# **DrakeSoftware** EVALUATION GUIDE

DrakeSoftware.com > 800.890.9500

Drake Tax 2017

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# Welcome

Thank you for taking the time to learn about Drake Tax and the 2017 Evaluation Guide. Drake provides the tools and support tax professionals need to build their businesses and attract new clients. Our customers know they can rely on Drake for comprehensive product excellence.

Drake is a pioneer in the tax software and e-filing industry, processing more than 26 million federal and state accepted returns each year. If you are not already e-filing your clients' returns, or you are considering other return preparation and e-filing options, let us help you.

The 2017 Evaluation Guide is a free, self-study course in PDF format consisting of three return preparation exercises (1040, 1120 and 1065), review questions, and a final exam. There is no charge to take this course, unless you wish to earn CPE. The cost for CPE is \$50 upon successful completion of the final exam. For more information about earning CPE and accessing the final exam, see "CPE Information" on page 269.

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

- Navigate Drake Tax
- Prepare basic 1040, 1120, and 1065 returns in Drake
- e-File returns
- Utilize the online EF database, Tax Planner, Drake Documents, and more
- Understand the functions and benefits of Drake tools and other resources
- Report on client and EF data
- Perform software and file maintenance

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

This Evaluation CD contains:

- A free evaluation copy of *Drake Tax* 2017 which includes:
  - All federal and state programs
  - Drake Documents
  - Drake Tax Planner
  - Drake Scheduler
- 2017 Drake Tax User's Manual
- Practice returns and solutions in PDF format
- A free evaluation copy of *Client Write-Up 2018* and *Drake Accounting 2018*

# Installing the Software

The 2017 Drake Tax evaluation version of the software 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 23.

# SYSTEM REQUIREMENTS

These are the minimum requirements to run most Drake Tax products. For superior performance, we recommend system upgrades above the stated minimums. Actual requirements vary based on your system configuration, and the features and other programs you wish to install.

#### **Supported Operating Systems:**

- Windows Vista
- Windows 7
- Windows 8
- Windows 10
- Windows Server 2008/2012

#### **Minimum System Requirements:**

- Windows 10 -1 GHz 32-bit or 64-bit processor and 1 GB of RAM(32-bit) or 2 GB of RAM(64-bit)
- Windows 7, 8, Server 2008 and Server 2012 1 GHz 32-bit or 64-bit processor and 1 GB of RAM(32-bit) or 2 GB of RAM(64-bit)
- Windows Vista -800 MHz processor and 512 MB of RAM
- Monitor capable of 1024 x 768 screen resolution
- CD Drive (unless choosing download option)
- 1 GB of available hard drive space
- Internet Explorer 9.0
- Internet access (required for regular updates)
- High Speed Internet Access (strongly recommended)
- HP compatible laser printer with Arial font (strongly recommended)
- Adobe Reader



The preceding specifications are *minimum* requirements. For best results, upgrade your system to exceed these requirements.

#### **Recommended System Requirements:**

- Windows 7 Professional 64 bit, 2.8 GHz Processor, 4 GB RAM or Windows 10 Professional 64 bit, 3.2 GHz Processor, 8GB RAM
- Monitor capable of 1280 x 1024 screen resolution
- High Speed Internet Access
- HP compatible laser printer with Arial font

#### **Additional Recommended Requirements:**

- TWAIN-compliant scanner strongly recommended for scanning capabilities within Drake Documents ("Drake Documents" on page 252).
- Microsoft .NET Framework v4.0 or greater
- Microsoft Excel

# **INSTALLATION FROM DEMO CD**

To install your trial copy of Drake Tax from the Drake Demo CD:

- 1. Insert the Drake Demo CD in your computer's CD/DVD drive.
- 2. When the Drake Software Tax Year 2017 window opens, click the Drake 2017 icon to install. (If the window does not automatically open, use your file browser to navigate to your computer's CD/DVD drive and double-click the **demo.exe** file. Click **Run** to start the installation).
- **3.** On the **Software Installation** screen, use the drop list to select a drive to install Drake Tax.
- 4. (Optional) Select to install as many states as you like or none at all.
- 5. Accept the terms of the Drake Software License Agreement.
- 6. Select to install the Evaluation Version (Demo).
- 7. Click **Install** to begin the installation.
- 8. When installation is complete, click **OK**, and then click **Finished**.

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

## **INSTALLATION FROM DOWNLOAD CENTER**

Before you can install your trial copy of Drake Tax from the Download Center online, you will first need to **Register Your Demo**. After you have completed the steps to register your demo, you will receive an email with the credentials needed to access the Drake Download Center.

