taxable benefits. • Use the regular method as if all benefits were for 2011. • Use the Lump-Sum Election Method: 1) Recalculate 2011 taxable benefits without the lump-sum payments. 2) Recalculate taxable benefits for each prior year by adding the lump-sum payment designated for that year to the return. 3) Subtract any taxable benefits reported on the prior year return before recalculation. The result is the taxable part of the lump-sum payment for that year. 4) Add 2011 taxable benefits from Step 1 to all prior year

- *Social Security recipients*, page 13-12
- *Railroad Retirement*, page 13-20
- *Social Security Benefits Worksheet*, page 16-3
- *IRS Pub. 915*

NOTE

To access the complete TaxBook WebLibrary resource, click **Research** from the **Home** window toolbar. See Figure 33.

PREPARING THE 1040 EVALUATION RETURN

The following sections provide step-by-step instructions for creating a basic individual return.

As you read this section, create a return and work through various data entry screens to become comfortable with Drake Software. To view a completed version of the evaluation return, open return 400001900.

1. On the menu bar, select **File > Open/Create Returns** or click the **Open/Create** speed button.
2. In the **Open/Create A New Return** dialog box, type the following SSN (without dashes) in the blank field: 400001901. Click **OK**.
3. A message prompts you to create a new return. Click **Yes**.
4. Next, select the type of return to create. (If you activated the **Verify SSN/EIN** option in **Setup > Options**, reenter the SSN.) Our sample is an Individual return. Since this is the default return, type the name `Joseph Taylor` in the corresponding fields and then press **ENTER** or click **OK**.

NAME AND ADDRESS SCREEN

Each time you create a new client, the return is opened to screen **1** – the **Name and Address** (or **Demographics**) – screen. See Figure 34 on page 66. The information provided on this screen flows to each of the forms for this client.

Our *Evaluation Guide* taxpayers are Joseph and Michelle Taylor from Asheville, NC:

- They are filing a joint return
- They have three children, Andrew, Olivia, and Anne
- Michelle receives a salary from one teaching job and one bookstore job
- Joseph is the sole proprietor of a pizza parlor

Enter the following data in the fields:

Fields	Taxpayer (TP) Data	Spouse Data
Filing Status	2	
SSN*	400-00-1901	400-00-1902
First Name	Joseph	Michelle
Last Name	Taylor	Taylor
Date of Birth*	08-25-1968	05-28-1969
Occupation	Restaurant Owner	Teacher
Daytime Phone*	828-555-1230	
Evening Phone*	828-555-0325	
Address	354 Laurel Mountain Rd	
ZIP Code	28801	
Resident state	NC	
* Enter numbers with no formatting (dashes, dots, or spaces) and the program automatically formats the information for SSN , EIN , Date , Phone , and Zip fields. These formats are for viewing purposes only and can be turned off in the Data Entry tab under Setup > Options .		

NOTE

- Press F1 in the **Filing Status** field to view a list of valid entries.
- Pressing F1 (or SHIFT + ?) in a completed **Social Security Number** field produces the state from which the SSN was issued.
- If you leave the spouse **Last Name**, **Address**, and **Phone Number** fields blank, Drake uses the primary taxpayer's information.
- Drake includes an integrated ZIP Code database. To make data entry quicker and easier on screens **1**, **W2**, **W2G**, **1099**, **1099G**, or **Schedule C**, enter the ZIP code before entering data in the **City** and **State** fields. Typing the ZIP code fills the **City**, **State**, **County**, and **Resident State** fields automatically.

Figure 34: Name and Address screen, Demographics

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902) Screen Help

DEMOGRAPHICS

Taxpayer		Spouse	
Filing Status.....	2 Married Filing Jointly	SSN.....	400-00-1902
SSN.....	400-00-1901	First name.....	Michelle
First name.....	Joseph	Last name.....	=
Last name.....	Taylor	MI.....	<input type="checkbox"/>
Date of birth.....	08-28-1968 Age: 43 (as of 12/31/2011)	Date of birth.....	05-28-1969 Age: 42 (as of 12/31/2011)
Date of death.....		Date of death.....	
Occupation.....	Restaurant Owner	Occupation.....	Teacher
Phone Number Extension		Phone Number Extension	
Daytime.....	828-555-1230	Daytime.....	
Evening.....	828-555-0325	Evening.....	
Cell.....		Cell.....	
Best time to call.....	Print on return..... =	Best time to call.....	Print on return..... =
E-mail/text msg.....		E-mail/text msg.....	
<input type="checkbox"/> Dependent of another	<input type="checkbox"/> Full-time student	<input type="checkbox"/> Dependent of another	<input type="checkbox"/> Full-time student
<input type="checkbox"/> Presidential campaign	<input type="checkbox"/> Blind	<input type="checkbox"/> Presidential campaign	<input type="checkbox"/> Blind

Mailing Address

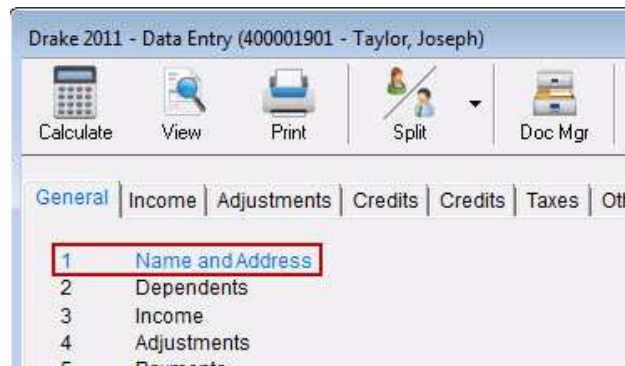
In care of.....
Street address..... 354 Laurel Mountain Rd Apt #.....
City..... Asheville
U.S. Address Only: State..... NC ZIP..... 28801
Stateside military address [Combat Zone](#)
Foreign Address Only: Province/State.....
Postal Code.....
Country.....

Resident state..... NC
Resident city.....
County..... Buncombe
School dist.....

Return Options	2210 Options	Miscellaneous Codes
Firm #..... = 1	Estimated tax..... = Fed = ST	Code 1.....
Preparer #..... = 1	Overpayment code..... =	Code 2.....
Data entry #..... =	Invoice number.....	Code 3.....
ERO #..... =	Fee override..... =	Code 4.....
		Code 5.....

Record 1 of 1 Press F1 or Right-Click for Help (Screen Help)

Press ESC to save data on screen **1** and go to the **Data Entry Menu**. Notice the **Name and Address** selection is highlighted blue on the **Data Entry Menu**, indicating that data has been entered on this screen.



NOTE

If a screen is highlighted but contains no data, it must be deleted or it can cause electronic filing errors. Open the screen and press CTRL + D to delete it.

DEPENDENT INFORMATION

Joseph and Michelle have three dependents. To access the dependent screen, type 2 in the selector field to open the **Dependent Information** screen. By default, this screen opens to grid data entry. If you prefer the full screen mode, press F3 to toggle between the complete data entry screen and grid data entry. See Figure 35.

NOTE

Grid data entry allows easier and faster data entry. It is available for the **Dependent Information** (screen 2), dividend (**DIV**), interest (**INT**), and **4562** data entry screens. To activate grid data entry, go to **Setup > Options > Data Entry** tab. Select **Use grid data entry format for applicable screens** to make grid data entry the default when it is available, including: **Dependent, DIV and INT, and 4562**. In the return, press TAB or ENTER to move through the fields and press ENTER to create additional entries. Press F3 to toggle between the complete data entry screen and grid data entry.

Figure 35: Grid Data Entry for screen 2, Dependent Information

	First Name	MI	Last Name	Suffix	SSN	Relationship	Months	Date of birth	Childcare Paid
1	Olivia				400-00-0123	DAUGHTER		07-01-2001	
2	Andrew				400-00-0234	SON		03-20-1992	
3	Anne				400-00-0345	DAUGHTER		09-12-2007	4750
4									

Enter dependents' information from the following table. After entering information on both children, press F3 to exit grid data entry and open the detailed data entry screen. Enter the **American Opportunity Credit Expenses**.

Fields	First Dependent	Second Dependent	Third Dependent
First Name	Olivia	Andrew	Anne
SSN	400-00-0123	400-00-0234	400-00-0345
Relationship	Daughter	Son	Daughter
Months in Home	12	12	12
Date of Birth	07-29-2001	03-20-1992	09-12-2007
Qualifying Child Care Expense			*4750
Education Expenses		5450 (first year)	
If Over 18 and a Student		X	
* Child care expenses must also be entered on the 2441 screen. See the following section, "Child & Dependent Care Expenses".			

NOTE

If you leave the dependent's **Last Name** field blank, Drake uses the primary taxpayer's information.

If you leave the **Months in Home** field blank, Drake assumes the child was in the home for 12 months.

When you are entering information on the dependent's relationship to the taxpayer, it is necessary to type only D to fill the field with the word "daughter." Similar features are available on other screens in data entry.

Taxpayers with a qualifying child for Earned Income Credit (EIC) must also complete the EIC Due Diligence questions found on screen **2**. All three of the Taylor dependents are unmarried, lived in the home for the full year, and do not have another person who could claim them as an exemption. Answer **Yes** or **No** to the EIC questions 10, 11 and 13a for each Taylor dependent.

Press ESC to return to the **Data Entry Menu**.

CHILD & DEPENDENT CARE EXPENSES

Information on child care costs is entered in the **Form 2441 — Child & Dependent Care Expenses** screen. See Figure 36 below. To open this screen, type **2441** in the **selector** field and press **ENTER**. Enter the following taxpayer information and the amount of the expenses.

Fields	Data
SSN/EIN	560123456
EIN	<input checked="" type="checkbox"/>
Provider's Name	Happy Daycare
Address	688 Mountain Way
ZIP code	28802
Amount	4750
Telephone number	828-555-0147

Figure 36: 2441, Child & Dependent Care Expenses

NOTE

- When entering child care expenses, make sure the expense amounts are listed on both the **Dependent** screen and the **2441** screen.
- To place a check mark in a box, left-click with your mouse, use the space bar, or use the X key.

Press **ESC** to return to the **Data Entry Menu**.

WAGES

To open the **W2** screen, type **W2** in the selector field and press **ENTER**. See Figure 37 on page 70. In the first field of the **W2** screen, enter **T** for taxpayer or **S** for spouse, depending on the **W-2** being entered. After you press **TAB** to move to the next field, the corresponding taxpayer or spouse information fills the **Employee's name/address** fields.

While entering wages, notice that Drake fills boxes **3-6** and **16**, based upon the wages entered in box **1**. Because there are three **W-2s** included in this return, press **PAGE DOWN** to save the current screen and produce a new **W2** screen.

Enter the following information:

Fields	Data
TS	S
Federal ID	56-1234568
Employer's Name	Asheville Elementary
Employer's Address	2512 School Lane
Employer ZIP Code	28802
Wages	29039
Federal Tax Withheld	3478
State	NC
State ID	51111111
State Tax Withheld	1512

Figure 37: W2 - Wage and Tax Statement

NOTE

- When multiple screens are needed — for example, when you have multiple W-2s, 1099s, dependents — press PAGE DOWN to save the current screen and produce an additional blank data entry screen.
- The bottom portion of the **W2** screen allows entry of state wage information.

Enter the following information from the second **W2** screen.

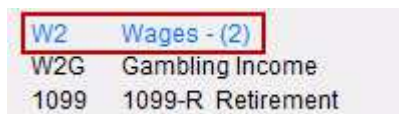
Fields	Data
TS	S
Federal ID	56-0123455
Employer's Name	Blue Mountain Used Bookstore
Employer's Address	269 North Pine St
Employer ZIP Code	28801
Wages	18327
Federal Tax Withheld	1200
State	NC
State ID	41111111
State Tax Withheld	635

NOTE When entering military wages, select **M** from the Special Tax Treatment drop list on the **W2** screen. Since Combat Pay is not taxable, enter this information in box **12**.

Press **ESC** to return to the **Data Entry Menu**.

NOTE Because there are two W-2s entered, a **(2)** appears in parentheses next to the screen name on the **Data Entry Menu**. See Figure 38 below. When a **W2** screen is accessed, an **Existing Forms List - W2: Wages** appears.

Figure 38: Data Entry Menu - Wages



NOTE Drake Software 2011 supports the use of a 2D bar code scanner to enter data from a W2 or K1 form. For more information on how to use a 2D bar code scanner in Drake, please view the video at http://youtu.be/bcoYPu_IyOs.

INTEREST INCOME

To open the **Schedule B — Interest Income** screen, type `INT` in the selector field and press `ENTER`. The **Schedule B** is opened in grid data entry. Click **Item Detail** or press `F3` to access the detail screen. See Figure 39 below.

NOTE

- After the name of a financial institution has been entered once, the program automatically fills the name field the next time the first letters are typed.
- Dividend income is entered in the same manner as interest. To open the **Schedule B - Dividend Income** screen, select **1099-DIV Dividend Income** on the **General** tab or enter `DIV` in the selector field.

Enter the following account interest for the Taylors' return:

Fields	Data
TS Field	J
Name of Payer	Asheville Community Bank
Interest Income	749

Figure 39: INT, Interest Income

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

Schedule B - Interest Income (1099-INT) *Use <F3> to switch to grid mode*
(Use DIV screen for dividends)

TSJ F ST CITY

Name of payer..... Asheville Community Bank

1 Interest income.....	<input type="text" value="749"/>	6 Foreign tax paid.....	<input type="text"/>
2 Early withdrawal penalty.....	<input type="text"/>	7 Foreign countrv.....	<input type="text"/>
3 U.S. government interes Form 8815	<input type="text"/>	8 Tax-exemot interest.....	<input type="text"/>
4 Federal tax withheld.....	<input type="text"/>	9 Private activitv bond interest.....	<input type="text"/>
5 Investment expenses.....	<input type="text"/>		

Amount that is:

Press `ESC` to return to the **Data Entry Menu**.

ITEMIZED DEDUCTIONS

To open the **Itemized Deductions Schedule** screen, type A in the selector field and press ENTER. This screen has the same lines and fields as the IRS Schedule A. See Figure 40 on page 74.

Enter the information from the following chart for the Taylors' itemized deductions.

Fields	Data
TSJ	J
Other medical and dental expenses	645
Real estate	912
Mortgage Interest	1125
Total gifts by cash or check	Use a worksheet - Press Ctrl + W Title: Gifts by Cash or Check Asheville Food Bank - 275 Buncombe County Humane Society - 100 United Way - 400
Other than by cash or check	300
Tax preparation fees	150

NOTE

Drake Software will compute the amounts entered on the **A** screen to determine if it is more advantageous for the taxpayer(s) to take the standard deduction or to itemize deductions. To override the program selection, select **Force itemized** or **Force standard** on the **A** screen.

To force the Schedule A to print, even if taking the standard deduction, go to the PRNT screen and select **Print Schedule A**.

Figure 40: Schedule A - Itemized Deductions

PROFITS OR LOSSES FROM BUSINESS

To open the **Self Employed Income** screen, type **C** in the selector field and press **ENTER**. See Figure 41 on page 75. Enter the following information in the Taylor’ return:

Fields	Data
TS	T
Profession/Product	Restaurant Owner
Business Code	722110
Business Name	Joey’s Pizza Palace
Street Address	450 Market St
ZIP Code	28801
Accounting Method	Cash (no entry necessary)
Materially Participated in 2011	Yes (no entry necessary)
Gross Receipts or Sales	114260

NOTE

To search for business codes, on line **B**, press **CTRL + SHIFT + S** to open a data entry search, then type **restaurant** in the **Please input search data** field to locate the code number for related businesses.

Enter the following additional information on the **Schedule C** for Joey's Pizza Palace:

Expenses	Data	Cost of Goods Sold	Data
Advertising	4250	Wages	28000
Insurance	1650	Inventory Valuation Method	Cost (no entry)
Rent – Other	12000	Beginning Inventory	3625
Repairs/maintenance	1300	Materials/Supplies	29175
Taxes and licenses	400	Ending Inventory	3545
Utilities	5275		

Figure 41: Schedule C

The screenshot shows the 'Schedule C - Profit or Loss from Business' form in the Drake 2011 software. The form is populated with the following information:

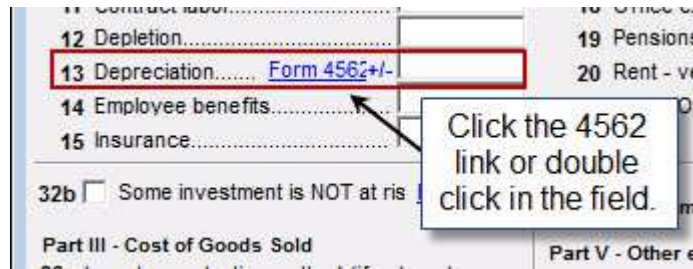
- Business Information:**
 - A Profession/product: Restaurant owner
 - B Business code: 722110
 - C Business name: Joey's Pizza Palace
 - D Employer ID #: [blank]
 - E Street address: 450 Market St, Asheville, NC 28801
- Part I - Income:**
 - 1a Merchant card and third party payments from Form 1099-K: [blank]
 - 1b Gross receipts/sales not reported on line 1a: 114260
 - 1c Statutory Employee Earnings if not reported on Form W-2: [blank]
 - 2 Returns and allowances: [blank]
 - 6 Other income: [blank]
- Part II - Expenses:**
 - 8 Advertising: 4250
 - 9 Car and truck expense (AUTO +/-): [blank]
 - 10 Commissions and fees: [blank]
 - 11 Contract labor: [blank]
 - 12 Depletion: [blank]
 - 13 Depreciation (Form 456 +/-): [blank]
 - 14 Employee benefits: [blank]
 - 15 Insurance: 1650
 - 16 Interest - mortgage: [blank]
 - 16 Interest - other: [blank]
 - 17 Legal and prof svcs: [blank]
 - 18 Office expense: [blank]
 - 19 Pensions/profit share: [blank]
 - 20 Rent - vehicle, mach: [blank]
 - 20 Rent - Other: 12000
 - 21 Repairs/maintenance: 1300
 - 22 Supplies: [blank]
 - 23 Taxes and licenses: 400
 - 24 Travel: [blank]
 - Meals and entertainment: [blank]
 - 25 Utilities: 5275
 - 26 Wages: 28000
- Part III - Cost of Goods Sold:**
 - 33 Inventory valuation method (if not cost): [blank]
 - 34 Change in method: [blank]
 - 35 Beginning inventory: 3625
 - 36 Purchases less personal: [blank]
 - 37 Cost of labor: [blank]
 - 38 Materials and supplies: 29175
 - 39 Other costs: [blank]
 - 41 Ending inventory: 3545
- Part IV - Information on your vehicle:** AUTO
- Part V - Other expenses:** Form 8829
- Other sections:**
 - 32b Some investment is NOT at risk (Form 6198): [blank]
 - Family health coverage (SEH): [blank]
 - Depreciation adjustment (AMT) (+/-): [blank]
 - Regular Tax section with fields for prior unallowed passive operating and 4797 Pt 1 & 2.
 - Alternative Minimum Tax section with fields for prior unallowed passive operating and 4797 Pt 1 & 2.

Press **ESC** to return to the **Data Entry Menu**.

DEPRECIATION

Drake Software provides six data entry screens for depreciation. On the **Income** tab of the **Data Entry Menu**, the six screens are grouped in a box labeled **Depreciable Assets**. Selection options are clearly marked and include **Form 4562 - Depreciation Detail**, and five additional screens offering additional parts of Form 4562. The **4562** screen is usually the only screen needed for entering depreciation; screens **6-10** are used only when you are entering information from another program that calculates depreciation. You can also access depreciation screens from the depreciation fields on schedules **C, F,** and **E** by simply clicking the **Form 4562** link or double-clicking the field. See Figure 42 below.

Figure 42: Schedule C: Depreciation



To create a Form 4797 from within the **4562**, complete the **If Sold** section on the bottom right of the **4562** screen. The only required fields are **Date sold, Property type,** and **Sales price.**

For the Taylors' return, there are two depreciable assets: Joseph's delivery vehicle and a new pizza oven.

NOTE

If there is an entry on the **Auto** screen in the **Business, Commuting,** or **Other** mileage fields, Drake figures the business use percentage for the vehicle on the **4562** screen.

To open the depreciation data entry screen, type 4562 in the selector field and press ENTER. See Figure 43 on page 77. Enter the following information on the **4562** grid data entry screen:

Fields	Data	Data
For	AUTO	C
Multi Form Code (MFC)	1	1
Description	Delivery Vehicle	Pizza Oven
Date Acquired	01-25-2011	05-15-2011
Cost	8000	5200
Business % Use	100	100
Used	X	(Leave blank)
Listed Property Type	V	(Leave blank)
Method	M	M
Life	5	7

Figure 43: 4562 in Grid Data Entry

	Form	MFC	Description	Date Acq	Cost	% Use	Used	LPT	Method	Life
1	AUTO	1	Delivery Vehicle	01-25-2011	8000	100	X	V	M	5
2	C	1	Pizza Oven	05-15-2011	5200	100			M	7
3										

After entering data on the grid screen, click **Item Detail** or F3 to view the **4562** detailed data entry screen. To view each depreciable item entered, press PAGE DOWN. See Figure 44 below.

Figure 44: 4562, Depreciation Detail

Press ESC to return to the **Data Entry Menu**.

AUTO MILEAGE FOR SCHEDULE C

Information on the Taylors' delivery vehicle is entered on the **AUTO** screen to determine whether to take expenses or mileage on this asset. Type **AUTO** in the selector field and press enter to open the **AUTO** screen. Enter the mileage information in the table below on the **Auto Expense Worksheet for Schedule C** screen. See Figure 45 on page 78.

The vehicle was used primarily by the owner and was not available for personal use. Joseph maintains a policy prohibiting personal use of the vehicle. Choose to let the software determine the mileage rate.

Fields	Delivery Van
For	C
Description	Delivery Vehicle
Date Placed in Service	01-25-2011
Business Miles before 07-01	9305
Business Miles after 06-30	6645
Gas	2100
Insurance	600
Licenses	100
Oil	85
Tires	300

Answer the four **Yes** or **No** questions on this screen to ensure acceptance by the IRS. These fields are required.

Figure 45: Auto Expense worksheet for Schedule C

Press ESC to return to the **Data Entry Menu**.

EIC CHECKLIST AND WORKSHEETS

The Earned Income Credit Checklist is entered on the **Form 8867 — EIC - Paid Preparer's Checklist**. To open this screen, type 8867 in the selector field and press ENTER. Select **Yes** or **No** for **Part I - All Taxpayers** and complete the **Part IV - Due Diligence Requirements**.

Fields	Data
Part I - 5a	No
Part I - 7	No
Part IV - 20	Yes
Part IV - 22	Yes
Part IV - 23	Yes
*Part II - Taxpayers With a Child - questions must be answered for each dependent on screen 2, Dependents .	

Drake Software offers supplemental EIC Worksheets to assist preparers in Due Diligence Requirements as specified in IRS Rule 6695. Preparers have the option to complete the EIC screens to answer and record responses to important Due Diligence questions. To open these screens, type EIC1, EIC2, EIC3, or EIC4 in the selector field and press ENTER.

For example, enter the following information for the Taylors' return on **EIC1 - Qualifying Child**:

Screen - Field	Data
EIC1 - 1a (Child 3)	UNC-Asheville
EIC1 - 1b (Child 3)	Yes
EIC1 - 2 (Child 3)	Check Not Disabled

NOTE

View the EIC calculations by reviewing the EIC worksheet, WK_EIC, produced automatically by Drake.

Remember that the software does not replace knowledge. It is the preparer's responsibility to read and understand the EIC requirements and make and record inquiries as appropriate.

Press ESC to return to the **Data Entry Menu**.

STATE AND CITY DATA

State returns are easy to generate in Drake Software. Install the state software on your computer.

State forms are generated automatically, based on data entered on the federal return. Calculation is based on the state entered on screen **1** for **Resident State**, and on the state codes indicated on the screens for **W2**, **Schedule C**, **1099**, **Schedule B**, etc.

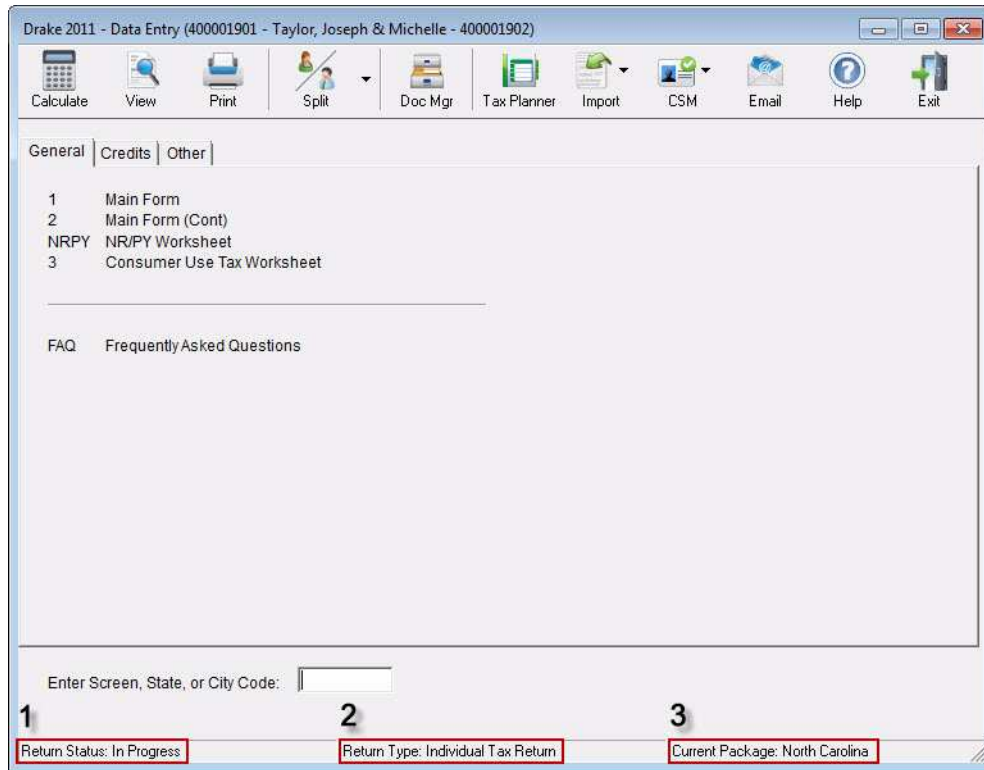
Since the Taylors live in NC year-round, screen **1** indicates that NC is their **Resident State**. The NC forms are produced automatically according to the state info entered on the federal screens, such as **W2**. If no state code is indicated on a screen (for instance the **Schedule C** in the Taylors' return), Drake assumes that this information flows to the resident state.

For specific information pertaining to the states, state data entry screens are available. To access state data entry screens, select a state from the **States** tab, or in the selector field on the **Data Entry menu**, type the two-letter state code for the desired state and press ENTER. See Figure 46 on page 81.

For states with city tax, indicate a city from the **Resident City** field on federal screen **1**. Data entry screens are located on the **City** tab. To access a city form, click it or type the corresponding screen code in the selector field.

Review the state data entry screens. It is not necessary to enter state-specific data for the Taylors' return.

Figure 46: Data Entry Menu, State Returns



As indicated by the circles in Figure 46, the bottom of each data entry screen supplies you with return specific information. These details include:

- (1) **Return Status** — The status displayed is the return’s current status in the Client Status Manager.
- (2) **Return Type** — Displays the type of return.
- (3) **Current Package** — Displays which package you are currently viewing (Federal, Partnership, State, etc.).

PART-YEAR RETURN

In the **Resident State** field of screen 1, enter PY for a part-year return. If questions arise about which options are available for a specific field, press F1 or SHIFT + ?.

If the taxpayers are filing a part-year return, it is necessary to enter **PY** residency dates on the state screens.

For those forms corresponding to a particular state (2106, 2441, etc.), enter the appropriate state in the **ST** field at the top of the screen. This causes the state information to print on the appropriate state form.

Review this information. It isn’t necessary to enter any part-year information for the Taylors.

PARTNERSHIP INFORMATION

Partnership information is entered on the Schedule K-1. To open the **Partnership K1**, enter K1 in the selector field.

If either Joseph or Michelle Taylor were a partner in a business, their K-1 information could be imported from an existing 1065 (partnership) return or an 1120s (S-corporation) return. Since neither Joseph nor Michelle is a partner, no information is needed here.

ESTIMATED TAXES

To override the system's automatic calculations and enter estimated taxes, type ES in the selector field to open the **Estimated Taxes** screen. This screen is divided into columns, one for **Estimated Taxes Paid in 2011** and one for **Estimated Taxes Due in 2012**.

Review the screen. It is not necessary to enter estimated tax data for the Taylors' return.

FAQ SCREEN

The **FAQ** screen is a great resource for federal and state-specific information. On the **Data Entry Menu** for federal or state, type FAQ in the selector field. Click to view the desired topic.

DIRECT DEPOSIT

Use the **DD** screen for direct deposits of IRS refunds into the taxpayer's checking or savings account. Taxpayers can elect to deposit their federal refund directly into up to three checking or savings accounts. If the federal refund is to be deposited into more than one account, the program produces **Form 8888 - Direct Deposit of Refund**. This form can be paper filed or electronically filed. If only one account is entered, direct deposit information for the single account is printed on lines 73b and 73d of the 1040.

State refund direct deposits are also entered on the **DD** screen. Not all states provide direct deposit of refunds, nor do all states offer splitting the refund deposit into separate accounts. Only eligible states and cities are available from the **State/City selection** fields on the **DD** screen.

NOTE

Do not use this screen to enter direct deposit information related to bank products. Use the **BANK** screen to apply for bank products.

If the taxpayer chooses to purchase U.S. Savings Bonds from all or part of their tax refund, enter the information on the **BOND** screen. A link to the **BOND** screen is provided on the **DD** screen.

To access the **Direct Deposit Information** screen, type DD in the selector field and press ENTER. Review the screen. It is not necessary to enter direct deposit data for the Taylors' return.

PAYMENT

Use the **PMT** screen to pay federal and state taxes due through electronic withdrawal from the taxpayer's bank account. Separate accounts can be designated for federal and state payments. To access the **Electronic Funds Withdrawal Information** screen, type PMT in the selector field and press ENTER. Review the screen. See Figure 47 below. If no payment date is entered, the default is April 15. It is not necessary to enter payment data for the Taylors' return.

Figure 47: PMT screen for Electronic Payments.

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902) Screen Help

Electronic Funds Withdrawal Information [Pay balance due with credit card \(MC, Vis, Disc, AmEx\)](#) State Information CA

NOTICE FOR STATE ELECTRONIC WITHDRAWALS: Tax preparers are required to ask the taxpayer if the account the funds will be withdrawn from is located OUTSIDE the United States. If the answer is YES, see the Foreign Account section below.

Account Information

Account #1

Withdrawal selection: Federal selection..... State/city selection.....

Name of financial institution RTN Account number Type of account Checking Savings

Repeat account information Checking Savings

Federal: Federal payment amount..... = Requested payment date..... = Daytime phone number..... =

Payment is for..... 1040 4868 2350

The ACH payment dates for estimates must be the estimate payment due dates

Federal 1040-ES: First Quarter Second Quarter Third Quarter Fourth Quarter

Withdraw the following quarterly payments.....

Payment amount..... = = = =

State: State payment amount..... = Requested payment date..... = Daytime phone number..... =

CAUTION: The additional account information below is for withdrawal of a state balance due ONLY if different from account above. All states require that only one account be designated for direct debit of funds.

Account #2

Withdrawal selection: State/city selection.....

Name of financial institution RTN Account number Type of account Checking Savings

Repeat account information Checking Savings

State: State payment amount..... = Requested payment date..... = Daytime phone number..... =

Account #3

NOTE

The **PMT** screen is divided into three sections, with the **Account #1** section designed to accommodate electronic funds withdrawal of federal and state payments from the same account, and to accommodate federal and state estimated payments. The **Account #2** and **Account #3** sections are required only to designate payment for an additional state or if the electronic funds withdrawal of the state payment is from a different account than the account chosen for the federal payment.

NOTE

The **EPAY** screen is available for taxpayers to pay their federal balance due with a debit or credit card. Known as Integrated File and Pay (IFP), the payment is available only for *e-filed* returns and extensions and must be scheduled *before e-filing*.

8879 E-FILE SIGNATURE

Form 8879, an electronic signature document used to authorize e-filing, allows taxpayers to select a PIN signature. It also authorizes the ERO to enter the taxpayers' PIN signatures authorizing electronic debit for tax payments. Use the **PIN** screen to electronically sign the return and produce Form 8879. See "Signing the Return Electronically" on page 108 for instructions on completing the PIN signatures for the Taylors' return.

EF OPTIONS OVERRIDE

By default, Drake transmits the 1040 and all state returns eligible for electronic filing. Use the **EF** screen to select various electronic filing options and overrides. If you wish to practice electronic filing with the Taylors' return, see "Designating EF Options" on page 109 for instructions on setting transmissions options for the Taylors' return.

USE AND DISCLOSURE SCREENS

If tax return information will be used for anything other than tax preparation, or if it will be disclosed to parties outside of the tax preparer's firm, IRS Regulation 7216 requires that you obtain clients' signed consents for the use and disclosure of their tax information.

See IRS Reg. 7216 for guidance regarding the use and disclosure of clients' tax information to parties outside of the tax preparer's firm. The *Consent to Use of Tax Information* must be signed and dated by the taxpayer (and spouse, if married filing jointly) *before* the return is prepared. The *Consent to Disclosure of Tax Information* must be signed and dated by the taxpayers *before* the return is e-filed and the information is submitted to a third party (for example, to a bank).

Drake offers several options for making these forms available to your clients, including printing forms in bulk to be signed manually and having clients provide their signatures electronically.

NOTE

While a preparer is required to have each client sign these documents in order to use or disclose his or her tax information, clients are not required to sign them. If a client declines to sign one or both of the documents, you must recognize that using or disclosing the tax information could result in certain criminal penalties. As a preparer, you cannot make your services conditional on your client's consent.

Access the **USE** screen to allow the taxpayer to electronically sign the *Consent to Use of Tax Information* before the return is prepared. Access the **DISC** screen to allow the taxpayer to electronically sign the *Consent to Disclosure of Tax Information* **before** the return is e-filed and the information is submitted to a third party.

NOTE

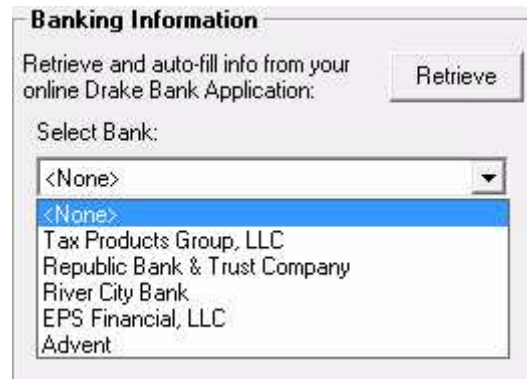
If a return is prepared by a service bureau or franchisor, use the *Consent to Disclosure of Tax Information* accessed on the **CONS** screen.

It is not necessary to complete a **USE** or **DISC** screen for the Taylors' return.

BANK PRODUCTS

Bank products are available through Advent Financial, e-Collect (EPS Financial), Republic Bank & Trust, River City Bank, and Tax Products Group. Indicate the bank you use for bank products in **Setup > Firm**. See Figure 48 below.

Figure 48: Setup > Firm(s) Banking Information



The image shows a software dialog box titled "Banking Information". It contains the following elements:

- A label: "Retrieve and auto-fill info from your online Drake Bank Application:"
- A button: "Retrieve"
- A label: "Select Bank:"
- A dropdown menu with the following options:
 - <None>
 - <None>
 - Tax Products Group, LLC
 - Republic Bank & Trust Company
 - River City Bank
 - EPS Financial, LLC
 - Advent

Once you select a bank, the corresponding screen is activated. Enter bank information on the **Advent (AD)**, **EPS Financial, LLC (ECOL)**, **Republic Bank & Trust Company (RB)**, **River City Bank (RCB)** or **Tax Products Group, LLC (TPG)** screens. Once you select a bank in **Setup > Firm**, you can access your default bank using the **BANK** screen. See Figure 49 on page 87. Review the screen. It is not necessary to enter bank data for the Taylors' return.

Figure 49: Sample Bank Screen

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

e-Collect Product Information

Step 1: 7216 Signature
 The taxpayer(s) has signed and been provided a copy of the Consent to Use of Tax Return Information AND Consent to Disclosure of Tax Return Information as required by IRS regulation 7216
[Consent to Use of Tax Return Information \(USE\)](#) [Consent to Disclosure of Tax Return Inform](#)

Step 2: Additional Product Options
 State Product: _____ Tax preparation fees: _____
 Add state refund(s) to the e-Collect product...: _____ Override tax preparation fees to be WITHH = _____

Step 3: Identification Information
Taxpaver
 Type: _____ Number: _____ Location: _____ Issue Date: _____ Expires: _____
Spouse
 Type: _____ Number: _____ Location: _____ Issue Date: _____ Expires: _____

Step 4: Demographic Information
Physical address, if different from Screen 1
 Address = _____
 City = _____ State = _____ ZIP = _____
Security Informati
 Security questio: _____ Answer: _____ Preferred lanoua: _____

Step 5: Disbursement Method
 E1 Visa Card - \$5 F
NOTE: The e-mail/cell phone number MUST be entered on Screen 1 if select
 Select the notification method the taxpaver would prefer when the E1 Card has been fund: _____
 Cell phone carrier: _____
 Enter the 12-digit E1 Card PRN, with no hyphens, as it appears in the window of the E1 Card envelope. Re-enter the PRN for verification purposes.
 E1 PRN: _____
 Re-enter E1 PRN: _____
E1 Visa Card Activa
 E1 Visa Card MUST be selected, with complete information, before activatin
 Application Res: _____

Check (printed in preparer's office) - \$20 Fee

Direct Deposit - \$10 Fee

Account information.....	Taxpaver's RT	Taxpaver's Account Numt	Type of Account
_____	_____	_____	<input type="checkbox"/> Checkin <input type="checkbox"/> Saving
Repeat account informatio	_____	_____	<input type="checkbox"/> Checkin <input type="checkbox"/> Saving

If the 'Application Result' in Step 5 is 'Reject', see below for an explanation. Review the explanation, make any required modifications, and then click the 'Activate Card' button to reapply

New Screen Press F1 or Right-Click for Help

FILING AN AMENDED RETURN

The 1040X form cannot be electronically filed but can be filled with data from the original form. Calculate the return, then enter X in the selector field to open the form. When you are prompted, click **Yes** to fill the 1040X with information from the original return. Then change the data in the original return to reflect your amendments to the return. Print the return and check for accuracy. An amended return must be mailed to the IRS.

See Figure 50 on page 88. Review the screen. It is not necessary to enter amended data for the Taylors' return.

Figure 50: Form 1040X, Amended

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

Form 1040X - For 2011 Returns State Information
[HI](#) [IA](#)

[Pay balance due with debit card or credit card \(MC, Vis, Disc\)](#)

Amounts as on ORIGINAL return

1	Adjusted gross income.....	=	68606
2	Itemized or standard deduction.....	=	11600
4	Exemptions.....	=	18500
6	Tax.....	=	4929
7	Credits.....	=	4100
9	Other taxes.....	=	2720
11	Federal income tax withheld.....	=	5642
12	Estimated tax paid.....	=	0
13	Earned income credit.....	=	0
14	Refundable credit.....	=	1000
15	Amount paid with original return or 4868.....	=	0
17	Overpayment.....	=	3099

Part I - Exemption

23	Taxpayer and spouse.....	=	2
24	Children who lived with you.....	=	3
25	Children who did not live with you.....	=	0
26	Other dependents.....	=	0
28	Exemption amount.....	=	18500

Amounts and information for AMENDEL

1 AGI includes net operating loss carryt

7 Credit amount includes general business credit carryba

14 Other refundable credit..... +/-

22 Refund applied to 2 estimated tax.....

Part II - Presidential Election Campaign

Taxpayer did not want \$3 to go to Presidential Election Campaign Fund but does

Spouse did not want \$3 to go to Presidential Election Campaign Fund but does n

Part III - Explanation of Change

Additional 1099 not reported on original return

New Screen Press F1 or Right-Click for Help

FILING AN EXTENSION

Use the **EXT** screen to file an extension. Only one extension can be generated at a time. If Form 4868 is filed in April, remove the X from that field and place an X in the **2350** box to generate a later extension.

Review the screen. It is not necessary to enter extension data for the Taylors' return.

Review Questions Part 3

Answer the questions below. See page 90 for answers and explanations.

1. When creating a new return, which piece of information is NOT entered in the **New Return** dialog box?
 - a) Taxpayer SSN
 - b) Spouse SSN
 - c) Return Type
 - d) Taxpayer Name

2. To access a screen from the **Data Entry Menu** using your keyboard, type its _____ in the _____ at the bottom of the page.
 - a) form description, screen box
 - b) form description, selector field
 - c) form code, screen box
 - d) form code, selector field

3. An override field is preceded with a red _____.
 - a) Plus (+) sign
 - b) Minus (-) sign
 - c) Multiplication (x) sign
 - d) Equal (=) sign

4. Which statement is NOT true of **Detail Worksheets**?
 - a) Press SHIFT + W to open a **Detail Worksheet**
 - b) A detail worksheet is available in every numerical field in data entry
 - c) When the worksheet is saved, the amounts entered are totaled in the data entry field
 - d) The worksheet appears in **View/Print** mode as OVERFLOW

5. In W-2 data entry, to save the current W-2 information and produce an additional W-2 screen, press:
 - A) ALT + D
 - B) ENTER
 - C) SHIFT + ESC
 - D) PAGE DOWN

ANSWERS PART 3

1. The correct answer is **b) Spouse SSN**. When creating a new return, the Spouse SSN is not entered until Screen 1, also known as the Demographics screen, in data entry.
 - a) is incorrect. At the time of setting up a return, you must enter the taxpayer SSN. The taxpayer SSN is how the program identifies each return.
 - c) is incorrect. When creating a new return, you must select the return type, so the program creates the return.
 - d) is incorrect. If the Drake Document Manager (DDM) is integrated with Drake Software, entering the taxpayer's name creates a client folder in the DDM.
2. The correct answer is **d) form code, selector field**.
 - a) and b) are both incorrect. *Clicking* the form description allows you to access the screen, but you are unable to enter it in the selector field. Also, "screen box" is not the correct term.
 - c) is incorrect. You enter the form code in the selector field, not a "screen box".
3. The correct answer is **d) Equal (=) sign**. Data entry in override fields replaces, or overrides, program calculations.
 - a) and b) are both incorrect. Plus (+) and minus (-) signs indicate an adjustment field, which adjust program calculations by the amount entered.
 - c) is incorrect. Drake does not have any fields preceded by a multiplication (x) sign.
4. The correct answer is **a) Press SHIFT + W to open a Detail Worksheet**. The correct hot key to open a Detail Worksheet is CTRL + W.
 - b) is incorrect. You are able to create a Detail Worksheet from any numerical field in Drake.
 - c) is incorrect. Worksheets allow up to 30 lines of descriptions and amounts. The total from the amounts entered on each line carries to the data entry field.
 - d) is incorrect. Worksheets are named OVERFLOW in View or Print mode. If multiple worksheets are created in a return, they are all listed on the OVERFLOW worksheet in View/Print.
5. The correct answer is **d) PAGE DOWN**. When multiple screens are needed - for example, when you have multiple W-2s, 1099s, dependents - press PAGE DOWN to save the current screen and produce additional blank data entry screens.
 - a) is incorrect. ALT + D inserts today's date in any date field.
 - b) is incorrect. ENTER moves the cursor forward one field in data entry.
 - c) is incorrect. SHIFT + ESC exits a screen without saving changes.

Calculate and Print the Return

Before a return can be printed or filed, the results must be calculated. A return can be changed, viewed, or calculated repeatedly before it is finally submitted. This chapter covers the basics of calculating, viewing and printing a return in Drake.

RETURN CALCULATIONS

Drake Software automatically saves all data as it is entered. To view the results of data entry, calculate the return. A return can be calculated or viewed at any time during data entry and from anywhere within the return.

NOTE

How the software functions when calculating and viewing returns can be customized in **Setup > Options, Calculate & View/Print** tab.

CALCULATING THE RETURN

Click **Calculate** from the **Data Entry Menu** toolbar, or press CTRL + C from anywhere in the return to calculate the return and view the **Calculation Results** screen. See Figure 51 on page 92.

The **Calculation Results** screen consists of two tabs of information. The **Summary** tab lists federal and state figures and fee details. **EF Messages** are also listed. Double-click a message to jump directly to the faulty field in data entry to correct and clear the EF Message, or right-click the message to view a full description of why electronic filing is being prevented. The **Details** tab displays a printable summary of return figures.

NOTE

When you calculate the Taylors' return, an EF MESSAGES page will be present regarding the PIN signature for the return. The next chapter reviews the process for clearing this message.

Click **Continue** to return to the **Data Entry Menu**.

Figure 51: Calculation Results

Drake 2011 - Calculation Results - (400-00-1901 - Taylor, Joseph & Michelle)

Summary | Details

	Total Income	Taxable Income	Total Tax	Refund	Balance Due	Payment Method	Eligible For EF
Federal	68,606	38,506	4,929	3,093	0	Receive Check	✘
NCD400	73,026	50,526	2,824	0	112	Check or CC	✘

EF Messages - Double click on any highlighted item in the list below to fix the problem:

Package	Code	Description - (right-click for full description)
Federal	5350	A PIN signature is required for all returns to be e-filed. A PIN has...

Return Notes:

- Child Tax Credit cannot be taken for a child over age 16
- NC Electronic Filing NOT allowed - See Message Page

Fee Type	Amount
Preparation Fee	\$265.00

DCN: 00-777777-01901-2

Total Tax Refund: 2,981

Current Program: Calculation Complete **SEE MESSAGE PAGE**

Description: Press <ENTER> key or Click Here to Continue Continue

VIEWING AND PRINTING THE RETURN

View or print tax forms generated for the return from the **Home** window or from data entry within a return.

To View or Print a return anytime from the **Data Entry Menu**, click **View** or press CTRL + V to calculate the return and view. To print the return, click **Print** or press CTRL + P.

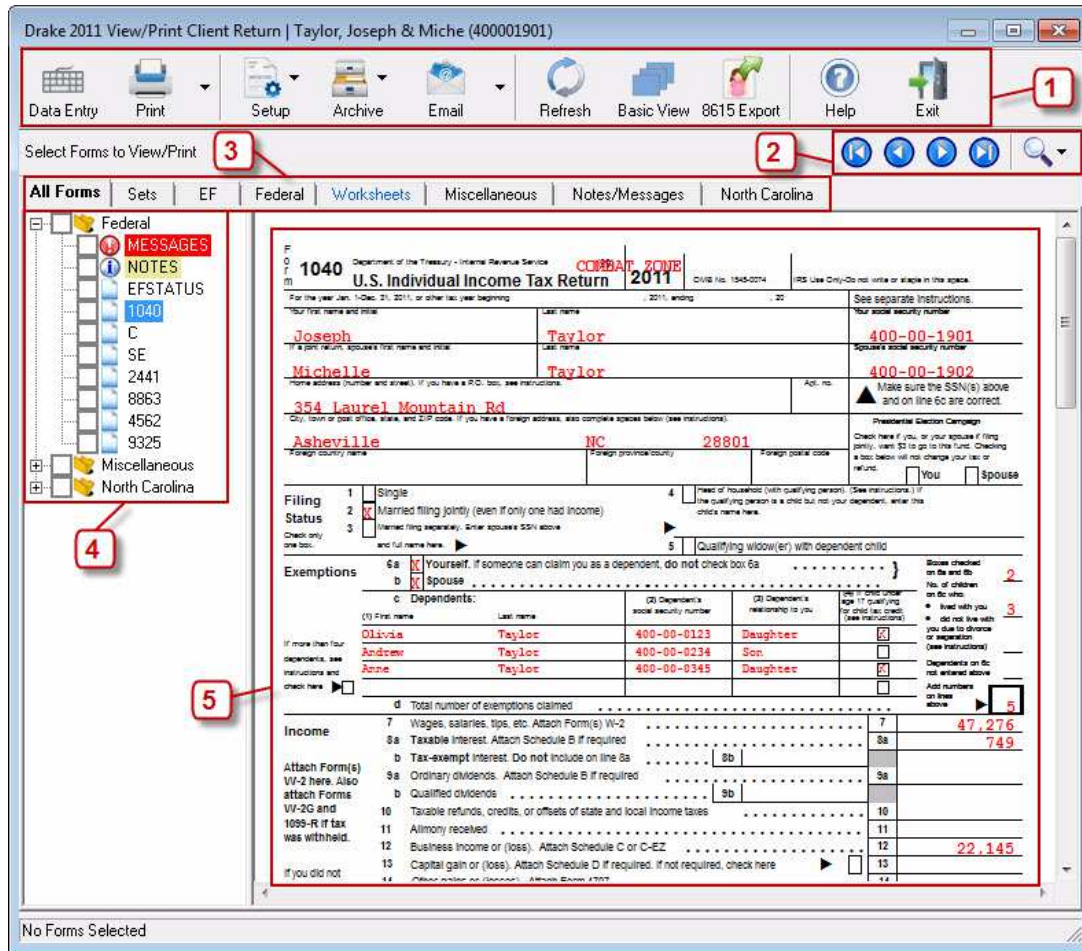
To View or Print a return outside of data entry, click **View** or **Print** from the toolbar on the **Home** window.

ENHANCED VIEW/PRINT MODE

Enhanced mode allows viewing and printing from the same window and makes it easier to see how the printed return will look. **Enhanced View/Print** mode is the default view/print mode in Drake. It consists of five main components, described next and labeled in Figure 52 on page 94:

1. A *toolbar* with the following options:
 - **Data Entry** — Leave View/Print mode and return to the **Data Entry Menu**
 - **Print** — Select options to print, print to PDF, or email selected pages of the return
 - **Setup** — Choose View/Print setup options such as form properties, color and order
 - **Archive** — Create archives of different return scenarios that can be reviewed, restored, or deleted at a later time (“Archive Manager” on page 99)
 - **E-mail** — Encrypt and attach a PDF of selected forms to an e-mail message
 - **Refresh** — Update the viewed return to reflect any changes made by another preparer working in the open return
 - **Basic View** — Switch to the cascade view or “Classic” mode from prior years
 - **8615 Export** — This option is available only on returns with dependents under age 24
 - **Help** — Access Drake Help
 - **Exit** — Exit View/Print Mode
2. A *viewing tool* that allows zooming and scrolling. Click arrows to move through the return; click the **Zoom** icon to zoom in or out.
3. *Category tabs* group documents within a return; select a tab to view all documents within the category on the tab.
4. A *tree view* showing all documents in a return that can be expanded or collapsed. Click the plus sign (+) to expand the list of forms. Click the minus sign (-) to collapse the list.
5. A *viewing panel* that displays a preview of the selected document.

Figure 52: Enhanced View/Print mode



Viewing in Enhanced View/Print Mode

To view a document in **Enhanced View/Print** mode:

1. Open **Enhanced View/Print** for a return. The **All Forms** tab is shown by default.
2. Expand the tree view as needed and click the name of a form to view, or use the arrow keys to navigate the forms list.

NOTE

To view a form, click the form name; do not select the box next to the form. This is a printing function and is described in “Print from **Enhanced View/Print** mode”.

Message and Notes Pages

When you view a return, a red EF MESSAGES page may be present. These pages are created when a return has certain issues that would cause an IRS or state rejection. Each page lists the error code and a brief description to help you resolve the issue. When these issues are resolved, the return is ready for electronic filing. You cannot select a return for electronic filing that has a red EF MESSAGES page in the forms list of a return.

Similarly, the yellow NOTES page provides reminders or tips about the tax return but it does not prevent electronic filing of a return. Please read the notes pages for pertinent information.

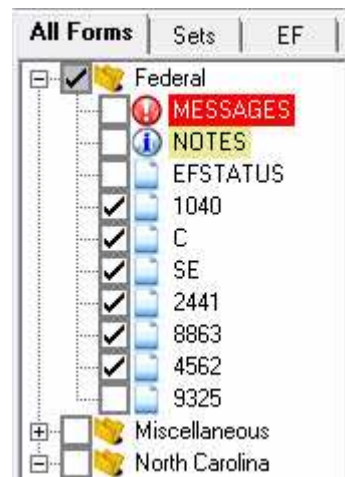
Print from Enhanced View/Print Mode:

Print Selected Forms

To print selected forms and other documents from **Enhanced View/Print** mode:

1. Open **Enhanced View/Print** for a return. The **All Forms** tab is shown by default.
2. Collapse or Expand the tree view as needed, then select the forms to be printed by selecting the box next to the form. To print all forms in a set, select all of the boxes in the tree view under **All Forms**. See Figure 53 below.

Figure 53: Tree View with print selections



NOTE

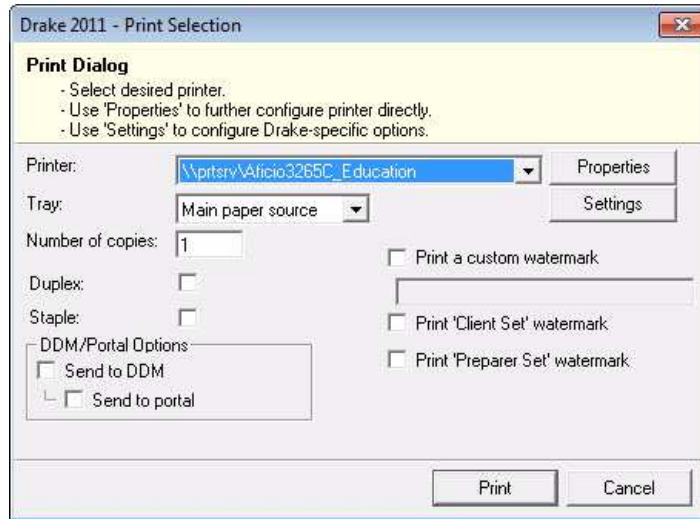
If the main box of a set is selected, all sub-boxes are automatically selected.

3. Press CTRL + P or click **Print > Print Selected Form(s)** to open the **Print Selection** dialog box. See Figure 54 on page 96. (If you click the arrow next to the **Print** icon, select **Print Selected Forms**.)
4. Select any printing options, as appropriate, shown in the **Print** dialog box.
5. Click **Print**.

NOTE

- Select **Print “Client Set” Watermark** or **Print “Preparer Set” Watermark** to add watermark text to the paper copies of your printed forms.
- In Drake Software, use **Enhanced View/Print** mode to simultaneously create a paper copy and an electronic copy of a tax return. Select **Send to DDM** from the **Print Selection** dialog box to send a PDF of the selected forms to the Drake Document Manager.

Figure 54: Print Selection window



Print Selected Forms to PDF Document

A file saved in Portable Document Format (PDF) is an electronic copy of the document, which can be opened with Adobe Reader. Drake Software makes saving tax returns efficient with the integration of the Drake PDF Printer and the Drake Document Manager.

To print selected forms To PDF from **Enhanced View/Print** mode:

1. Open **Enhanced View/Print** mode for a return.
2. Collapse or Expand the tree view as needed, then select the forms to be printed to PDF by selecting the box next to the form. To print all forms in a set to PDF, select all of the boxes in the tree view.
3. Press CTRL + D or click **Print > Print Selected Form(s) to PDF Document** to open the **Print Selection** dialog box. The Drake PDF Printer will appear in the **Printer** field.

4. (Optional) If you would like to add a password for document security, select **Password Protect**. The default password is the first four letters of the client's last name and the last five numbers of the client's SSN/EIN. Type a different password if desired. See Figure 55 below.

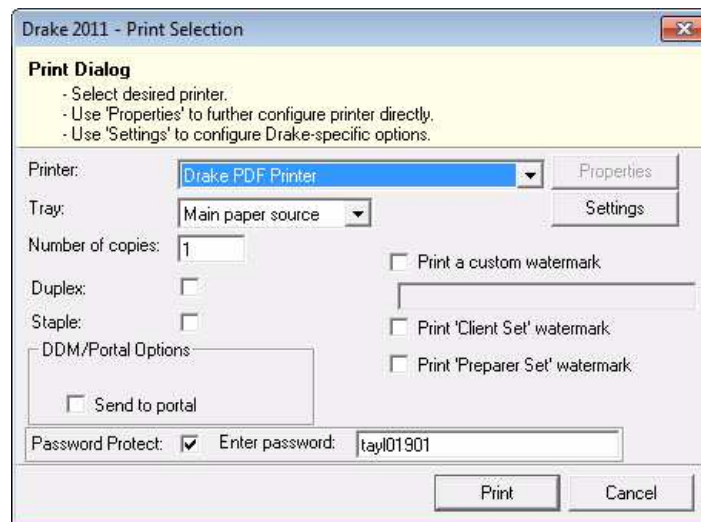
NOTE

To change the default password, log in as Admin or a preparer with Admin Rights and go to **Setup > Options > Administrative Options** tab. Review the PDF Password Options and make a selection.

You may encrypt PDF files created by the Drake PDF Printer, requiring the entry of a password before the file can be decrypted and opened. Once the document is password protected, Drake cannot recover the password.

5. Click **Print**.
6. The **Save As** dialog box opens with the default Drake Document Manager (DDM) current year folder for the client. Select a different location to save the PDF and assign a filename if desired.
7. Click **Save**.

Figure 55: Print to PDF Selection



NOTE

Drake allows you to create a custom watermark “on the fly” when printing selected forms to PDF.

Print Sets of Forms

To print specific sets of a return from **Enhanced View/Print** mode:

1. Open **Enhanced View/Print** mode for the return. The **All Forms** tab is displayed by default. (See Figure 53 on page 95.)
2. Select the **Sets** tab. All applicable sets in the return are displayed in the tree view.

3. Select the sets to print.
4. Click **Print** to open the **Print Selection** dialog box. See Figure 54. (If you click the arrow next to the **Print** icon, select **Print Selected Forms**.)
5. Select any printing options, as appropriate, shown in the **Print** dialog box. Click **Print**.

NOTE

Default printer sets are established in **Setup > Printing > Printer Setup**. See “Printing Sets and Print Order” on page 35 for more information.

Quick Print a Single Form

Enhanced mode allows you to print whatever document is currently in view. Printing a single form in this manner is referred to as *quick printing*.

To Quick Print a form from **Enhanced View/Print** mode, press CTRL + Q or select **Print > Quick Print**.

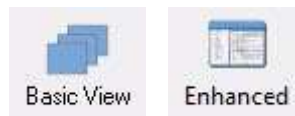
VIEW AND PRINT IN BASIC MODE

Basic mode is a View and Print mode that displays a color-coded cascade of forms. Many of the same functions that are available in **Enhanced View/Print** mode are available in **Basic** Mode, just with a different type of interface. To view a form in **Basic** mode, double-click the form. To print a form in **Basic** mode, click **Print Mode** on the Basic Mode toolbar and use the UP ARROW, DOWN ARROW or SPACEBAR to select forms to print.

Switch From Enhanced Mode to Basic Mode

Click the **Basic View** button on the toolbar in **Enhanced View/Print** mode to switch to the cascade of forms known as **Basic** mode. From **Basic** mode, click the **Enhanced** button on the toolbar to view or print in **Enhanced** mode. See Figure 56 below.

Figure 56: Basic and Enhanced Toolbar Buttons



ARCHIVE MANAGER

The **Archive Manger** allows you to archive returns and to review, restore, or delete the archived returns. This means you can save various versions of a return, such as an amended and the original return. The **Archive Manager** is accessible from both Basic and Enhanced modes.

NOTE

Archives are saved as PDF files and can be accessed and viewed from the Drake Document Manager (DDM). Select **Archive > Document Manager** to access the DDM.

Creating an Archive

To create an archive of an open return:

1. From **Enhanced View/Print** mode, select **Archive > Archive Client Return**. See Figure 57.
2. In the **Archive Client Return** dialog box, enter a description of the archived file, and click **OK**. See Figure 58 on page 100.
3. After the program has created the archive, click **OK**. The program adds the archived return to the **Archive Manager** list.
4. To view the PDF of the archive, access the client folder in the Drake Document Manager. See “Drake Document Manager” on page 206.

Figure 57: Archive Speed Button

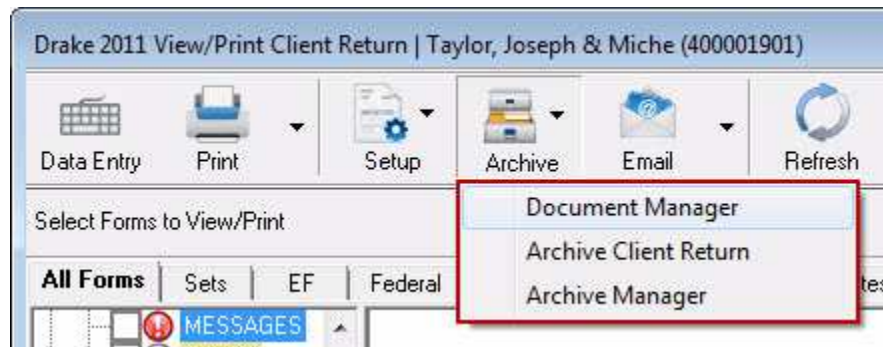


Figure 58: Archive Client Return dialog box



Restoring an Archive

When you restore an archive, you replace the open version of a return with an archived version. Drake recommends that you preserve the existing client data before restoring an older version of a return. A prompt will suggest that you archive the latest version of a return before restoring an older version.

To restore an archive:

1. From **Enhanced View/Print** mode, select **Archive > Archive Manager**.
2. Click the row of the archive to restore. See Figure 59.
3. Click **Restore**. A program prompt suggests that you create a new archive of the current version of the return.
4. Click **Yes**. The **Archive Client Return** dialog box is opened so you can name and save the new archive. See “Creating an Archive” on page 99.
5. When the restoration is complete, click **OK**.

NOTE

Only one version of a client return may be open at a time. Therefore, when an archive is restored, it overwrites the existing client file. You will be prompted to create an archive of the current version of the return before the selected archive is restored.

Figure 59: Archive Manager



E-MAIL FROM VIEW/PRINT

The **E-mail** button allows you to e-mail tax returns directly from both **Basic** and **Enhanced View/Print** modes.

Setting up Preferences

Before e-mailing returns from within Drake Software, set up e-mail preferences (optional). These settings will be applied for *all* e-mailed returns. To setup e-mail preferences:

1. Open any return.
2. Click **View** or **Print** to access View/Print mode.
3. Click **E-mail** > **E-mail Setup**. See Figure 60 below.
4. In the E-mail Setup dialog box, select your preferred e-mail program from the **Select E-mail Method** drop list. You may choose to use your default e-mail program (for example, Microsoft Outlook) or the Drake E-mail program. See Figure 61 on page 102.
5. To include a default **Cc** or **Bcc** address, type the address in the field under **E-mail Default Settings**. It is not recommend that you enter a default **To** address.
6. Make any desired changes to the default message.
7. Click **Save**. (Or click **Exit** to leave **E-mail Setup** without saving changes.)

Figure 60: E-mail Setup



Figure 61: E-mail Setup Window

Drake 2011 Email Setup

Email Setup
The Email Setup screen is used to define the default text, subject and additional recipients that you wish to include. Enter the information requested below and click 'Save'.

Email Preference
Select Email Method: Use Drake Software Internal Email
Email Description: Email will be sent using Drake Software's internal email software under Help - Email.

Email Default Settings
To ...
Cc ...
Bcc ...
Subject: 2011 Tax Return Information
Attachment(s): Warn if attachment not included

Attached is a copy of your 2011 Tax Return.

To protect your privacy, the attached document is encrypted and can only be opened by providing the correct password. The default password is the first 4 characters of your last name (lowercase with no spaces) followed by the last 5 digits of your SSN.

Adobe Acrobat Reader Version 7.0 or later is required to view the attached document. You can download Adobe Reader for free at <http://www.adobe.com/products/acrobat/readstep2.html>

This email (including any attachments) contains PRIVILEGED AND CONFIDENTIAL INFORMATION protected by federal and/or state law and is intended only for the use of the individual(s) or entity(ies) designated as recipient(s). The information contained within this email should not be construed as tax

Help Save Exit

Emailing a Return to a Client

To send a return to a client from **Enhanced View/Print** mode:

1. Open the return.
2. Click **View** or **Print** to access View/Print mode.
3. Select the forms to be included in the e-mail.
4. Click **E-mail** to use the default e-mail method, or click the arrow next to the **E-mail** button to choose a method. See Figure 62 below.

Figure 62: E-mail to Client

5. The **Password Protect** dialog box is opened, showing the default password.

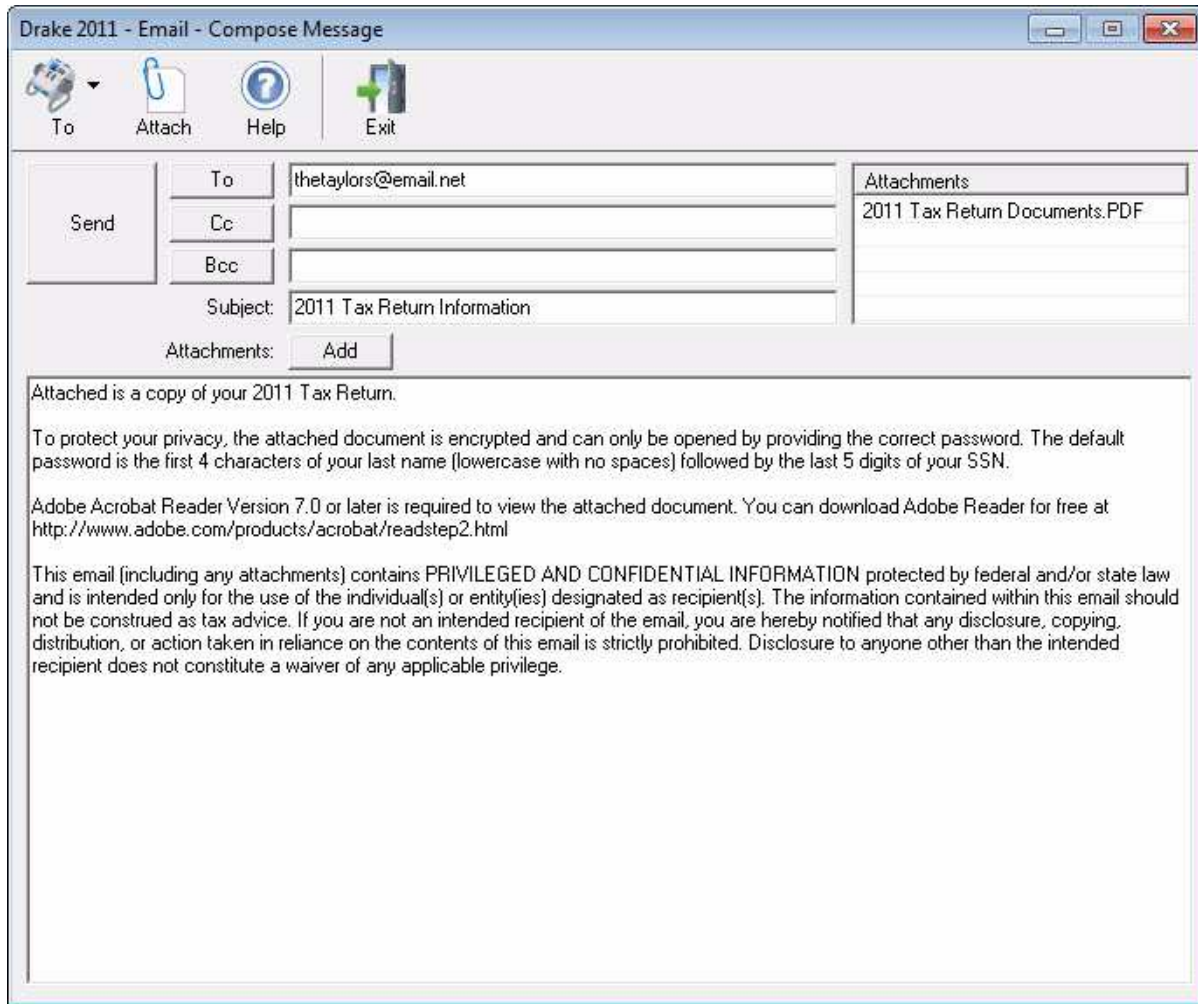
NOTE

You may replace the default password with a new one; however, if you do this, be sure to write the password down so you don't forget it. Drake cannot recover a forgotten password.

The client must know the password in order to open the return.

6. Click **OK**. The e-mail message opens in the desired e-mail program, with the selected return documents attached. The client and spouse e-mail addresses are automatically shown in the **To** field, if they were entered on screen 1. See Figure 63 on page 104.
7. If necessary, type your message to the client. Click **Send**.

Figure 63: Drake E-mail

**NOTE**

You have the option of attaching other types of files with the Drake E-mail Program. Click **Add** and browse or search for the desired file.

The Drake E-mail Program can also be accessed outside of return data entry by going to **Help > E-mail** from the Home window. See the E-Mail section of the Support Resources chapter for more information.

Review Questions 4

Answer the following questions. See the next page for answers and explanations.

1. Data entered in this type of field, preceded by the equal sign (=), appears in red by default and replaces program calculations:
 - a) Adjustment field
 - b) Override field
 - c) Direct Entry field
 - d) Flagged field
2. Which view and print mode allows viewing and printing from the same window?
 - a) Enhanced mode
 - b) Basic mode
 - c) Classic mode
 - d) PDF mode
3. Which of the following is true about NOTES pages?
 - a) NOTES pages appear in yellow when you are viewing a return.
 - b) NOTES pages provide electronic filing warnings.
 - c) NOTES pages prevent electronic filing.
 - d) NOTES pages cannot be turned off.
4. What two screens in the software must contain the child care expenses?
 - a) Screen 1 and 2441 screen
 - b) Screen 2 and 2441 screen
 - c) Screen 3 and the MISC screen
 - d) Screen 4 and screen
5. What is the first step when archiving a return?
 - a) From **Data Entry**, select **Archive > Archive Client Return**
 - b) From **View/Print** mode, select **Archive > Archive Client Return**
 - c) From **Data Entry**, select **Doc Mgr > Archive Client Return**
 - d) From **View/Print** mode, select **Archive > Archive Manager**

ANSWERS PART 4

1. The correct answer is **b) Override field**. Data entered in these fields replaces, or overrides, program calculations.
 - a) is incorrect. Adjustment fields are preceded by the (+/-) symbol and adjust program calculations by the amount entered.
 - c) is incorrect. Direct Entry fields carry the amount entered to the specific line number or form specified next to the field.
 - d) is incorrect. Flagged fields require verification before the return can be filed and are set by the preparer within a single return or globally for all new returns.
2. The correct answer is **a) Enhanced mode**. Enhanced mode allows viewing and printing from the same window and makes it easier to see how the printed return will look. It is the default view/print mode.
 - b) is incorrect. **Basic** mode displays a color-coded cascade of forms that you must view and print from separate windows by clicking the **View Mode** and **Print Mode** buttons on the **Basic** mode toolbar.
 - c) is incorrect. **Classic Mode** is available by clicking the **Classic** button when in **Basic** mode. **Classic** mode is a view/print mode that simulates DOS data entry.
 - d) is incorrect. A preparer may print to PDF while in **Print Mode** using PDF995 or DrakePDF.
3. The correct answer is **a) NOTES pages will appear in yellow when you are viewing a return**. A NOTES page appears in yellow in View/Print mode, while an EF MESSAGES page appears in red.
 - b) is incorrect. An EF MESSAGES page provides electronic filing warnings. A NOTES page is used to display reminders or tips.
 - c) is incorrect. An EF MESSAGES page prevents electronic filing when present in a return.
 - d) is incorrect. To turn off NOTES pages, Go to **Setup > Options > Optional Documents** tab, remove the check mark from the **Generate notes page when applicable** box.
4. The correct answer is **b) Screen 2 and 2441 screen**. Enter child care expenses on screen 2 (the **Dependents** screen) and on the 2441 screen (**Child & Dependent Care Expenses**).
 - a) is incorrect. Screen 1 is the **Name and Address** screen, and child care expenses are not entered here.
 - c) is incorrect. Screen 3 is the **Income** screen and the **MISC** screen is used to enter miscellaneous codes and notes.
 - d) is incorrect. Screen 2 is correct but screen 4 (**Adjustments**) is not used to enter child care expenses.
5. The correct answer is **b) From View/Print mode, select Archive > Archive Client Return**. You are able to archive the client return from either **Enhanced** or **Basic View/Print** mode by clicking the **Archive** button and selecting **Archive Client Return**. You will give the archive a description, then click **OK** to save the archive.
 - a) is incorrect. You do not have the option to archive a return from within data entry. You must be in **View/Print** mode.
 - c) is incorrect. Whereas you can access the Document Manager from Data Entry, clicking the **Doc Mgr** button does not give you access to archiving a return.
 - d) is incorrect. You must first archive the client return before accessing it in the **Archive Manager**.

File the Return Electronically

Electronic Return Originators (EROs) can file federal and state tax returns electronically through Drake Software. Becoming an ERO requires some preseason planning but pays off when tax season arrives.

APPLYING FOR AN EFIN

If you do not have an Electronic Filing Identification Number (EFIN), Drake assigns you a temporary EFIN. A temporary EFIN allows you to electronically file test returns and gives you access to Drake Internet tools. If you have not already received a temporary EFIN, go to www.DrakeSoftware.com and register your 2011 Evaluation software. A temporary EFIN, account number and password is sent to you via e-mail.

To transmit live returns, you must become an Electronic Return Originator (ERO) and obtain an EFIN. Complete and submit Form 8633, Application to Participate in the IRS E-File Program. Preparers who are not CPAs or EAs must include a fingerprint card with their application. Established EROs do not need to file Form 8633 except to change the original information in the application.

You can obtain a Form 8633 from Drake Software or from the IRS:

- From the menu bar in Drake, select **Tools > Blank Forms**. From the **Individual** tab, print the 8633 and 8633, page 2, or
- Log on to the IRS web site at www.irs.gov.

You can obtain fingerprint cards to submit with Form 8633 from Drake Software or from the IRS:

- Call Drake Support at (828) 524-8020, or
- Contact the IRS.

Applications to become an authorized electronic filer are accepted throughout the year. The IRS encourages all prospective EROs to apply as soon as possible as processing and background checks can take up to 45 days.

NOTE

Some states require a separate application for electronic filers.

For more information, go to the Drake Support Web site at Support.DrakeSoftware.com, and from the **Resources** drop list, click **Federal/State Facts** and select your state from the drop list.

VERIFYING EF SETTINGS

After obtaining a temporary or live EFIN, enter it in **Setup > ERO** along with your Drake account number and password. An Internet connection is also required to electronically file. Make adjustments to the **Connection Settings** portion of the screen if necessary.

Before transmitting live returns, review the **Setup > Options, EF** tab. These options allow you to customize your EF process. See “Setup Options” on page 26.

PREPARING THE RETURN FOR ELECTRONIC FILING

Before you electronically file a return, it must be signed electronically and, if necessary, any return transmission overrides must be designated. Also, any remaining EF Messages must be cleared.

SIGNING THE RETURN ELECTRONICALLY

All electronically filed returns must first be signed by the taxpayer (and spouse if it is a joint return) and by the preparer with a Personal Identification Number (PIN). To electronically sign the return with a PIN and produce Form 8879 – IRS e-File Signature Authorization, complete the **PIN** screen in data entry. The 8879 generated must be printed and signed by the taxpayer and then retained in the tax preparer’s office for three years.

To complete the **PIN** screen, first set up a PIN in **Preparer Setup**. For details on setting up a PIN, see “Return Signature Options” on page 23.

By default, the software generates the PIN for the taxpayer and spouse. If you prefer the taxpayers to determine their own five-digit PIN, go to **Setup > Options, EF** tab to disable the **Auto-generate taxpayer(s) PIN** feature.

To electronically sign the Taylors’ return and remove the PIN signature EF Message page, complete the following steps:

1. From the **Data Entry Menu**, type PIN into the selector field and press ENTER, or click **PIN 8879/8878 e-file Signature** on the right side of the screen.
2. Enter today’s date in the **PIN Signature Date** field or press ALT + D to insert today’s date. Press TAB.
3. Enter the **ERO’s PIN Signature**. The PIN entered must match the PIN designated in **Setup > Preparer** for the preparer selected on screen 1 in data entry, **Preparer #** field. Press TAB.
4. Press ESC to save and exit the **PIN** screen.

Figure 64: PIN Screen

NOTE

After entering the date, press TAB to automatically fill the taxpayer's PIN, and on a joint return, the spouse's PIN.

DESIGNATING EF OPTIONS

By default, Drake transmits the 1040 and all state returns eligible for electronically filing. The **EF Options Override** screen allows you to make specific transmission choices for each return.

Open the Taylors' return, type EF into the selector field, press ENTER, and review this screen. With your cursor in any field, press F1 for field-specific information.

To customize the electronic filing process for a return, make one of the following selections:

- In the **Ready for EF** field, enter X when the return is ready for electronic filing. (To activate this feature, go to **Setup > Options, EF** tab and select **Require 'Ready for EF' indicator on EF screen.**)
- In the **Federal E-file Override** section, enter X in the appropriate federal return or form to transmit. To transmit state returns only, select **Do NOT send Federal.**

NOTE

To exclude the federal return from electronic filing, you must select the **Do NOT send Federal** box; otherwise, the federal return is included for transmission, if eligible.

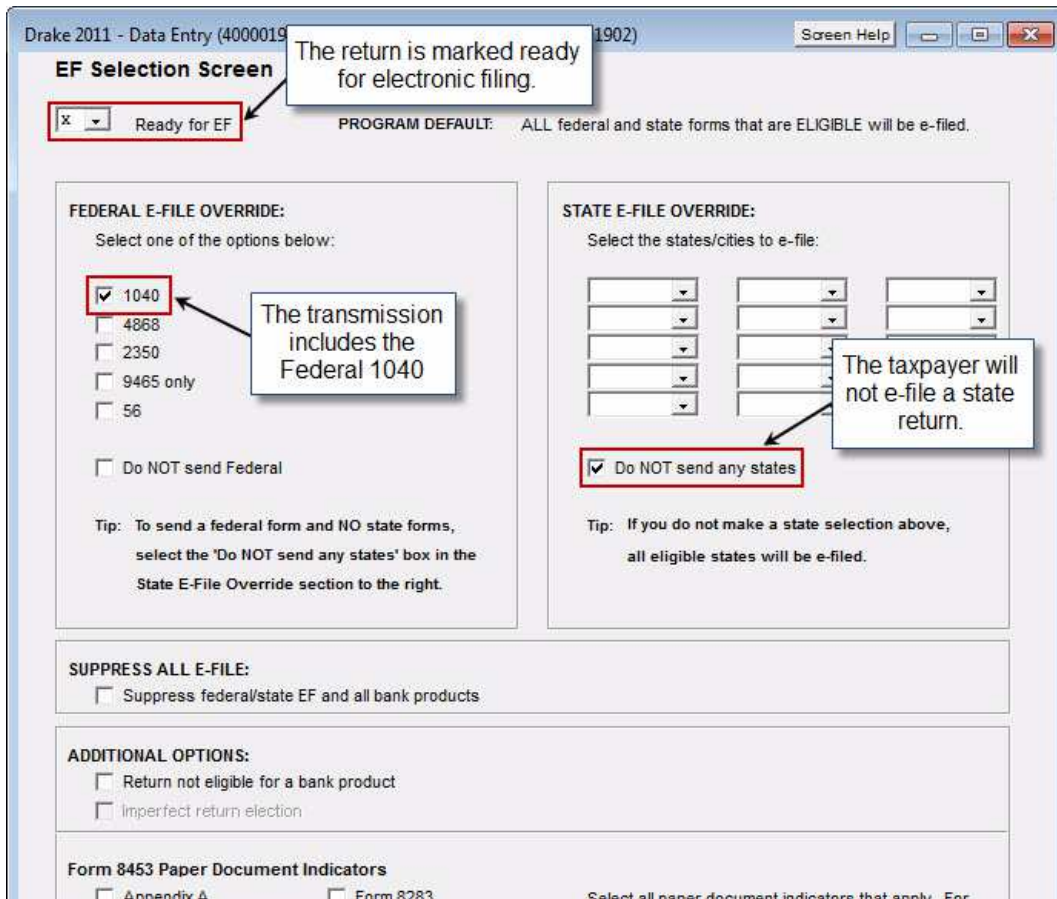
- In the **State E-File Override** section, select the state to transmit from the **Select state/cities to e-file** drop list. Leave these fields blank if you are not transmitting a state.
- Select any additional states to be transmitted with the return.
- In the **Suppress All E-File** section, select the box to **Suppress Federal/State EF and all Bank Products** to suppress electronic filing and bank products for the return.