To register your demo:

- 1. Go to *DrakeSoftware.com* > Service and Learning > Get Started with Drake > Register Your Demo > Register.
- 2. Complete the registration screen and click Submit.
- 3. The Request For Information window appears with the following credentials: Drake Username and Drake Password (for Drake Support website), EFIN and Account Number. Click Close to close the window, and you will be directed automatically to the Customer Support Sign In page.
- 4. Enter your Drake Username and Drake Password and click Sign In.

- 5. Answer the Security Question (one of three security questions and answers that you created during the registration process).
- 6. The **Download Center** page will open with a list of Drake Software products that may be downloaded.
- 7. Click the Drake Software 2017 Evaluation Version link.

#### Figure 1: Request For Information window

Request For Information
Thanks for registering your trial copy of Drake Software. Please be sure to keep this information for your records.
EFIN: Account Number:
Drake Username: Drake Password:
If you need additional help, please call Drake Support 828.524.8020 or Drake Sales at 800.890.9500.

- 8. Read the Software License and Non-Disclosure Agreement and Installation Overview.
- 9. Click the Download button to begin downloading the Drake Tax 2017 Evaluation version.
- 10. If you receive an Open File Security Warning window, select Run.
- 11. Click Yes to begin installing.
- 12. Under Step 3 in the next window, click Install Drake Software.
- 13. Select a Drake Tax Software location by choosing a drive from the droplist.
- 14. (Optional) Select one or more states to install and click Next.
- NOTE If a drive letter does not appear, the software has determined that there is not enough space on that drive.
  - 15. Check the box to accept the terms of the Drake Software 2017 License Agreement.
  - 16. Select Evaluation Version (Demo) and click Next.
  - 17. If the installation location and software version are correct, click Install.
  - 18. After the installation is complete, click Finished.

After the program has been installed, a **Drake 2017 Tax** icon is on your desktop. If you chose to install the Archive Cabinet of the Drake Documents, an icon for that program is also on your desktop.

To start the program, double-click the Drake 2017 Tax 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.

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 states from this location. Select your CD drive letter from the drop list.
- 4. Click to select the states to install from the **States Available From Drive** 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*, and you did not install states with the federal package, complete the following steps to install states online. To install states online, the ERO Setup must be complete (see "ERO Setup" on page 26).

- 1. From the Home window, go to Tools > Install State Programs.
- 2. Select Install states from this location.
- 3. Select Drake Download from the drop list.
- 4. Click to select the states to install from the **States Available For Download** 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**.

# VIEWING DRAKE VIDEO TUTORIALS

Drake has produced an array of video tutorials that cover Drake Tax Software and related topics. Links to many of these video tutorials are scattered throughout Drake Tax Software. To access Drake's video tutorials from the **Service & Learning** menu on *DrakeSoftware.com* or log in to *Support.DrakeSoftware.com* using your Username and Drake password, select **Training Tools** > **Videos**, and then select a subject area from the drop list. The related video tutorials are displayed (Figure 2). Click a play button to start a video.



#### Figure 2: Drake Video Tutorials

# **Navigating the Program**

Learn to navigate the Home window in Drake Tax once you have completed the installation process.

# LOGGING IN

The first time you open the software, you are automatically prompted to create a password and security questions for "Admin," the Administrator login. The screens following the initial login vary depending on your installation type — a demo installation (no serial number required) or a standard installation (serial number required).

*Demo installation* — if you are running a demo installation of Drake, the demo version of the **Drake 2017- Setup Assistant** opens. Enter the setup information provided when you registered for a Drake account and click **Save.** If you have not yet registered for a Drake account, click the link to **Register an account**. To proceed without account information, click **Cancel**.

Drake 2017 - Setup Assis	stant	>
E-File Setup		
Enter your Drake Sol These items are requ software. To skip this	ftware account inform uired to E-file test retur s screen press Cancel	ation below. ns with Drake I below.
🔲 Do not show Setup A	ssistant on startup.	
Don't have an account ye	et? Register an a	account
Don't have an account ye	et? Register an a	account
Don't have an account ye <b>Setup Information</b> Account Number	et? <u>Register an a</u>	account
Don't have an account ye Setup Information – Account Number EFIN	et? <u>Register an a</u>	
Don't have an account ye <b>Setup Information</b> Account Number EFIN e-File Password	et? <u>Register an a</u>	

*Standard installation* — If you are running a standard installation of Drake, a pop-up is displayed reminding you to test your printers to determine the best print method for achieving optimal results. You can close this pop-up if desired. When you are ready to test your printers, see "Printer Setup" on page 25.

Next, the standard version of the **Drake 2017- Setup Assistant** displays. The Setup Assistant is covered in the next chapter (see "Setup Assistant" on page 23).

Figure 1: Setup Assistant - Demo Version

# HOME WINDOW

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

- Menu bar and toolbar These tools allow you to complete tasks in the program.
- Recent Returns Lists the last nine returns opened in the program.
- Notifications Lists acknowledgments to be processed. Information on pending and completed GruntWorx jobs will also appear in the Notifications section.
- Appointments Shows the preparer's schedule and provides a link to open the
- Scheduler.
- Alerts Keeps you informed by alerting you to important dates, displaying the status of Drake Tax's system, and linking you to Drake Software broadcast email. Possible alerts might include reminders of filing deadlines or announcements of delayed e-file transmissions, "ack" returns, or bank transactions. Alerts are refreshed every 15 minutes. Your system must be connected to the Internet for this feature to work.
- **Update Status** Keeps the preparer informed that the program is up to date, provides link to update the program when necessary.
- Status bar Provides system information.
- **Personal Client Manager (PCM)** This is a personalized version of the Client Status Manager. See "Help Resources" on page 238 for more information.
- Enable Privacy Hides the recent return list, the PCM, and the preparer notes. (Click Disable Privacy to view the list again.)
- **Preparer Notes** Use this section to write brief notes, visible only to the preparer who wrote them, that remain in this section until they are deleted.

			L	,					
🕖 Drake 2017 Tax Softwar	e			Man	har			- 0	×
File EF Tools Reports	Last Year Da	ta Setup	Help +	Men	Dai				
-							Toolbar	_	
		<b>S</b>		371 6	y 🚺		TUUIDai		
Open/Create Calculate	Print	View	CSM Scheduler	Documents Grun	Worx Research	n Support Exi			
			- L -	100000 - 0000	1000				
Recent Returns:	Key	Print/View	Enable Privacy Pe	rsonal Client M	nager - (COI	NTAINS SENSITIVE L	DATA)		
MAGNOLIA, SUSAN	1		Client Name	Ty	8	Status	Ack Date	Ack Code	
BIRCH, TREE	2		BEANS, COFFEE	10	0	In Progress			
BEANS, COFFEE	3		TEA, MINT DIDCULTDEE	10-	J	EF Accepted			
PEA, SNOW & SNAP	4		CORNELOWER LINDA	10	0	Undated From 2016			
TEA, MINT	5		LEAF, DILL & CURRY	10	0	New Client			
MUSTARD, WASABI	6	6	DAISY, YELLOW	10	0	In Progress			
		Land .	PEONY, DAVID	10-	0	Updated From 2016			
			PETUNIA. PENNY	10-	0	In Proaress			
Appointments:									
Appointments.									
4:00 PM SUSAN SNA	PDRAGON								
		2							
		1							
Notifications:									
Alerts:									
How to report phishing	ng emails								
IDC warps about now	tay acam		1.00						
IKS Wallis about new	V Lax SUdill								
Be Aware of Phishing	Emails								
			-						
									_
			Preparer Notes:						
			Contact David Peonv						
			and the second se						
the data states as									
upuate status:	up to date								
			1						
Prep: FL	Versio	n: P2.01.02.2	018.26 Drive C Windo	ows 10 Pro	03-05-	2018			

#### Figure 2: Home window

## **DRAKE TAX USER'S MANUAL**

To access the 2017 Drake Tax User's Manual from the Home window, click Help > Software Manual & Online Resources on the menu bar (Figure 4).

Figure 3: Accessing Online Resources

		0		U		
File EF To	ools Reports	Last Year Data	Setup	Help		
Open/Create	Calculate	Print	iew	Drake Software Help Email Tutorial		Ctrl+F1
Recent F	Returns:	Key P	rint/View	Support Info		
				Drake Chat Support		
				License Agreement		
				Show Setup <admin></admin>		
				Show Users		
				Setup Assistant		
				Software Manual & Online R	esources	
				Drake Status Page		
				HILL, JACK & JILL	1040	In Progress
No upco	ming appoint	ments today.		TRUCK, MACK	1040	In Progress
				TWEEDLE, DEE	1040	In Progress

On the Additional Education Resources web page, Select 2017 > Manuals and click the PDF file labeled, "2017 Drake Tax User's Manual.pdf." The file is opened to a bookmarked PDF (Figure 4).