NOTE

To exclude state returns from electronic filing, you must select **Do NOT send any states**; otherwise, all eligible states are transmitted.

Review the **Additional Options.**

Figure 65: EF Options Override

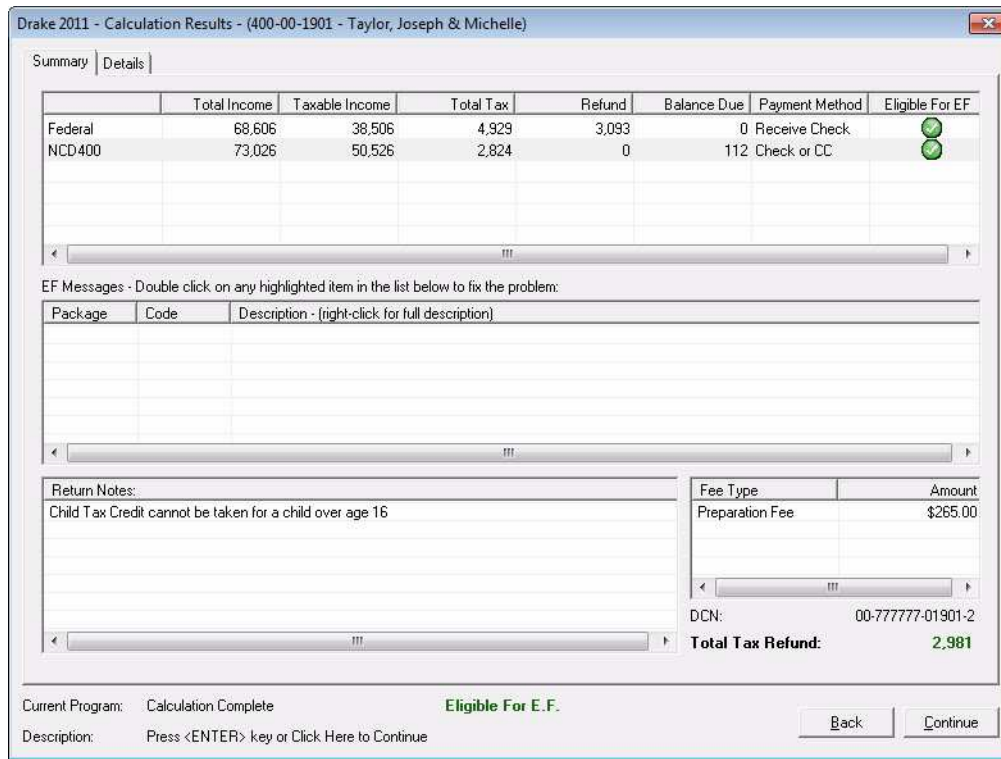


Press ESC to return to the **Data Entry Menu**.

CLEARING EF MESSAGES

Finally, before a return is eligible for electronic filing, all EF Messages must be cleared. For details on EF Messages, see “Message and Notes Pages” on page 94. Before you attempt to e-file a return, verify that all messages are cleared and that the return is eligible for electronic filing on the **Calculation Results** screen. See Figure 66 on page 111.

Figure 66: Eligible for Electronic Filing

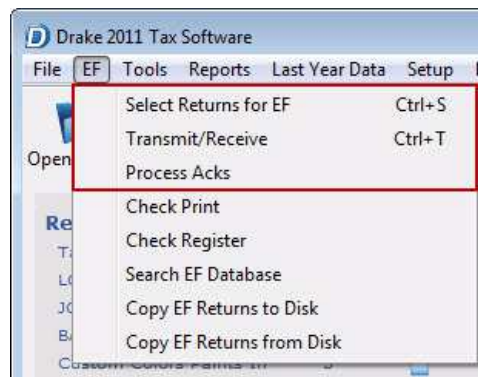


ELECTRONICALLY FILING RETURNS

The following section covers the steps required to file returns electronically in Drake:

1. Selecting returns,
2. Transmitting returns, and
3. Processing acks (acknowledgements).

Figure 67: EF Menu



SELECTING RETURNS FOR EF

1. From the menu bar, go to **EF > Select Returns for EF** or press CTRL + S.
2. The **EF Return Selector** is displayed. See Figure 68 on page 112. A selection window lists all recently-calculated files that are eligible for electronic filing. Use the arrow keys to scroll through the list of returns.
3. Click the check box to select the desired returns. (If there is no check box, then the return is not eligible for e-filing.)
4. After selecting the returns, click **Continue**. A report lists all returns included in the transmission. Select **Print** to print the report. Click **Exit** to close.

NOTE

Double-click a return to view the **EF Transmission Detail** screen, where electronic filing specifics can be finalized.

The **Calculation Results** screen includes an **EF Select** button that allows you to place a return directly into the queue for transmission. Go to **Setup > Options > EF** tab, select **Allow selection for EF from the Calculations results screen**.

Figure 68: EF Return Selector

ID Number	Client Name	Status	EF Documents	Fed. Bal ...	Fed. Refu...	Method	Last Calc	EFIN	M
<input checked="" type="checkbox"/> 500001002	JAMES, BILL	Ready For EF	1040	\$771			03/23/2012...	777777	
<input type="checkbox"/> 500001006	TOWNSEND, WATS...	No EF Docu...					03/23/2012...	777777	X
<input type="checkbox"/> 400001001	Peony, Rachel	Ready For EF	1040	\$762			03/23/2012...	777777	

TRANSMITTING RETURNS

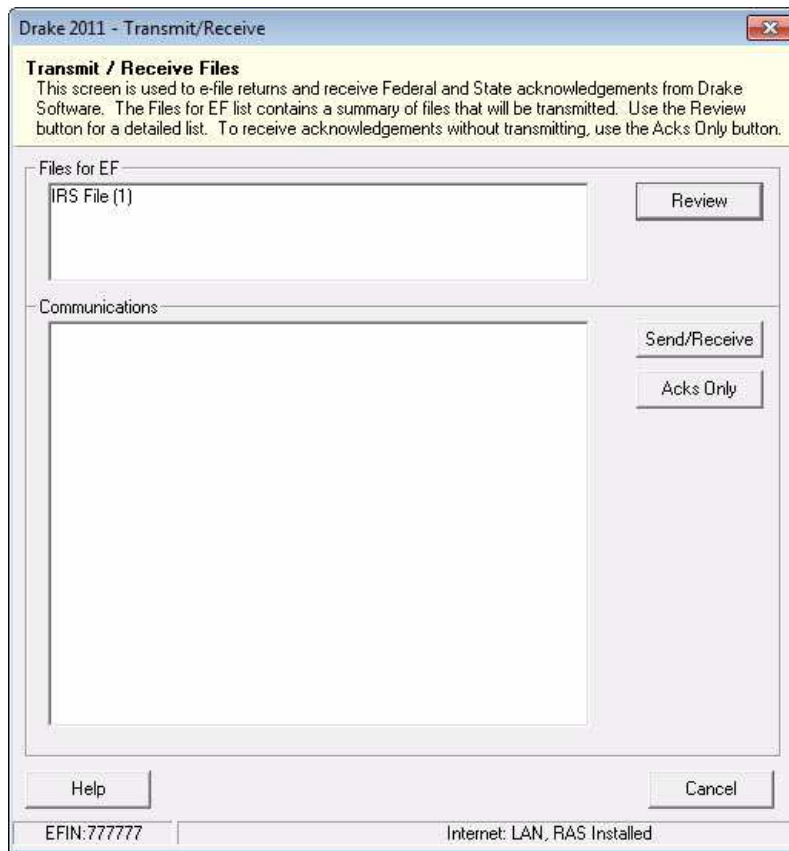
Transmitting tax returns and receiving acknowledgments (also known as “acks”) is a simple process. It takes just a few clicks to electronically file returns to the IRS and the states.

All returns transmitted through Drake are forwarded to the correct IRS Service Center. Drake sends an immediate “P” ack, acknowledging a successful transmission. (The “P” also indicates that the transmission is being “processed.”) After the IRS (or a state) receives and processes the forwarded return, Drake receives acknowledgements indicating the return was accepted (A) or rejected (R). The acknowledgements are then forwarded to the ERO to pick up the next time the ERO makes a connection to Drake.

To transmit returns:

1. Select **EF > Transmit/Receive** or press CTRL + T.
2. The **Transmit/Receive Files** dialog box is opened (see Figure 69 on page 113), providing five options: **Review**, **Send/Receive**, **Acks Only**, **Help**, and **Cancel**.

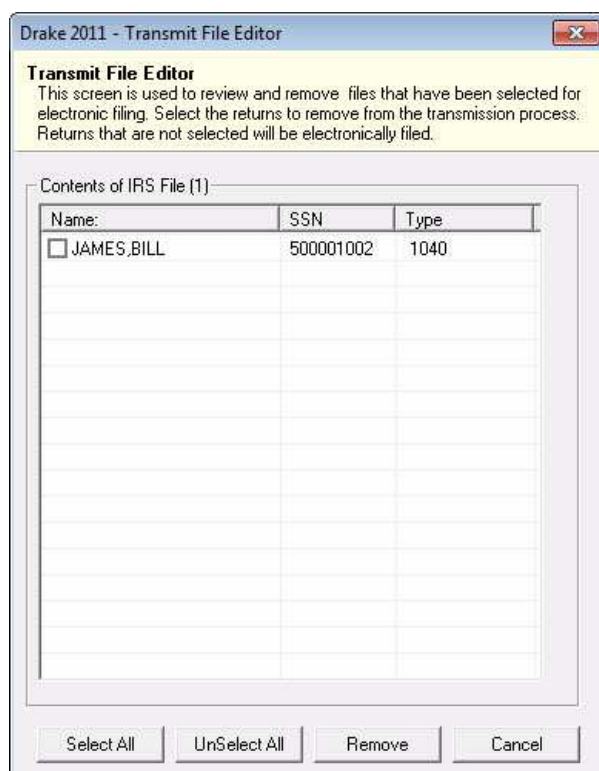
Figure 69: Transmit/Receive Files



Review

Use this option to review the transmission file and remove any returns before connecting to Drake.

1. To review the manifest, click **Review**. See Figure 70 on page 114.
2. To remove all returns from the transmission file, click **Select All** and **Remove**. Selected returns are removed from the transmission file. To transmit all the returns, click **UnSelect All**. Click to choose single returns for transmission (or omission).
3. Click **Cancel** to return to the **Transmit/Receive** dialog box.

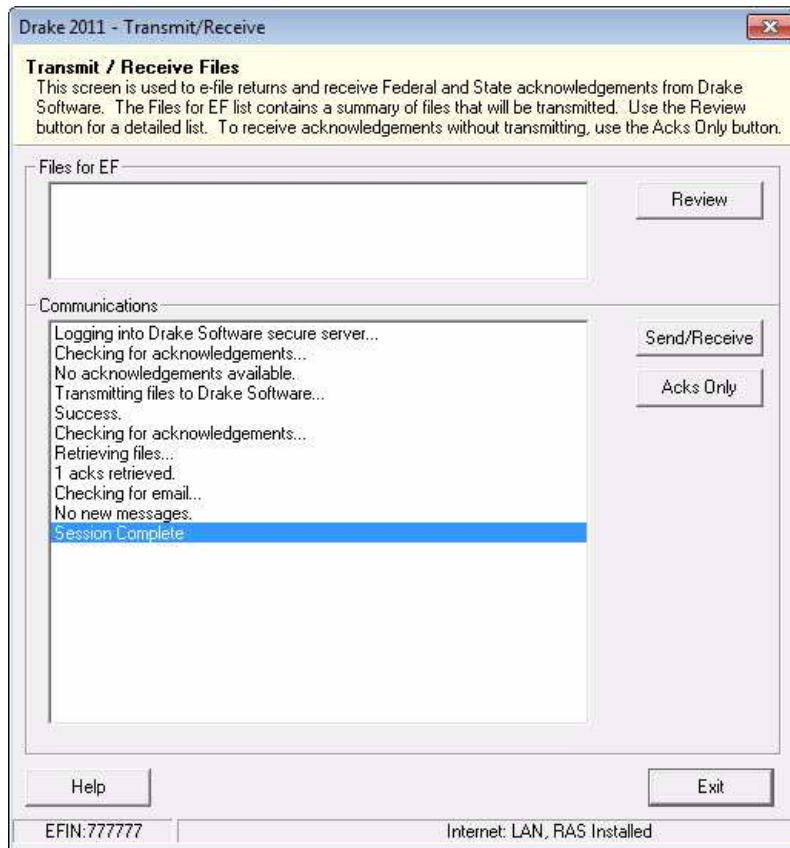
Figure 70: Transmit File Editor

Send/Receive

Use this option to connect and transmit the file and to pick up federal and state acknowledgments, bank product acknowledgments, check authorizations, and e-mail.

1. Click **Send/Receive**.
2. The Declaration Control Record opens. Click **Print**.
3. Click **Continue**.
4. The program connects to Drake, completes the transmission, and automatically disconnects from Drake after the transmission is complete. See Figure 71 on page 115.

Figure 71: Transmit Success



Acks Only

Use this option to pick up federal and state acknowledgements, bank product acknowledgements, check authorizations, and e-mail. No files are transmitted to Drake.

1. Click **Acks Only**.
2. The program connects and retrieves the acknowledgements.

PROCESSING ACKNOWLEDGEMENTS

Every successfully transmitted tax return receives an acknowledgement. EROs transmitting through Drake receive:

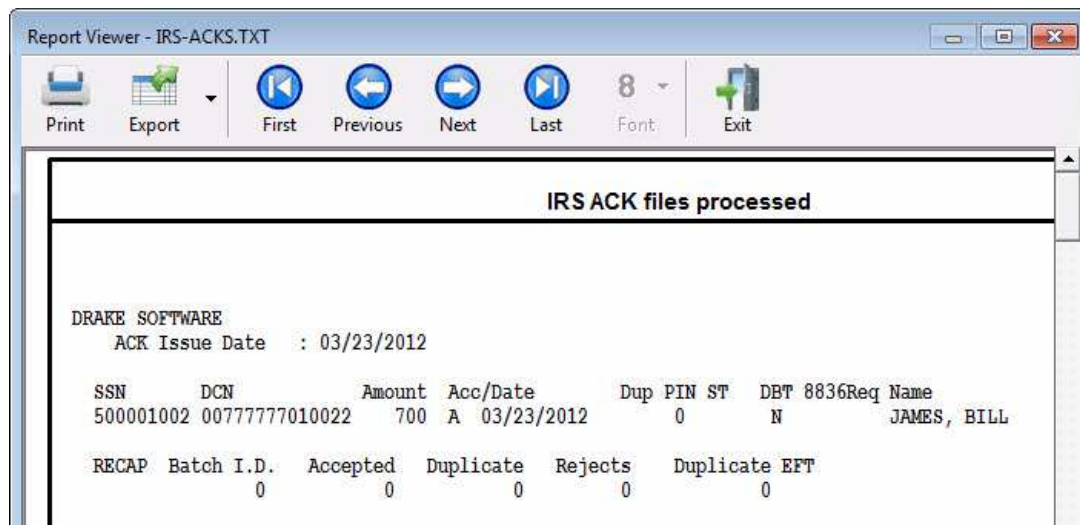
- Process acknowledgements to indicate the transmission was received: (T) for test transmissions and (P) for live transmissions
- Federal acceptance or rejection acknowledgements
- State acceptance or rejection acknowledgements (when a state return is electronically filed)
- Bank acknowledgements to indicate if a bank product has been accepted or rejected, when checks are ready to print and when funds have been deposited

Any available acknowledgements are received when the ERO connects to Drake, whether or not the ERO is transmitting files. To process and print acknowledgements, select **EF > Process Acks** on the menu bar. Processing acks posts them to the EF Database, where details can later be reviewed. See “Searching the EF Database” on page 117 for details.

The acknowledgement report displays:

- Social Security Number of primary taxpayer
- Declaration Control Number (DCN) of the transmitted return
- Refund due on the return
- Acceptance or rejection code
- Number of errors recorded
- Two-letter state code for the state return

Figure 72: IRS Ack Report



When the acknowledgements are processed, they move to the EF Database for future reference. **EF Reports** can pull information from this database. (See **Reports > Report Manager**.)

PRACTICING ELECTRONIC FILING

Practice filing electronically by sending a few more returns. Open and calculate the test returns provided in the software (400-00-1001 through 400-00-1009 and 500-00-1001 through 500-00-1008). View the returns for EF MESSAGES pages. If there is a message, correct the error before calculating the return again.

WARNING!

Do not transmit any test returns that contain Social Security Numbers other than those in the 400-00 and 500-00 series included in the software. Any other returns are processed as actual tax returns and the ERO could be charged with filing fraudulent tax returns.

SEARCHING THE EF DATABASE

The EF Database contains information about all returns that have been electronically filed.

To view your EF Database, select **EF > Search EF Database** on the menu bar. Use one of the following methods to search:

- Type the SSN, EIN, or name of the primary taxpayer (without spaces, dashes, or additional characters). Press ENTER or click **OK**.
- Leave the **SSN/EIN/Name to search for** field blank and click **Go**. Press PAGE UP or PAGE DOWN to browse the EF records.

NOTE

If there are multiple records for a SSN or EIN, the additional records are listed in the box at the bottom of the window.

There are four tabs available for viewing with the following information available:

General Information tab — (F1)

- Taxpayer information
- Federal and state acknowledgement codes
- Acknowledgement dates
- Transaction date
- Filing status
- Refund amount or balance due
- Reject codes
- Bank codes and loan status
- Bank check information

Bank/Direct Deposit Info tab — (F2)

- Detailed loan information
- Direct deposit information
- Document Control Number

Fees/Miscellaneous Info tab — (F3)

- Earned Income Credit (EIC)
- Adjusted Gross Income (AGI)
- PINs, firm number, preparer number, ERO number
- Bank distribution fees

Reject Code Lookup tab — (F4) Enter and view the reject code description and solution.

Also available from the Search EF Database dialog box:

F10 - Online DB — Automatically logs into your Online EF Database and opens the detailed EF information page for the current SSN or EIN.

F5 - Data Entry — Opens the data entry screen for the SSN/EIN displayed. To go back to the EF database from the return, press F9.

VIEWING YOUR ONLINE EF DATABASE

The Online EF Database displays information about electronically filed returns in real time. Run reports on returns, loans, and checks, or search for electronic filing information for a single SSN or EIN. Access the Multi-Office Manager (MOM) and view Client Status Manager data for one or multiple offices.

To access your Online EF Database from within the software:

1. From the toolbar, click **Support**. Log on to Drake Support at *Support.Drakesoftware.com*.
2. Go to **My Account > EF Database**.

To access your Online EF Database from your EF Database in the software:

1. Go to **EF > Search EF Database**.
2. Press F10, or click **F10 - Online DB**.

INCLUDING BANK PRODUCTS

Bank products work seamlessly with Drake Software electronic filing. Preparers have several banks and products to choose from. Visit **Support.DrakeSoftware.com > Partner Programs** for bank details.

Review Questions 5

Answer the following questions. See page 120 for answers and explanations.

1. Which of the following is true about EROs?
 - a) To become an ERO, contact the IRS at (866) 255-0654 and ask to be added to the ERO list.
 - b) EROs must request a temporary EFIN from Drake.
 - c) EROs do not need to file Form 8633 except to change the original information in the application.
 - d) ERO applicants must submit an 8633 within 90 days of tax season.
2. The easiest way to learn the electronic filing requirements for the state of Wisconsin:
 - a) From the software, go to **Setup > Options > States** tab and click **WI > EF Options**
 - b) With the Evaluation disc in the CD drive, click **States > Wisconsin > EF Requirements**
 - c) Go to *Support.DrakeSoftware.com*, and from the **Resources** list, choose **Fed/State Facts** and from the droplist, click **Wisconsin**.
 - d) Call the Wisconsin DOR and request to be placed on its approved ERO mailing list
3. How is a federal and state return excluded from electronic filing on the **EF** screen in data entry?
 - a) Click the box to **Suppress federal/state and all bank products**
 - b) Click to clear the **1040** and state boxes
 - c) Click the **Do NOT send Federal** box
 - d) Remove the **X** from the **Ready for EF** box
4. Which of the following statements is not true?
 - a) All returns listed on the **EF Return Selector** are eligible for electronic filing
 - b) Select files to remove from the queue with the **Transmit File Editor**
 - c) Send returns to the queue from the **Calculation Results** screen
 - d) Drake can send you e-mail messages during the e-file transmission process
5. What is the best place to get information on transmission, bank, direct deposit, fees, and reject information on any electronically-filed return?
 - a) Call Drake Support
 - b) Call your participating bank
 - c) Go online to *www.irs.gov*
 - d) Go to **EF > Search EF Database** from Drake Software
6. The preparer's PIN signature used to electronically sign the return:
 - a) Must match the PIN designated in **Setup > Preparer** for the preparer selected on Screen **1**.
 - b) Can be changed throughout tax season according to the preparer's preference.
 - c) Is not required for returns that will be efiled as a batch.
 - d) Is also used to sign 7216 documents.

ANSWERS PART 5

1. The correct answer is **c) EROs do not need to file Form 8633 except to change the original information in the application.** For example, if your office has a change of address, file a new 8633 with your new office address.
 - a) is incorrect. This is not how a preparer becomes an ERO. There is an application process.
 - b) is incorrect. Temporary EFINs are assigned to preparers who have not yet become EROs.
 - d) is incorrect. Applications to become an authorized electronic filer are accepted throughout the year. However, it is recommended that you apply approximately 45 days before tax season to allow adequate time for a background check.
2. The correct answer is **c) Go to *Support.DrakeSoftware.com*, and from the Resources list, choose Fed/State Facts and from the droplist, click Wisconsin.** Information under **Fed/State Facts** includes e-filing information, **Update Notes**, **Form Instructions**, and any **Shipment Letters**.
 - a) is incorrect. **Setup > Options > States** tab is for selecting various form preferences.
 - b) is incorrect. E-filing information is not available on the Evaluation CD.
 - d) is incorrect. You could call the Wisconsin DOR for information, but there is no approved ERO mailing list.
3. The correct answer is **a) Click the box to suppress federal/state and all bank products.** This marks the return as ineligible and ensures it cannot be sent electronically to the IRS.
 - b) is incorrect. The **1040** and state boxes are not selected by default and therefore can't be cleared with a click.
 - c) is incorrect. Clicking the **Do NOT send Federal** box suppresses federal electronic filing but unless the selection is made to **Do NOT send States**, all eligible state returns can be sent.
 - d) is incorrect. While this disallows electronic filing, it is not the answer in every case since the **Ready for EF indicator** option can be disabled in **Setup > Options, EF** tab.
4. The correct answer is **a) All returns listed on the EF Return Selector are eligible for electronic filing.** Only returns listed with a check box to the left of the ID number are eligible.
 - b) is incorrect. You can remove returns from the queue with the **Transmit File Editor**. Simply select a return and click **Remove**.
 - c) is incorrect. For any eligible return, simply click the **EF Select** button from the **Calculation Results** screen.
 - d) During the e-file transmission process, Drake can send acknowledgements and e-mail. After transmission, look at the Drake **Home** screen. Any e-mail received is listed in the **Message Center**.
5. The correct answer is **d) Go to EF > Search EF Database from Drake Software.** Drake Support personnel see the same information you see in your EF Database: acknowledgement types, acceptance and rejection dates, bank product information, and reject codes.
 - a) is incorrect. Drake Support can give you transmission information, but there is a resource available that can provide you this information around the clock, and save you a phone call.
 - b) is incorrect. The bank has some information, but is not the best resource for this kind of information.
 - c) is incorrect. You can get no transmission information at *www.irs.gov*, but you can get a lot of useful information, instructions, and form.

6. The correct answer is **a) Must match the PIN designated in Setup > Preparer for the preparer selected on Screen 1**. The software will create a MESSAGE page to prevent electronic filing if the PIN entered on the **PIN** screen does not match the PIN entered in Preparer Setup.
- b) is incorrect. The PIN should never be changed during the tax season per IRS guidance.
- c) is incorrect. Each return must be signed electronically using the **PIN** screen before it is eligible for e-filing regardless of the number of returns to be sent.
- d) is incorrect. 7216 documents are signed using the **CONS** and **DISC** screens by the taxpayer, not the preparer.

Business Return

In addition to the 1040 package, Drake Software includes packages for Corporations, S-Corporations, Fiduciary, Partnership, Tax Exempt, and Estate returns. This chapter summarizes the basic steps to prepare an 1120 corporate return. To view the completed return, open 400001515.

A complete set of books (a balance statement and income statement) is the key to creating a business return. The information in the following tables comes from the income statement and the balance sheet located at the end of this chapter. See page 142.

PREPARING THE 1120 EVALUATION RETURN

Begin by creating a new corporate return.

1. From the toolbar, click **Open/New**.
2. In the data entry field, type the following EIN: 400001516. Click **OK**.
3. Click **Yes** to create a new return.
4. Select the return type. In this case, select **C Corp**.
5. Type `Custom Colors Paints Inc` in the **Corporation Name** field. Click **OK**.

CORPORATION GENERAL INFORMATION

Initially, an 1120 return opens to screen **1, Corporation General Information**. Begin preparing the return by entering the corporation's general information. See Figure 73 on page 124.

The client is Custom Colors Paints, Inc., which was incorporated in Iowa on March 10, 1999. Custom Colors Paints uses a calendar year.

Enter the following field data:

Fields	Data
Address	319 Paintbrush Drive
ZIP code	50981
Phone number	555-222-1234
Date incorporated	03-10-1999
State of incorporation	IA
Resident state	0**
**Because only a federal return is necessary for this example, suppress the state return by entering zero (0) as the Resident State . If this were a regular return, you would enter ID as Resident State and enter state information on screen 2, General State Information .	

Figure 73: Screen 1, Corporation General Information

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc)

Corporation General Information

Name and Address Information

Employer ID number..... 40-0001516

Corporation's legal name..... Custom Colors Paints Inc

DBA or c/o.....

Address..... [State Info](#) 319 Paintbrush Drive Suite #.....

City..... Des Moines

U.S. Address ONLY

State..... IA ZIP..... 50981 County..... Polk

Foreign Address ONLY

Province/State..... Country..... Postal Code.....

Phone #..... 555-222-1234

General Information

A 1a Consolidated return [851](#)

1b Life/nonlife consolidated return

2 Personal holding company [PH](#)

3 Personal service corporation

Qualified personal service corporation

C Date incorporated..... 03-10-1999

E State of incorporation..... IA

Mark applicable boxes:

Initial return Name change

Final return Change in address

Other Information

Resident state..... 0 **Suppress State**

Resident city.....

Misc code #1.....

Misc code #2.....

Invoice number.....

Preparer fee..... =

Firm number..... =

Preparer number..... = NONE

Data entry op #..... =

ERO number..... =

If not calendar year

Fiscal year begins.....

Fiscal year ends.....

52-53 week tax year [ELEC](#)

Record 1 of 1 Press F1 or Right-Click for Help

Press ESC to save the data and go the **Data Entry Menu**.

INCOME

Corporate income is reported on the **INC, Income** screen. To open the **Income** screen, type **INC** in the selector field and press **ENTER**. See Figure 74 below. Enter the following income data:

Fields	Data
Gross receipts or sales	490,520
Returns and allowances	15,645
Interest Income	695
Gross rental income	29,500

Figure 74: Screen INC, Income

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc)

Income

1a Merchant card and third-party payments.....	
1b Gross receipts or sales not reported on line 1a.....	+/- 490520
1d Returns and allowances plus any "cash back" included on line 1a.....	15645
2 Cost of goods sold.....	Screen A
4 Dividends.....	Screen C
5 Interest income.....	+/- 695
6 Gross rents.....	29500
7 Gross royalties.....	+/-
10 Other income (see NOTE below)	
Amount of credit for tax on fuels.....	Form 4136
Interest income on receivables.....	
Recoveries of bad debts deducted in earlier years.....	
Section 481 adjustments.....	
State tax refund (cash basis).....	
Taxable income from insurance proceeds.....	
Other (itemize).....	
Ordinary income from Partnerships.....	K1P Screen
<hr/>	
Tax-exempt interest (flows to Schedule K, line 9 and Schedule M-1, line 7 ONLY).....	
<hr/>	
Deductions for Forms 1120, 1120-C, and 1120-H.....	Deductions Screen
Net Operating Loss Carryforward from Prior Years.....	LOSS Screen
Net Operating Loss Carryback from future year or to prior year.....	Screen J

NOTE

Line 10 information is used to create the statement for Form 1120, page 1, line 10; Form 1120-C, page 1, line 9; or Form 1120-H, line 7 ("Other income"). The total amount is carried to the form.

Income adjustments from credits from Forms 6478 and 8864 automatically flow to Form 1120, page 1, line 10; Form 1120-C, page 1, line 9; or Form 1120-H, line 7.

Record 1 of 1 Press F1 or Right-Click for Help

Press **ESC** to return to the **Data Entry Menu**.

DEDUCTIONS

Corporate Deductions are entered on the **DED, Deductions** screen. Type DED into the selector field to open the **DED, Deductions** screen and press ENTER. See Figure 75 on page 127. Enter the following data:

Fields	Data
Accounting	1,700
Advertising	4500
Building insurance	3,200
Liability insurance	1,100
Workman's comp insurance	1,100
Janitorial	8,800
Legal and professional	2,300
Pension Plans	6500
Repairs and maintenance	5650
Salaries and wages	86400
State income taxes	1,550
Local property taxes	3,580
Payroll taxes	8,470
Licenses	1,500
Telephone	850
Utilities	6,700

Figure 75: DED, Deductions screen

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc)

Deductions All lines without numbers carry to Form 1120, line 26 [Income Screen](#)

Accounting.....	1700	Meetings.....	
22 Advertising.....	4500	Miscellaneous.....	
Automobile and truck expense.....		12 Officer compensation.....	E Screen =
15 Bad debts.....		Office expense.....	
Bank charges.....		Outside services/subcontractors.....	
Bond repurchase premium.....		Parking fees and tolls.....	
Cash short/over.....		Payroll processing expenses.....	
Cell phone.....		23 Pension plans, etc.....	+/- 6500
Clean fuel vehicle deductions.....		Permits and fees.....	
Commissions.....		Postage/shipping.....	
Computer.....		Printing.....	
Consulting.....		Recruiting.....	
19 Contributions.....	+/-	16 Rents.....	+/-
19 Qualified conservation contributions.....	+/-	14 Repairs and maintenance.....	+/- 5650
Credit and collection costs.....		13 Salaries and wages.....	+/- 86400
Delivery.....		Sales.....	
20 Depreciation.....	Form 4562	Security.....	
21 Depletion.....		Software.....	
Discounts.....		Supplies.....	
25 Domestic Production Activities Deduction.....	8903 Screen	17 Taxes and licenses	
Dues and subscriptions.....		1 State income taxes.....	= 1550
Education and training.....		2 State franchise taxes.....	=
24 Employee benefit programs.....	+/-	3 City income taxes.....	
Equipment rental/lease.....		4 City franchise taxes.....	
Freight.....		5 Local property taxes.....	3580
Fuel.....		6 Intangible property taxes.....	
Gifts.....		7 Payroll taxes.....	8470
Independent contractor.....		8 Less: credit from Form 8846.....	Form 8846
Insurance (enter total if not using detail below):		9 Foreign taxes paid.....	
Building and equipment.....	3200	10 Occupancy taxes.....	
Liability.....	1100	11 Other miscellaneous taxes.....	+/-
Other insurance.....		12 Licenses.....	1500
Workers' compensation.....	1100	Telephone.....	850
18 Interest expense.....	+/-	Tools.....	
Internet.....		Travel.....	
Janitorial.....	8800	Uniforms.....	
Laundry and cleaning.....		Utilities.....	6700
Legal and professional.....	2300	Waste removal.....	
Marketing.....		Other (itemize)*.....	
Meals and entertainment 50% limited.....		Ordinary Loss from Partnerships.....	K1P Screen
Meals and entertainment 80% limited.....			
Meals and entertainment 100% allowed.....			

Deductions, credits, and exclusions from Forms 4562, 8820, and 8873 flow automatically to Form 1120, page 1, line 26.

Record 1 of 1 Press F1 or Right-Click for Help

NOTE

Losses from a partnership owned by the corporation must include the partnership name, EIN, and amount of loss on the detail (Ctrl + W) worksheet of the **Other** field. Enter the loss as a positive amount for the deduction field.

FORM 1125-A – COST OF GOODS SOLD

To open the **Form 1125-A - Cost of Goods Sold** screen, type A in the selector field and press ENTER. See Figure 76 below. Enter the following data:

Fields	Data
Inventory at the beginning of the year	15,400
Purchases less cost of items withdrawn for personal use	145,000
Cost of labor	7,500
Inventory at end of year	12,600
Methods used for valuing inventory	Cost
Do the rules of section 263A apply to the corporation?	No
Was there was a change in determining inventories?	No

Figure 76: Form 1125-A - Cost of Goods Sold

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc)

Form 1125-A Cost of Goods Sold

Schedule A - Cost of Goods Sold

1 Inventory at beginning of year..... +/- 15400

2 Purchases less cost of items withdrawn for personal use..... +/- 145000

3 Cost of labor..... 7500

4 Additional section 263A costs.....

5 Other costs - excluding depreciation.....

5 Depreciation..... =

7 Inventory at end of year..... +/- 12600

9a Methods used for valuing inventory:

Cost Lower of cost or market Other

b There was a write-down of subnormal goods.

c LIFO was adopted this tax year.

d If LIFO was used, percent of ending inventory computed under LIFO..... Yes No

e Do the rules of section 263A apply to this corporation?.....

f Was there any change in determining inventories?.....

If "Yes," explain:.....

Record 1 of 1 Press F1 or Right-Click for Help

Press ESC to return to the **Data Entry Menu**.

SCHEDULE E – OFFICER INFORMATION

To open the **Officer Information** screen, type E in the selector field and press ENTER. See Figure 77 on page 130. A Schedule E is required if the total receipts of the corporation are greater than \$500,000. Enter the following data:

Fields	Data
Name of Officer	Robert Brown
Signs returns	Yes (check mark)
Title	CEO
Address	304 Rainbow Road
ZIP code	50981
E-mail address	rbrown@myemail.com
Telephone	555-222-3344
ID Number	400005999
Ownership & Participation	100
Stock Percentage - Common	100
Stock Percentage - Preferred	100
Officer's deductible compensation	65,000

Press PAGE DOWN to enter additional officers.

Figure 77: E, Officer Information

Form 1125-E Officer Information

Officer Information

Officer name..... Robert Brown
 Title..... CEO
 Street address..... 304 Rainbow Road
 City, state, ZIP..... Des Moines IA 50981
 E-mail..... rbrown@myemail.com
 Telephone number..... 555-222-3344
 ID number..... 400-00-5999
 Signs return.....
 Books in care of.....

Date employed in the position from.....
 Date employed in the position to.....

Ownership and Participation

Total	Common	Preferred	Time
100 %	100 %	100 %	100 %

Compensation

Officer's deductible compensation..... 65000
 3 Compensation of officers claimed on Schedule A and elsewhere on return.....
 DC only - Expense allowance amount.....

Record 1 of 1 Press Page Down for New Screen Press F1 or Right-Click for Help

Press ESC to return to the **Data Entry Menu**.

SCHEDULE K – OTHER INFORMATION

To open the **Schedule K - Other Information** screen, type K in the selector field and press ENTER. See Figure 78 on page 131. Enter the following data.

Fields	Data
Accounting method	Accrual
Principle business code (Press CTRL + SHIFT+ S to locate the floor covering stores code)	444120
Business activity	Retail Sales
Product or service	Paint
Enter the number of shareholders at the end of tax year if 100 or fewer	1
Are the corporation total receipts for the tax year AND its total assets at the end of the tax year less than \$250,000?	No

Figure 78: Schedule K - Other Information

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc)

Schedule K - Other Information

1120C 1120

1 1 Accounting method: Cash Accrual Other: []

2a 2a Business activity code number: 444120

2b 2b Business activity: Retail Sales

2c 2c Product or service: Paint

5 3 If the corporation is a subsidiary in an affiliated group or a parent-subsidiary controlled group, enter the EIN and name of the

EIN [] Parent Name []

6 4a [G1 Screen](#) Foreign or domestic corporation, partnership, trust, or tax-exempt organization owns directly 20% or more, or owns, directly or indirectly, 50% or more of the corporation's stock total voting power

4b [G2 Screen](#) Individual or estate owns directly 20% or more, or owns, directly or indirectly, 50% or more of the corporation's stock total voting power

4 5a [KSA Screen](#) Corporation owned 20% or more of another foreign or domestic corporation not included on Form 851

5b [KSB Screen](#) Corporation owned 20% or more of another foreign or domestic partnersh

N/A 6 Select this box if, during the year, the corporation paid dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits

8 7 Enter the following information if, at any time during the year, one foreign person owned, directly or indirectly, at least 25% of: (a) the total voting power of all classes of the corporation's stock entitled to vote; or (b) the total value of all classes of the corporation's stock

Percentage Owned Owner's Country

[] []

9 8 Select this box if the corporation issued publicly offered debt instruments with original issue disci

10 9 Tax-exempt interest received or accrued during the tax year: = []

N/A 10 Number of shareholders at end of tax year, if 100 or fewer: 1

12 11 Select this box if the corporation has an NOL for the tax year and is electing to forego the carryb

14 13 Are the corporation's total gross receipts for the tax year less than \$250,000 and its total assets at the end of the tax year less than \$250,000? Yes No

If "Yes," total amount of cash distributions and book value of property distributions: +/- []

14 [UTP1 Screen](#) [UTP2 Screen](#) Is the corporation required to file Schedule UTP? (Use Links)

15a Did the corporation make any payments in 2011 that would require it to file Forms 1099? Yes No

15b If "Yes," did or will the corporation file all required Forms 1099? Yes No

Press PAGE DOWN for screen K4 (Schedule G Parts I)

Record 1 of 1 Press F1 or Right-Click for Help

Press PAGE DOWN to access the **Schedule G - Part I** entry screen, and PAGE DOWN again to access the **Schedule G - Part II**. See Figure 79 on page 132. On the Part II screen, enter:

Fields	Data
Name of Individual	Robert Brown
ID#	400005999
Country of Citizenship	US
Percentage owned in voting stock	100

NOTE

The Schedule K has lines for both the 1120C and 1120. If the corporation is a cooperative, enter information on the **20C 1120-C Cooperative Associations** screen. The line numbers on the Schedule K screen would then correspond to the 1120C. This return is an 1120 so the line numbers correspond to an 1120 return.

Figure 79: Schedule G - Part II

Press ESC to return to the **Data Entry Menu**.

SCHEDULE L – BALANCE SHEET

To open the **Schedule L - Balance Sheet** screen, type L in the selector field and press ENTER. See Figure 80 on page 133. Enter the following data:

Fields	Beginning (a)	Beginning (b)	End of Year (c)	End of Year (d)
Cash		60,145		74,658
Trade notes & accounts receivable	23,555		25,412	
Tax-exempt securities		25,471		56,820
Loans to shareholders		9,455		6,630
Accounts Payable		15,960		30,659
Capital Stock - common	78,274		78,274	
Retained earnings - unapprop		99,705		115,453

Figure 80: Schedule L - Balance Sheet

		Beginning of Year		End of Year	
		(a)	(b)	(c)	(d)
Schedule L - Balance Sheet - Assets					
1120C	1120	Assets			
1	1	Cash.....	60145		74658
2a	2a	Trade notes & accounts rcv.....	23555	25412	
b	b	Less allowance for bad debts.....			
3	3	Inventories.....	=	=	
N/A	4	U.S. government securities.....			
5	5	Tax-exempt securities.....	25471		56820
4	6	Other current assets.....	SCH2 Screen	SCH2 Screen	
6	7	Loans to shareholders.....	9455		6630
7	8	Mortgage & real estate loans.....			
N/A	9	Other investments.....	SCH2 Screen	SCH2 Screen	
8a	10a	Depreciable assets*.....	=	=	
b	b	Accumulated depreciation*.....	=	=	
9a	11a	Depletable assets.....			
b	b	Accumulated depletion.....			
10	12	Land.....	=	=	
11a	13a	Intangible assets*.....	=	=	
b	b	Accumulated amortization*.....	=	=	
12	14	Other assets.....	SCH2 Screen	SCH2 Screen	
<input type="checkbox"/> * Carry book accumulated depreciation & amortization to Schedule L					
Liabilities and Shareholders' Equity					
14	16	Accounts payable.....	15960		30659
15	17	Payables less than 1 year.....			
16	18	Other current liabilities.....	SCH2 Screen	SCH2 Screen	
17	19	Loans from shareholders.....			
18	20	Payables more than 1 year.....			
19	21	Other liabilities.....	SCH2 Screen	SCH2 Screen	
20a	22a	Capital stock: Preferred.....			
20b	22b	Common.....	78274	78274	
21	23	Paid-in or capital surplus.....			
22	N/A	Patronage div alloc. noncash.....			
23	N/A	Per-unit retains allocated.....			
24	24	Retained earnings - Approp.....	SCH2 Screen	SCH2 Screen	
25	25	Retained earnings - Unappropriated....	99705		115453
26	26	Adj to shareholders' equity.....	SCH2 Screen	SCH2 Screen	
27	27	Less cost of treasury stock.....			