Ac	ditional Education Resources	
<ul> <li>⊇011</li> <li>⊇012</li> <li>⊇013</li> <li>⊇014</li> <li>⊇015</li> <li>⊇016</li> <li>⊇017</li> <li>□ Letters</li> <li>☑ Manuals</li> <li>□ CWU Addendum</li> <li>△ 2017 Dirak Tax Suppleme</li> <li>△ 2017 Drake Software Tax Year 2</li> <li>△ Quick Reference Guide.pdf</li> <li>□ Practice</li> <li>□ Pubs</li> </ul>	Tax Year 2017 User's Manual	

Figure 4: Accessing the 2017 Drake Tax User's Manual

A PDF of the 2017 Drake Tax User's Manual can also be accessed by logging in to your Drake Support account at Support.DrakeSoftware.com, selecting Training Tools > Manuals, and clicking the 2017 Drake Software Manual link. The same web page also provides a link you can click to order printed copies of the 2017 Drake Tax User's Manual.

## 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. The logged-in preparer may customize his or her Personal Client Manager by selecting the columns of return data to 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 the client
- Set the return status
- Filter the list of returns
- Customize the PCM
- Search client records

## **ENABLING HOME SCREEN PRIVACY**

You can hide the **Recent Returns**, **Appointments**, **Personal Client Manager**, and **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 5) on the **Home** window. The **Enable Privacy** button becomes a **Disable Privacy** button. Click **Disable Privacy** (shown in Figure 6) to view all of the sections of the **Home** window again.

File EF Tools Reports La	ast Year D	ata Setup I	Help						
Open/Create Calculate	Print	<b>X</b> iew	<b>⊒</b> ≌ CSM	Scheduler	Documents	GruntWorx	Research	Support	<b>-</b> Exit
Recent Returns:	Кеу	Print/View	(Enable P	rivacy Per	sonal Clie	ent Manag	er - (CON	TAINS SENS	TTIVE DATA)
TWO SPINSTERS GIFT SHO	OP 1	- C	Client Na	me		Туре		Status	
BIRCH, TREE	2	<u> </u>	BEANS, C	OFFEE		1040		In Progress	
CUSTOM COLORS PAINTS	IN 3		BEE, BUS	ïY		1040		In Progress	
DEA SNOW & SNAD	4		BIRCH, T	REE		1040		In Progress	
PEA, SNOW & SNAP		-	CORNELO	WER, LINDA		1040		Updated From 20	016
TEA, MINT	5		LEAF, DIL	L & CURRY		1040		New Client	
MUSTARD, WASABI	6		DAISY, Y	ELLOW		1040		In Progress	
BEANS COFFEE	7		GARDNE	R, MORGAN		1040		Updated From 20	016
DEAND, COPPEE	1	-	HERB, OF	REGANO & ROS	SEMARY	1040		EF Rejected	

<i>isuic J.</i> <b>Linable i i vac</b> <i>i</i> oution	Figure	5:	Enable	Privacv	button
--	--------	----	--------	---------	--------



#### Figure 6: Disable Privacy Button

#### **Keyboard**

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

#### **Keyboard Shortcuts**

Use *keyboard shortcuts* to perform tasks from the **Home** window without using the mouse. Press ALT to display the underlined keyboard shortcut and then press the desired keyboard shortcut. For example, from the **Home** window, you can press ALT, F, O (F for File, O for Open) to open the **Open/Create a New Return** dialog box, or ALT, L, O (L for Last Year Data, O for Organizers) to open the **Organizer Client Selection** dialog box (Figure 7).



🕡 Drake 2017	' Tax Software				- 63					
<u>File EF T</u> o	ols <u>R</u> eports	<u>L</u> ast Year Data	<u>S</u> etup	<u>H</u> elp						
			2		niiit		GW		0-	
Open/Create	Calculate	Print	View	CSM	Scheduler	Documents	GruntWorx	Research	Support	Exit

#### **KEY COMBINATIONS**

Use key combinations as another way to perform tasks without using the mouse. They are written as two or more key names connected by a plus (+) sign. Press and hold down one key, and then press a second key. Key combinations are shown to the right of each menu item (Figure 8).

File	EF	Tools	Reports	Last	Year Data	Setup
	Oper	n/Create	e Returns		Ctrl+0	6
	Calc	ulate			Ctrl+C	P
	Print				Ctrl+P	500
	View				Ctrl+V	/View
	Form	ns Based	I Data Entr	y	Ctrl+E	1 die
	Quic	k Estima	ator	Ctrl+Q		5
	Exit			Esc		
	Logo					

Figure 8: Key Combinations

#### TOOLBAR

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

Figure 9: Home window toolbar buttons



# **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.
- **Droplist** 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.
- **Buttons on toolbar** The toolbar directly under the menu bar has buttons that 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, number code, word or phrase of the desired form and press ENTER to open its screen in data entry. If you don't know the code, enter a keyword or phrase and press ENTER to search for the screen.
- **Tabs** The **Data Entry Menu** displays tabs along the top of the screen below the toolbar. Each tab displays a list of 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  $(\blacktriangleright)$  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.

The following chart describes the button functions of the **Home** window toolbar including key combinations that can be used to perform the same functions.

<b>Toolbar Button</b>	Function	Key Combination
Open/Create	Opens an existing return or begins a new return.	CTRL+O
Calculate	Opens the <b>Batch Calculation</b> window to calculate one or more returns.	CTRL+C
Print	Opens the <b>Return Selector</b> , where you may select to print one or more returns.	CTRL+P
View	Opens the <b>Return Selector</b> , where you can view one or more returns.	CTRL+V
CSM	Opens the Client Status Manager. For details on the CSM, see "Client Status Manager" on page 224.	CTRL+L
Scheduler	Opens the Drake Scheduler. For details, see "Scheduling Appointments" on page 204.	N/A
Drake Documents	Opens Drake Documents For details, see "Drake Documents" on page 252.	N/A
GruntWorx	Opens GruntWorx. For details, see "Gruntworx" on page 259.	N/A
Research	Opens the Drake Custom Web Tax Search window, where you can search the Internet for answers to tax questions. For details, see "Tax Research" on page 237.	N/A
Support	Allows you to access the Drake Software Knowledge Base, Drake Software Program Help, Drake Software Support Website, Drake Software Video Tutorials, and Drake Software Chat Support	N/A
Exit	Closes the software.	Esc

# **Program Setup**

The Drake Tax **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. (See "Bringing Settings Forward from the Prior Year" on page 44 for more information.)



Initially log in as "Admin" to enter setup information. The administrator can access all tools, functions, and setup routines in Drake Tax, including firm, preparer, and security setup, network setup, the **Administrative Options** tab of **Setup > Options**, and tracking information on the **ADMN** screen in data entry.

# SETUP ASSISTANT

NOTE Demo installation — If you are running a demo installation of Drake, the demo version of the **Drake 2017- Setup Assistant** automatically opens the first time you log into Drake. Enter the setup information provided when you registered for a Drake account. This is all the setup required for running the demo version of Drake. See "Logging in" on page 15 for details.

The following section describes the Setup Assistant for the standard (licensed) version of Drake Tax.

The Setup Assistant is opened automatically the first time you log in to Drake (Figure 1).

Designed to guide you through the software setup screens, the Setup Assistant appears each time the program is opened until all required setup items are completed. The required settings must be completed before preparing and e-filing tax returns.

A green check mark indicates that a setup item is complete. A red "X" or a question mark indicates an incomplete setup item.

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

You are not required to use the Setup Assistant. To stop it from opening at program startup, select **Do not show Setup Assistant at program startup**. Go to **Help > Setup Assistant** to return to the Setup Assistant at any time.

Do not sh	iow Setup Assis	stant at program startup.
Required	Setup Items	
	ERO	You have completed the ERO information required for e-filing. You can edit this information Setup > ERO.
×	Firms	Firm e-filing information is complete for all existing firms. Add more firms by clicking on the Firms button.
×	Preparers	You have completed the preparers information required for e-filing. You can add more preparers by going to Setup > Preparers.
×	Printers	Configure Drake Software's printing options to best suit your needs.
- Optional 9 Completed	Getup Items I Options	Select from numerous options to fit your tax preparation needs.
Completed	Detup Items	Select from numerous options to fit your tax preparation needs. Set prices for your tax preparation business.
Optional S Completed	Getup Items - Options Pricing Letters	Select from numerous options to fit your tax preparation needs. Set prices for your tax preparation business. Customize the letters to meet your business needs.
Optional S Completed X X X	Detup Items - Options Pricing Letters Letterhead	Select from numerous options to fit your tax preparation needs. Set prices for your tax preparation business. Customize the letters to meet your business needs. Customize your letterhead to appear on bills and letters to taxpayers.
- Optional S Completed X X X X	Getup Items Options Pricing Letters Letterhead Status	Select from numerous options to fit your tax preparation needs. Set prices for your tax preparation business. Customize the letters to meet your business needs. Customize your letterhead to appear on bills and letters to taxpayers. Customize statuses to track your clients using Client Status Manager.