Note: Use the [SCH2 Screen](#) for entries on Form 1120, lines 6, 9, 14, 18, 21, 24, and 26
 The amounts entered on the SCH2 screen do not flow to this screen, but to the appropriate lines of the form when the return is calculated.

Note: Retained earnings auto-balance can be turned off from the PRINT screen.

Record 1 of 1 | Press F1 or Right-Click for Help

NOTE

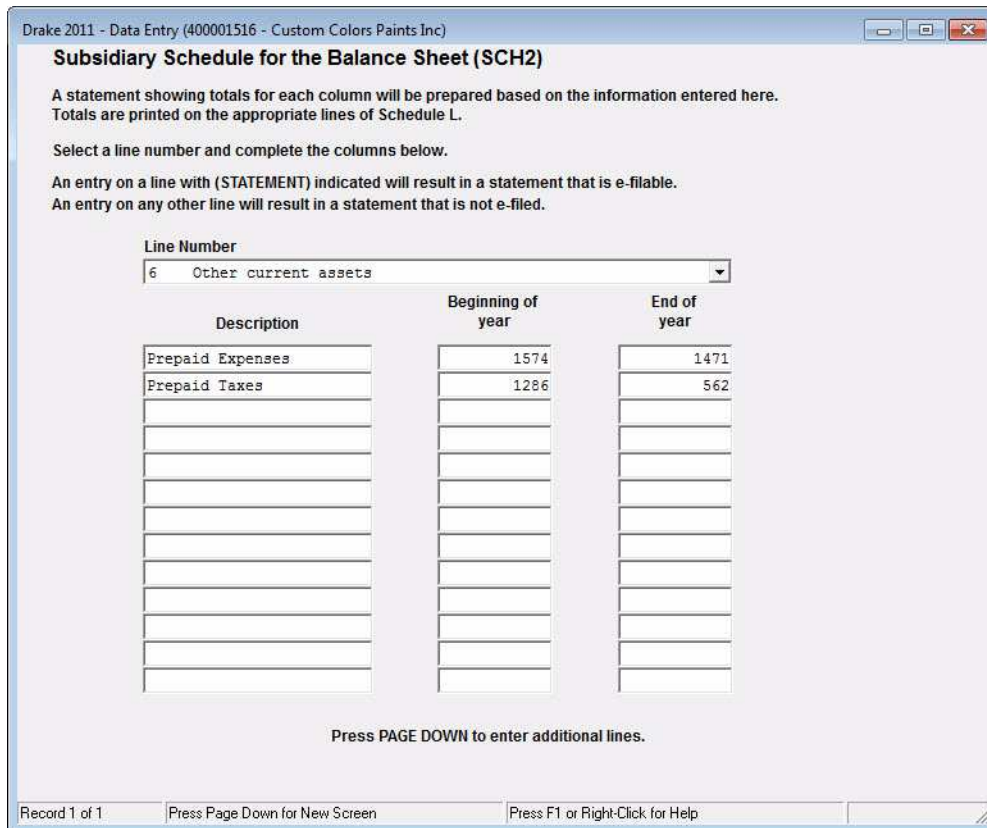
Drake uses amounts entered in the **Retained Earnings - Unappropriated** fields, unless the balance sheet does not balance, in which case the system adjusts the retained earnings account to an amount that forces the balance sheet to balance. In this example, review the NOTES pages in View mode to view the adjustment amounts. To turn off the automatic balance feature, select the **Turn off Auto Balance** box on the **Print** screen.

Custom Colors Paints has other current assets for 2011. These assets require a detailed statement. These assets are entered on the **SCH2 Balance Sheet Subsidiary Schedule** screen.

To open the **SCH2** screen, type SCH2 in the selector field and press Enter. See Figure 81 below. Select **Line Number 6 Other Current Assets**. Enter the following information:

Description	Beginning of year	End of year
Prepaid Expenses	1,574	1,471
Prepaid Taxes	1,286	562

Figure 81: SCH2 Balance Sheet Subsidiary Schedule



Press ESC to return to the **Data Entry Menu**.

SCHEDULE M1 – RECONCILIATION OF INCOME

To open the **Schedule M-1 - Reconciliation of Income**, type M1 in the selector field and press ENTER. Items entered on these fields require descriptions and amounts, and for those, you need worksheets.

USING WORKSHEETS

In our example, we need to enter the amount of “Entertainment Facilities Expense” in the box on line 5. Since there is no specific field for our expense, use the **Other** field. As you begin typing in the **Other** field, a worksheet opens automatically. Press TAB to go to the **Description** field and type ENTERTAINMENT FACILITIES EXPENSE in the **Description** field, and enter 690 as the amount. Press ESC to return to the M-1 screen. See Figure 82 below.

Fields	Data
Expense item description	Entertainment Facilities Expense
Amount field	690

NOTE

Not all worksheets are generated automatically. When you want to generate a worksheet, right-click in a field and choose **Add Worksheet**, left-click and press CTRL + W, or simply double left-click.

Figure 82: Schedule M-1 - Reconciliation of Income

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc) Screen Help

Schedule M-1 - Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-1 will not be generated if there are entries on the M-3 screens.

1	Net income per books is calculated based on the reconciling items entered below and the amount automatically carried to line 10 of Schedule M-1.....	=	
2	Federal income tax.....	=	
4	Income subject to tax not on books.....	+/-	
5	Expenses recorded on books but not deducted on Form 1120:	Book-to-tax depreciation adjustment.....	=
		Other.....	+/- 690
		Book-to-tax amortization adjustment.....	=
7	Income recorded on books but not included on Form 1120:	Tax-exempt interest.....	INC Screen
		Other.....	+/-
8	Deductions on Form 1120 not charged against book income:	Tax-to-book depreciation adjustment.....	=
		Other.....	+/-
		Tax-to-book amortization adjustment.....	=

Press PAGE UP for Schedule L screen. Press PAGE DOWN for Schedule M-2 screen.

Schedule M-1 Calculation:

The program calculates the Schedule M-1, line 1 amount in the following manner:

Line 10 - Amount from Form 1120, page 1, line 28

Plus: The calculated amount for Schedule M-1, line 9

Minus: The calculated amount for Schedule M-1, lines 2, 3, 4, and 5

Line 1 - Net income (loss) per books

Record 1 of 1 Press F1 or Right-Click for Help (Screen Help)

SCHEDULE M2 – RETAINED EARNINGS

To open the **Schedule M-2 - Analysis of Unappropriated Retained Earnings** screen, type M2 in the selector field and press ENTER. Enter the information from the following table. Line 5 on this screen has a field for the cash amount. In the following example, enter 79595 in box (a) **Cash Amount**. See Figure 83 below.

Figure 83: Schedule M2 - Retained Earnings

Press ESC to return to the **Data Entry Menu**.

FORM 4562 – DEPRECIATION

To access the **4562** screen, type 4562 in the selector field. The screen is opened in grid data entry mode (if that option was selected in **Setup > Options**.) See Figure 84 below. Enter the information from the figure into the grid. The items listed are used 100% for business, so leave the **% Use** field blank. (The default is 100%.) The cost and depreciation basis are the same amount.

Figure 84: 4562 in Grid Data Entry mode

	Form	MFC	Description	Date Acq...	Cost / Basis	Use %	Used	LPT	Method	Life	Prior Depr
1	1120	1	Paint Mixer	11-22-2008	12080				M	5	3565
2	1120	1	Delivery Truck	07-13-2010	52565			T	M	5	18725
3	1120	1	Computer	02-14-2009	3450				M	5	1840
4	1120	1	Security System	08-22-2007	13590				SL	7	7084
5	1120	1	Forklift	09-22-2004	34570				M	7	27988
6											

NOTE

If the prior depreciation amount is the same for the state and the federal, the state amount does not have to be entered.

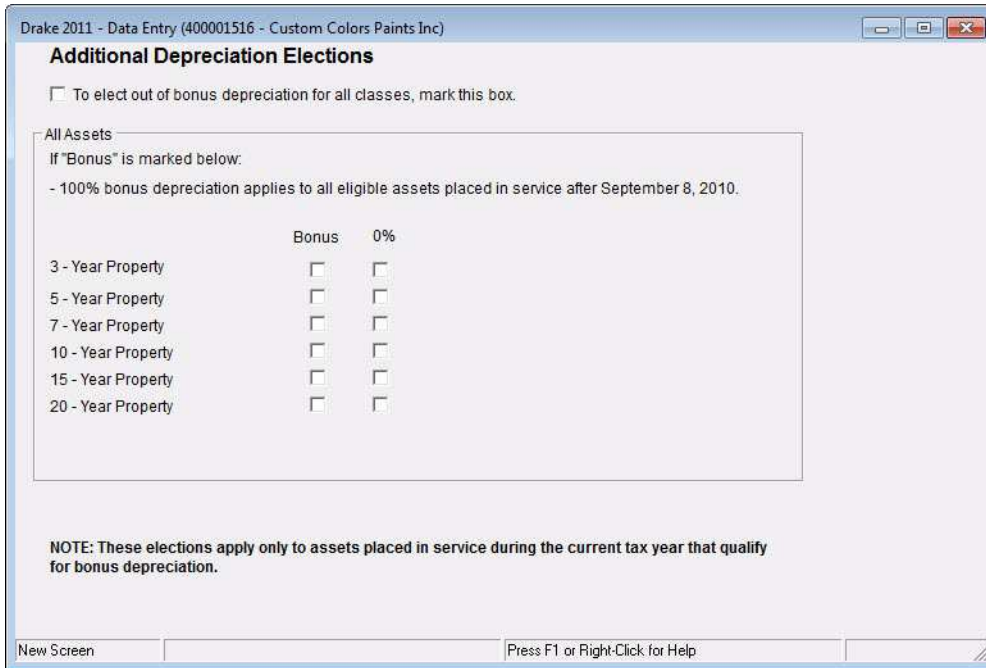
To access the complete **4562** screen, click **Item Detail** or press F3. See Figure 85 below. If you choose to make your entries on this screen, press PAGE DOWN to access additional **4562** screens.

Figure 85: 4562 Item Detail screen

The screenshot displays the 'Form 4562' window for 'Custom Colors Paints Inc'. At the top, it shows 'Form 4562' with a dropdown for 'For:' set to '1120' and '1120, COGS, F'. Below this, there are fields for 'Multi-form code' (1) and '(1-999; 1 is assumed if left bla)'. The main table has columns for 'Description', 'Date Acquired', 'Cost / Basis', 'Business % use', 'Used Prop', and 'Listed Prop Type'. The first row shows 'Forklift' with 'Date Acquired' of '09-22-2008' and 'Cost / Basis' of '34570'. Below the table, there are sections for 'Federal', 'State (if different)', 'AMT (if different)', and 'Book (if different)' depreciation details. The 'Federal' section includes fields for Method (M), Life (7), Prior depreciation (29530), Salvage value, and various 179 expense and bonus depreciation options. The 'State' and 'AMT' sections have similar fields for prior depreciation and expenses. The 'Other Information' section includes fields for Investment credit code, Asset number, Department number, Asset Category, Land cost, and checkboxes for 'Recapture because business use dropped to 50% or less' and 'Reserved'. The 'Amortization Information' section has a dropdown for 'Amortization code section' and a checkbox for 'Elect additional first-year deduction'. The 'State-Specific Information' section includes dropdowns for 'State', 'Asset type', and 'ITC code', and a field for 'State basis (if d)'. The 'Placed in Service and Like-Kind Exchange' section has dropdowns for 'Force convention' and 'Do not use MACRS % tables'. The bottom right section includes 'If sold' (RSVT, F, ST, RSVT), 'Date sold', 'Property type' (12), 'Sales price', 'Expense of sale', 'Form 4797, line 26d depreciation', 'Form 4797, other Part III depreciation', 'Depreciation Allowed or Allowable', 'Group Sale Information' (Group sale number, Group sales price, Group expense of sale), 'Federally declared disaster area' (Disaster assistance proper, GO Zone Extension proper), and 'Qualified Real Property' (Type). The bottom status bar shows 'Record 5 of 5', 'Press Page Down for New Screen', and 'Press F1 or Right-Click for Help'.

Screen **10 Additional Depreciation Elections** is used to elect out of bonus depreciation for all classes or by property class. For this return, we don't opt out of bonus depreciation since no new assets were purchased. See Figure 86 on page 138.

Figure 86: Additional Depreciation Elections



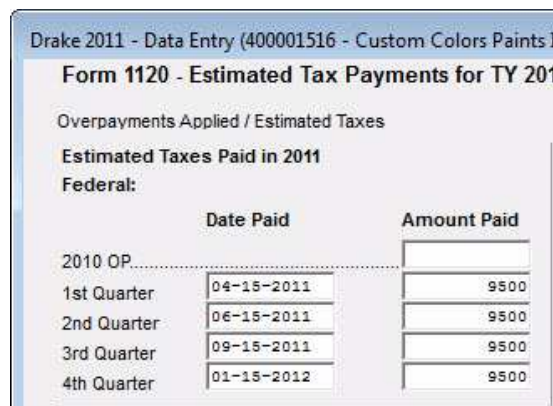
Press ESC to return to the **Data Entry Menu**.

ESTIMATED TAXES

Type ES in the selector field and press ENTER to open the **Estimated Taxes** screen. See Figure 87. Enter the amounts listed in the following table:

Quarter	Date Paid	Amount
1st Qtr.	04-15-2011	9,500
2nd Qtr.	06-15-2011	9,500
3rd Qtr.	09-15-2011	9,500
4th Qtr.	01-15-2012	9,500

Figure 87: 1120 Estimated Tax Payments



There are no estimated tax vouchers for corporations. Instead, file form 8109 Federal Tax Deposit Coupon deposit via the Electronic Federal Tax Payment System (EFTPS).

In Drake, for estimated taxes due for the next tax year, type W into the selector field and press ENTER. On line 1, enter the taxable income expected for the tax year. Enter any other applicable information for the rest of the 1120W screen. See Figure 88 below.

Fields	Data
Taxable income expected for the tax year	95,000
Tax credits	3,300
Other taxes	6,800

Figure 88: Form 1120W, Corporation Estimated Tax

Drake 2011 - Data Entry (400001516 - Custom Colors Paints Inc) Screen Help

Form 1120W - Corporation Estimated Tax

1 Taxable income expected for the tax year..... =

15 Alternative minimum tax..... =

17 Tax credits.....

19 Other taxes.....

21 Credit for federal tax paid on fuels.....

23a Tax shown on current-year tax return..... =

Large corporation

25 Required installment amounts *Make Federal estimated tax payments using EFTPS. Regulations eliminated the 8109 coupon.*

There are NO estimated tax vouchers for 1120 returns!

1st 2nd 3rd 4th

RI Code = = = =

Overpayment applied

OP Code = = = =

Overpayment applied to next year (enter amount or percentage and select OP code above) (see NOTE)...

Mark this box to cap the amount of overpayment to apply to next year's taxes at 25% of the amount of this year's tax.

NOTE

To apply the current-year overpayment to next year, the current-year taxable income must be greater than "0." Otherwise, enter a positive amount on line 1 (above).

New Screen Press F1 or Right-Click for Help [Screen Help]

WK_1120W is generated when the return is viewed.

You have just completed a corporate return in Drake. Review the forms, calculations, and any EF MESSAGES or NOTES pages in View mode.

Corporations can generally e-file the following federal forms:

- Form 1120 and related forms, schedules and attachments
- Form 7004
- Form 940 and 941 employment tax returns

Many states also approve 1120 e-file.

REVIEW

Review the return for accuracy. Click **View** at the top of the screen to open View/Print mode. (If you indicated in **Setup > Options** that the **Calculation Results** screen be displayed before View mode, click **Continue** on the **Calculation Results** screen to open View mode.)

Click form **1120** from the category tree view. Review the 1120, the Statements, and the listed schedules to check expenses. Compare these to the 1120 income statements on the following pages.

Click form **1120.PG5**. Use this page to see if the return is in balance. Line 15 -Total assets should be the same as line 28 -Total liabilities and shareholders' equity. Line 8 of the M-2 should equal line 25 end-of-year Retained earnings Unappropriated. See Figure 89 on page 141.

Figure 89: Schedule L - 1120.PG5

Form 1120 (2011) Test Colors Paints Inc 40-0001555 Page 1		Beginning of tax year		End of tax year	
Schedule L Balance Sheets per Books		(a)	(b)	(c)	(d)
Assets					
1	Cash		60,145		74,658
2a	Trade notes and accounts receivable	23,555		25,412	
b	Less allowance for bad debts	()	23,555	()	25,412
3	Inventories		15,400		12,600
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)		25,471		56,820
6	Other current assets (attach schedule)	Statement # 3	2,860		2,033
7	Loans to shareholders		9,455		6,630
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	116,255		116,255	
b	Less accumulated depreciation	(59,202)	57,053	(70,100)	46,155
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)				
15	Total assets		193,939		224,308
Liabilities and Shareholders' Equity					
16	Accounts payable		15,960		30,659
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
b	Common stock	78,274	78,274	78,274	78,274
23	Additional paid-in capital				
24	Retained earnings-Appropriated (attach schedule)				
25	Retained earnings-Unappropriated		99,705		115,375
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock	()		()	
28	Total liabilities and shareholders' equity		193,939		224,308
Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return					
Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions					
1	Net income (loss) per books	95,343			
2	Federal income tax per books	33,939			
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):				
a	Depreciation \$				
b	Charitable contributions \$				
c	Travel and entertainment \$				
Statement # 16		690	690		
6	Add lines 1 through 5	129,972			
7	Income recorded on books this year not included on this return (itemize):				
	Tax-exempt interest \$				
8	Deductions on this return not charged against book income this year (itemize):				
a	Depreciation \$				
b	Charitable contributions \$				
9	Add lines 7 and 8				
10	Income (page 1, line 28)-line 6 less line 9				129,972
Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)					
1	Balance at beginning of year	99,705			
2	Net income (loss) per books	95,343			
3	Other increases (itemize):				
4	Add lines 1, 2, and 3	195,048			
5	Distributions: a Cash				
b	Stock				79,595
c	Property				
6	Other decreases (itemize):				
7	Add lines 5 and 6				79,595
8	Balance at end of year (line 4 less line 7)				115,453

FINANCIALS

Use the following balance sheet and financial statement to complete the business return. See Figure 90 below and Figure 91 on page 143.

Figure 90: Balance Sheet

Custom Colors Paints
Accrual Basis of Accounting
Balance Sheet
As of 12/31/2011

ASSETS	1/1/2011	12/31/2011
Current Assets		
Checking/Savings	\$ 60,145	\$ 68,447
Loans to shareholders	\$ 9,455	\$ 6,630
Tax exempt securities	\$ 25,471	\$ 56,820
Accounts Receivable	\$ 23,555	\$ 25,412
Inventories	\$ 15,400	\$ 12,600
Other current assets	\$ 2,860	\$ 2,033
Total	\$ 136,886	\$ 171,942
Fixed Assets		
Buildings & other depreciable assets	\$ 116,255	\$ 116,255
Less Accumulated Depreciation	\$ (59,202)	\$ (70,100)
Total Fixed Assets	\$ 57,053	\$ 46,155
TOTAL ASSETS	\$ 193,939	\$ 218,097
LIABILITIES		
Current Liabilities		
Accounts Payables	\$ 15,960	\$ 30,659
Retained earnings Unappropriated	\$ 99,705	\$ 115,453
Common stock	\$ 78,274	\$ 78,274
Total Liabilities	\$ 193,939	\$ 224,386

Figure 91: Income Statement

Custom Colors Paints Income Statement	
Accrual Basis of Accounting	
Profit and Loss	
January 1, 2011 - December 31, 2011	
INCOME	
Gross receipts	\$ 490,520
Less Returns and allowances	\$ (15,645)
Interest income	\$ 695
Gross rental income	\$ 29,500
Gross royalty income	\$ -
Other income	\$ -
	<u>\$ 505,070</u>
COST OF GOODS SOLD	
Beginning Inventory	\$ 15,400
Purchases	\$ 145,000
Labor	\$ 7,500
Ending Inventory	\$ 12,600
TOTAL COST OF GOODS SOLD	<u>\$ 155,300</u>
TOTAL INCOME	<u>\$ 349,770</u>
EXPENSES	
Officer compensation	\$ 65,000
Depreciation	\$ 10,898
Accounting	\$ 1,700
Advertising	\$ 4,500
Repairs and Maintenance	\$ 5,650
Insurance	\$ 5,400
Janitorial	\$ 8,800
Telephone	\$ 850
Legal & professional	\$ 2,300
Taxes and Licenses	\$ 15,100
Salaries and wages	\$ 86,400
Utilities	\$ 6,700
Pension plans	\$ 6,500
SUBTOTAL EXPENSES	<u>\$ 219,798</u>
Tax due	\$ 33,939
Entertainment facilities expense	\$ 690
TOTAL EXPENSES	<u>\$ 254,427</u>
NET PROFIT/LOSS	<u>\$ 95,343</u>

Review Questions Part 6

Answer the questions below. See page 146 for answers and explanations.

1. Which account is used to see if the return is balanced?
 - a) Accounts payable
 - b) Retained earnings
 - c) Cash account
 - d) Capital stock
2. In a corporate return, the Principal Business Activity code is entered on which screen?
 - a) Screen 1, Name and Address, General tab
 - b) Taxes and Licenses
 - c) Schedule K, Other Information
 - d) Schedule J, Tax Computation
3. Distribution of cash, stock, or property is entered on which screen?
 - a) M1, Reconciliation of Income
 - b) L, Schedule L Balance Sheet
 - c) Income
 - d) M2, Retained Earnings
4. On corporate Schedule M2, how can you access the M1 screen?
 - A) CTRL + D
 - B) PAGE UP
 - C) END
 - d) ALT + END
5. Which of the following is incorrect concerning Screen 4562 for a coporation?
 - a) If an item is used for 100% business, you may leave the % Use field blank.
 - b) If prior depreciation for the state is the same as the federal, the state amount need not be entered.
 - c) The software will automatically opt out of bonus depreciation on items entered on the 4562 screen.
 - d) The 4562 screen can be toggled between grid data entry and item detail modes.

ANSWERS PART 6

1. The correct answer is **b) retained earnings**. This account acts as a balancing account for the return.
 - a) is incorrect. Accounts payable is an asset account and the program doesn't use this account to balance.
 - c) is incorrect. A cash account is an asset account and the program doesn't use this account to balance.
 - d) is incorrect. Capital stock is a liability account but it doesn't function as a balancing account for the program.
2. The correct answer is **c) Schedule K, Other Information**. The Principal Business Activity Code is entered on Schedule K along with the answers to various questions about the corporation.
 - a) is incorrect. Screen **1** is used for general information about the corporation.
 - b) is incorrect. Amounts for the state and local taxes and licenses are entered on this screen.
 - d) is incorrect. This schedule is used for tax computation.
3. The correct answer is **d) M2, Retained Earnings**. Distributions of cash, stock, and property are entered on the **M2** screen.
 - a) is incorrect. The **M1** screen is used to reconcile income (or loss) per books with income (or loss) per return.
 - b) is incorrect. Assets and Liabilities are entered on the **L** screen.
 - c) is incorrect. The **Income** screen is used to enter income, not distributions, for the corporation.
4. The correct answer is **b) PAGE UP**. This takes to you the **M1** screen.
 - a) is incorrect. CTRL + D is for deleting a screen.
 - c) is incorrect. END does not move you through the screens.
 - d) is incorrect. ALT + END doesn't do anything in the program.
5. The correct answer is **c) The software will automatically opt out of bonus depreciation on items entered on the 4562 screen**. The software does not automatically opt out, instead the preparer must indicate this on Screen **10, Additional Depreciation Elections**.
 - a) is incorrect. The default is 100% business use, so no entry is necessary unless another percentage applies to the item.
 - b) is incorrect. If the federal and state prior depreciation amounts are equal, the preparer does not have to re-enter the state amount.
 - d) is incorrect. The software defaults to grid data entry mode for screen **4562**. The preparer may press F3 to toggle to item detail mode if desired.

Partnership Return

This chapter outlines the basic steps for preparing a Form 1065, or Partnership return, in Drake Software. To view the completed return, open 400001616.

PREPARING THE 1065 EVALUATION RETURN

Start with a balanced set of books before attempting to complete a partnership return. Examine the partnership books on page 165 before preparing the 1065 return.

To begin entering data in the partnership evaluation return, create a new return.

1. From the toolbar, select **Open**.
2. In the data entry field, type the following EIN: 400001617. Click **OK** and then **Yes** to create a new return.
3. Select the **Partnership - 1065** option.
4. Enter `Two Sisters Gift Shop` in the **Partnership Name** field and click **OK**.

NOTE

When opening and preparing a return, type all numbers without dashes (unless the number is negative), slashes, dollar signs, or commas. If selected on the **Data Entry** tab at **Setup > Options**, the SSN, EIN, date, phone, and ZIP code fields automatically display formatting in data entry. To activate or turn off this feature, go to **Setup > Options Data Entry** tab.

GENERAL INFORMATION

The **Partnership General Information** screen is opened. Begin preparing the return by entering the partnership's general information. See Figure 92 on page 148.

Fields	Data
Name	Two Sisters Gift Shop
Address	85 Main St
ZIP code	34201
Phone	555-333-2233
Principal business activity	Retail Sales
Principal product or service	Souvenirs
*Principal business code number	*453220
Business start date	02-26-1998
Accounting Method	Accrual
**Resident state	**0

* To locate the business code number, with your cursor in the field for line C, press CTRL + SHIFT + S to open a field search. Type SOUVENIR in the **Please input search data** field and click **Go**. Select **453220 Gift, Novelty & Souvenir**, and click **OK**.

**Because we're preparing a federal return only and not a state return, enter 0 (zero) for the resident state to suppress the state return.

Figure 92: Partnership General Information

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

Partnership General Information

Name and Address Information

Employer ID number..... 40-0001617

Legal Name of Entity..... Two Sisters Gift Shop

DBA or o/o..... Suite #

Address..... [State Info](#) 85 Main St

City..... Bradenton

U.S.: State, ZIP, County..... FL 34201 Manatee

Foreign: Province/State, Country, Postal Code.....

Phone number..... 555-333-2233

General Information

A Principal business activity..... Retail Sales

B Principal product or service..... Souvenirs

C Business code number..... 453220

E Business start date..... 02-26-1998

G Mark applicable boxes:

Initial return Final return Amended return

Address change Name change Technical termination

H Accounting method:

Cash Accrual Other.....

I Number of Schedules K-1 attached..... =

Other Information

Resident state..... 0

Misc code 1.....

Misc code 2.....

Invoice #.....

Preparer fee..... =

Firm #..... =

Preparer #..... =

Data entry operator #..... =

ERO #..... =

Entity Name Control Override

Entity Name Control..... =

Use this field only if Name Control is obtained from IRS by contacting Business & Speciality Help Line at 1-800-829-4933.

Record 1 of 1 Press F1 or Right-Click for Help

Press ESC to save the data and go to the **Data Entry Menu**.

STATE GENERAL INFORMATION

To open the **State General Information** screen, type 2 in the selector field and press ENTER. Since we are not preparing a state return, there is no need to make entries on this screen. Review the screen and press ESC to return to the **Data Entry Menu**.

NOTE

To open a screen from the **Data Entry Menu**, click or enter the screen name or code in the selector field. For example, to open the **State General Information** screen, either click **State General Information**, or type 2 in the selector field and press ENTER.

INCOME AND COMMON SCHEDULE K ITEMS

Partnership income is reported on the **Income and Common K Items** screen (screen 3).

To open the **Income and Common K Items** screen, type 3 in the selector field and press ENTER. See Figure 93 on page 149. Some of the most common entries for Schedule K are entered on screen 3. Amounts entered on this portion of the screen do not need to be re-entered on the **K** screens. Enter the following data from ‘Two Sisters Gift Shop’ profit and loss sheet. See “Financials” on page 165.

Fields	Data
Gross receipts or sales	215,620
Returns and allowances	5,300
Interest income on receivables	2,650
Ordinary dividends	4,272
Qualified dividends	4,272

Figure 93: Income and Common Schedule K Items

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

Income and Common Schedule K Items

[Deductions Screen](#)

Form 1065 - Income

1a Merchant card and third-party payments.....

1b Gross receipts or sales not reported on line 1a..... 215620

1d Returns and allowances plus any "cash back" included on line 1a..... 5300

2 Cost of goods sold..... [1125-A](#)

4 Income from other partnerships, estates, and trusts..... [K1P Screen](#) or [K1F Screen](#)

7 Other Income

Interest income on receivables..... 2650

Recoveries of bad debts deducted in earlier years.....

Section 481 adjustments.....

State tax refund (cash basis).....

Taxable income from insurance proceeds.....

Other income (itemize).....

NOTE: Credits from Forms 6478 and 8864 automatically flow to Form 1065, page 1, line 7.

Publicly Traded Partnership Electing 3.5% Tax

Publicly traded partnership electing 3.5% tax

Gross income subject to 3.5% tax..... =

Form 1065, Schedule K - Most Common Items

Listed below are the most common items used on the Schedule K. For the complete list of Schedule K items, see the K screens. Amounts entered below do not need to be re-entered on the K screens.

5 Interest income..... +/-

6a Ordinary dividends..... 4272

6b Qualified dividends..... 4272

13a Contributions (50% ONLY).....

18c Nondeductible expenses.....

Penalties and fines.....

19a Distributions of cash and marketable securities.....

New Screen | Press F1 or Right-Click for Help

Press ESC to return to the **Data Entry Menu**.

DEDUCTIONS

Deductions are recorded on the **DED** screen. To open the **DED, Deductions** screen, type DED in the selector field and press ENTER. See Figure 94 on page 151. Enter the following from the income sheet:

Fields	Data
Accounting	600
Advertising	4,500
Bad Debts	3,210
Cash Short/over	225
Cell phone	360
Computer	2,500
Delivery	780
Education and training	425
Equipment rental/lease	3,700
Partners' health insurance	5,500
Insurance - Building & equipment	3,500
Insurance - Liability	2,000
Insurance - Workers' Compensation	2,000
Internet	240
Janitorial	2,400
Laundry and cleaning	350
Legal and Professional	450
Permits and fees	340
Repairs and maintenance	2,400
Retirement plans	9,000
Salaries and wages	45,700
Software	695
Supplies	700
Local property taxes	2,590
Payroll taxes	8,995
Licenses	650
Telephone	240
Travel	1,700
Utilities	12,000
Waste removal	1,200

Figure 94: Deductions

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

Deductions - Form 1065, Page 1 Deductions [Income Screen](#)

All lines without numbers carry to Form 1065, line 20.

Form 1065 - Deductions	
Accounting.....	600
Advertising.....	4500
Automobile and truck expense.....	
12 Bad debts.....	3210
Bank charges.....	
Cash short/over.....	225
Cell phone.....	360
Clean fuel vehicle deductions.....	
Commissions.....	
Computer.....	2500
Consulting.....	
Credit and collection costs.....	
Delivery.....	780
16a Depreciation..... Form 4562 +/-	
16b Depreciation claimed elsewhere on return..... +/-	
17 Depletion (do not deduct oil and gas depletion).	
Discounts.....	
Dues and subscriptions.....	
Education and training.....	425
19 Employee benefit programs.....	
Equipment rental/lease.....	3700
Freight.....	
Fuel.....	
Gifts.....	
10 Guaranteed payments to partners.....	
10 Partner's health insurance.....	5500
Independent contractor.....	
Insurance (enter total if not using detail below) =	
Building and equipment.....	3500
Liability.....	2000
Other insurance.....	
Workers' compensation.....	2000
15 Interest expense..... ELEC Screen	
Internet.....	240
Janitorial.....	2400
Laundry and cleaning.....	350
Legal and professional.....	450
Marketing.....	
Meals and entertainment 50% limit.....	
Meals and entertainment 80% limit.....	
Meals and entertainment 100% allowed.....	
Meetings.....	
Miscellaneous.....	
Office expense.....	
Outside services and contractors.....	
Parking fees and tolls.....	
Payroll processing expenses.....	
Permits and fees.....	340
Postage/shipping.....	
Printing.....	
Recruiting.....	
11 Repairs and maintenance.....	2400
13 Rents.....	
18 Retirement plans, etc.....	9000
9 Salaries and wages (other than to partners).....	45700
Sales.....	
Security.....	
Software.....	695
Supplies.....	700
14 Taxes and Licenses	
1 State income taxes..... =	
2 State franchise taxes..... =	
3 City income taxes.....	
4 City franchise taxes.....	
5 Local property taxes.....	2590
6 Intangible property taxes.....	
7 Payroll taxes.....	8995
8 Credit from Form 8846..... Form 8846	
9 Foreign taxes paid.....	
10 Occupancy taxes.....	
11 Other miscellaneous taxes.....	
12 Licenses.....	650
Telephone.....	240
Tools.....	
Travel.....	1700
Uniforms.....	
Utilities.....	12000
Waste removal.....	1200
Other deductions (itemize).....	

Deductions, credits, and exclusions from Form 4562, Amortization, and credits from Forms 6765, 8820, and 8873, flow to Form 1065, page 1, line 20, "Other deductions."

Record 1 of 1 Press F1 or Right-Click for Help

Press ESC to return to the Data Entry Menu.

FORM 1125-A COST OF GOODS SOLD

Open the **Form 1125-A** by typing **A** in the selector field and pressing **ENTER**. See Figure 95 below.

Enter the following data:

Fields	Data
Inventory at the beginning of the year	10,478
Purchases less cost of items withdrawn for personal use	35,879
Cost of labor	6,800
Inventory at end of year	16,987
Methods used for valuing inventory	Cost
Do the rules of section 263A apply to the partnership?	No
Was there was a change in determining inventories?	No

Figure 95: Form 1125-A Cost of Goods Sold

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

Form 1125-A Cost of Goods Sold

Cost of Goods Sold

1	Inventory at beginning of year.....	10478
2	Purchases less cost of items withdrawn for personal use.....	35879
3	Cost of labor.....	6800
4	Additional section 263A costs.....	
5	Other costs - depreciation.....	=
5	Other costs - excluding depreciation.....	
7	Inventory at end of year.....	16987

9a Methods used for valuing inventory:
 Cost Lower of cost or market Other

b Select this box if there was a write-down of subnormal goods.

c Select this box if LIFO was adopted this tax year.

d If LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO..... X

e Do the rules of section 263A apply to this partnership?..... Yes No

f Was there any change in determining inventories?..... Yes No

If "Yes," explain.....

Record 1 of 1 Press F1 or Right-Click for Help

Press **ESC** to return to the **Data Entry Menu**.

SCHEDULE B OTHER INFORMATION

Open the **Schedule B** screen by typing B in the selector field and pressing ENTER. In the **Type of Entity** field, select **Domestic general partnership**. Select **No** to questions 2 through 18, with the exception of question 6. See Figure 96 on page 153.

Figure 96: Schedule B - Other Information

Schedule B - Other Information

1 Type of Entity

Domestic general partnership Domestic limited partnership

Domestic LLC Domestic limited liability partnership

Foreign partnership Other:

2 Was any partner in the partnership a disregarded entity, a partnership, a trust, an S corporation, an estate, or a nominee or similar person?..... Yes No

3 [Schedule B1](#) Information on partners owning 50% or more of the partnership

4 [Attachment 4a and 4b](#) Information on the partnership owning a corporation, trust, or partnership interest

5 Did partnership file Form 8893 or an election statement under section 6231(a)(1)(B)(ii)?..... Yes No

6 Does partnership meet all requirements listed for question 6 of Form 1065?..... Yes No

7 Is partnership a publicly traded partnership?..... Yes No

8 Did partnership have any debt that was cancelled, forgiven, or had terms modified so as to reduce principal amount of debt?..... Yes No

9 Has partnership filed, or is it required to file, Form 8918?..... Yes No

10 Did partnership have an interest in a foreign account?..... Yes No

If "Yes," enter foreign country.....

11 Was partnership grantor of, or transferor to, a foreign trust?..... Yes No

12a Is partnership making, or had it previously made (and not revoked), a Section 754 election?..... [ELEC Screen](#) Yes No

12b Did partnership make for this tax year an optional basis adjustment under Section 743(b) or 734(b)?..... Yes No

12c Is the partnership required to adjust the basis of partnership assets because of substantial built-in loss or substantial basis reduction?..... Yes No

13 During the current or prior tax year, did the partnership distributed any property received in a like-kind exchange or contributed to another entity?..... Yes No

14 Did partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?..... Yes No

15 If partnership is required to file Form 8858, enter the number of Forms 8858 attached.....

16 Does partnership have any foreign partners?..... Yes No

If "Yes," enter number of Forms 8805 filed for partnership.....

17 Number of Forms 8865 attached to this return.....

18a Did you make any payments in 2011 that would require you to file Form(s) 1099?..... Yes No

18b If "Yes," did you or will you file all required Form(s) 1099?..... Yes No

19 Number of Forms 5471 attached to this return.....

Tax Matters Partner

Partner #..... = (Click F1 in this field for more information.)

SSN..... =

TMP name..... =

If TMP is an entity, enter representative name..... =

Address..... =

City..... =

U.S. Address ONLY : State, ZIP..... = =

Foreign Address ONLY : Province/State, Country, Postal Code..... = = =

E-mail address..... =

Phone number..... =

Press PAGE DOWN for screen B3 (Schedule B, line 3a & 3b).

Record 1 of 1 Press F1 or Right-Click for Help

Press ESC to return to the **Data Entry Menu**.

NOTE

Question 6 was answered **Yes** because the partnership met the requirements for question 6. These requirements are:

- The partnership's total receipts for the tax year were less than \$250,000
- The partnership's total assets at the end of the year were less than \$1 million
- Schedules K-1 are filed with the return and furnished to the partners on or before the due date of the partnership return
- The partnership is not filing, and is not required to file, Schedule M-3

SCHEDULE K-1 PARTNER INFORMATION

The partner's information goes on the **Schedule K-1 - Partner's Share of Income, Credits, Deductions, etc.** screen. Type K1 in the selector field, press ENTER, then enter the partners' information from the following table. Press CTRL + PAGE DOWN to enter the next partner.

SSN	400001910
Name	Mary Hughes
Address	31 Overlook Drive
ZIP	34201

SSN	400001911
Name	Jane Hughes
Address	54 Scenic Road
ZIP	34201

The partnership is a domestic general partnership and each partner is a general and domestic partner. Each partner is an Individual entity (line I). Each partner's percentage of profit, loss, and capital is 50% Before Change and 50% at Year End.

For each partner, enter the following information for **Item L Analysis of Capital Account** and in **Item M** check **No** to the question **Did the partner contribute prop with a built-in gain or loss?:**

Name of Partner	Beginning capital account
Mary Hughes	53,029
Jane Hughes	53,028

There is no debt and no other entries for the K-1. The amounts carry to the K-1 for each partner when ordinary dividend income is entered. See Figure 97 on page 155.

Figure 97: Schedule K-1, Partner's Share

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

K1 | K1 cont'd | Basis Wks | Supplemental Info | 8805 / Item M

Schedule K-1 - Partner's Share of Income, Credits, Deductions, etc.

Partner Name and Address Information

E ID number..... 400001910

F Name..... Mary Hughes

Care of/FBO/DBA.....

Address..... 31 Overlook Drive

City..... Bradenton

U.S.: State, ZIP..... FL 34201 Resident state

Foreign: Province/State, Country, Postal Code

Phone number.....

Select applicable box if required

Final K-1 Amended K-1

Type of Partner

G General or LLC member-manager Limited or other LLC member

H Domestic partner Foreign partner

I PARTNER type (not the partnership)

J. Partner's %

	Before Change	Year End	
Profit.....	50	50	See FAQ "P" for information on entering partner ownership changes
Loss.....	50	50	
Capital.....	50	50	

K. Partner's Share of Liabilities at Year End

Enter total Liabilities Nonrecourse..... =

to Partners on bottom of Qualified nonrecourse..... =

Recourse..... =

L. Analysis of Capital Account

Beginning capital account..... 53029

Capital contributed during the year:

Gain recog on contributed property.....

Cash contributed.....

Adjusted basis of property contributed.....

Current year increase (decrease)..... =

Withdrawals.....

(See PRNT Screen for method of accounting & global Item M check boxes.)

M Did the partner contribute prop with a built-in gain or loss? Yes No

Part III: K-1 Direct Entries

4 Guaranteed payments - services +/-

Guaranteed payments - other.....

13M Health insurance.....

Health insurance distribution reduction.....

Part III: K-1 Overrides

Code	Amount	Code	Amount
11	Other income/loss..... =	15	Credits..... =
=	=	=	=
=	=	=	=
=	=	=	=
=	=	=	=

Record 1 of 2 | Press F1 or Right-Click for Help

ADJUSTED BASIS WORKSHEET

Use the Adjusted Basis Worksheet to calculate a partner's new basis for income or gain. A partner's adjusted basis refers to a partner's investment in the partnership. The basis is determined without considering any amount shown in the partnership books as capital, equity, or similar account. When a partner disposes of an interest in a partnership, the difference between the sale price and the adjusted basis is the taxable gain or loss.

Some additions to basis include:

- Cash contributed
- Taxable income of partnership including capital gains
- Tax-exempt income of partnership
- Partner's adjusted basis of property transferred to a partnership

Decreases include:

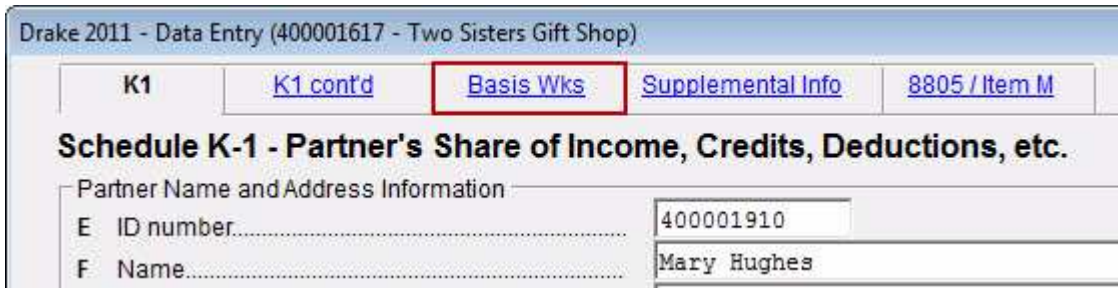
- Distributions of cash or property to partners
- Separately stated losses and deductions
- Nondeductible partnership expenses
- Credit adjustments

To enter data on the **Partner’s Adjusted Basis Worksheet**, type K1 in the selector field, and press ENTER. Select **#1 ID Number 400001910 Mary Hughes** from the **Existing Forms List - K1: Schedule K-1 Partner Information**.

Click the **Basis Wks** link at the top of the **K1** screen. See Figure 98 below. Enter the partner’s information from the following table.

Fields	Data
Debt Basis, Line 15	22,500

Figure 98: Adjusted Basis Worksheet link



Press ESC to return to the **Data Entry Menu**.

Printing the Adjusted Basis Worksheets

To print the adjusted basis worksheets, open the **PRNT** screen (from the **Data Entry Menu** either click **Print Options** or type PRNT in the selector field and press ENTER). In the **K-1 Items to Print** section, select **Print partner’s adjusted basis worksheet**. Calculate the return and the program generates the worksheets based on the K-1 information, then compares them to the partners’ K-1s. Change the partners’ information as necessary.

Also, view the return and double-click the **WK_PCOMP** folder for Schedules K and K-1 comparison worksheets to see how your entered data compares to the calculated data.

PARTNER SPECIAL ALLOCATIONS

General allocations for profit, loss, and capital are assigned on the Schedule K-1. Special allocations such as interest income, guaranteed payments, or ordinary dividends are entered on the **SA Partner Special Allocations** screen. Type SA into the selector field and press ENTER or select **SA Partner Special Allocations** on the **Data Entry Menu**. See Figure 99 on page 157.

Select an allocation type from the **Allocation Type** list. Next, select either the **Percentage allocation** or **Dollar allocation** option. Select a partner from the **Partner's ID Number and Name** field. Enter an **Allocation Percentage or Amount**.

The Partner Special Allocation for Two Sisters Gift Shop uses **Dollar allocation**. In the following example, \$5500 for Medical Insurance Paid is allocated among the partners.

NOTE

To help sort through the list of allocation types, click the **Allocation Type** text box and press F1. In the resulting window, the types are divided into categories such as **Analysis of capital account**, **Total liabilities**, **Income**, **Other income**, **Section 179**, **Deductions**, etc.

Fields	Data	
Allocation Type	138 Line 13 - M AMOUNTS PD FOR MED	
Allocation Method	Dollar Allocation	
Partner SSN/EIN	400001910	400001911
Partner Name	Mary Hughes	Jane Hughes
Dollar Allocation	2,750	2,750

Figure 99: Partner Special Allocations

Partner Special Allocations

Allocation type: 138 Line 13 - M Amounts Pd for Med

Allocation Method

If no allocation method is chosen, no amounts or percentages will be allocated.

Percentage allocation Dollar allocation MUST be used for guaranteed payments and health insurance. Do not combine insurance amounts with guaranteed payment amounts.

Dollar allocation

HINT: For amounts to flow properly, ALL partners must be included, even if receiving a zero allocation.

Partner's ID Number and Name	Allocation Percentage* or Amount
400001910 Mary Hughes	2750
400001911 Jane Hughes	2750

* Express percentages in percent, not decimal, format. For example, 15% should be entered as 15 (not 0.15) and 15.5% should be entered as 15.5 (not 0.155).

Record 1 of 1 Press Page Down for New Screen Press F1 or Right-Click for Help (Screen Help)

The amounts are carried to the K-1 for each partner when medical insurance paid is entered on the Deductions screen.

Press ESC to return to the **Data Entry Menu**.

BALANCE SHEET INFORMATION

Next, enter balance sheet information on the **Schedule L – Balance Sheet** screen.

Type L into the selector field and press ENTER to open the **Balance Sheet** screen. See Figure 100. From the following table, enter the beginning and ending totals in the **Schedule L - Assets** section.

Fields	Beginning of Year	End of Year
Cash	35,620	45,980
Trade Notes & accounts received	12,350	15,000

Figure 100: Schedule L1 – Balance Sheet – Assets

Schedule L - Balance Sheet

Entries on lines 6, 8, 13, 17, and 20 require use of the SCH2 screen for details. The amounts from that screen flow to the appropriate lines when the return is calculated.

The partners' capital account can be automatic; however, it is also used as the balancing account. If an amount is entered, it is compared with the computed amount. If no amount is entered, no checking is done, and the balance sheet is forced to balance by the program.

Auto-balance can be turned off from the PRNT screen.

Schedule L - Assets

	Beginning of Year		End of Year	
	(a)	(b)	(c)	(d)
1 Cash.....		35620		45980
2a Trade notes and accounts received.....	12350		15000	
2b Less allowance for bad debts.....				
3 Inventories.....				
4 U.S. Government securities.....				
5 Tax-exempt securities.....				
6 Other current assets.....		SCH2 screen		SCH2 screen
7a Loans to partners.....				
7b Mortgage/real estate loans.....				
8 Other investments.....		SCH2 screen		SCH2 screen
9a Depreciable assets.....				
9b Accumulated depreciation.....				
10a Depletable assets.....				
10b Accumulated depletion.....				
11 Land.....				
12a Intangible assets.....				
12b Accumulated amortization.....				
13 Other assets.....		SCH2 screen		SCH2 screen

Carry book accumulated depreciation and amortization to Schedule L

From the following table, enter the Beginning of Year and End of Year totals in the **Schedule L - Liabilities and Partners' Capital** section.

Fields	Beginning of Year	End of Year
Accounts payable	23,500	25,940
Payables less than 1 year	10,620	12,350
Payable more than one year	45,735	38,790
Partners' capital accounts	106,057	143,848

Figure 101: L – Liabilities & Partner’s Capital

Press ESC to return to the **Data Entry Menu**.

Schedules L and M-1 are not necessary for this return. However, choose to have the software complete and print those forms to help you review. Type PRNT in the selector field and press ENTER to open **Print Options**. At the top left of the screen, put a check mark in the **Force print Schedules L, M-1, M-2 & K-1 Section L** box. Press ESC to return to the **Data Entry Menu**.

NOTE

A partnership is not required to complete schedules L, M-1, M-2, and item L on **Schedule K-1** if the partnership's total receipts for the tax year were less than \$250,000 and the partnership's total assets at the end of the tax year were less than \$1,000,000 and Schedules K-1 are filed with the return and furnished to the partners on or before the due date for partnership returns.

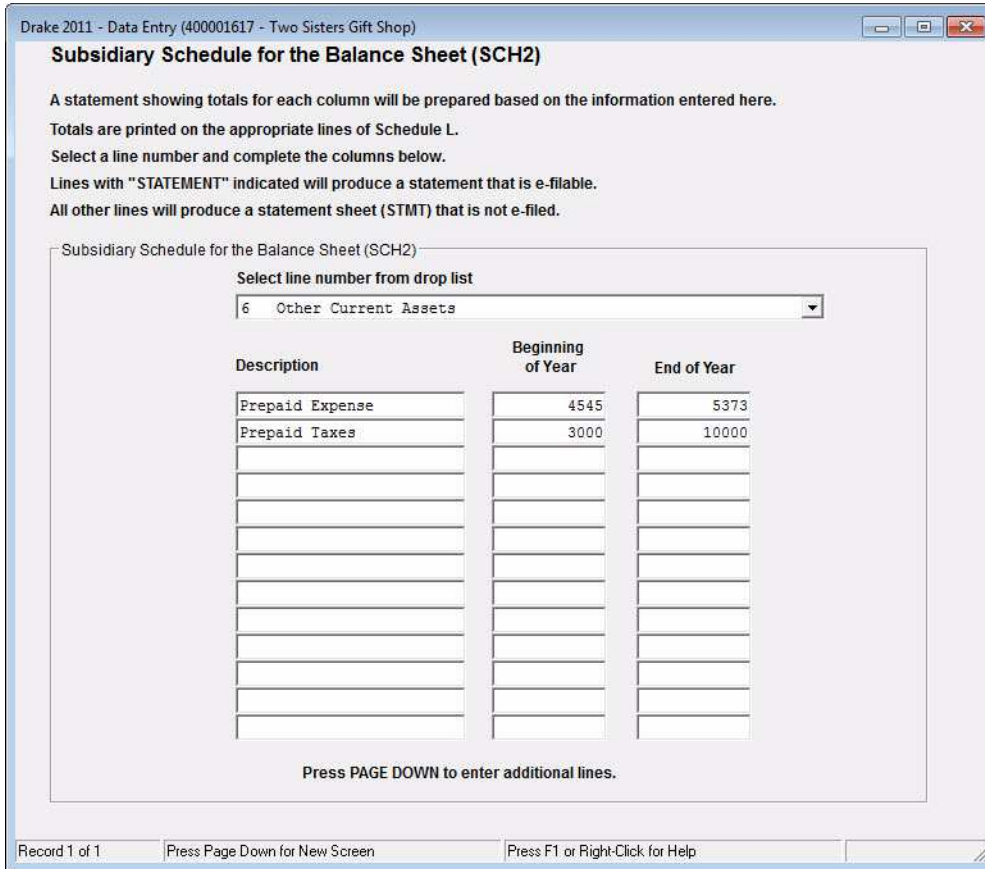
SCH2 BALANCE SHEET SUBSIDIARY SCHEDULE

Two Sisters Gift Shop has other current assets that require a detailed statement. These assets are entered on the **SCH2** screen. To open the **SCH2** screen, type SCH2 in the selector field and press ENTER. See Figure 102 below.

Enter the following information for **Line 6 Other Current Assets**:

Description	Beginning of Year	End of Year
Prepaid Expense	4,545	5,373
Prepaid Taxes	3,000	10,000

Figure 102: SCH2 Subsidiary Schedule for the Balance Sheet



Press ESC to return to the **Data Entry Menu**.

DEPRECIATION

Drake provides six data entry screens for depreciation. On the **Assets-Sales-Recapture** tab of the **Data Entry Menu**, the six screens are grouped in a box labeled **Depreciable Assets**.

Selection options are clearly marked and include:

- A screen for **4562 Depreciation Detail Items**, and four screens offering additional parts of Form 4562. The **4562** screen is usually the only screen needed for entering depreciation; screens **6-9** are used only when entering depreciation calculated outside of Drake.
- A screen **10 Additional Depreciation Elections** screen. Screen **10** is the place to elect out of bonus depreciation for all classes or by property class. For this return, we do not opt out of bonus depreciation. See Figure 103 below.

Figure 103: Additional Depreciation Elections

Drake 2011 - Data Entry (400001617 - Two Sisters Gift Shop)

Additional Depreciation Elections

To elect out of bonus depreciation for all classes, mark this box.

All Assets
If "Bonus" is marked below:
- 100% bonus depreciation applies to all eligible assets placed in service after September 8, 2010.

	Bonus	0%
3 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>
5 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>
7 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>
10 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>
15 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>
20 - Year Property	<input type="checkbox"/>	<input type="checkbox"/>

NOTE: These elections apply only to assets placed in service during the current tax year that qualify for bonus depreciation.

New Screen Press F1 or Right-Click for Help

To create a Form 4797 from within the 4562, complete the **If Sold** section on the bottom right of the **4562**. The only required fields are **Date sold**, **Sales price**, and **Property type**.

For the Two Sisters Gift Shop's return, there are three depreciable assets. To enter them in the return, first type 4562 into the selector field and press ENTER or, while on the **Assets/Sales** tab, click **4562** on the right side of the screen.

Depreciable item #2, Displays, has a bonus depreciation of 16,000. To view the individual details of each depreciable asset and make adjustments, click **Item Detail** at the bottom of the grid data entry screen..

Form	Description	Date Acquired	Cost	Method	Life	Prior Dep
1065	Building	07-12-2002	183,500	ARP	39	66,153
1065	Displays	06-13-2011	32,000	M	7	
1065	Storage Racks	09-12-2005	15,000	M	7	12,428

NOTE

Use grid data entry for quicker data entry. This feature is available for certain screens, including **4562** screens for all packages. Once in grid data entry, enter the appropriate information into the grid and press TAB, or use the UP ARROW or DOWN ARROW keys to navigate the fields. See Figure 104 below.

To turn grid data entry on or off, go to the **Data Entry** tab under **Setup > Options** and click to activate or disable **Use grid data entry format for select screens**. (It is activated by default.) Once in data entry, press F3 to move from full screen to the grid data entry screen. Press F3 again to return to full screen mode. Grid data entry does not need to be activated in **Setup > Options** to use the F3 feature.

Figure 104: 4562 screen in grid data entry mode

	Form	MFC	Description	Date Acq...	Cost / Basis	% Use	Used	LPT	Method	Life	Prior Depr
1	1065	1	Storage Racks	09-12-2005	15000				M	7	12428
2	1065	1	Displays	06-13-2011	32000				M	7	
3	1065	1	Building	07-12-2002	183500				ARP	39	66153
4											

Row: 4 of 4

Press ESC to return to the **Data Entry Menu**.

AUTO-BALANCE

Auto-balance forces Schedule L to balance for both the beginning and end-of-year amounts. The program adjusts the partners' capital account on Schedule L by the difference between the total assets and the total liabilities plus capital before the adjustment.

For example, if a partner's beginning assets are \$1,000 and the liabilities and capital are \$900, then the program increases the partner's capital by \$100.

The program makes the adjustment due to differences in the balance sheet. These differences can come from amounts entered incorrectly but are usually the result of:

- Assets deleted from the **4562** detail screen instead of indicated as sold
- Beginning inventory amounts adjusted on **Form 1125-A** or ending inventory amounts entered incorrectly
- Amounts erroneously deleted from the **Schedule L** screens

To reconcile the differences, it is best to compare the beginning and ending balance sheet amounts for the partnership for the tax year.

If you do not wish to use Auto-Balance for a specific return, it can be turned off on the **Print Options** screen. Enter PRNT in the selector field, press ENTER, and select **Turn off Sch L Auto Balance** screen.

REVIEW

Review the return for accuracy. Click **View** at the top of the screen to open View/Print mode. (If you indicated in **Setup > Options** that the **Calculation Results** screen be displayed before View mode, click **Continue** on the **Calculation Results** screen to open View mode.)

Select 1065 from the category tree view. Review the 1065, the Statement, and the listed schedules to check expenses. Compare these to the 1065 income statements on the following pages.

Exit this form and click to view **1065.PG5**. Check the balance sheet at the top of the page and the M-1 in the middle of the page. Schedule L line 14 -Total assets should match Schedule L line 22 -Total liabilities and capital. Schedule L line 21 column (d) should match Schedule M-2 line 9. See Figure 105 on page 164. The M-1 is used to reconcile your books to your taxes. Compare these to the 1065 books on the following pages.

NOTE

To force the 1065.PG5 to print Scheule L information, go to the **PRNT** screen in data entry and select **Force Schedules L, M-1, M-2 & K-1 Section L**.

Figure 105: Form 1065, page 5

Form 1065 (2011) Two Sisters Gift Shop 40-0001617 Page 5	
Analysis of Net Income (Loss)	
1 Net Income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i	1 37,791
2 Analysis by partner type:	
a General partners	(i) Corporate (ii) Individual (active) (iii) Individual (passive) (iv) Partnership (v) Exempt organization (vi) Nominee/Other
b Limited partners	37,791
Schedule L Balance Sheets per Books	
	Beginning of tax year End of tax year
	(a) (b) (c) (d)
Assets	
1 Cash	35,620 45,980
2a Trade notes and accounts receivable	12,350 15,000
b Less allowance for bad debts	12,350 15,000
3 Inventories	10,478 16,987
4 U.S. government obligations	
5 Tax-exempt securities	
6 Other current assets (attach statement)	Statement # 27 7,545 15,373
7a Loans to partners (or persons related to partners)	
b Mortgage and real estate loans	
8 Other investments (attach statement)	
9a Buildings and other depreciable assets	198,500 230,500
b Less accumulated depreciation	78,581 119,919 102,912 127,588
10a Depletable assets	
b Less accumulated depletion	
11 Land (net of any amortization)	
12a Intangible assets (amortizable only)	
b Less accumulated amortization	
13 Other assets (attach statement)	
14 Total assets	185,912 220,928
Liabilities and Capital	
15 Accounts payable	23,500 25,940
16 Mortgages, notes, bonds payable in less than 1 year	10,620 12,350
17 Other current liabilities (attach statement)	
18 All nonrecourse loans	
19a Loans from partners (or persons related to partners)	
b Mortgages, notes, bonds payable in 1 year or more	45,735 38,790
20 Other liabilities (attach statement)	
21 Partners' capital accounts	106,057 143,848
22 Total liabilities and capital	185,912 220,928
Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return	
Note: Schedule M-3 may be required instead of Schedule M-1 (see instructions).	
1 Net Income (loss) per books	37,791
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):	
3 Guaranteed payments (other than health insurance)	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):	
a Depreciation \$	
b Travel and entertainment \$	
5 Add lines 1 through 4	37,791
6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
a Tax-exempt interest \$	
7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
a Depreciation \$	
8 Add lines 6 and 7	
9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	37,791
Schedule M-2 Analysis of Partners' Capital Accounts	
1 Balance at beginning of year	106,057
2 Capital contributed: a Cash b Property	
3 Net Income (loss) per books	37,791
4 Other increases (itemize):	
5 Add lines 1 through 4	143,848
6 Distributions: a Cash b Property	
7 Other decreases (itemize):	
8 Add lines 6 and 7	
9 Balance at end of year. Subtract line 8 from line 5	143,848

FINANCIALS

Use the following income statement and balance sheet to complete the partnership return. See Figure 106 below and Figure 107 on page 166.

Figure 106: Income Statement

Two Sister's Gift Shop Accrual Basis of Accounting Net Income January 1, 2011 - December 31, 2011		
INCOME		
Gross receipts		\$ 215,620
Returns and allowances		\$ (5,300)
Interest income on receivables		\$ 2,650
Dividends		\$ 4,272
		\$ 217,242
COST OF GOODS SOLD		
Beginning Inventory	\$ 10,478	
Purchases	\$ 35,879	
Labor	\$ 6,800	
Total		\$ 53,157
Less Ending Inventory		\$ (16,987)
TOTAL COST OF GOODS SOLD		\$ 36,170
GROSS INCOME		\$ 181,072
EXPENSES		
Salaries & Wages		\$ 45,700
Health Insurance		\$ 5,500
Repairs & Maintenance		\$ 2,400
Bad Debts		\$ 3,210
Depreciation		\$ 24,331
Retirement plans		\$ 9,000
Taxes & Licenses		\$ 12,235
Property tax	\$ 2,590	
Payroll taxes	\$ 8,995	
Licenses	\$ 650	
Other Expenses		
Accounting	\$ 600	
Advertising	\$ 4,500	
cash short/over	\$ 225	
Cell phone	\$ 360	
Computer	\$ 2,500	
Delivery	\$ 780	
Education & Training	\$ 425	
Equipment Rental/lease	\$ 3,700	
Insurance	\$ 7,500	
Internet	\$ 240	
Janitorial	\$ 2,400	
Laundry & Cleaning	\$ 350	
Legal & Professional	\$ 450	
Permits & fees	\$ 340	
Software	\$ 695	
Supplies	\$ 700	
Travel	\$ 1,700	
Telephone	\$ 240	
Utilities	\$ 12,000	
Waste Removal	\$ 1,200	
Total Other expenses		\$ 40,905
TOTAL EXPENSES		\$ 143,281
NET INCOME/LOSS		\$ 37,791

Figure 107: Balance Sheet

Two Sister's Gift Shop Accrual Basis of Accounting Balance Sheet As of 12/31/2011			
ASSETS		1/1/2011	12/31/2011
Current Assets			
	Checking/Savings	\$ 35,620	\$ 45,980
	Trade Notes & Accounts Receivable	\$ 12,350	\$ 15,000
	Less allowance for bad debt		
	Other current assets	\$ 7,545	\$ 15,373
	Inventories	\$ 10,478	\$ 16,987
	Total Current Assets	\$ 65,993	\$ 93,340
Fixed Assets			
	Buildings & other depreciable assets	\$ 198,500	\$ 230,500
	Less Accumulated Depreciation	\$ (78,581)	\$ (102,912)
	Total Fixed Assets	\$ 119,919	\$ 127,588
TOTAL ASSETS		\$ 185,912	\$ 220,928
LIABILITIES			
Current Liabilities			
	Accounts payable, trade	\$ 23,500	\$ 25,940
	Mortgages, notes, bonds payables less than 1 yr	\$ 10,620	\$ 12,350
	Mortgages, notes, bonds payables more than 1 year	\$ 45,735	\$ 38,790
	Other current liabilities	\$ 79,855	\$ -
	Total Liabilities	\$ 159,710	\$ 77,080
Equity			
	Partners Capital Account	\$ 106,057	\$ 143,848
		\$ 106,057	\$ 143,848
TOTAL LIABILITIES & EQUITY		\$ 185,912	\$ 220,928

Review Questions Part 7

Answer the following questions. See page 168 for answers and explanations.

1. Beginning and ending cash should be entered on the:
 - a) **M1, Reconciliation of Income**
 - b) **M2, Partners' Capital**
 - c) **L, Assets, Liabilities and Capital**
 - d) **A, Form 1125-A Cost of Goods Sold**

2. Which schedule has an Auto-Balance feature that can be disabled on the **PRNT** screen?
 - a) **Form 1125-A**
 - b) **Schedule K**
 - c) **Schedule L**
 - d) **Schedule M**

3. Questions about a partnership's total receipts and total assets are answered on which screen?
 - a) Screen **INC, Income**
 - b) **Schedule B - Other Information**
 - c) **Schedule K-1 - Partner's Share of Income, Credits, Deductions, etc.**
 - d) **L, Assets, Liabilities and Capital**

4. Beginning and ending amounts on the partner's capital account would be entered on:
 - a) **Schedule K 1, Partner Share of Income, Credit, Deductions, etc.**
 - b) **L2 - Liabilities and Capital**
 - c) **M2 - Partners' Capital**
 - d) **L, Assets, Liabilities and Capital**

5. **Special Allocations:**
 - a) Are entered on each partner's **K1** screen
 - b) Are entered on the **Schedule K Partner's Summary** screen
 - c) Are shown on the 1065, Income section, line 7, Other income
 - d) Can include ordinary dividends, interest income, and guaranteed payments

6. Depreciation can be entered on which tab in Drake?
 - a) **General**
 - b) **Credits**
 - c) **Other Forms**
 - d) **Assets/Sales/Recapture**

ANSWERS PART 7

1. The correct answer is **c) L, Assets, Liabilities and Capital**. Use the **L1** screen to enter cash since cash is an asset.
 - a) is incorrect. The **M1, Reconciliation of Income** screen is for reconciling income or loss from the books with income or loss from the return.
 - b) is incorrect. The **M2** is used for increases and decreases to partner's capital.
 - d) is incorrect. The **A** screen is used to enter costs of goods sold from the income statement.
2. The correct answer is **c) Schedule L**. Balance Sheet.
 - a) is incorrect. **Form 1125-A, Cost of Goods Sold**, doesn't have an auto-balance feature.
 - b) is incorrect. **Schedule K** is a summary of partner information.
 - d) is incorrect. **Schedule M** is used to reconcile income or loss.
3. The correct answer is **a) Screen INC, Income**.
 - b) is incorrect. **Schedule B, Other Information** is used to report information about the partnership.
 - c) is incorrect. The **K-1** is used to enter information about a partner.
 - d) is incorrect. The **L, Assets, Liabilities and Capital** is used to enter partnership assets and liabilities.
4. The correct answer is **b) Liabilities and Capital**.
 - a) is incorrect. Beginning capital amounts for each partner are entered on the **K1**, but not the total amounts for beginning and ending.
 - c) is incorrect. The **M2** is used for reconciling income (or loss) per books with income (or loss) per return.
 - d) is incorrect. The **L, Assets, Liabilities and Capital** is used to enter partnership assets and liabilities.
5. The correct answer is **d) Special Allocations**. Special Allocations can include ordinary dividends, interest income, and guaranteed payments.
 - a) The **K1** is used to enter information about a partner.
 - b) The **Partner's Summary** include information on all the partners.
 - c) **Special Allocations** aren't included in **Other Income**.
6. The correct answer is **d) Assets/Sales/Recapture**.
 - a) is incorrect. The **General** tab includes demographic information, income and deductions, and partner's information.
 - b) is incorrect. Depreciation is not a credit.
 - c) is incorrect. The **Other Forms** tab contains miscellaneous forms.

Tools

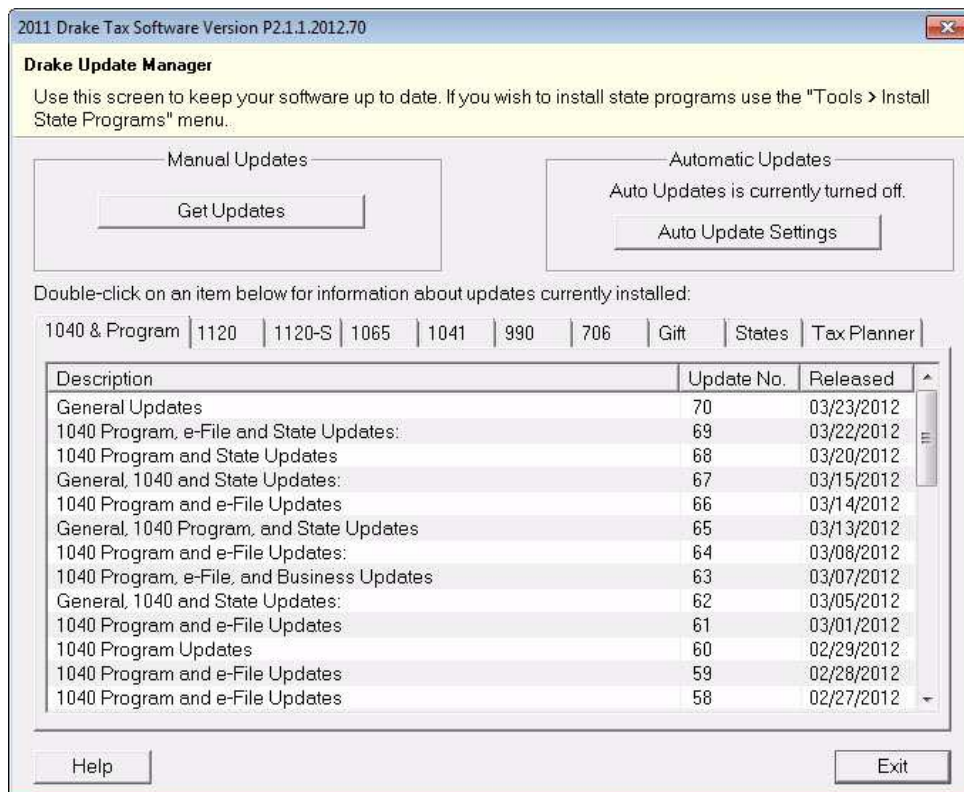
The following sections review the various functions and file maintenance tools located on the **Tools** menu.

UPDATING THE SOFTWARE

Because tax law is ever-changing and Drake Software is continuously being enhanced, the update process should be part of a daily business routine. Installing updates with the Update Manager ensures you are always running the most current version of the software. The software automatically looks for updates for all tax packages and installed states. Updates can be downloaded manually, or if you have a constant internet connection, you can set up the program to download them automatically. From the **Home** window, go to **Tools > Update Manager**. See Figure 108 below. From the menu, choose from the following update options:

- Check For Available Updates
- Auto Update Settings
- View Release Notes

Figure 108: Update Manager



NOTE

When updates are installed, the program creates an installation log showing the file name, release date, and number of the update. Click a tab and description to view the installation log.

PRINTING BLANK FORMS

Use the **Blank Forms** tool to view or print blank federal and state tax forms and interview sheets. Forms that are not available in data entry may be available as a blank form. Some states prohibit printing blank state forms; in this case, contact the state revenue office to obtain blank forms.

REPAIRING INDEX FILES

Repair your index files often for general file maintenance. **Repair Index Files** should be used:

- After using the **Backup/Restore** function to restore files. (In this case, repair the **Name Index**.)
- After receiving a '?' on a file while processing acks. (Repair the **EF Index**.)
- When the **Search EF Database** does not function properly. (Repair **EF Index**.)
- When a file for data entry does not open. (Repair the **Name Index**.)
- When adding records to the EIN Database. (Repair **EIN Database**.)
- After deleting a client through **Tools > File Maintenance > Delete Client Files** to remove the client from the **Open a Return** list.
- To update the Client Status Manager index.

To access **Repair Index Files** from the **Home** window, go to **Tools > Repair Index Files** or press CTRL + R.

NOTE

Repairing the **Name Index** takes approximately one minute for every 2,000 clients.

MAINTAINING FILES

File maintenance tools provide a means to manage data files within the program. Certain files can be imported or exported, changed or deleted. Client data files and important configuration files can be copied to diskettes, CDs, or external media device, then moved to other computers or used as a backup in case of computer malfunction. Returns can be locked and unlocked to prevent unauthorized access.

To access maintenance tools, go to **Tools > File Maintenance**. There, you can choose from:

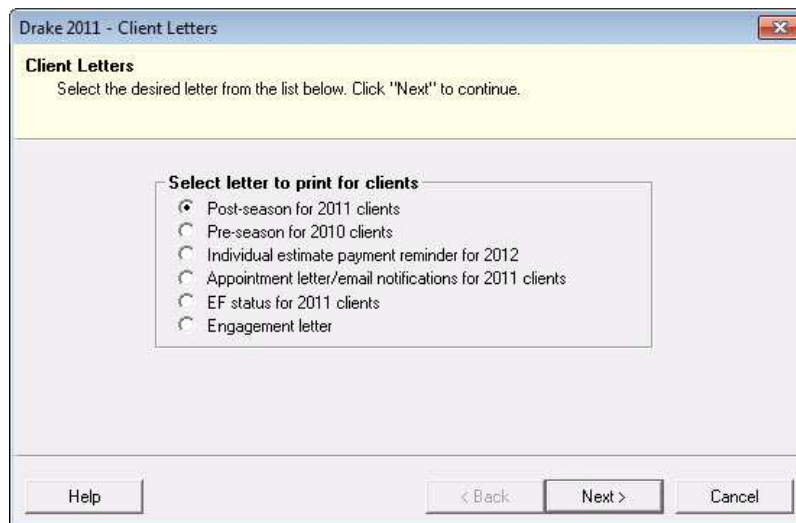
- **Backup and Restore** — Back up files to a media device or other locations and restore files to a hard drive.
- **Change SSNs on File** — Rename a file when the SSN/EIN is changed. (Not available for PPR clients.)
- **Export Client or EF Data** — Convert client data and EF files to a “text” or CSV file for importing into other programs such as Microsoft Word or Excel.
- **Password Protect Files** — Protect files from unauthorized access.
- **Unlock Client Files** — Unlock a client file that has been locked after electronic filing.
- **Delete Print Files** — Delete the temporary “print” files.
- **Delete Client Files** — Permanently delete client data files.
- **Change File Type** — Change an Individual, Corporation, S-corporation, Fiduciary, Partnership, or Tax Exempt return to another file type.
- **Quickbooks Import** — Import client data from Quickbooks into Drake.

PRODUCING LETTERS

The **Letters** function allows you to produce preseason, postseason, estimate, schedule letters for one or multiple clients, EF status, and engagement letters. You can also produce mailing labels, envelopes, and postcards sorted in dozens of different ways, such as by All Clients, All 1040 Clients, All Corporate Clients, even by the birthdays of the clients’ dependents.

To access **Letters**, go to **Tools > Letters > Letters**. See Figure 109 below

Figure 109: Client Letters



NOTE

- Preseason organizers and proformas print prior-year data on interview sheets. To access these forms, go to **Last Year Data > Organizers or Proformas**.
- To edit a letter, go to **Setup > Letters**.

AMORTIZING

The **Amortization** tool prepares loan repayment schedules and provides a variety of loan scenarios. To access this tool from the menu bar, select **Tools > Amortization**.

Complete the following fields on the **Amortization Schedule** screen:

- **Schedule Title** — Name your schedule.
- **Loan Amount** — Enter the original amount of the loan.
- **Amortization Periods** — Enter the number of payments to be made over the life of the loan. For example, if the loan is for two years and monthly payments are required, enter 24 for the number of amortization periods.
- **Payments Per Year** — Enter the number of payments to be made each calendar year.
- **Annual Interest** — Enter the annual interest amount for the loan. The interest for each monthly period is calculated automatically. If the interest is unknown, and the payment amount is known, leave the **Annual Interest** field blank.
- **Payment Amount** — In most cases, the program calculates the payment amount based on the other information entered. If this field is blank, and the interest amount is entered in the **Annual Interest** field, the program calculates the payment and displays it in this field. If the interest amount is unknown and the payment amount is known, enter the payment amount in this field. If the **Annual Interest** field is left blank, the program calculates the interest and displays the amount in the **Annual Interest** field.
- **Payment Type** — Choose **Fixed Payment** or **Fixed Principal**. The default is **Fixed Payment**.
- **Date of First Payment** — Enter the date that the first payment for the loan is due. This entry is used to determine the dates for the subsequent payments.

After the information is entered, click **Calculate** or press ENTER to create the amortization schedule. Click **Print Schedule** to send the schedule to the printer or click **Save Schedule** to save the schedule for future viewing through **Reports > Report Viewer**.

EDIT EIN DATABASE

When an Employer Identification Number (EIN) is entered in data entry, it is stored in the EIN database. Use the **Edit EIN Database** tool to edit EIN information.

1. On the menu bar, go to **Tools > Edit EIN Database**.
2. Enter the desired EIN and click **Edit**, or press ENTER.
3. Select the employer from the list and press ENTER, or double-click the name.
4. Once the **Edit EIN/Employer Listing** window is opened, edit any of the available fields.
 - Click **Cancel** to revert to the saved information.
 - Click **Delete** on the primary screen to delete the EIN from the database.
5. Click **Save**.

SCHEDULING APPOINTMENTS

Use the Scheduler to create and manage daily schedules for preparers in a firm. Schedule appointments and reminders and run reports based on schedule information. Preparers' schedules and appointments can be brought forward each tax year.

SCHEDULER MODES

The Scheduler can be opened in one of two modes:

- **Preparer mode** — Three calendars are available: Selected Date, Weekly, and Preparer. The current date displays on the Selected Date tab by default and displays the appointments for the logged in preparer. See Figure 110 below.
- **Front Office mode** — Designed for the receptionist and other personnel who manage appointments but do not prepare tax returns, this mode allows a receptionist to set up views and manage appointments. To create a Front Office login, go to **Setup > Preparers**, add a preparer, and give the preparer "Front Office" security rights.

Figure 110: Calendar Tabs

Drake 2011 - Appointment Scheduler

New Appt Search Appts Print Reports Export Setup Batch Appts Help Exit

Current Calendar Date

February, 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

March, 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

Today: 3/24/2012

Calendar for 03-24-2012 | Weekly Calendar | Preparer Calendars

Time	Name	Comments
1:15 PM		
1:30 PM		
1:45 PM		
2:00 PM	SAMANTHA JONES	
2:15 PM	...Continued	...Continued
2:30 PM	...Continued	...Continued
2:45 PM	...Continued	...Continued
3:00 PM		
3:15 PM		
3:30 PM		
3:45 PM		
4:00 PM		
4:15 PM	Rachel Peony	
4:30 PM	...Continued	...Continued
4:45 PM	...Continued	...Continued
5:00 PM	...Continued	...Continued
5:15 PM		
5:30 PM	Sara Phlox	
5:45 PM	...Continued	...Continued
6:00 PM	...Continued	...Continued
6:15 PM	...Continued	...Continued
6:30 PM		
6:45 PM		
7:00 PM		
7:15 PM		

PREPARING TO USE THE SCHEDULER

Preparer schedules must be created before you can use the Scheduler.

Generating Preparer Schedules

To create a preparer schedule, complete the following steps:

1. From the **Home** screen of Drake, select **Setup > Preparer(s)** on the menu bar. Select a preparer and click **Edit Preparer**. Click **Schedule** to create the preparer's schedule.
2. In **Setup Schedule**, select a day from the **Select day** list.
3. Choose the **In** and **Out** times for that day. As times are selected, they appear on the schedule grid. Continue to set **In** and **Out** times for each day of the week. To apply the selected times for every day of the week at once, click **Apply to All**.
4. Click **Save** to save the schedule, then click **Save and Exit** to exit **Preparer Setup**.

SCHEDULING APPOINTMENTS

Once preparer schedules are created and selected for view, appointments can be scheduled from the **Appointment Detail** screen.

To access the **Appointment Detail** screen, click **New Appt** from the Scheduler toolbar, or double-click a time slot on the schedule grid.

Figure 111: Appointment Detail Screen

Drake 2011 - Appointment Detail

Find Next Appt Save Delete Lookup Data Entry Organizer Proforma Help Exit

Date: 3/24/2012 Time: 04:15 PM Duration: 0 hrs 50 mins

SSN/EIN: 400-00-1001 Client type: Returning Appointment type: Individual

Name: Rachel Peony

Street: 123 Juniper St

City: Arcadia ST: FL ZIP: 34269

Phone (day): (800)555-2424 Evening: (800)555-1218 Cell:

Ext: Ext:

Email:

Comments:

Preparers: Emily Perry

Email Notification

Add reminder Private appointment Recurring appointment

Creating a New Appointment

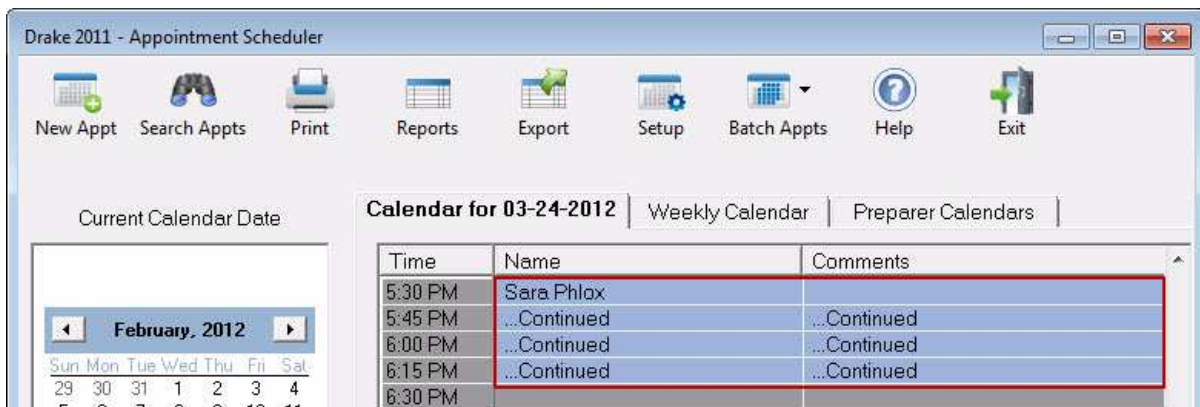
To schedule an appointment, complete the following steps.