#### Figure 1: Setup Assistant (Standard Installation)

When all required settings are completed and labeled 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 e-filing:

- **ERO** An Electronic Return Originator (ERO must complete the ERO and Account Information Setup in order to e-file returns, download software updates, and access the online e-file database.
- **Firm** Set up and edit the firm information that appears on tax forms. Complete bank information if offering bank products.
- **Preparers** Enter each preparer's general information, designate a login name and set security options for any preparer, data entry personnel, or anyone who needs access to Drake Tax.
- **Printers** Establish the printers to be used with Drake Tax. Also used to establish sets and advanced printing options not related to a specific printer.

#### **PRINTER SETUP**

Your windows default printer is designated as the Drake Tax default printer when Drake Tax is installed.

To edit printer settings:

- 1. From the menu bar of the **Home** window, go to **Setup > Printing > Printer Setup**.
- 2. Enter setup changes as needed. Details on each tab are provided in the following table.
- 3. Click Save (If making changes to printer settings on the F8 tab, click Update, then Save.)

#### FIRM SETUP

Firm setup must be completed before returns can be prepared and e-filed. If data is inaccurate or missing, tax returns might be e-filed with incorrect information.

To add a firm in Firm Setup:

- 1. From the menu bar of the Drake Tax Home window, go to Setup > Firms.
- 2. Click Add (this will activate the bottom half of the Firm Setup window).
- **3.** In the **Firm Information** section, complete all required information fields, which are indicated by red text. The red text turns green when all required information is entered and saved.
- 4. Confirm your EFIN is properly set up at Drake Software by entering your EFIN above the **Firm Information** section and click **Confirm**. A green checkmark will indicate that you have been approved to e-file.

The following tabs in the Firm Setup window are used for additional firm entries:

- Settings Employer Identification Number (EIN), any state ID numbers, optional DNC and invoice numbers, and state and local sales tax rates.
- Banking If you have completed an online Drake Software bank application, your banking information is imported directly from your bank application when you click to Confirm your EFIN in the Firm Setup window. (To offer bank products through Drake Tax, you must first submit a bank application, get accepted, then import the bank information to Drake Tax. Bank applications must be submitted annually. For more information about bank products, visit *Support.DrakeSoftware.com* > Partner Programs > Bank Partners.
- Audit Protection If you enrolled in Audit Protection, your Protection Plus information is imported when you click to Confirm your EFIN in the Firm Setup window. For additional details about Protection Plus Audit Protection, visit *Support.DrakeSoftware.com* > Partner Programs > Audit Assistance.

Click Save to save the firm information and then click Exit to leave Firm Setup.

Figure 2: Firm Setup Window

Drake 201	17 - Firm Setup						
H Save	Help Ca	<b>S</b> ancel					
Num.	Firm Name		Contact	EFIN	DCN	Bank	
1	Tax Bee Ta	x Service	Tax Bee	111111			
EFIN	Applications mu	ust first be completed online at earn Confirm Vou are appro-	drakesoftware.com. ved to e-file.				
Firm n	ame	Tax Bee Tax Service		Contact name	Tax Be	38	
Addre:	ss	111 Sweet Honey Avenue		Telephone numbe			
City		Honey Grove		Fax number			
Dome	estic Address			Email address			
State/	ZIP	FL 333333					
Forei Provin **Cour	i <b>gn Address</b> nce/State ntry/Postal Code	e T	Country code is quired for e-file when m is not in the USA.				

When a firm is created, it is assigned a number. In Figure 2, Tax Bee Tax Service is assigned the number 1, since it is the first firm added to Firm Setup. This number is used to identify which firm is associated with each tax return. The firm number can be changed on data entry screen 1 inside a return.

#### ERO SETUP

An Electronic Return Originator (ERO) must complete ERO Setup in order to e-file returns, download software updates, and access the online e-filing database.

To set up your firm as an ERO in Drake:

- 1. From the **Home** window menu bar, go to **Setup** > **ERO & Account Information** to open the **ERO & Account Information** dialog box (Figure 6).
- 2. Complete the General Information section. Fields required for e-filing are labeled with red text. The red text turns green when the required information is entered and saved.
- 3. Your 16-character serial number should already be displayed.
  - Your account number, EFIN and password are included in the email confirmation you received after registering for a Demo.
- A temporary EFIN assigned by *Drake* allows you to test e-filing and gives you access to *Drake* Internet tools. Preparers who are new to e-filing and wish to transmit live returns must apply with the IRS for an EFIN.
- Click **Use Firm #1 Info** to fill the transmitter name and address information with the info entered for Firm 1 in **Firm Setup**.
- 4. If your firm is a franchise or network, complete the **Franchise/Network Information** fields; otherwise leave this section blank.

- **5.** If applicable, in the **Disclosure or Use of Tax Information** field enter the name of the franchise or network to which tax information must be disclosed in order to apply for bank products. (The field facilitates compliance with IRS Regulation 7216.)
- 6. Click OK to save changes. Click Cancel to exit without saving changes.

Figure 3: ERO & Account Information	Window
-------------------------------------	--------

ieneral Information	n	-		-		
Account Number:	100000	EFIN:	Password	1111   	*****	
Serial Number:	🔲 Edit Serial	0111	0111	0111	0111	
Transmitter Name:	Tax Bee Tax S	ervice				Use Firm #1 Info
Transmitter Address:	777 Sweet Ho	ney Avenu	e 		_	
City:			State:	Zip	:  33333	
Federal EIN:	000000000					
Telephone Number:	8285248020					
ranchise/Network	Information (	Admin or	ıly)			
Master EFIN:	Fee:	Name:				
Master EFIN:   Disclosure or Use (	Fee:   of Tax Informa	Name:   ation by F	reparers	of Rel	turns	

#### **PREPARER SETUP**

Complete **Preparer Setup** and designate security settings for each preparer in your firm. 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 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 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 Home window menu bar, go to Setup > Preparers.
- 2. From the toolbar at the top of the **Preparer Setup** window, click **Add** to add a new preparer.
- 3. Enter a username in the Login Information section.
- **4.** Fields required for e-filing are labeled with red text. The red text turns green when the required information is entered and saved.

Nntf

- 5. If you are setting up a new preparer, click the **Reset Password** button. When the preparer logs in for the first time, he or she will see the **Password Setup** and **Security Question** windows before being allowed access to Drake Tax.
- **6.** Mark the Disable preparer box (optional) to lock the preparer out of the program. Return to the Preparer Setup and clear the box to allow access (Figure 4).

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

- 7. To complete the **Return Signature Options** section, see "Return Signature Options" below.
- **8.** To set security options, click the **Security** button at the top of the window. See "Preparer Security Settings" below.
- 9. Click Save to save changes. Notice that the preparer is now saved with a preparer number.

rake 201	7 - Preparer Setu	ιp				2
Save	Security	Schedule	Help C	Sancel		
lumber	PTIN	Username	Preparer Name	Red indicates missing	e-filing data.	Security
DM	P1111111	Admin TB	ADMINISTRATOR TAX BEE			Admin Admin
Gene	eral Information	1		Return Signature C	ptions	
Pre E-m Sel Soc PTI Offi	parer name nail f-employed sial Security Numb N ce number (optior	TAX BEE	1	PIN signature Use PIN for: PIN 8879 PIN Sign Alternative Ele PDF rubberstamp Republic Bank Info RBIN	12345 nature setronic Signatu Setup Signa <b>ormation</b>	ıre ture
Ho	urly rate			Power of Attorney	, Information -	
Fim	1	- <nune:< td=""><td>&gt; <u>-</u></td><td>Preparer designation</td><td>- <none></none></td><td>-</td></nune:<>	> <u>-</u>	Preparer designation	- <none></none>	-
- <b>Logiı</b> Use Pas	n Information — ername esword	TB Reset Pa	issword	CAF Number Lic/Enrollment Jurisdiction		
Dis State	able preparer • Registration M	T Iumbers		W-7 Acceptance A Acceptance agent Agent title	gent	_
Regis CA, M	tration numbers fo D, NY, OR, and V	r /A. Registr	ation	Preferred Languag	e • Use Svstem	Default 👻

Figure 4: Prenarer Setup Window

#### **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

- **3.** Select Use PIN for: Alternative Electronic Signature to have the program automatically fill fields requiring electronic signature with the preparer's name. (Do *not* select this option if you are planning to use the PDF rubberstamp feature of the e-Signature tool.)
- 4. For information on the PDF rubberstamp feature, click the "play" button next to the Setup Signature button and watch a short video tutorial.



For details on electronically signing returns, see "Signing the Return Electronically" on page 130.

#### **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" below.
- Front Office (Scheduling Only) 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 209.
- Administrator (Full ADMIN Rights) 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.