1. From the **Appointment Scheduler** window, click **New Appt** from the toolbar, or double-click a time slot on the schedule grid to open the **Appointment Detail** screen. Or, from the **Data Entry** menu of a return, right-click and select **Add Appointment**.
2. Complete the fields.
3. Choose to schedule the appointment for one or more preparers.
4. Click **Save** to display the appointment on the schedule grid. See Figure 112 below

NOTE

When setting up appointments, enter an SSN/EIN of a client already in data entry and the **Name, Address, Phone, Client Type, and Appointment Type** fields are automatically filled. Data entered manually in these fields is not overridden. You can also auto fill the **Appointment Detail** screen using the **Lookup** feature to search for a client by last name.

Figure 112: Appointer Scheduler Grid



CREATING APPOINTMENT REPORTS

To generate reports based on scheduled appointments, complete the following steps:

1. From the **Home** window, open the Scheduler and select **Reports**.
2. Select the type of report to run:
 - **Preparer Appointments** – List of a preparer’s appointments for one day. Enter appointment date and preparer. The report is printed.
 - **Preparer Calls List** – List of a preparer’s calls for one day.
 - **Call List for All Preparers** – List of all preparers’ calls for a specific date.
 - **New Client List** – List of new clients entered in the Scheduler.
3. Choose a preparer (except when running the **Call List for All Preparers**).
4. Click **View** to generate the report and open the **Report Viewer**.

OTHER TOOLS

Two tools are located in the **File** menu: **Forms Based Data Entry** and the **Quick Estimator**.

FORMS BASED DATA ENTRY

Forms Based Data Entry is available in Drake for individual tax return preparation. Instead of accessing data entry from the **Data Entry Menu**, screens are accessed from an interactive 1040 form. See Figure 114 on page 177.

Click a form line to access the data entry screen associated with the line. Data entry screens may also be accessed by entering the screen code in the **Screen To Load** field. See Figure 113 below.

Figure 113: Screen to Load field

The screenshot shows the Drake 2011 software interface. At the top, the title bar reads "Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)". Below the title bar is a toolbar with icons for Calculate, View, Print, Split, Doc Mgr, and Tax Plan. Underneath the toolbar are links for "Page 1" and "Page 2". A red box highlights the "Screen To Load:" field, which is currently empty. Below this field is the form header for "Form 1040 U.S. Individual Income Tax Return 2011". The header includes the text "Department of the Treasury - Internal Revenue Service (99)" and "U.S. Individual Income Tax Return 2011". There are also links for "Edit Demographics" and fields for "Your first name and initial" and "Last name".

Data entry screens with data appear on the interactive 1040 form as purple links. To go back and make edits to entries on screens, click the link on the interactive form. Screens without data appear as blue links. Red characters represent data as it will appear on the form.

QUICK ESTIMATOR

The Quick Estimator allows you to enter individual return data and quickly estimate the return results. A return created in the Quick Estimator counts as one Pay Per Return.

1. Go to **File > Quick Estimator**.
2. Select a return to open or create a new return using the client's SSN. If a return previously prepared in the program is selected, the Quick Estimator does not override entries previously made.
3. Complete the **Quick Estimator** screen.
4. Press CTRL + C to calculate the return and view the results

NOTE

Remember: the Quick Estimator is only for *estimating* taxes. A full return should be prepared later. Information from the Quick Estimator flows to the full tax program and may need adjusting.

Figure 114: Forms Based Data Entry

Drake 2011 - Data Entry (400001901 - Taylor, Joseph & Michelle - 400001902)

Calculate View Print Split Doc Mgr Tax Planner Import CSM Email Help Exit

Page 1 Page 2 Screen To Load: []

Form 1040 Department of the Treasury - Internal Revenue Service (99) **U.S. Individual Income Tax Return 2011** OMB No. 1545-0074

[Edit Demographics](#)

Your first name and initial: **Joseph Taylor** Your social security number: **400-00-1901**

If a joint return, spouse's first name and initial: **Michelle** Spouse's social security number: **400-00-1902**

Home address (number and street). If you have a P.O. box, see instructions: **354 Laurel Mountain Rd** Apt. no. []

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions): **Asheville NC 28801**

Foreign country name: [] Foreign province/county: [] Foreign postal code: []

Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

Filing Status: 1 Single 2 Married filing jointly (even if only one had income) 3 Married filing separately. Enter spouse's SSN above and full name here. 4 Head of household (with qualifying person) 5 Qualifying widow(er) with dependent child

Exemptions: 6a Yourself. If someone can claim you as a dependent, do not check box 6a. 6b Spouse

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If child under age 17 qualifying for child tax credits (see instructions)
Olivia		400-00-0123	DAUGHTER	
Andrew		400-00-0234	SON	
Anne		400-00-0345	DAUGHTER	

d Total number of exemptions claimed: []

Income:

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	W2
8a	Taxable interest. Attach Schedule B if required	8a	INT
b	Tax-exempt interest. Do not include on line 8a.	8b	INT
9a	Ordinary dividends. Attach Schedule B if required	9a	DIV
b	Qualified dividends	9b	DIV
10	Taxable refunds, credits, or offsets of state and local income taxes	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	C
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here	13	D
14	Other gains or (losses). Attach Form 4797	14	4797
15a	IRA distributions	15a	99R
b	Taxable amount	15b	99R
16a	Pensions and annuities	16a	99R
b	Taxable amount	16b	99R
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	E E2
18	Farm income or (loss). Attach Schedule F	18	F
19	Unemployment compensation	19	99G
20a	Social security benefits	20a	SSA RRB
b	Taxable amount	20b	SSA
21	Other income	21	
22	Combine the amounts in the far right col for lines 7 through 21. This is your total income	22	

Adjusted Gross Income:

23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	2106
25	Health savings account deduction. Attach Form 8889	25	8889
26	Moving expenses. Attach Form 3903	26	3903
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	SEP
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid Recipient's SSN	31a	
32	IRA deduction	32	8606
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	8917
35	Domestic production activities deduction. Attach Form 8902	35	
36	Add lines 23 through 35	36	
37	Subtract line 36 from line 22. This is your adjusted gross income	37	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. EEA Form 1040 (2011)

Return Status: In Progress Return Type: Individual Tax Return Current Package: Federal

Reports

To help you manage your practice, Drake Software offers several reporting options on the **Reports** menu:

- Report Manager
- Report Viewer
- Depreciation List
- Fixed Asset Manager
- Client Status Manager
- Hash Totals

REPORT MANAGER

The Report Manager provides a centralized location for managing reports in Drake. From the Report Manager, choose from predefined reports, edit existing reports, or create new reports with custom filters to suit your office needs. In addition to reporting current year data, you can also run reports on last year's data. All reports can be saved as CSV (comma separated value), Excel, or text (in TXT format) files.

Go to **Reports > Report Manager**. See Figure 115 on page 180. The **Report Manager** displays the list of reports in a standard tree format. Click one of the plus signs (+) to expand a category list and display the available reports in that category. Click a minus sign (-) to collapse the list, hiding the reports in a category.

There are multiple reports to choose from among several categories. For example, under **Client Reports**, double-click **Client Contact** to see such reports as address lists, birthday lists, client lists, K1 lists, and contact lists, all of which can be edited or changed in hundreds of different ways. To view a list of and description of all available pre-written reported in Drake, select **Click here for a complete list of standard report descriptions** from the **Report Manager** window. The following report categories and subcategories are available:

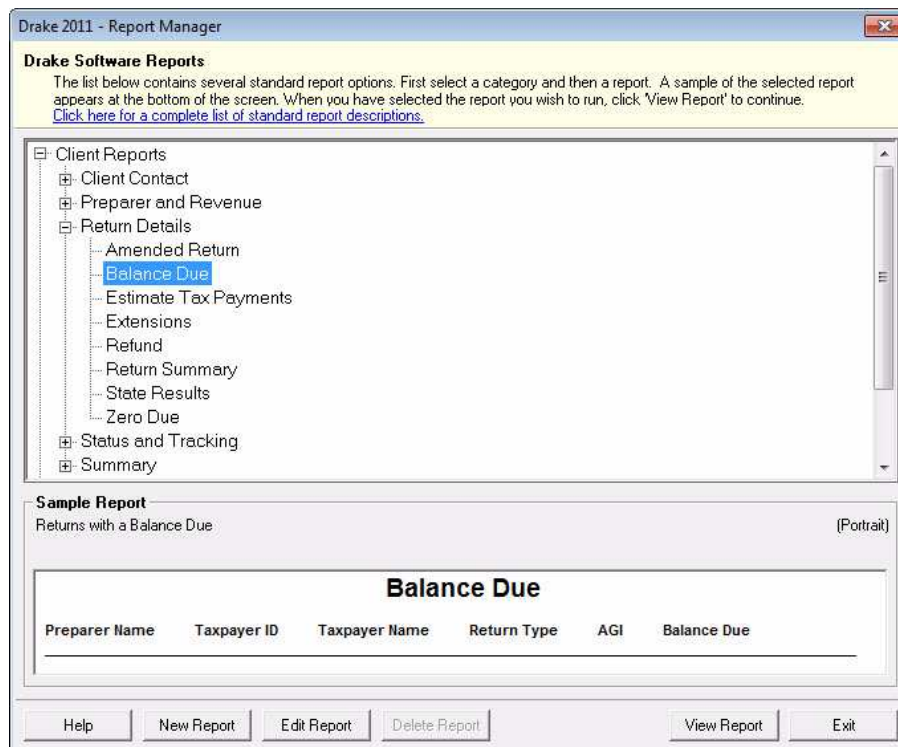
- **Client Reports** — Predefined reports based on client data
 - Client Contact
 - Preparer and Revenue
 - Return Details
 - Status and Tracking
 - Summary
- **EF/Bank Reports** — Predefined reports based on electronic filing and banking data
 - Bank - Status and Tracking
 - Bank Checks
 - Bank Summary

- EF-Status and Tracking
 - EF Summary
 - Preparer and Revenue
 - Return Details
- **Scheduler Reports** — Create appointment reports and contact lists from the Scheduler.
 - **My Reports** — Custom reports, created either from scratch, or by editing a predefined report.
 - **Other Report Options** — Allows you to access report features from other areas of the program, and includes:
 - Client Status Manager Reports
 - Depreciation List
 - Fixed Asset Manager
 - Hash Totals

VIEWING REPORTS

Click a report and a sample of that report is displayed in the **Sample Report** section at the bottom of the **Report Manager**. See Figure 115 below. View a description of the selected report (if available) and whether the report will be printed in **Portrait** or **Landscape** format. (**Potentially too wide** means the number of columns may cause the report to be too wide to print without cutting off data. In this case, the report is still suitable for viewing in the report viewer.)

Figure 115: Report Manager



Choose from one of the following functions in the Report Manager:

- **New Report** — Create a new report from scratch.
- **Edit Report** — Highlight an existing report, edit the report's settings, and save as a new report.
- **Delete Report** — Delete any reports listed under **My Reports**.
- **View Report** — Create and view a new report or an existing report. For existing reports, choose to view the previous version of the report or create the report again using the most current data.

NOTE

To view a list of previously created reports, go to **Reports > Report Viewer**. Reports can be exported to Excel as XLS files, to CSV format, or to Notepad as text in TXT format.

DEPRECIATION LIST

Generate a client depreciation report that lists detailed depreciation information for one, several, or all clients.

1. Go to **Reports > Depreciation List**. The **Depreciation List Client Selection** window is opened.

NOTE

The **Depreciation List** report is also accessible from the **Other Report Options** section of the **Report Manager**. (Go to **Reports > Report Manager**).

2. To print a report on all clients, click **Next**. To print a report for one or more clients, enter an SSN or EIN in the text box and click **Add Client**. Continue until all the desired clients are entered. Click **Next**.
3. If creating a report on all clients, the **Basic Search Conditions** window appears. If necessary, modify the settings and click **OK**.
4. When prompted, choose to print the report, export the file in CSV format, or cancel the report.

FIXED ASSET MANAGER

Run reports based on client assets. Create macros to quickly print a standard group of reports.

Go to **Reports > Fixed Asset Manager**. Select from the following reports:

- **Depreciation Schedules** — Produces a depreciation list containing asset number, description, date in service, method and recovery period, basis, prior depreciation, salvage value, current year section 179 expense, and current depreciation.
- **Listings** — Produces a depreciation list containing asset number, description, date in service, fee method and recovery period, auto listed and business percent used, cost, federal basis, current year section 179 expense, federal prior-year depreciation, federal depreciation, state depreciation, AMT depreciation, book depreciation, tax schedule code, and date disposed.
- **Section 179 Assets** — Produces a list of items that were expensed during the current year.
- **Dispositions** — Produces a list of items disposed of within the current year.
- **Department Summary** — Produces an asset summary report sorted by department or schedule.
- **Year Summary** — Produces a summary report of assets on a yearly basis, grouped by department. For each department, there is a summary line for each year up to 10 years prior. This report also totals depreciation for 11 years and prior.
- **Preference Report** — Produces a list of assets placed in service after 1986.
- **Auto Code Print** — Produces a report based on the macro setup for each client selected. The reports can be composed of any of the described reports and any valid options associated with them.

NOTE

Fixed Asset Manager reports are also accessible from the **Other Report Options** section of the Report Manager (**Reports > Report Manager**).

CLIENT STATUS MANAGER

The Client Status Manager (CSM) is used to track the workflow within a tax office. Client files listed in the CSM are easy to search, view, and organize. Customize your view using built-in filters and run reports to narrow your search for data.

Open the Client Status Manager in one of the following ways:

- From the menu bar, go to **Reports > Client Status Manager**.
- Click the **CSM** speed button from the **Home** screen toolbar.
- Press CTRL + L from the **Home** screen.

When the Client Status Manager is opened, all returns existing in the 2011 program are displayed. This includes returns brought forward from previous years, any new returns, and returns started but deleted from Drake. It also includes clients files imported from QuickBooks. Each column displays specific information about the return. See Figure 116 on page 183.

Figure 116: Client Status Manager

ID Number	Client Name	Type	Preparer	Status	Started	Completed
400000000	Posey, William & Poppy	1040		Updated From 2010		
400000001	Jenkins, David & Susan	1040		Updated From 2010		
400000002	Posey, Lily	1040		Updated From 2010		
400000011	Gangee, Sam & Rosie	1040		Updated From 2010		
400000044	FLYNN, PHINEAS	1040		Updated From 2010		
400001001	GREEN, DAWN	1040		Updated From 2010		
400001002	White, Mary	1040		Updated From 2010		
400001003	Brown, Jeff & Wanda	1040	Emily Moore	Updated From 2010	11/23/2011	
400001004	ORANGE, TESSA & CLARK	1040		Updated From 2010		
400001005	PURPLE, BARRY	1040		Updated From 2010		
400001006	GRASS, TEST & MAY	1040		Updated From 2010		
400001007	MACDONALD, TEST & DAISY	1040		Updated From 2010		
400001009	ACAPPELLA, TEST & DUET	1040		Updated From 2010		
400001010	BARRELL, TEST	1040		Updated From 2010		
400001011	HUNTER, TEST	1040		Updated From 2010		
400001012	CANASTA, TEST	1040		Updated From 2010		
400001516	Custom Colors Paints Inc.	1120		In Progress	03/13/2012	
400001617	Two Sisters Gift Shop	1065	Emily Moore	In Progress	03/23/2012	
400001803	CALLIS, Lloyd & MARIA	1040		Updated From 2010		
400001805	EASTWOOD, JERRY & JANET	1040		Updated From 2010		
400001809	ISLEY, JOSEPH & MARY	1040		Updated From 2010		
400001810	JEROME, AL & SHERRY	1040		Updated From 2010		
400001901	Taylor, Joseph & Michelle	1040	Emily Moore	New Client	12/20/2011	
400002001	Lake, John	1040	Emily Moore	In Progress	02/16/2012	
400003012	Lakeside Fertilizer Mfg	1065	Emily Moore	In Progress	01/23/2012	
400004444	Test, Johnny	1040		Updated From 2010		
400007000	Davis, Benjamin & Beverly	1040	Emily Moore	In Progress	09/28/2011	
400007004	Tate, Gene & Judy	1040	Emily Moore	In Progress	10/13/2011	
400440044	Bobby, Ricky & Susan	1040		Updated From 2010		

The toolbar across the top contains speed buttons that perform various functions. See Figure 117 on page 184. These buttons and corresponding hot keys are:

- **Open** (CTRL + O) — Click to highlight a return in the CSM and click **Open** to open the file in data entry. You can also right-click the return in the Client Status Manager to view a pop-up menu. Items on this menu include: **Open Selected Client**, **Quick View**, **Set Client Status**, **Delete Record**, **Customize Display**, **Search Client Records**, **Restore CSM Data (This Client)**, **Remove Duplicate Entries (Entire Database)**, and **Cancel**.
- **Search** (CTRL + F) — Enter the first few letters of the client's name or ID number (SSN or EIN). The CSM locates the record and highlights it. Click **Open** to open the client return.
- **Customize** (CTRL + D) — Open the **Customize Display** window, which enables you to tailor the look of the CSM by selecting which columns to display. For more information on customizing, see "Customizing the CSM" on page 185.
- **Refresh** (F5) — Retrieve the latest information for the CSM database. This is useful if the CSM has been open for an extended period of time.
- **Filters** — Use filters to narrow the search for data viewed in the CSM. For more information on filters, see "Filtering CSM Data" on page 186.
- **Quick View** (CTRL + Q) — Click **Quick View** to view a summary of all client status information for a client. Click **Open** to access data entry for that return.
- **Reports** (CTRL + R) — Generate reports from data stored in the CSM. For more information on Reports, see "CSM Reports" on page 187.
- **Export** (CTRL + E) — Open Excel and fill with all columns and rows from the CSM.
- **Help** (F1) — Access the Drake Help System for further assistance.
- **Exit** (ESC) — Exit the Client Status Manager.

Figure 117: Client Status Manager speed buttons



TRACKING RETURN STATUSES

The **Status** column in the CSM is based on the return status and is set automatically by the software or manually by the preparer: select a status from the **CSM** speed button in return data entry or right-click a record in the CSM.

Whether the return status is user-defined or manually set, it can be changed at any time. Statuses include:

- **New Client** — Set automatically when a new file is created
- **In Progress** — Set automatically by the program when the first change is made to the return in data entry
- **EF Pending** — Set automatically when a “P” ack is received
- **EF Accepted** — Set automatically when an “A” ack is received
- **EF Rejected** — Set automatically when an “R” ack is received
- **On Hold** — Manual setting
- **Under Review** — Manual setting
- **Under Extension** — Manual setting
- **Printed** — Set automatically when the return is printed through **Print Sets**
- **Signed** — Manual setting
- **Delivered** — Manual setting
- **Complete** — Manual setting
- **Custom** — Manually create your own statuses - See “Status Settings Tab” on page 185

NOTE

Return information is updated in the Client Status Manager every time a client return is calculated in data entry. To ensure the CSM data is always current, activate **Auto-calculate tax return when exiting data entry** in **Setup > Options > Calculation & View/Print**.

CUSTOMIZING THE CSM

Initially, the Client Status Manager displays client data in the most commonly referenced columns. These columns can be customized.

Column Layout Tab

Click **Customize** from the toolbar. The **Customize Display** window is opened to the **Column Layout** tab. The **Available Columns** are listed in the left pane and in the **Columns in Current View** are listed in the right.

To add an available column to your view:

1. Highlight the desired column in the left pane. Click **Select** or double-click the desired column. To add all of the fields, click **Select All**.
2. Click **OK** to save and exit.

To remove columns from your view:

1. Highlight the column in the right pane that you wish to remove. Click **Remove** or double-click the desired column. To remove all, click **Remove All**.
2. Click **OK** to save and exit.

To reset columns back to the original view:

1. Click **Reset**.
2. Click **OK** to save and exit.

To change the order of columns displayed in the **Columns in Current View** list:

1. Click and drag the field up or down the field list. An arrow shows the new position of the field. Release the mouse button when the field is in the desired position.
2. Click **OK** to save and exit. The new position of the field is reflected in the column view.

NOTE

In the **Status** column, **File Not Found** in red indicates a return that was created and then deleted through the program. Deleted files remain in the Client Status Manager for tracking purposes.

Status Settings Tab

Customize up to 10 CSM statuses. Click **Customize** from the toolbar and the **Status Settings** tab in the **Customize Display** window. Select a status in the list of customizable statuses then click **Edit**. Enter a new description and click **OK**.

CSM Column Views

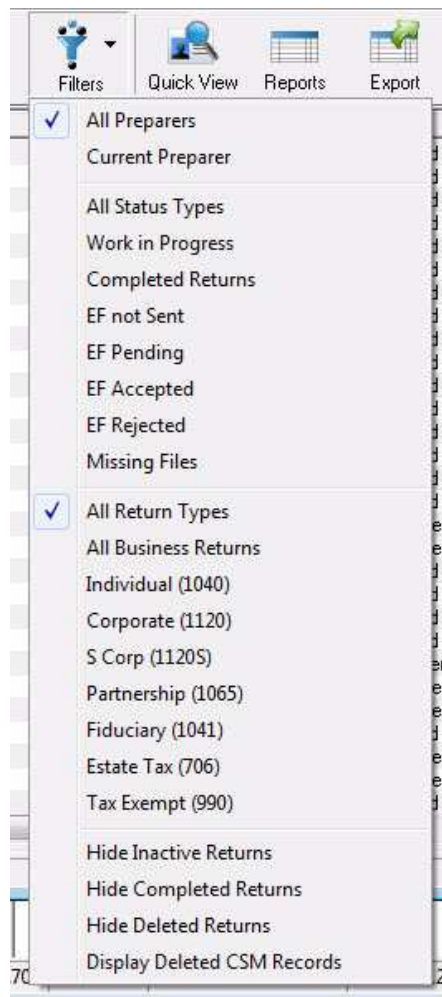
In addition to determining which columns appear in the CSM, you can adjust the column order, widths, and locations from the main screen of the Client Status Manager.

- Sort each column in ascending or descending order by clicking the column header.
- Adjust column widths. To narrow a column, run your pointer over the right side of the column header until the arrow turns into a double-headed arrow. Click and drag the column to the left. To widen a column, drag the column to the right.
- Change the location of a column by clicking and dragging the column header to the desired location.

FILTERING CSM DATA

Use filters to further customize your view in the CSM. Select a filter from **Filters** on the toolbar. You can select one filter item from each section to build a “complex filter.” For example, in Figure 118 below, **All Preparers**, **All Status Types**, and **Individual (1040)** are selected. The CSM displays only items that match those criteria.

Figure 118: Filters menu



CSM REPORTS

Several status and financial reports are available in the CSM. To run a report, click the **Reports** speed button and choose a report from the drop list.

Select any specific fields for the report and click **Report**. The report view appears, displaying the report. To print the report, go to **File > Print** or click the printer icon.

NOTE

Many of the reports rely on data entry for accuracy. To take full advantage of the CSM's reporting features, you must use the data entry screens mentioned.

MULTI-OFFICE MANAGER

The Multi-Office Manager, also known as MOM, is the online version of the Client Status Manager. Designed for the multi-office environment, MOM allows you to track the work flow of multiple offices and see a snapshot of your entire business. View and print reports on return status and return type. Include fees, acknowledgements, refunds, phone numbers. Sort the reports by preparer or by EFIN.

To access the Multi-Office Manager, from the Drake Support website, enter your EFIN and password, go to **My Account > EF Database**, then click **MOM**.

Review Questions Part 8

Answer the following questions. See page 190 for answers and explanations.

1. Which of the following statements about the Update Manager is incorrect?
 - a) You may choose which federal and state program updates to download and install
 - b) You may set an automatic download time
 - c) You may view release notes of installed updates
 - d) It is found at **Tools > Update Manager**
2. What should you do before installing updates through the Update Manager?
 - a) Install the software and state programs
 - b) Choose the tax packages to update
 - c) Copy updates from another computer
 - d) Call a Drake CSR to assist you in the update process
3. You want to write a customized preseason letter to remind all of your 1040 clients it's time to gather their tax information and come in for a scheduled meeting. Where in Drake do you go?
 - a) **Tools > Letters > Letters**
 - b) **Tools > Organizers and Proformas**
 - c) **Setup > Letters > Open > Individual**
 - d) **Setup > Letters Organizers**
4. When using the Scheduler to set up appointments with clients, how are you reminded about your daily appointments?
 - a) They're sent by e-mail to your EFIN@1040.com address
 - b) They're automatically transferred to your computer's calendar
 - c) They're downloaded with your daily updates from **Tools > Install Updates**
 - d) They're listed in the **Appointments** section of the **Home** page
5. To create an asset summary report for a client, use the following report tool:
 - a) Report Manager
 - b) Depreciation List
 - c) Fixed Asset Manager
 - d) Client Status Manager
6. Where do you go in the software to access tools used to manage files, such as **Backup** and **Restore**?
 - a) **Tools > File Maintenance**
 - b) **Help > Setup Assistant**
 - c) **Last Year Data > Update Settings 2010 to 2011**
 - d) **Setup > Directories/Paths**

ANSWERS PART 8

1. The only false statement is a) **It lets you choose which federal and state program updates to download.** The software automatically looks for and installs updates for all tax packages and installed states.
b) is correct. You can choose the exact time you want updates downloaded (even while your office is closed) and installed.
c) is correct. Click a tab and description to see a log of installed updates.
d) is correct. You access the Update manager at **Tools > Update Manager**.
2. The correct answer is a) **Install the software and state programs.** All installed states and tax packages are automatically updated through the Update Manager.
b) is incorrect. You do not choose the tax packages and states programs to be updated. All installed tax packages and state programs are automatically updated.
c) is incorrect. Updates are downloaded from Drake servers over an Internet connection. The only time it would be necessary to copy updates from another computer is if a computer running Drake without an Internet connection needed updates.
d) is incorrect. The Update Manager simplifies the process of installing updates. It is not necessary to request assistance from a Drake CSR when installing updates.
3. The correct answer is c) **Setup > Letters > Open > Individual.** Among the 18 letters listed is the **Individual Preseason Letter for Last Year's Clients.** Make whatever changes you need here.
a) is incorrect. Go to **Tools > Letters > Letters** when it's time to sort the list of who gets a letter, and when it's time to print the letters.
b) is incorrect. Print blank organizers and proformas from **Tools > Blank Forms**, or for individualized organizers and proformas, go to **Last Year Data > Organizers and Proformas**.
d) is incorrect. There are no organizers listed with **Setup > Letters**.
4. The correct answer is d) They're listed in the **Appointments** section of the **Home** page
a) is incorrect. The Scheduler does not send e-mail to your 1040.com address
b) is incorrect. The Scheduler does not interface with your computer's calendar.
c) is incorrect. Your appointments are not downloaded with the daily updates.
5. The correct answer is c) **Fixed Asset Manager.** Go to **Reports > Fixed Asset Manager** to run various reports based on client assets.
a) is incorrect. Use the **Report Manager** to run reports on client and EF data, but not on assets.
b) is incorrect. Use the **Depreciation List** to run detailed depreciation reports for clients.
d) is incorrect. The Client Status Manager is used to track the workflow in an office.
6. The correct answer is a) **Tools > File Maintenance.** All file maintenance tools are located on this menu.
b) is incorrect. The **Setup Assistant** guides you through the process of setting up Drake Software.
c) is incorrect. The **Last Year Data** menu helps you bring clients forward from the previous year.
d) is incorrect. **Directories/Paths** establish how the software is installed and configured on your computer or network.

Support Resources

Drake offers several support resources. These resources are constantly updated and reviewed so our clients have 24-hour access to the latest information.

DRAKE E-TRAINING CENTER

The e-Training Center (or ETC) offers training for both single and multi-site offices by providing tutorials, practice returns, and interactive tax courses. With progress-tracking tools and interactive testing, ETC makes it simple for individuals and group administrators to monitor their personal and collective progress through the online training center.

Earn continuing education credits through ETC. Receive CPE credits for a test score of 80% or higher on our tax courses. Review CPE details for each tax course on the tax course page. View all courses for which a CPE certificate is earned. The course description, date credits were earned, and date certificate was printed are displayed.

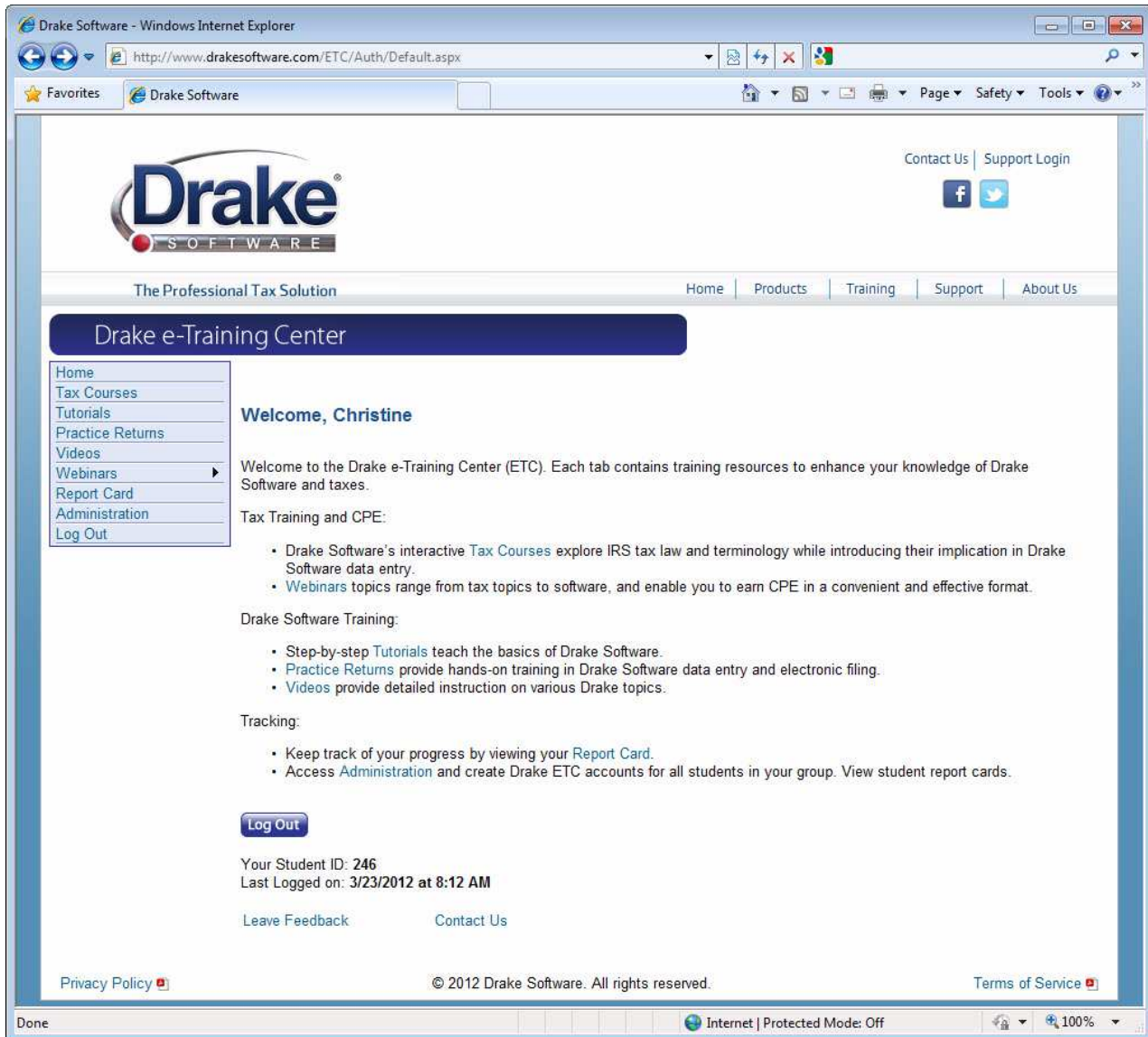
ETC is offered free to Drake clients. Non-Drake customers can also access ETC, but certain fees apply.

To open Drake's e-Training Center, go to www.DrakeETC.com. See Figure 119 on page 192.

AVAILABLE ON ETC

- **Tax Courses** — Interactive tax courses explore IRS tax law and terminology and what these laws and terms mean in Drake data entry. CPE credits are available.
- **Tutorials** — Step-by-step tutorials teach the basics of Drake through text, sound, and animation. After viewing a tutorial, test your knowledge and understanding by taking a short quiz. Tax Software, Client Write-Up and Spanish tutorials are available.
- **Practice Returns** — Various data entry practice returns are available for individual, 1120, 1120S and 1065 returns. Prepare a return in data entry, calculate the return, and compare it to the corresponding solution. Use practice returns for hands-on training in data entry and electronic filing.
- **Videos** — Videos are designed to help new preparers become familiar with Drake Software and serve as a review for experienced preparers.
- **Webinars** — Drake ETC Webinars provide an effective and convenient way to enhance your knowledge through online education. Webinar topics range from tax subjects to Drake Software applications. CPE credits are available.
- **Report Card** — Record of each course with the date started and date completed. View results of each test.
- **Videos** — Watch short video clips featuring Drake education trainers as they teach you the basics of Drake setup, data entry, return preparation and much more.
- **Administration** — Available only when logged in with an administrator account, this tab allows you to create student accounts and view student report cards.

Figure 119: ETC Welcome page



NOTE

Currently, ETC offers five tax courses: basic 1040, intermediate 1040, basic corporate, basic S corporation, and a basic partnership course.

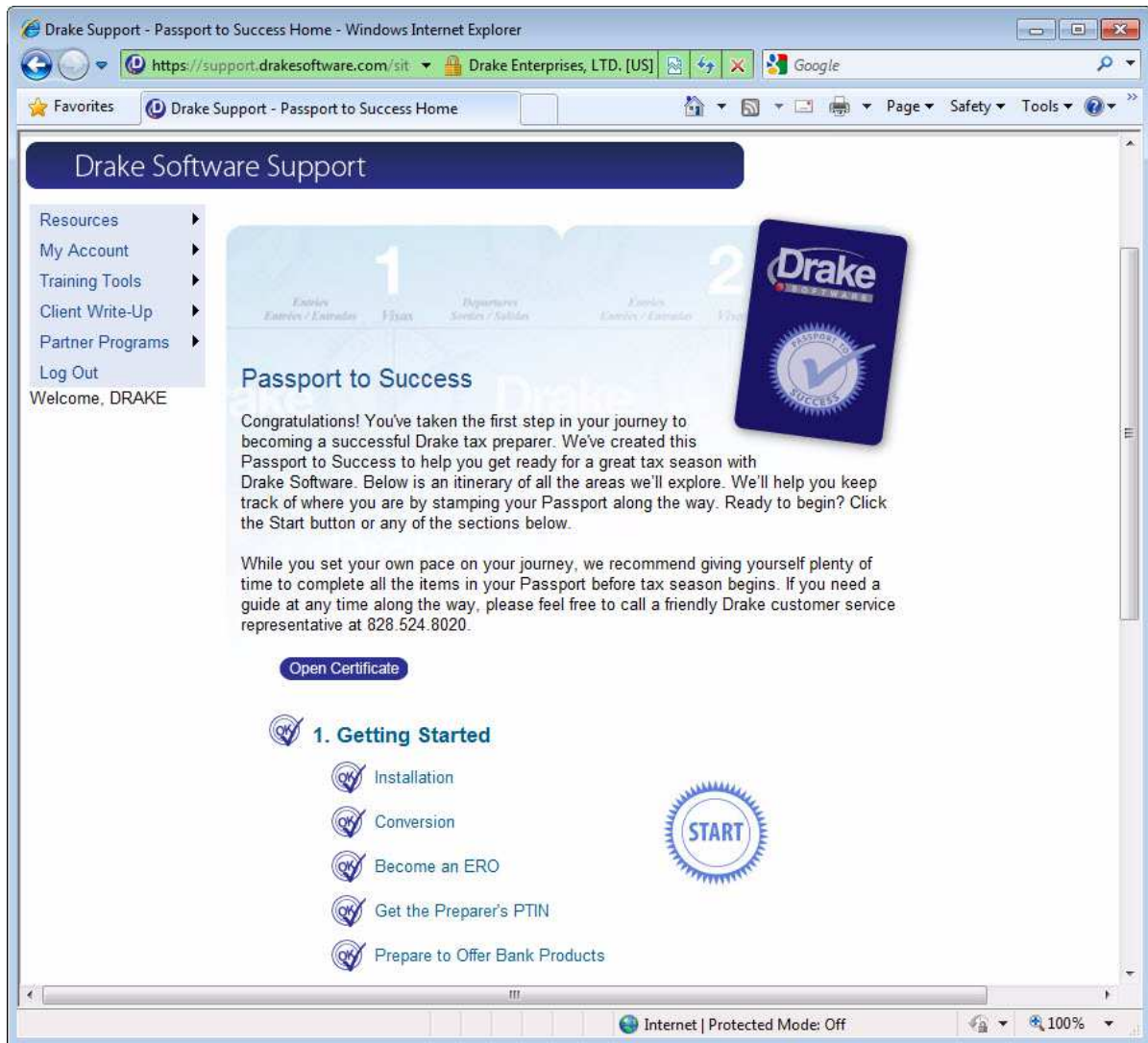
For a tax course to run properly, your system must meet the following requirements:

- Browser - Internet Explorer 6.0 SP1 or later, Firefox 2.0 or later, Netscape Navigator 7.1 or later
- Internet Connection - High Speed DSL/cable (*recommended*) or dial-up
- Media Player - Windows Media Player or RealPlayer

PASSPORT TO SUCCESS

The Passport to Success is an itinerary of “stops” - important items and resources specifically designed to prepare new clients for tax season. Use Passport to Success to explore the stops on the journey, from the installation of the software to discovering Drake Support. Passport to Success includes instructions, tutorials, and forms that prepare Drake clients for tax season. To access your Passport to Success, log in to *Support.Drakesoftware.com* with your EFIN and password and go to **Training Tools > Passport to Success**. See Figure 120 below.

Figure 120: Passport to Success home page



THE TAXBOOK WEBLIBRARY

The TaxBook WebLibrary offers advanced research tools for tax professionals. Drake clients have unlimited access to the 2011 Tax Year for free. To access The TaxBook WebLibrary, go to **Help > Tax Research** or click the **Research** speed button. This resource includes:

- **The TaxBook WebLibrary** — Designed to create an online search tool that mirrors the way tax professionals use The TaxBook. Navigation is intuitive and both the tax and government libraries are updated with the most current information.
- **The TaxBook** — Written exclusively by practicing tax preparers, the TaxBook has the highest published product satisfaction rating in the industry, at 98.6%.
- **Tax Libraries** — Online access to The TaxBook 1040 Edition - 2011 Tax Year, Small Business Edition - 2011 Tax Year, All States Edition, and Update Service.
- **Government Libraries** — A complete collection of federal case law and IRS rulings memoranda available, including Publications, Forms and Instructions, Internal Revenue Code, Treasury Regulations, Revenue Procedures, Revenue Rulings, Notices, and Announcements.
- **Archives** — Convenient access to previous tax year information for 2008 - 2010.
- **Form Line Finder** — Search for content based on the form name and line number. Makes searching quick and easy.
- **Calculators** — Calculators available for use in auto, investment, loan, mortgage, personal, retirement, savings and tax calculations. Use in conjunction with the Drake Tax Planner.

HELP

The Drake Software Help System answers many of the most commonly asked questions about the software. It is easy to use and fully searchable. To access the Help system:

- Go to **Help > Drake Software Help**, or press CTRL + F1 from the main screen of the program.
- Click the **Help** button on any window (except in data entry). This opens the Help for that window. For example, if you are in **Pricing** and click **Help**, the Help for that screen is opened.
- In data entry, right-click in the gray area and select **Read Manual** to access the Help System.

NOTE

In data entry, right-click a field or press F1 to get field-specific Help.

On certain screens, screen-specific Help is available. These screens have a **Screen Help** button in the upper right corner.

FAQs

The **FAQ** screen, located in return data entry, is a great resource for federal and state-specific information. On the **Data Entry Menu** for the federal or state return, type **FAQ** in the selector field. Click to view the desired topic. Reject codes can be found on each state's **FAQ** pages.

SOFTWARE MANUALS

Drake's software manuals are available online as PDF files and can be accessed in the software through the **Help** menu. Manuals are also included as PDF files on the installation discs.

Drake User's Manual: Tax Year 2011— This is a complete resource for all your software questions. With more than 300 pages of information, it includes details on installation, setup, navigation, return preparation, states, electronic filing, banking, and reports.

2012 Drake Client Write-Up Manual— A guide for using Drake's Client Write-Up program to prepare and print both live and after-the-fact payroll, vendor checks, W-2s, 1099s, 940s, 941s, 943s, 944s, 941SSs, and 944SSs.

DRAKE UPDATE SCHOOLS AND VIDEOS

Each fall, the Drake Education team holds several Update Schools across the country. The information presented at the schools is also available on the Drake Update Video. With topics to benefit everyone, the video can be used as a training tool or as an office refresher course. For more details on the Drake Update Schools and video, visit *Support.Drakesoftware.com*. From the menu bar, select **My Account**, or to order the video, go to **Training Tools** and select **Video**.

PRACTICE RETURNS

Become more familiar with the program's data entry screens and electronic filing process by entering and viewing practice returns, test returns, and EF-Banking practice returns.

- Practice data entry returns are located on your Drake CD, the Drake Support website, *www.Support.DrakeSoftware.com*, and Drake ETC, *https://www.drakesoftware.com/etc/*. There are individual and business return scenarios, including sample documents needed to complete the returns. Enter the provided information into the software as if you were preparing a real return. When finished, calculate and view the results. Compare the results to the solutions.
- View electronic filing and banking practice scenarios on the Drake Support website. These scenarios are designed to familiarize beginning electronic filers with the process of electronic filing and check printing in Drake software. These returns have SSNs from 500001001 through 500001008. Calculate the returns in the software and electronically file them. These particular returns are set up to be either accepted or rejected. Correct the rejected ones and resend to receive acknowledgements. Practice printing checks for the returns with a bank product.

NOTE

Test transmissions do not receive an additional IRS acknowledgement. The "T" acknowledgement indicates the transmission was successful.

DRAKE SUPPORT WEBSITE

All Drake clients have access to the Drake Support website, *Support.Drakesoftware.com*. This is a comprehensive online research center designed for Drake preparers. Quickly access the website from the **Support** speed button in the software, or open the website in your Internet browser. Some of the features available are:

- The Knowledge Base
- Broadcast Center
- Online Federal/State Database
- Online EF Database
- Forum/Message Board

KNOWLEDGE BASE

The Drake Software Knowledge Base (KB) is a comprehensive searchable database consisting of support solutions and articles of interest. Providing support around the clock, the Knowledge Base is a great alternative to a support call. Continuously updated, the KB ensures that Drake preparers always have access to the most up-to-date information available. Finding the information you need is easy. Search by keywords, read important FAQs, view the most popular articles, or simply browse KB articles by category. From the home page of the KB, view important alerts.

To open the Knowledge Base from the Drake Support website, go from the **Tools** page, click **Knowledge Bases**, or from the menu bar, click **Resources** and select from among several Knowledge Bases.

BROADCAST CENTER

Drake Software keeps you informed of important information about the software and tax industry via broadcast email. All broadcast e-mails are posted on the Broadcast Center. The most recent broadcasts are listed for easy viewing. To view a prior broadcast, narrow the list by choosing a category from the **Select a category to display** drop list. See Figure 121 on page 197.

Figure 121: Broadcast Center

Drake Software Support

Resources ▶
My Account ▶
Training Tools ▶
Client Write-Up ▶
Partner Programs ▶
Log Out
Welcome, DRAKE

Broadcast Center

Select a category to display: Recent Broadcasts ▼
Recent Broadcasts
Important Alert
Software Update
Weekly Broadcast
IRS Information
Tax Information
Federal Information
State Information
Banks
Online Filing
Education
General Information
Client Write-Up

Drake Software keeps you informed of important information about the software and tax industry via broadcast e-mails are found on the Broadcast Center. The most recent broadcasts are listed below. To view all broadcasts, choose a category.

Tax Season Weekly Broadcast 3.23.2012
Last updated 3/22/2012

Drake Software has continued its partnership with Value Payment Systems (VPS) and is offering a new option for taxpayers to pay their balance due with a credit card this year.

Option #1: Integrated File and Pay (IFP)

IFP is a fast and secure way to pay a balance by credit card when the return is e-filed. The payment is authorized before the return is e-filed and is processed after the return is accepted.* The payment process, which includes credit card authorization, is easily initiated from within data entry on the **EPAY** screen. Follow the steps on the screen to ensure smooth processing.

Forms/payments supported by IFP:

- Federal Form 1040, U.S. Individual Income Tax Return
- Federal Form 4868, Application for Automatic Extension of Time to File U. S. Individual Income Tax Return

ONLINE FED/STATE FACTS DATABASE

The Fed/State Facts Database allows you to quickly access important federal and state-specific information, such as electronic filing specifications, form instructions, and support links. Need to prepare a return for an unfamiliar state? We have done all the research for you and stored it in our State Database. To access the Fed/State Facts Database from the Drake Support website, go to **Resources > Fed/State Facts**.

ONLINE EF DATABASE

The Online EF Database displays information about your electronically filed returns in real time and offers various online reporting features. Because the electronically filed information is stored here at Drake, the information is always current. Run reports on returns, loans, and checks, or search for electronic filing information for a single SSN or EIN. Access the Multi-Office Manager (MOM) and view Client Status Manager data for one or multiple offices.

To access your EF Database from the **My Account** menu of the Drake Support website, click **EF Database**. To access your EF Database from the main screen of the software, go to **EF > Search EF Database** and either click the **F10 - Online DB** button or press F10.

FORUM/MESSAGE BOARD

Forums provide an opportunity for Drake preparers to participate in online discussions of everything from business strategies and software questions to the latest tax news and software suggestions. Sometimes customers answer each other's questions, while other times a Drake moderator may be available to provide explanations. This is a great way to share notes and network with fellow professionals. To access the Forums, from the **Resources** page of the Drake Support website, click **Forums**.

CUSTOMER SERVICE AND SUPPORT

At Drake, we pride ourselves in having the best customer support in the industry. No matter which support method you choose, you can be assured of receiving friendly and accurate service.

PHONE

Work one-on-one with a support technician to resolve software issues. Drake technicians are trained year-round on Drake topics. The number is (828) 524-8020 and the lines are open Monday - Friday 8 a.m. until 10 p.m., and Saturday 8 a.m. until 6 p.m. during tax season. Our non-season hours are Monday - Friday 8 a.m. until 9 p.m., and Saturday 8 a.m. until 5 p.m. (All times are Eastern Time.)

FAX SUPPORT

Send your questions to Support via fax at (828) 349-5718 and we will quickly respond to your software question with a fax. Be sure to include specific details about your issue.

E-MAIL SUPPORT

For those non-urgent questions, or for more difficult questions that may not be resolved over one phone call, opt to e-mail us a question. Ask more specific Support questions through the Drake E-mail program.

Our general support e-mail address is *Support@DrakeSoftware.com*. From the software, click the **E-mail** button, and from the **New Message** window, click the **To** button. Choose **Drake Support Address Book**. Double-click to select a specific address.

NOTE

To send a return to Drake Support, click **Email** on the **Data Entry** menu toolbar. The return is automatically attached to the email for your convenience. If you use this method, be sure to include a detailed description of your issue.

E-MAIL

The E-mail program allows Drake clients to send and receive e-mail using a 1040.com e-mail address. This address is your EFIN@1040.com. (For instance, 777777@1040.com.) Use Drake's e-mail program to:

- Receive Drake broadcast e-mail during tax season. These e-mails messages contain important IRS and state updates and alerts and interesting facts about Drake Software.
- Send e-mail to Drake Support and easily attach client files.
- Send e-mail to clients with encrypted return documents.
- Send bulk e-mail to your clients or other contacts.
- Create customized e-mail using a report generated recipient list.

Use it as your everyday e-mail tool. To access Drake's e-mail program, go to **Help > E-Mail**.

Suite Products

In addition to providing our comprehensive tax software, Drake offers these additional applications to enhance your practice:

- [Tax Planner](#)
- [Drake Document Manager](#)
- [GruntWorx](#)
- [SecureFilePro](#)
- [Client Write-Up](#)

TAX PLANNER

The Tax Planner is a stand-alone product that integrates with Drake Software and helps you and your clients plan their tax futures. The Tax Planner allows your clients to see how events such as marriage, the birth of a child, or becoming a single parent affect their income and taxes in both the coming year and as many as seven years ahead.

Some questions a client may need answers to include: “How will having a child affect my income tax next year?”, “What if I add money to my IRA?”, “What are the tax implications of getting married this year versus next?” Use the “Multi-Case” option to show the client various scenarios for the coming tax year and use the “Multi-Year” option for long-term planning.

NOTE

- The Tax Planner is installed during the Drake Tax Software installation and a Tax Planner icon is created on your desktop.
- The Drake Tax Planner requires Microsoft Excel 2000 or later.

CREATING A TAX PLANNER FILE

To create a Tax Planner:

1. Create a tax planner using one of the following methods:
 - Click the **Tax Planner** icon on your desktop and create a file from scratch. This method requires direct entry on each tab of the Tax Planner, OR
 - Open a completed return in Drake Software and on the data entry toolbar, click **Tax Planner**. This method imports the data from the return into the tax planner

When prompted, click **Yes** to calculate the return. Click **Continue** to close the **Calculation Results** window.
2. Excel opens. From the **Drake Tax Planner - Setup Options** dialog, choose the number of cases or years for this planner. You can plan for up to seven years or seven cases within a year.

The Tax Planner file contains data that imported from the client’s return. Tax Planner tabs include: **Client Setup, Demographics, Summary, Income, Adjustments, Itemized Deductions, Credits, Other Taxes, and Payments.**

Selecting a Planning Preference

Before you begin planning, select multi-year or multi-case from the **Planning Preferences** drop list on the **Client Setup** tab. See Figure 122 below. The multi-year option provides long-range planning for up to seven years, and the multi-case option provides short-term planning (for the current year) with up to seven different scenarios defined by the preparer.

NOTE

Click **Setup Options** from the Tax Planner toolbar and select **Case Options** to change the number of years or cases to create in the planner.

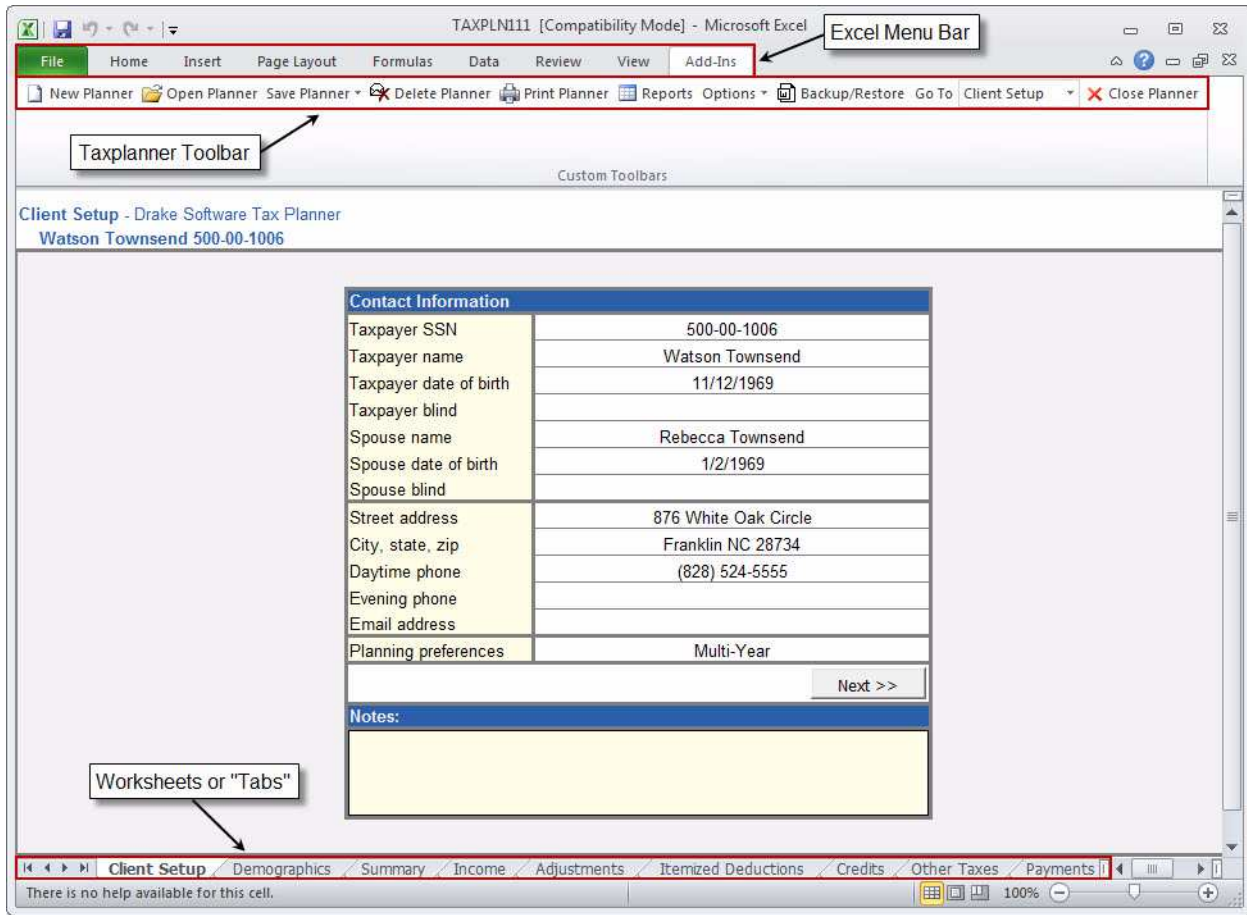
Figure 122: Planning preferences

Contact Information	
Taxpayer SSN	500-00-1006
Taxpayer name	Watson Townsend
Taxpayer date of birth	11/12/1969
Taxpayer blind	
Spouse name	Rebecca Townsend
Spouse date of birth	1/2/1969
Spouse blind	
Street address	876 White Oak Circle
City, state, zip	Franklin NC 28734
Daytime phone	(828) 524-5555
Evening phone	
Email address	
Planning preferences	Multi-Year
	Multi-Year
	Multi-Case
Notes:	

The Tax Planner Window

The Tax Planner contains a spreadsheet menu bar, the Tax Planner toolbar, taxpayer data, and tabs representing setup and specific portions of the 1040 return.

Figure 123: Tax Planner window



Some cells are “read only” and cannot be changed; others can be edited. Unshaded (white) cells are active and can be edited.

Certain tabs are hidden by default. For example, the Schedule C tab is not initially visible but appears when the Schedule C cell is double-clicked from the **Income** tab. Hidden worksheets can also be accessed from the **Go To** list on the toolbar.

To move through the tabs, click **Next** or **Back** on each screen, click a tab at the bottom of the window, or select **Go to** from the toolbar and select a tab.

There is a **Notes** section on each tab. Record comments or thoughts pertinent to the client or data.

Working in the Planner

On the **Demographics** tab, the 2011 information automatically fills in for the number of years or scenarios selected; changes are needed in the applicable fields and years only. The **Income, Adjustments, Itemized Deductions, Credits, and Other Taxes** tabs are filled with 2011 tax information for each year. The amounts for the additional planning years can be changed by using the **Adjustment** column, by copying and pasting from prior years, or by direct entry.

Entering Data

To make a direct entry in a cell, click the cell and enter an amount. Use this same process to override the amount in a calculated cell. You can also copy, cut, and paste amounts in a Tax Planner cell using typical Windows procedures for copying, cutting, and pasting data.

Making Adjustments

Each numerical column in the Tax Planner has an **Adjustment** column to the right of it. Use this column to enter dollar amounts or percentages by which to adjust the amounts.

The **Adjustment** column can contain either dollar amounts or percentages. To change to percentages, enter the number with a percentage sign (%). The adjustment amount fills the same field in the projected years. To decrease an amount, enter a negative percentage by typing a minus sign (-) before the amount. (For example, enter -5% in the **Adjustment** column.)

Figure 124: Example of a 5% increase

Income Items:	Base Year	Adjustment	Multi-Year	Adjustment	Multi-Year
	2011		2012		2013
Wages	52,000	5%	54,600	5%	57,330
Nontaxable combat pay			0		
Taxable interest	291	1%	294	1%	297
Nontaxable interest			0		0
Dividends					0
Qualified dividends					0
Taxable refunds					0
Alimony			0		0
Business income – Schedule C	2,000		2,150		2,356
Capital gain (loss) – Schedule D	0		0		0
Other gains (losses) – Form 4797			0		0
IRA distributions			0		0

To apply adjustments to all future years, right-click the cell and select **Carry Adjustment Across**.

Items on the **Summary** tab are adjusted by making entries on other tabs. Double-click a cell on the **Summary** tab to jump directly to the tab where changes can be made.

Using Worksheets

The Detailed Worksheet is similar to the CTRL+W worksheet in data entry. To attach a detailed worksheet, select the desired cell and press CTRL+W. Use the **Detailed Worksheet** dialog box to add, edit, and remove items for the cell.

Cells with associated worksheets are highlighted in blue.

Printing a Planner

Click **Print Planner** from the toolbar to access the print selector. Select the sheets and reports to print. Click **Print Preview** to preview your selection and **Save Selection** to save page selections as the default.

Saving a Planner

Tax Planner files have DTP (Drake Tax Planner) extensions. These files also can be saved as Excel files. Drake supports Excel 2000 and above.

To save the planner, click **Save Planner > Save** or **Save Planner > Save As** and select a name and location for the file. (Files are saved as *.DTP files unless you specify otherwise.)

Reports

To access standard reports, click **Reports** from the tax planner toolbar. Select a report from the **Reports** drop list. There are also standard charts and graphics available.

Options

Tax Planner options are available in a drop list from the **Options** button on the Tax Planner toolbar:

- **Send to DDM** — Tax Planner files can be saved to an existing Drake Document Manager client folder. Click **Send to DDM** from the toolbar to print the planner to a PDF file and save to the appropriate folder. See “Drake Document Manager” on page 206 for details.
- **Case Options** — From the case selector, choose the number of years or cases to view and print in the Tax Planner. Click **Set selection as default** to have the same number of years selected each time a new planner is created.
- **Directories and Paths** — Select a data path for the Tax Planner to use. The current path is displayed. Enter a new path in the **New** field. Tax Planner files are saved to the selected location.

Planner Help

To access cell-specific help, right-click a cell and select **Drake Help**. The help information for that cell is also displayed across the bottom of the Tax Planner window.

DRAKE DOCUMENT MANAGER

The Drake Document Manager (DDM) allows you to create an electronic organizational file structure for the storage of your office documents.

The DDM is organized as a three-level system. Think of it as a virtual filing cabinet with drawers and folders in the drawers. Level 1 is the “Cabinet,” Level 2 is the “Drawer,” and Level 3 is the “Folder.” Folders may also have sub-folders. Store your files in these folders electronically, creating a paperless office.

The Drake Document Manager is installed during the Drake Tax Software installation, and a DDM icon is created on your desktop.

TECHNICAL REQUIREMENTS

The DDM program takes very little disk space, but the amount of space needed to store your office files must be taken into consideration. The drive where files are stored should have three to five GB (gigabytes) of space for three to five years of storage (for an average size office). Most new computers have at least a 20GB hard drive.

Long file names can be used, although this naming convention might not function properly on older systems that limit file names to eight or fewer characters.

FILE STRUCTURE

The DDM stores files in a “file structure.” You can build a file structure entirely from scratch, create an automatic file structure by integrating the DDM with the tax software, or implement a combination of both approaches.

To implement the Drake document file structure, go to go to **Setup > Printing > Document Manager** from the **Home** window in Drake. Select **Allow Drake to set up Document Manager client folders (Recommended)**.

If you choose to build a filing structure from scratch, or to learn how to add additional cabinets, drawers, and folders to your Drake filing structure, see “Building a File Structure” on page 208.

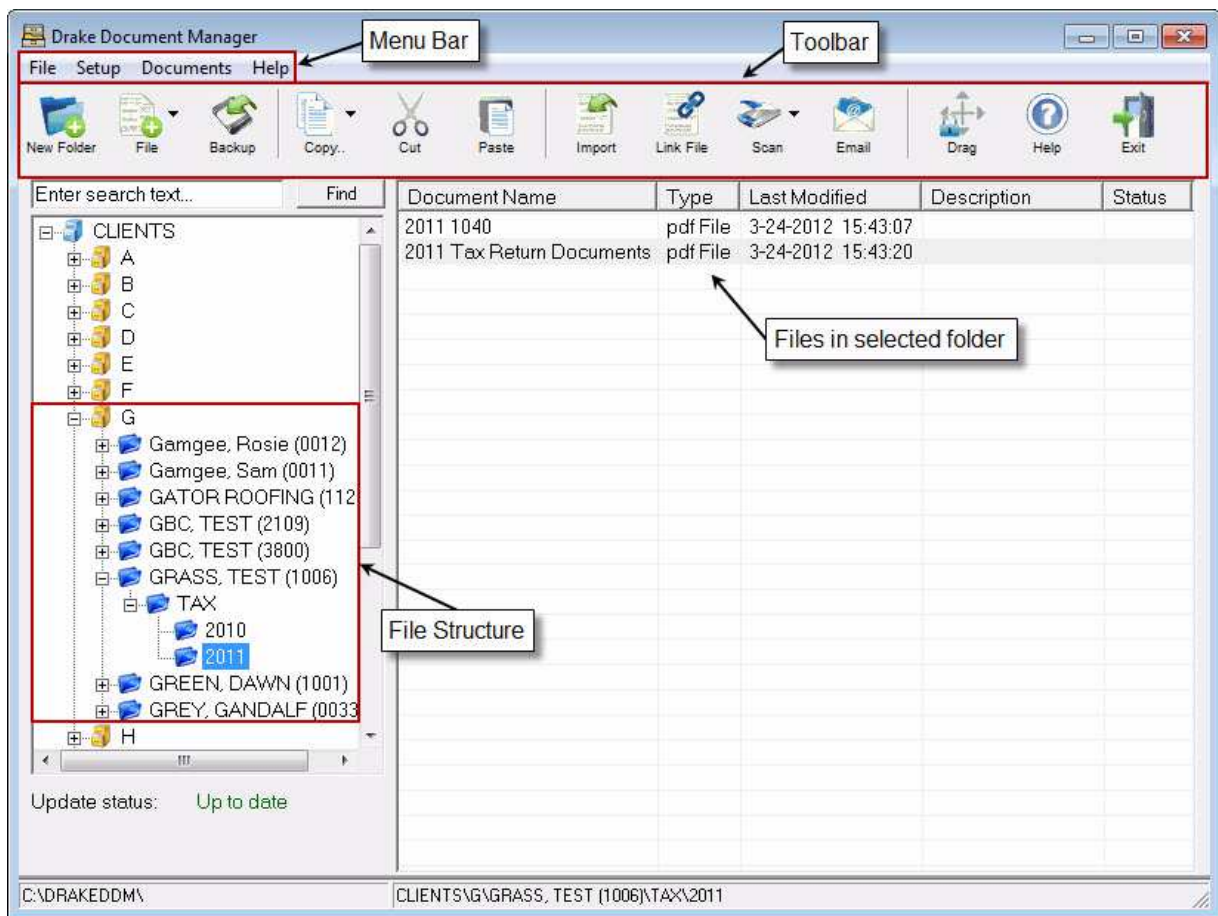
Choosing to integrate the DDM with the tax software does the following:

- A default filing structure is created. It consists of a **Clients** filing cabinet, drawers labeled **0-9** and **A-Z**, folders in each drawer for each client labeled by last name or business name, a **Tax** subfolder, and a **2011** subfolder.
- When you create a return for a new client in Drake, you are required to enter the client's name. Once a client's name is entered, a client folder is automatically created in the DDM.
- Tax returns and other documents printed to PDF in Drake using the Drake PDF Printer, are saved directly in the appropriate DDM folder for the client. See "Print Selected Forms to PDF Document" on page 96 for details on printing documents to PDF.
- The **Doc Mgr** button in data entry opens the DDM to the client's tax-year folder.
- Files saved in a client's folder can be attached through the Drake e-mail program, or sent as a PDF attachment to a return (1120, 1120S, 1065, and 990 packages).

THE DDM WINDOW

The DDM consists of the file structure "tree" on the left side, a list of files in the selected folder on the right, and a menu bar and toolbar at the top.

Figure 125: Document Manager



Filing cabinets are organized in standard tree format. Click [+] to expand a portion of the tree; click [-] to collapse it. Or with a folder selected, press [+] or [-] keys on the numbers pad of your keyboard.

Select a folder to view a list of its files. The DDM displays document names, types, dates modified, and descriptions. Click column headers to sort by columns.

Like other Drake windows, the DDM has a menu bar and a toolbar with speed buttons. Each speed button activates a different function. Depending on your current level in the DDM, different buttons are accessible. For example, if you're on the cabinet level, you can add only drawers and cabinets, so only these buttons are active. To view a short description of each button's function, rest your pointer on the button.

Since you can begin working in the DDM on the folder level, several buttons are displayed:

- **New Folder** — Create a new folder
- **New File** — Create a new file
- **Backup** — Backup the selected folder, or the entire DDM
- **Copy** — Export the selected document to another location
- **Cut** — Remove the selected document so that it may be placed in another location
- **Paste** — Place a document that has been Cut in a new location
- **Import** — Import a document from another location into the selected folder
- **Link File** — Create a link to document outside of the DDM
- **Scan** — Scan a new document into the selected folder
- **Email** — E-mail the currently selected document
- **Drag** — Activate Drag and Drop. When activated, drag and drop files within the document manager or from Windows Explorer into DDM folders
- **Help** — Find answers in the DDM help system
- **Exit** — Close the Drake Document Manager

Figure 126: DDM folder level speed buttons



In addition to the functions located on the toolbar, various functions are accessed by right-clicking a file in the right pane.

BUILDING A FILE STRUCTURE

If building your own file structure, map it out by hand before creating it in the DDM. More cabinets, drawers, and folders can be added to a Drake-integrated file structure. As a level is created, an icon representing that level appears in the DDM's left pane.

The file structure can be created within the DDM, or you may establish a universal file structure for every client in the tax software at the beginning of tax season. Go to **Setup > Printing > Document Manager** and **Add** or **Edit** the **Folder Structure** section.

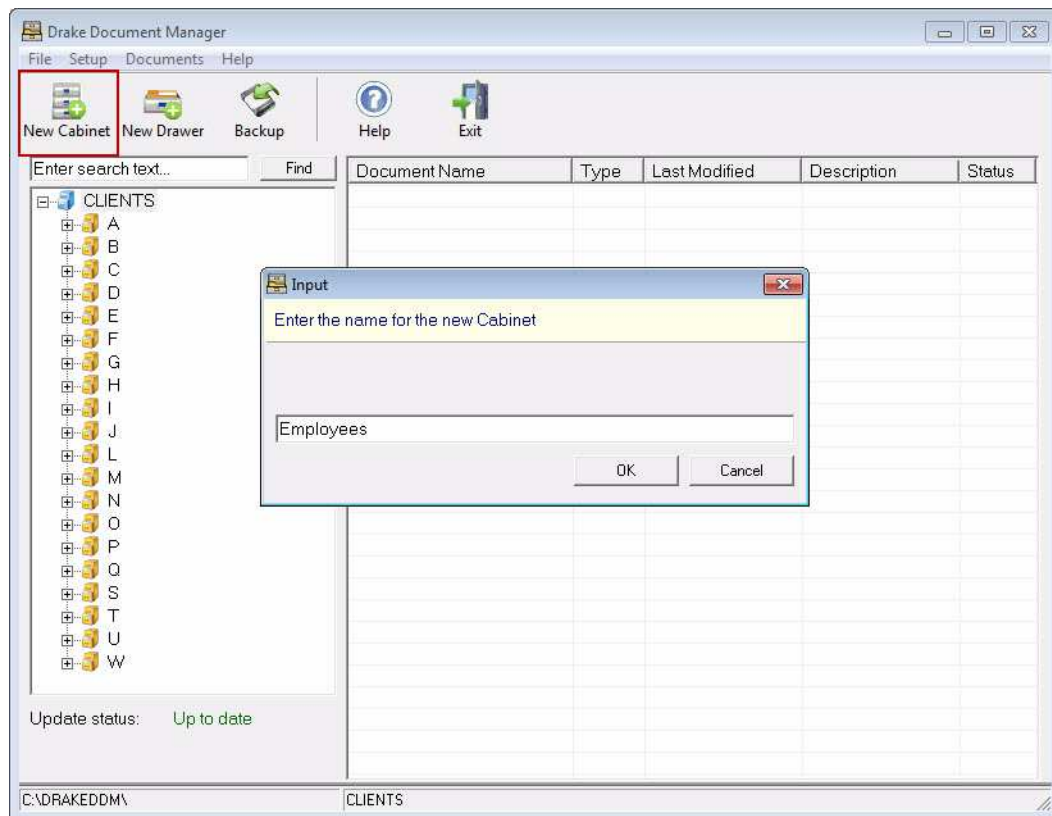
Creating a Cabinet

You must have a cabinet in which to place your drawers and folders.

1. To create a cabinet, open the DDM, then click **Create a new cabinet**.
2. In the dialog box, enter the name for the cabinet.
3. Click **OK**. The new cabinet appears in the left pane.

To create additional cabinets, repeat these steps. You cannot add file cabinets inside filing cabinets. Each cabinet acts as Level 1 storage.

Figure 127: Create a New Cabinet



CREATING A DRAWER

Drawers can be added to cabinets.

1. Click to highlight the cabinet. The drawer is added to the selected cabinet.
2. Click **New Drawer** from the toolbar.
3. In the dialog box, enter the name for the drawer and click **OK**. The new drawer appears in the left pane as Level 2, in the Level 1 cabinet.

CREATING A FOLDER

Documents are stored on the folder level in the DDM. You can add folders to drawers and sub-folders to folders.

1. Click to highlight the drawer or folder.
2. Click **New Folder** from the toolbar.
3. In the window, enter the name for the folder and click **OK**. The new folder appears in the left pane as Level 3, under the Level 2 drawer in the Level 1 cabinet.

ADDING FILES TO FOLDERS

Add files to DDM folders by importing or scanning.

Importing Documents

To import a document:

1. Select the folder in which to save the document. This is the currently selected or active folder.
2. Click **Import** from the menu bar. Browse to the file location on the server or hard drive and select the document for import.
3. Click **Save**. The Drake Document Manager copies the document into the selected folder and leaves the master document in the existing location. Any file type can be imported into the system.

Scanning Documents

Enter documents into the system by scanning, using either a flat-bed scanner or document feeder scanner. To be compatible with the DDM, scanners must be TWAIN compliant.

A flat-bed scanner scans one page at a time, creating one PDF document. A scanner with a document feeder scans multiple pages and makes one document of many pages, which is more efficient.

Initiate the scan process from the Drake Document Manager. The Document Manager locates your system's default scanner. If a **Scanner Cannot be Located** message appears, the scanner might not be TWAIN compliant or properly installed.

To scan a document:

1. Select the appropriate folder, click **Scan**, and choose either **Use Scanner Bed** or **Use Document Feeder**, depending on the type of scanner and which part of the scanner to use.
2. Click to select the file type.
3. Enter a name for the document or select a name from the **Common Documents** list, and click **OK**.

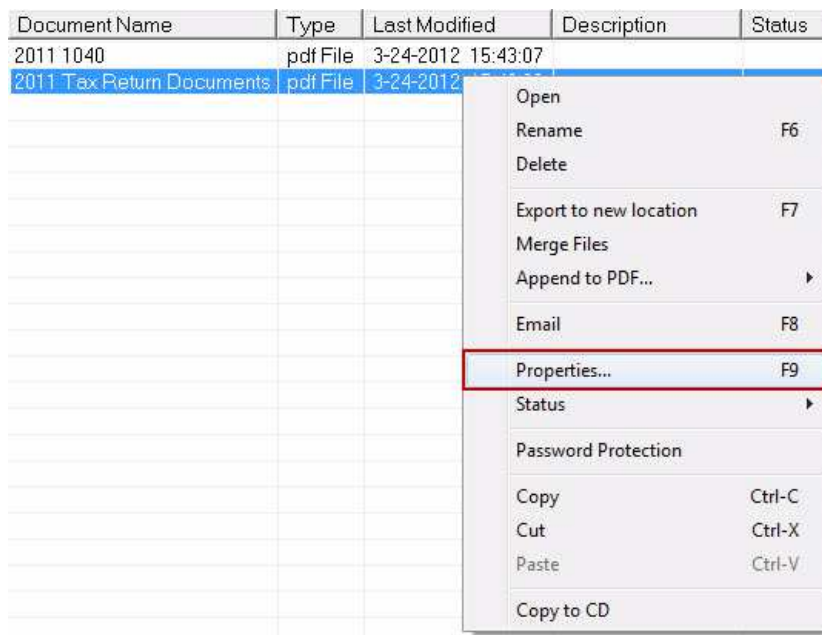
Figure 128: Saving scanned documents in the DDM



DOCUMENT PROPERTIES

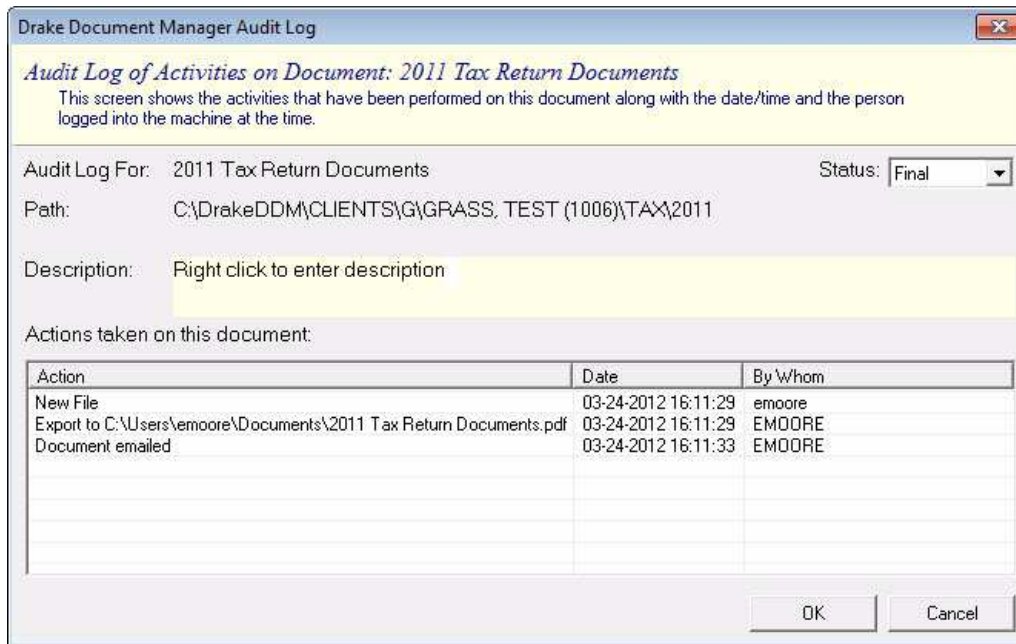
Once a document is entered into the system, you can view and edit its properties. Right-click the document and select **Properties**.

Figure 129: Accessing Document Properties



The **Drake Document Manager Audit Log** for a file allows you enter and edit a **Description** of the document. The also shows the actions that have occurred to the document, for example, **Date Imported** and **By Whom**. It also shows if the file has been renamed, exported, e-mailed, or opened. It provides an audit trail of activity occurring with the document if created within the Drake Document Manager. Any action that occurs outside the Drake system is not recorded.

Figure 130: File Audit Log



PASSWORD-PROTECTING DDM FILES

Protect files with a password in the DDM.

- Assign a password — Right-click a file and select **Password Protection**. Enter the password twice, then click **Continue**.
- Open a password-protected file — The **Password Protection** dialog box is opened when you try to open the file. Enter the password and click **Continue**.
- Remove or change a password — The **Password Protection** dialog box is opened when you try to open the file. Enter the password and click **Continue**. When prompted to enter and reenter a new password, enter a new password or leave the fields blank to remove all password protection and click **Continue**.

SETUP OPTIONS

Some DDM configurations must be manually set. Access these options from within the DDM. Go to **Setup > Options**.

- **Document Manager Data Path** — To store DDM data in a different location from the actual DDM program, enter the data path here.
- **Use this scan device** — By default, the DDM automatically chooses your default scanner when scanning documents. To choose a different scanner, select it from the drop list.
- **Turn off scanner interface** — Click to activate or disable the scanner option in the DDM.
- **Build index when DDM starts** — The DDM index (used to search the DDM) must occasionally be rebuilt to ensure proper functionality. Click to activate or disable the option to rebuild the index each time the DDM starts.
- **Edit and Reset list of Common Documents** — Edit or reset the list of names that can be assigned to scanned documents.

GRUNTWORX

GruntWorx is a secure, web-based application that automates the time-consuming tasks of organizing and populating tax data. This cutting-edge technology has been integrated into the Drake tax software program. This technology offers the following "job" types:

- **GruntWorx Organize** – organizes, bookmarks, and labels scanned tax documents so you can easily find and review any document. Standardizes workflow with consistently organized tax workpapers.
- **GruntWorx Trades** – transforms trade details on scanned consolidated brokerage statements into a spreadsheet file, which can be imported into Drake Software.
- **GruntWorx Populate** – eliminates data entry with accurate data extraction and population into Drake Software. Frees preparers and reviewers to focus on higher value activities.

MORE INFORMATION

For more information or to purchase tokens, go to Support.DrakeSoftware.com, (or click **Support** from the **Home** window of Drake's tax software). From the blue menu bar on the left side of the **Support** page, select **My Account > GruntWorx**.

Contact Drake Software GruntWorx Support at 828-349-5505 if you have any questions regarding the integration of GruntWorx into the Document Manager or for the purchase of Drake Software Tokens.

SECUREFILEPRO™

SecureFilePro is an HTTPS file-sharing site. Send and receive documents on your own secure web portal. SecureFilePro features include:

- An activity report that shows, at a glance, who has accessed which accounts and what has been uploaded and downloaded from the site.
- Automatic alerts e-mailed to your clients when their documents (such as their tax returns) are available for viewing or downloading.
- Automatic alerts when you are reaching the limit of your file-storage capacity.

SECUREFILEPRO SIGN-UP

Sign up for SecureFilePro from the Drake Support website (*Support.DrakeSoftware.com* or click **Support** from the Drake Software **Home** window). From the blue menu box to the left side of the **Support** web page, select **My Account > Secure-FilePro**. Follow the onscreen directions to set up an administrative account and to add employees and clients who will have access to the site.

CLIENT WRITE-UP

Drake's Client Write-Up (CWU) provides the capability to prepare and print both live and after-the-fact payroll, W-2/W-3, 1099-MISC/1096, 940, 941, 941SS, 943, 944 and 944SS forms. Payroll information is transferred to the journal with the click of a button.

CWU also provides the ability to manage basic client financial records through the use of double-entry bookkeeping. A number of reports are provided including multi-column profit and loss reports, pre-posted reports, comparative or single column balance sheets, and payroll reports.

Templates make the creation of a Chart of Accounts easy, but CWU also allows you to create a custom Chart of Accounts either by editing an existing one or creating one from scratch. You can also export information into Drake Software, reducing data entry time required to prepare your client's tax return.

Use Client Write-Up to enter vendor invoices, print (and reprint) live vendor checks, and enter after-the-fact vendor invoice information for bookkeeping purposes. Use the Accounts Payable module or "Check Writer" to print vendor checks.

Use the Accounts Receivable module to record and track customer invoices, shipments, payments, and balances.

Portals is a new web-based feature that facilitates your clients editing some of their employee information as well as pay information. Once they create and verify pay information, the accountant processes payroll and automatically posts the final pay information for the client to view and export to Excel.

Install Client Write-Up from your Drake Evaluation CD.

Review Questions Part 9

Answer the questions below. See page 218 for answers and explanations.

1. These interactive courses explore IRS tax law and terminology on the Drake e-Training Center (ETC):
 - a) Tax Courses
 - b) Tutorials
 - c) Practice Returns
 - d) Test Returns
2. Which is the best option when creating a tax planner for long-range planning in the Tax Planner?
 - a) Multi-year
 - b) Multi-case
 - c) Detailed Report
 - d) Summary Report
3. Which of the following statements regarding the Document Manager is true?:
 - a) Install the Document Manager by selecting it from the main installation window of your CD.
 - b) Integrating the Document Manager with the tax program enables the creation of a default filing structure.
 - c) The Document Manager allows you to store up to 10 GBs of files.
 - d) To import a file into a Document Manager folder, choose **File** from the toolbar.
4. When opening a new return in Drake, what items entered on the **New Return** screen are used to create client folders in the Drake Document Manager file structure?
 - a) The **SSN/EIN Verification** fields
 - b) The **Name Entry** fields
 - c) The selected return type
 - d) Client folders must be manually created
5. Which of the following support resources provides the opportunity for Drake preparers to discuss and post questions, suggestions and other topics?
 - a) Knowledge Base
 - b) Forums
 - c) Passport to Success
 - d) Online EF Database

ANSWERS PART 9

1. The correct answer is **a) Tax Courses**. Drake's ETC also offers five tax courses ranging from individual (1040) courses to an array of business courses (1120, 1120S and 1065).
 - b) is incorrect. Tutorials teach the basics of Drake Software by using text, sound, and animation.
 - c) is incorrect. Nineteen basic and intermediate practice return scenarios provide data entry practice and solutions for comparison of results.
 - d) is incorrect. Test returns are available in Drake Software and are not located on ETC.
2. The correct answer is **a) Multi-year**. The **Planning Preferences** option allows long-range planning over multiple years.
 - b) is incorrect. The multi-case planning preference allows multiple scenarios within the current year.
 - c) is incorrect. Run a detailed report clicking **Reports** from the Tax Planner toolbar. It does not determine the planning preferences of the tax planner.
 - d) is incorrect. A **Summary** report displays a summary of tax planner data. It is accessed from the **Reports** button on the Tax Planner toolbar and does not determine the planning preference.
3. The correct answer is **b) Integrating the Document Manager with the tax program enables the creation of a default filing structure**. In addition, folders for your clients are automatically created, and you can access the clients folder by selecting **Doc Mgr** from the data entry toolbar.
 - a) is incorrect. The Document Manager is installed automatically during the tax software installation.
 - c) is incorrect. The limit of the number of files you can store is based on the limitations of your hardware.
 - d) is incorrect. To import files, select Import. The **File** button allows you to create new documents, such as a text, word, or excel document.
4. The correct answer is **b) The Name Entry fields**. When the DDM is activated in Drake (go to **Setup > Printing > Document Manager**) the **New Return** information is used to create a folder in the DDM.
 - a) is incorrect. The **SSN/EIN Verification** is activated for Pay Per Return clients and when the option is activated in **Setup > Options, Data Entry** tab.
 - c) is incorrect. Selecting the return type determines only what type of file is created for the new return.
 - d) is incorrect. Client folders must be created manually in the DDM if the option to integrate the DDM is turned off. Go to **Setup > Printing > Document Manager** and clear the box to disable **Allow Drake to set up Document Manager client folders (recommended)**.
5. The correct answer is **b) Forums**. Drake Forums provide Drake preparers with a place to connect with other preparer and with Drake employees.
 - a) is incorrect. The Knowledge Base is a database of troubleshooting articles and current hot topics.
 - c) is incorrect. Passport to Success is a program developed for preparers who are new to Drake Software.
 - d) is incorrect. The Online EF Database is used to access return data and reports for e-filed returns.

Glossary

Acknowledgements (acks)

All electronically-filed returns receive “acks,” acknowledging to the transmitter that the return was received. “T” acks designate a test returns, “P” acks acknowledge a transmission was received, “A” acks designate a return was accepted, and “R” acks designate a return was rejected.

Archive Manager

A tool that allows you to archive various versions of a return. Archive, restore or delete the archived returns from the Archive Manager.

Bank Products

Bank products offer refund disbursement options for taxpayers and work seamlessly with Drake Software.

Basic Mode

A View and Print mode that displays a color-coded cascade of forms.

Blank Forms

Many forms that are not required and are not automatically filled out by Drake Software can still be found and printed from the software from **Tools > Blank Forms**.

Calculation Results

This window is available whether in View mode or Print mode. It displays federal and state fees and figures, error messages, and a printable summary of return numbers and amounts.

Client Status Manager

A program used to track workflow in an office.

Data Entry Menu

The first screen encountered when opening an existing return. Lists all the forms, schedules, and screens that may be used to create a return.

Demographics

Known as screen **1** and the **Name and Address** screen, it's where the personal information of the client is entered when preparing a return.

Drake Document Manager

A program included with Drake Software designed to help you set up, organize, and maintain a “paperless” office.

EF MESSAGES Page

Red pages that appear in View or Print mode when a return has certain issues that would cause an IRS/State rejection. You cannot select a return for electronic filing with a red EF MESSAGES page. Correct the issue and view the return. If the EF MESSAGES page is gone, the return can be electronically filed.

EFIN

Electronic Filing Identification Number. Preparers new to electronic filing must apply for an EFIN by preparing and submitting a Form 8633 to the IRS.

e-Training Center (ETC)

An online training site with tax courses, practice returns, videos and tutorials to help new preparers learn Drake’s tax software.

E-mail

Used to send and receive e-mail in the Drake program.

E-mail (Broadcast)

E-mail that provides information on important IRS updates and software changes. Receive these messages in **Help > E-mail to Drake**.

Enhanced Mode

A View and Print mode that allows viewing and printing from the same window, making it easier and faster to see how a printed return will look.

ERO

Electronic Return Originator. To become an ERO, preparers must apply for an EFIN.

FAQ Screen

Frequently Asked Questions. Type FAQ in the selector field to access additional information.

Flagged Fields

Data entry fields that can be “flagged” to automatically remind the preparer to verify the data in those fields before the program allows electronic filing. Flagged fields turn red by default until verification.

Forms Based Data Entry

A data entry format that allows preparers to view an interactive 1040 form rather than the **Data Entry Menu**.

Grid Data Entry

A condensed data entry screen requiring data entry in only the most commonly used fields.

Group Security

Assign a preparer to a security group. Security settings are established at the group level.

Heads Down Data Entry

Uses field codes that correspond with interview sheets (proformas). Data can be gathered by a tax preparer and entered by a data entry operator.

Help

Various types of Help are available, from field Help and screen Help to aid you in determining how to complete required screens, to online tax research.

Home Window

The main screen of the Drake tax program, accessed by logging in.

Hot Keys

Allows you to perform specific actions quickly and easily using the keyboard. For example, press CTRL + C to calculate a return.

Knowledge Base

A comprehensive searchable database consisting of support solutions and articles of interest, providing support around the clock.

Macros

Keys that can be programmed to enter long strings of data with just a few keystrokes.

Menu Bar

The list of menu options across the top of the Drake screen.

Multi-Office Manager (MOM)

An online version of the Client Status Manager, designed to track the work flow in a multi-office environment.

NOTES Page

The yellow NOTES page provides reminders or tips about a tax return but does not prevent electronic filing.

Online EF Database

Displays information about your electronically filed returns in real time and offers various online reporting features.

Overrides and Adjustments

Fields marked by a red equal sign (=) or blue plus and minus signs (+/-). Entries in these fields change the amount calculated by the program.

PINs

Personal Identification Numbers for tax preparers.

PIN Signature

A PIN that takes the place of a signature on electronically filed returns. All electronically filed returns must be signed by the taxpayer, spouse, (if filing a joint return), and preparer with PINs.

PDF

Portable Document Format (PDF) is a file format that captures all the elements of a printed document as an electronic image that can be viewed or printed. PDF files are created using the Drake PDF Printer, Adobe Distiller, PDF995, or similar products. View the files with Adobe Reader.

Piggyback

Electronically filed state returns that are sent with the federal return to the IRS. If the federal return is rejected, the state return is not sent.

Practice Returns

Like test returns, practice returns allow preparers not familiar with Drake to complete returns based on various scenarios and learn the basics of data entry.

Print Mode

Allows printing of the forms associated with a return. Press CTRL + P to enter **Print** mode.

Quick Estimator

Allows you to prepare an estimated individual return quickly and calculate the results. (Results from the Quick Estimator should *not* be filed.)

Scheduler

A program for setting up and managing the schedules and appointments of multiple preparers. Reminders and reports are also available through the Scheduler.

Selector Field

The entry field located at the bottom of the Data Entry menu. Type corresponding screen codes into the field and press ENTER to access data entry screens.

Setup Assistant

A feature designed to guide you through the process of setting up important parts of the program.

Speed Button

Used for quick access to commonly used program functions. Speed buttons are located on the toolbar directly under the menu bar and are represented by icons.

Split Return

Press CTRL + S to split a MFJ (Married Filing Joint) return into two MFS (Married Filing Separate) returns, allowing you to easily compare and determine the best option for the taxpayers.

State and City Programs

Programs necessary for completing state and city tax returns. Install from the Evaluation CD.

Tax Planner

A program for predicting your clients' tax future and how changes in their lives – marriage, children, retirement, divorce – can change their tax liabilities as far ahead as seven years.

Test Returns

Pre-prepared returns already loaded into the software that new customers can use to learn the software and the basics of electronically transmitting tax returns.

Toolbar

Located beneath the menu bar, the toolbar is where you'll find speed buttons — one key-stroke shortcuts to commonly-used program functions.

Tutorial

Tutorials help tax preparers learn the basics of the software through short instructional videos. View from the CD or to access the complete library, go to Drake's e-Training Center at www.drakesoftware.com/etc

Updates (Patches)

Changes in tax laws and corrections, additions, and improvements to how the program functions that Drake sends its customers. During tax season, updates should be installed from Drake every day.

View Mode

Allows you to view the actual forms that print with a return. Press CTRL + V to enter View mode.

Worksheets

Available in every numerical field in data entry, worksheets allow up to 30 lines of descriptions and amounts. Amounts entered are totaled in the data entry field. Detail worksheets are not electronically filed with a return.

CPE Exam

Answer the questions below. See “CPE Exam Answer Sheet” on page 233 for answer sheet and instructions for receiving credit.

1. Which of these setup options are available at **Setup > Options > Data Entry** tab?
 - a) Choose which federal forms are included with returns
 - b) Choose which state forms share data entry information with federal returns
 - c) Select appearance, size, and content of data entry screens
 - d) Select which data entry fields must be filled out for each return

2. Which of the following is true of installing Drake from the Drake Software website?
 - a) Federal, state, and city programs are all installed from the website
 - b) Three icons appear on your desktop after the program is installed
 - c) If this is a first-time installation, enter your EFIN after clicking Install
 - d) To install from the website, go to www.DrakeSoftware.com and click **Support > Download Center**.

3. What operation does CTRL + G perform when on the **Data Entry Menu** in Drake?
 - a) Open the Quick Estimator
 - b) Open Drake Software Help
 - c) Open Forms Based Data Entry
 - d) Add appointments to the Scheduler

4. What purpose does the Multi-Office Manager serve?
 - a) Stores returns and scanned-in tax papers in electronic files
 - b) Alerts you when to send preseason and after-season organizers and proformas
 - c) Alerts you when an SSN has already been filed to prevent duplicate filings
 - d) Tracks client files for multiple offices

5. What function does an EF MESSAGES page serve?
 - a) Alerts you to messages and broadcast e-mail stored in the Drake Message Center
 - b) Prevents electronic filing and produces error messages, explaining why EF was prevented
 - c) Produces NOTES pages with all EF errors listed for each client
 - d) Opens the **EF Options Override** screen with federal and state error messages listed

6. You must complete ERO setup to:
 - a) Use the Drake E-mail program
 - b) Set up your Pricing
 - c) Access Drake Help System
 - d) None of the above

7. Many of the settings on the **Form and Schedule Options** tab in **Setup > Options** can be overridden on a per return basis from which screen in data entry?
- a) **ADMN** screen
 - b) **Screen 1**
 - c) **PRNT** screen
 - d) **EF** screen
8. What key toggles grid data entry and full-screen mode?
- a) F3
 - b) CTRL + F2
 - c) SHIFT + F1
 - d) F4
9. By default, Drake automatically electronically files:
- a) The federal return and the selected state return
 - b) The federal return and any state return eligible for e-filing
 - c) The federal return; state returns must be transmitted separately
 - d) Only one state return at a time after the federal return is accepted
10. How many returns are listed in the Recent Returns section of the **Home** window?
- a) 7
 - b) 8
 - c) 9
 - d) 10
11. Automobile expenses are reported on which screen in Drake?
- a) **AUTO**
 - b) **4562**
 - c) **4797**
 - d) **C**
12. Once a 1099 has been entered in Drake, how can you quickly save and produce an additional screen?
- a) Press INSERT
 - b) Press PAGE DOWN
 - c) Press F3
 - d) Press ESC
13. Which of the following is NOT a feature of the Client Status Manager (CSM)?
- a) Filters
 - b) Reports
 - c) Custom Statuses
 - d) Depreciation Lists

14. Forms Based Data Entry allows a preparer to access screens from which of the following?
- a) The **Data Entry Menu**
 - b) An interactive 1040 form
 - c) A list of 1040 line numbers
 - d) A pre-formatted PDF
15. Which of the following is a method of placing files in the Drake Document Manager?
- a) Cut and Paste
 - b) Import
 - c) Scan
 - d) All of the above
16. From the **C** screen, how can you search for the **Business Code**?
- a) You cannot. You must check the Schedule C instructions.
 - b) In the **Business Code** field, press CTRL + SHIFT + S
 - c) In the **Business Code** field, press ESC
 - d) Click **Business Code**.
17. Where can you go to access information about electronically filed returns in real time and to run reports?
- a) Online EF Database
 - b) Fed/State Facts
 - c) EF Return Selector
 - d) Search EF Database
18. The Drake Software Home window includes:
- a) The Personal Client Manager
 - b) A Preparer Notes Section
 - c) Recent Returns List
 - d) All of the above
19. What is assigned to a firm to identify that it is associated with a tax return in screen **1** of data entry?
- a) Login ID
 - b) Business Code
 - c) Firm Number
 - d) Setup Numeral
20. Which of the following is a file format that captures all the elements of a printed document as an electronic image that can be viewed or printed?
- a) HTML
 - b) PDF
 - c) XLS
 - d) JPEG

21. How do you file an amended return with Drake?
- a) Print the blank form, complete it, and mail to the IRS.
 - b) Re-enter the return. Go directly to the **X** screen. Click **Yes** and enter the changes needed to amend the return. Select for EF.
 - c) Re-enter all information into the return and reprint. Mail to the IRS.
 - d) Enter **X** in the selector field. Click **Yes** to auto-fill the screen. Enter the changes needed to amend the return. Mail to the IRS.
22. How do you create a Part-Year return with Drake Software?
- a) Create two separate returns
 - b) Type **PY** in the selector field and fill out the screen
 - c) Enter **PY** as the resident state on screen 1
 - d) From the **State** tab, select **PY**, and make entries on applicable screens
23. How do you associate a depreciable asset on the 4562 with a particular schedule or form in Drake Software?
- a) Use the **For** drop list to select the form or schedule on the **4562** screen.
 - b) Re-enter the total depreciation amount from the 4562 on the screen for that particular schedule or form.
 - c) Create a Worksheet (**Ctrl + W**) on the **4562** screen and list the form or schedule that each asset is associated with in the **Description** field.
 - d) The software automatically associates the assets with the forms based on the order in which they are entered.
24. Drake Software provides what supplemental document(s) to assist preparers in Due Diligence requirements as specified in IRS Rule 6695?
- a) Paid Preparer's Checklist
 - b) EIC Worksheets
 - c) TRAC Reports
 - d) NOTES Pages
25. Which of the following setup screens must be completed before you can prepare and electronically file returns?
- a) **Firm, ERO, and EF** setup
 - b) **Firm, ERO, and Preparer** setup
 - c) **Firm and ERO** setup
 - d) **Firm and Preparer** setup
26. How do you setup e-mail preferences in Drake Software?
- a) From **View/Print** mode, click **E-mail > E-mail Setup**.
 - b) From the **Home** window, go to **Setup > E-mail**.
 - c) Go to **Support.DrakeSoftware.com > My Account**.
 - d) You must call Drake Support to update your preferences.

27. In which case should **Repair Index Files** be used?
- a) After deleting a client file
 - b) After creating a new client file
 - c) After a client return is calculated
 - d) Before processing e-file acknowledgements
28. On which data entry screen is the filing status selected?
- a) Screen **1, Demographics**
 - b) Screen **2, Dependents**
 - c) **MISC, Miscellaneous**
 - d) **TAX, Taxpayer Information**
29. Which of the following is a feature of **Basic View/Print** mode?
- a) A viewing tool that allows zooming and scrolling
 - b) A viewing panel that displays a preview of a selected document
 - c) A collapsible and expandable tree view listing return documents
 - d) A color-coded cascade of forms that displays return documents
30. To print blank federal or state tax forms in Drake Software:
- a) Click **Support** and download the selected forms from the Drake Support Web site
 - b) Open a new return, click **View**, choose from the **Forms** list, and press CTRL + P
 - c) Click **RIA Tax Forms**, choose from the forms list, and click **Print**
 - d) Go to **Tools > Blank Forms**, choose from the federal and state forms, and click **Print**
31. Which statement is true about the **PMT** screen?
- a) This screen can be used to apply for a bank product
 - b) If no payment date is entered on this screen, the default is the last day of the month in which the return was created
 - c) Separate accounts can be designed for federal and state payments on this screen
 - d) This screen is divided into two sections: one for withdrawals and the other for direct deposits
32. Which of the following is true of the Schedule E for a corporate (1120) return?
- a) Only one officer may be submitted using Schedule E for a corporate return.
 - b) The Schedule E is only required if total receipts for the corporation are in excess of \$500,000.
 - c) It is not necessary to indicate ownership percentages when there are less than four officers in the corporation.
 - d) Schedule E data is entered in Drake Software on screen **1, Demographics** for an 1120 return.
33. Select one way to set the status of a return:
- a) From the Client Status Manager, click **Customize**
 - b) From within return data entry, click the **CSM** speed button and select a status
 - c) From the Client Status Manager, click **Status**, then select from the list
 - d) From within return data entry, go to **Tools > Set Client Status**

34. If a screen name is colored on the **Data Entry Menu** but contains no data, it must be deleted to prevent electronic filing errors. To delete a screen press:
- a) SHIFT + D
 - b) ALT + D
 - c) CTRL + D
 - d) CTRL + SHIFT + D
35. Where do you go to opt out of bonus depreciation for a 1065 return in Drake?
- a) From the **Data Entry Menu**, click **BD** or enter BD in the selector field
 - b) From the **Data Entry Menu**, choose the **4562** tab and click **Grid Data Entry**
 - c) From the **Depreciable Assets** tab, click either **Sales** or **Assets**
 - d) From the **Assets/Sales** tab, go to the **Depreciable Assets** section and click **10 Additional Depreciation Elections**
36. You've bought and installed a new printer in your system. How do you add the printer to Drake for printing tax returns?
- a) Create a new printer profile at **Setup > Update Profile**
 - b) Enter the new printer settings at **Setup > Printing > Printer Setup**
 - c) The program automatically detects every printer installed on your computer
 - d) The program automatically recognizes new printers and goes online to download new drivers
37. What is the first step in the e-filing process in Drake Software?
- a) Transmit/Receive
 - b) Process Acknowledgements
 - c) Select Returns for EF
 - d) Search the EF database
38. Of the following, which action produces Form 8879 in the software?
- a) Entering the **EF** screen
 - b) Entering the **PIN** screen
 - c) Entering the **8453** screen
 - d) Entering the **SIGN** screen
39. The Drake Document Manager allows you to build an electronic file structure using the following three levels:
- a) 1 - Cabinet, 2 - Drawer, 3 - Folder
 - b) 1 - Drawer, 2 - Folder, 3 - File
 - c) 1 - File, 2 - Folder, 3 - Document
 - d) 1 - Cabinet, 2 - Folder, 3- File
40. The Drake PDF Printer:
- a) Must be installed in **Setup > Printing > Default Printer**
 - b) Prints returns and files in PDF format
 - c) Prints e-filed returns from the Drake EF Database
 - d) Prints e-filed returns directly from the IRS Web site

41. Which screen is used to electronically sign the *Consent to Use of Tax Information* required by IRS Regulation 7216?
- a) **CONS** screen
 - b) **PIN** screen
 - c) **IFP** screen
 - d) **BANK** screen
42. Which support resource includes an "itinerary" of stops designed to guide new Drake Software users?
- a) Knowledge Base
 - b) Forums
 - c) Drake ETC
 - d) Passport to Success
43. In Drake, the form used to calculate a partner's new basis for income or gain is:
- a) Partner's Special Allocation screen
 - b) Partner's Adjusted Basis worksheet
 - c) M2 Partner's Capital
 - d) Schedule K-1 Partner's Information
44. In an 1120 return, to reconcile income per books with income per return, go to:
- a) **M-1** screen
 - b) **View Forms** and print an income statement
 - c) **Income** tab and click **Reconcile**
 - d) **Reconciliation of Income** tab and click **Schedule M**
45. In an 1120 corporate return, how do you find the Principal Business Activity code number?
- a) On screen **1**, **General Information** tab, select a code in the **Principal Business Activities** list.
 - b) On either the **Taxes and Licenses** screen or the **MISC** screen, click in the **Principal Business Activity code** field.
 - c) Go to the **Schedule K** screen, right-click in the **Principal Business Activity code** text box and press CTRL + SHIFT + S.
 - d) Consult your Drake Software manual, where there is list of all Principal Business Activity code numbers.
46. What operation does CTRL + S perform in data entry?
- a) Opens a return in the **Data Entry Menu**
 - b) Splits a Married Filing Joint return into two Married Filing Separate returns
 - c) Sends a PDF copy of the return to the Drake Document Manager
 - d) Opens the return in **Print/View Mode**
47. How do you create a loan repayment schedule in Drake Software?
- a) In data entry, use the **AMT** screen.
 - b) From the **Home** window, go to **Tools > Amortization**.
 - c) Right-click the data entry menu in a return and select **Amortization**.
 - d) Click the **Support** icon on the **Home** window and select **Amortization**.

48. When completing a partnership return in Drake Software, the most common entries for the Schedule K are entered on which screen?
- a) **DED, Other Deductions**
 - b) **TAX, Taxes and Licenses**
 - c) **Screen 3, Income & Deductions**
 - d) **SA, Partner Special Allocations**
49. When reviewing a corporate (1120) return in Drake Software, check for balanced assets and liabilities on which form?
- a) Schedule L, page 5
 - b) Form 1120, page 1
 - c) 1120 Worksheet, 1120_W
 - d) Schedule M-1
50. When is a partnership required to file a Schedule M-3?
- a) If at the end of the taxable year, the gross assets reported on Schedule L of Form 1065 are equal to or greater than \$ 10 million.
 - b) If the partnership had gross receipts of less than \$250,000 at the end of the taxable year.
 - c) If the partnership files an M-1, then the M-3 is always required as a supplemental reporting form.
 - d) A Schedule M-3 is only required if the answer to question 6 of form 1065 is "yes."

CPE Exam Answer Sheet

Circle the appropriate response on this answer sheet for each of the questions on the CPE Exam. Please return the completed Exam Answer Sheet and the 2011 Evaluation on page 235 before April 15, 2013 to: Education Department, Drake Software, 235 E. Palmer Street, Franklin NC 28734, or fax to (828) 349-5713.

1.	A	B	C	D
2.	A	B	C	D
3.	A	B	C	D
4.	A	B	C	D
5.	A	B	C	D
6.	A	B	C	D
7.	A	B	C	D
8.	A	B	C	D
9.	A	B	C	D
10.	A	B	C	D
11.	A	B	C	D
12.	A	B	C	D
13.	A	B	C	D
14.	A	B	C	D
15.	A	B	C	D
16.	A	B	C	D
17.	A	B	C	D
18.	A	B	C	D
19.	A	B	C	D
20.	A	B	C	D
21.	A	B	C	D
22.	A	B	C	D
23.	A	B	C	D
24.	A	B	C	D
25.	A	B	C	D

26.	A	B	C	D
27.	A	B	C	D
28.	A	B	C	D
29.	A	B	C	D
30.	A	B	C	D
31.	A	B	C	D
32.	A	B	C	D
33.	A	B	C	D
34.	A	B	C	D
35.	A	B	C	D
36.	A	B	C	D
37.	A	B	C	D
38.	A	B	C	D
39.	A	B	C	D
40.	A	B	C	D
41.	A	B	C	D
42.	A	B	C	D
43.	A	B	C	D
44.	A	B	C	D
45.	A	B	C	D
46.	A	B	C	D
47.	A	B	C	D
48.	A	B	C	D
49.	A	B	C	D
50.	A	B	C	D

2011 EVALUATION

Please take a moment and let us know what you think. We value your input and suggestions and strive to continually improve our educational tools to better suit your needs. For CPE credit, enter your name and address and complete your evaluation of the course material. Credit is awarded to a score of 70% or better on the exam. Exam Credits will be determined by pilot test results. Your CPE certificate will be *e-mailed* to you.

Please print all information clearly.

Your Name _____

Designation (Circle One): CPA EA RTRP Other _____

PTIN* _____ EFIN _____ CTEC # (for CA)** _____

E-mail (required): _____

Firm Name _____

Address _____ Phone _____

City _____ ST _____ Zip _____

Are you interested in Pennsylvania approved credits? Circle one: Yes or No

Are you interested in Texas approved credits? Circle one: Yes or No

* If an Enrolled Agent or a Registered Tax Return Preparer, your PTIN is required. Course rosters will be uploaded to the IRS.

**A Course Report and Student List for this Evaluation is submitted on the 15th of each month to the California Tax Education Council, www.ctec.org.

Regarding content and media (please circle Yes or No):

- Were the stated learning objectives met? Yes or No
- If applicable, were prerequisites appropriate? Yes or No
- Were program materials accurate? Yes or No
- Were the program materials relevant and did they contribute to the achievement of the learning objective? Yes or No
- Was the time allotted to the learning activity appropriate? Yes or No
- If applicable, were individual instructors effective? Yes or No
- Were facilities and/or technological equipment appropriate? Yes or No
- Were the handouts or advance preparation materials satisfactory? Yes or No
- Were the audio and video materials effective? Yes or No

Comments: _____

To receive your CPE certificate, you must sign and date this form.

(Your signature) _____ (Date) _____

Index

A

acks, 112
acks only, 115
activating
 error message beeps, 28
 grid data entry, 27
 imperfect return election, 31
 prompting for check print transmission, 31
 W-2 verification option, 27
adding
 custom paragraphs, 30
adjusted basis worksheet, 155
adjustment fields, 27
adjustments, 55
admin login, 22
allocation type, 157
alternative electronic signature, 23
Archive Manager
 , 99
 Creating an Archive, 99
 Restoring an Archive, 100
auto-balance
 Form 1065, 162
 Form 1120, 133
auto-complete database, 56

B

backup, 171
bank products, 118
 settings, 31
bank screen, 83
Basic Mode, 98
 View, 98
billing
 fee override, 33
 pricing, 33
 pricing on the fly, 33
 see pricing setup

business returns, see Form 1120

C

calculations
 pause option for, 28
calculator, 61
carryover worksheets, 28
Client Status Manager, 182
 customizing, 185
 filtering data, 186
 MOM, 187
 return statuses, 184
 toolbar, 183
colors setup, 34
comparing
 current to prior year, 29
connection settings, 21
coversheets, 29
CPE
 information, 3
creating
 miscellaneous codes, 32
creating returns, 46
CSM, see Client Status Manager
custom paragraphs, 30
Customer Service, 198
customized supplemental letter, 29
customizing
 data entry menu, 32
 fields on BILL screen, 32
 flagged fields, 32
 miscellaneous code fields, 32

D

data entry
 adding data, 50
 adjustments, 55

- auto-complete database, 56
- calculator, 61
- codes, 56
- customizing, 32
- data entry menu, 48
- deleting data, 50
- deleting screens, 50
- detail worksheet, 58
- EIN database, 56
- existing forms list, 52
- exiting screens, 50
- FAQs, 82
- field flags
 - setting flags globally, 54
- field search, 56
- flags, 53
- grid, 27
- grid data entry, 52
- heads down, 60
- hot keys, 41
- imports, 61
- links and tabs, 53
- macros, 60
- magnifying fields, 54
- maximizing screens, 27
- MFJ to MFS split, 57
- modifying data, 50
- navigation, 51
- overrides, 55
- resetting screens, 50
- resources, 61
- right-click menus, 61
- saving data, 50
- Spanish, 27
- states and cities, 51
- upper/mixed case, 27
- ZIP code database, 55
- Zip Code Database, 55
- data entry menu, 48
 - form codes, 49
 - toolbar, 49
- date shown on return, 30
- DDM, see Drake Document Manager
- depreciation schedules
 - for 2009, 28
 - layout (portrait or landscape), 28

- directories and paths setup, 32
- dollar rounding, 30
- Drake Document Manager, 206
 - adding files, 210
 - installation, 7
 - installing, 206
 - options, 213
 - password, 212
 - scanning, 210
 - setup, 35
 - toolbar, 208
- Drake Tax Planner, 201
 - creating files, 201
 - installation, 7
 - options, 205
 - printing, 205
 - reports, 205
- DTP, see Drake Tax Planner

E

- Earned Income Credit (EIC)
 - interview questions, 32
- EF
 - status page, 31
- EF message, see message page
- EF return selector, 112
- EF transmission detail screen, 112
- e-filing
 - checking e-mail while, 31
 - combining steps for, 31
 - suppressing, 31
- EFIN, 107
 - apply for, 107
 - Temporary, 107
- EIN database, 56
- Electronic Filing
 - , 107
- electronic filing
 - acks only, 115
 - bank products, 118
 - becoming an ERO, 107
 - fingerprint cards, 107
 - calculation results screen, 110
 - clearing EF messages, 110

- EF database tabs, 117
 - EF options override, 109
 - EF return selector, 112
 - EF transmission detail screen, 112
 - EFIN, 107
 - electronic signature, 108
 - electronically filing returns, 111
 - ERO's PIN signature, 108
 - federal EF override, 109
 - manifest, 113
 - online EF database, 118
 - practice filing electronically, 116
 - practice returns, 116
 - ready for EF indicator, 109
 - reject code lookup, 117
 - review transmission, 113
 - searching EF database, 117
 - select state for piggyback, 109
 - selecting returns for EF, 112
 - send/receive, 114
 - state EF override, 109
 - suppress federal, 109
 - suppress states, 109
 - temporary EFIN, 107
 - transmit/receive, 112
 - transmit/receive dialog box, 113
 - transmitting returns, 112
 - electronic filing setup, see ERO setup
 - Electronic Training Center, 191
 - e-mail
 - checking during EF transmission, 31
 - Form 9325 to taxpayer, 31
 - Email from view/print
 - , 101
 - email from view/print
 - sending a return, 102
 - setup, 101
 - e-mail program, 199
 - engagement letters, 29
 - Enhanced Mode
 - Print, 95
 - View, 94
 - enhanced mode
 - print to PDF, 96
 - envelopes, 29, 34
 - ERO (Electronic Return Originator)
 - SSN indicator setting, 31
 - ERO setup, 20
 - error messages, audible notification of, 28
 - estimated payment coversheet, 29
 - existing forms list, 52
- F**
- fed/state facts online, 197
 - field search, 56
 - filing
 - instructions, 29
 - FIN, 107
 - firm setup, 19
 - fixed asset manager, 182
 - flags
 - customizing, 32
 - Form 1040
 - amended return, 87
 - auto mileage for schedule C, 77
 - bank products, 83
 - child and dependent care expenses, 69
 - demographics, 64
 - dependent information, 67
 - depreciation, 76
 - direct deposit refund, 82
 - EF Options, 84
 - E-file Signature, 84
 - electronic funds withdrawal, 83
 - estimated taxes, 82
 - filing an extension, 88
 - filing status, 65
 - interest income, 72
 - IRS Reg. 7216, 84
 - itemized deductions, 73
 - name and address, 64
 - partnership information, 82
 - part-year return, 81
 - preparing, 64
 - profit or loss from business, 74
 - resident city, 80
 - self-employed income, 74
 - state and city data, 80
 - Use and Disclosure, 84
 - wages, 69

- form 1040
 - EIC, 79
 - Form 1040-ES (Estimated Tax Payments), 82
 - Form 1040X (Amended Return), 87
 - Form 1065, 147
 - adjusted basis worksheet, 155
 - balance sheet, 158
 - business code search, 148
 - income and deductions, 149
 - K-1 partners' share, 154
 - other deductions, 150
 - other information, 153
 - partnership general information, 147
 - print options, 159
 - Special allocations, 156
 - state general information, 148
 - Form 1120
 - balance sheet, 132
 - books, 123
 - corporation general information, 123
 - cost of goods sold, 128
 - depreciation, 136
 - estimated tax, 139
 - estimated taxes, 138
 - financials, 142
 - income and deductions, 125
 - officer information, 129
 - officers' compensation, 129
 - other deductions, 126
 - other information, 130
 - reconciling income, 134
 - retained earnings, 136
 - worksheet, 135
 - Form 1120W (Corporation Estimated Tax), 139
 - Form 2350 (Extension Application), 88
 - Form 2441 (Child and Dependent Care Expenses), 69
 - Form 4562 (Depreciation and Amortization), 28
 - Form 4562, (Depreciation and Amortization), 77
 - Form 4868 (Extension Application), 88
 - Form 6251 (Alternative Minimum Tax - Individual), 28
 - Form 8633 (Application to Participate in the IRS E-File Program), 107
 - Form 8867
 - EIC Checklist, 79
 - Form 8879
 - E-file signature, 84
 - Form 8888 (Direct Deposit of Refund), 82
 - Form 9325 (Acknowledgment and General Information for Taxpayers Who File Returns Electronically), 31
 - form codes, 49
 - Form W-2 (Wage and Tax Statement), 28, 69
 - forum, 198
- G**
- grid data entry, 52
 - activating globally, 27
 - GruntWorx, 214
- H**
- heads-down data entry, 60
 - help
 - field, 62
 - form/line finder, 63
 - screen, 61, 62
 - Home window
 - recent files list, 12
 - toolbar, 12
 - hot keys, 14, 41
- I**
- imperfect returns, 31
 - individual return, see 1040
 - ing, 8
 - Installation
 - CD, 6
 - Website, 7
 - installation
 - Drake Document Manager, 7
 - state and city programs, 8
 - system requirements, 5
 - tax software, 5

K

Knowledge Base, 196

L

language, Spanish, 27

letterhead, 34

letters

 customized supplemental, 29

 default templates, 29

 engagement, 29

 K-1 (1120S, 1065, 1041 only), 29

 Letter Editor, 34

 letterhead setup, 34

 privacy, 29

 producing letters, 171

 setup, 33

logging in

 as admin, 11

M

macros setup, 33

mailing labels, 34

manifest, 113

manuals, 195

maximizing screens, 27

message page, 94, 110

MFJ to MFS split, 57

Multi-Office Manager, 187

Multi-Office Manager (MOM), 31

N

Navigation

 Keyboard, 14

 Mouse, 14

notes page, 94

O

online EF database, 118, 197

opening a return, 45

organizers, 171

overflow statement, see worksheet

overflow statements, 28

override fields, 27

overrides, 55

P

partnership returns, see Form 1065

part-year return, 81

pause option for calculations, 28

pay per return, 32

PCM, *see* Personal Client Manager

penny rounding, 30

Personal Client Manager, 32

PIN

 ERO's PIN signature, 108

 PIN signature date, 108

PIN signature, 22

PIN signatures

 auto-generating for taxpayer, 31

post cards, 34

PPR, *see* pay per return

practice returns, 195

preparer

 edit, 22

 return signature options, 22

 security, 23

 setup, 22

 third party designee, 23

pricing setup, 33

Print mode, 49, 51

print order, 35

printer setup, 35

printing

 bill summary, 29

 carryover worksheets, 28

 date of signature, 30

 depreciation schedules, 28

 documents only when required, 31

 due diligence info for homebuyer credit, 32

- EF status page, 31
- EIC due diligence documents, 32
- filing instructions, 29
- forms only when required, 28
- preparer fees withheld, 30
- print order, 35
- referral coupons, 29
- return summary, 29
- sets, 35
- SSN on bill, 30
- taxpayer phone number, 30
- third-party designee, 30
- privacy
 - letter, 29
- processing acks, 115
- proformas, 171

R

- Ready for EF indicator, 31
- referral coupons, 29
- Reg. 7216
 - Use and Disclosure, 84
- reject code lookup, 117
- reports, 179
 - Client Status Manager, 182
 - depreciation list, 181
 - fixed asset manager, 182
 - report manager, 179
 - tax planner, 205
 - viewing reports, 180
- required program settings, 19
- restore, 171
- returns
 - calculating, 91
 - create a new return, 46
 - data entry, 48
 - electronic filing, 111
 - message page, 94
 - notes page, 94
 - opening, 45
 - preparation, 45
 - printing, 93
 - return type, 46
 - SSN verification, 46

- test returns, 47
 - viewing, 93
- RIA Checkpoint Online, 194
- rounding amounts, 30

S

- Schedule A (Cost of Goods Sold), 128
- Schedule A (Itemized Deductions), 73
 - printing, 28
- Schedule B (Interest and Ordinary Dividends)
 - order of items listed on, 28
 - printing, 28
- Schedule B (Other Information), 153
- Schedule C, (Profit of Loss From Business)
 - Auto Expense Worksheet, 77
- Schedule E (Officers' Compensation), 129
- Schedule K (Other Information), 130
- Schedule K-1 (Partner's Share), 154
- Schedule K-1 (Share of Income, Deductions, Credits, etc.), 82
 - letters, 29
 - printing page 2, 28
- Schedule L (Balance Sheet), 132
- Schedule L (Partnership Balance Sheet), 158
- Schedule M1 (Reconciliation of Income), 134
- Schedule M-2 (Retained Earnings), 136
- searching EF database, 117
- section 179, 157
- SecureFilePro, 215
- selecting returns for EF, 112
- send/receive, 114
- setup
 - colors, 34
 - directories and paths, 32
 - ERO, 20
 - firm, 19
 - firm number, 19
 - letterhead, 34
 - letters, 33
 - macros, 33
 - optional program setup, 26
 - options, 26
 - pay per return, 32
 - preparer, 22

- pricing, 33
 - pricing on the fly, 33
- printing, 35
- required program setting, 19
- Setup Wizard, 17
- update from prior year, 26
- Setup Wizard, 17
- shortcut keys, 14
- Social Security Numbers
 - printing on bill, 30
 - verifying, 27
- Spanish
 - screens, 27
- Special Allocations, 156
- split return, *see* MFJ to MFS split
- SSN verification, 46
- state and city
 - data entry, 51
- state and city programs
 - installation, 8
 - running from CD, 8
- state requirements, 107
- status bar, 12, 49
- storing
 - print files, 28
- suite products, 201
 - Client Write-Up, 216
 - Drake Document Manager, 35
 - Drake Tax Planner, 201
- support resources, 191
 - customer service
 - e-mail support, 198
 - fax support, 198
 - phone support, 198
 - Drake Support Web site, 196
 - e-mail program, 199
 - ETC, 191
 - FAQs, 194
 - fed/state facts online, 197
 - forum, 198
 - help, 194
 - Knowledge Base, 196
 - manuals, 195
 - online EF database, 197
 - practice returns, 195
 - RIA Checkpoint Online, 194

- RIA Tax Research, 194
- update schools, 195
- videos, 195
- support Web site, 196
- suppressing
 - e-filing of returns (globally), 31
- system requirements, 5

T

- TaxBook WebLibrary, 194
- temporary EFIN, 20
- tes, 8
- test returns, 47
- The TaxBook WebLibrary, 194
- third party designee, 23
- toolbar
 - client status manager, 183
 - data entry menu, 49
 - Drake Document Manager, 208
 - Home window, 15
 - speed buttons, 15
- Tools, 169
 - backup, 171
 - blank forms, 170
 - file maintenance, 171
 - repair index files, 170
 - restore, 171
 - updating the software, 169
- transmitting returns, 112
- Tutorials
 - viewing from CD, 9

U

- Update Schools, 195
- updates
 - access to, 32

V

- verification fields, *see* flags
- verifying

- SSNs, 27
- W-2 amounts, 27
- videos, 195
- View mode, 12, 49, 93
- View/Print
 - Enhanced Mode, 93
- Vista, see Windows Vista

W

- Windows operating system
 - enabling standard keystrokes, 27
- Windows Vista, 5
- worksheet, 58, 135
- worksheets
 - carryover, 28

Z

- ZIP code
 - auto-fill, 27
- ZIP code database, 55