- In Preparer Setup, 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 (Figure 5).
- 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.

ile EF Tool	s Reports	Last Year Da	ta Setup	Help			
Open Return							
Z Calc							
Print							
<ul> <li>View</li> <li>Forms Based</li> </ul>	Data Entru						
Quick Estima	ator						
Check All	Uncheck	All					
Check All	Uncheck	All					
Check All ustom Prepa	Uncheck	All					
Check All ustom Prepa lick the menu it	Uncheck	All ecurity. A cheo	:k mark indic	ates access is allow	ved. Remov	e the check mar	k to disallow
Check All ustom Prepa lick the menu it ccess. You ca	Uncheck rer Security ems to apply so h update secur	All ecurity. A chee rity for only tho	sk mark indic se preparers	ates access is allow matching or below :	ved. Removi	e the check mari curity group.	k to disallow
Check All ustom Prepa lick the menu it ccess. You ca	Uncheck rer Security ems to apply si h update secur	All ecurity. A cher rity for only tho	k mark indic se preparers	ates access is allow matching or below	ved. Removi your own se	e the check mari curity group.	k to disallow

Figure 5: Custom Security Setup Window

#### **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
- Front Office Front Office rights (Scheduler access only)
- Full Users with full access to everything except special Admin features

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



Preparers must have security set up to avoid having all functions of the program disabled when the preparer logs in. A warning message is displayed when you try to save a preparer without assigning security rights.

#### **Preparer Schedule**

Preparer schedules can be created in Preparer Setup and using the Drake Scheduler (See "Establishing Preparer Schedules" on page 207). To create a preparer's daily schedule in **Preparer Setup** follow these steps:

- 1. From Setup > Preparers, select a preparer and click Edit Preparer.
- 2. Click Schedule.
- 3. Select day and "in" and "out" times.
- 4. Click Apply, and then click Save to save the schedule.

# **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. Most optional settings can be carried forward from year to year. From the **Home** window menu bar, select **Last Year Data** > **Update Settings 2017 to 2017**. See "Bringing Settings Forward from the Prior Year" on page 44.

#### **SETUP OPTIONS**

Setup Options enable you to customize the software to suit your office needs (Figure 6). 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 to click the tabs for various option windows.
- 2. After selecting the desired options, click **OK** to save.

Billing State		States	EF		Ad	dministrative Op	ptions
ata Entry	Calculation & View/Print F		m & Schedule Options	Optional	Documents	Optional Ite	ems on Retur
Select to 1	f <b>urn On</b> ossible, make data en scrolling	try screen text	smaller to minimize or	- Language Menus and	e Options — d data entry sc	reens:	
🔽 Tab to Z	IP code field (skip city	/state and us	e ZIP code database)	English			-
Show no	tes/reminders to prep	arer when ope	ening a return	Field-speci	fic help in data	entry (1040 o	nly):
Verify SS	N when creating new	return		English			-
E Enable V	/indows standard ker	istrokes		Error codes (1040 only):			
Autofill pr	eparer and firm numb	er on new retu	uns	English			•
🕅 Magnify (	data entry						
Activate	W-2 wage and withh	olding verifical	tion fields	Letter case	e for data entry	:	
🗖 Do not re	estrict minimum font si	ze in 800x600		Upper case			•
Use grid data entry format on available screens			Display warning for missing required field:			d:	
🔽 Enable D	ata Entry toolbar			Every time required data is missing			-

Figure 6: Setup Options

The	following	options a	are available	in Setu	p > Options:
	0	1			

Setup Options, Data Entry				
Option	Description			
Size text on data entry screens	Automatically size the text on screens to minimize or eliminate scrolling			
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 after entering a street address to bypass the <b>City</b> and <b>State</b> fields and go directly to the <b>ZIP</b> field. <b>City, State, County, and Resident state fields</b> are automatically filled based on the ZIP code entered.			
Show notes/reminders to preparer when opening a return	Show all notes and reminders from the <b>NOTE</b> and <b>PAD</b> 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 withholding verification fields	To ensure accuracy of data entry, you can require that wage and withhold- ing amounts be entered twice on the <b>W2</b> screen.			
Do not restrict minimum font size in 800X600	This is a sizing option for computers using an 800x600 resolution. If this option is selected, the program will not attempt a font substitution to retain readability. Text on screens will shrink to fit as needed.			
Use grid data entry format on available screens	Type information into a spreadsheet environment, which can result in faster data entry. This feature is available for the <b>Dependents</b> , <b>INT</b> , <b>DIV</b> , <b>8949</b> , <b>D</b> , and <b>4562</b> screens.			
Enable Data Entry toolbar	Mark the checkbox to activate the data entry screen toolbar, clear the check- box to disable the data entry screen toolbar.			
Language Options (1040 package only)	Choose between English and Spanish for menus, data entry screens, field help text, and error codes (EF messages).			
Letter case for data entry	Choose between all uppercase letters and mixed case.			
Display warning for missing required field.	Choose to receive a warning whenever a required field is empty, once per data entry session, or not at all.			

Setup Options, Calculation & View/Print				
Option	Description			
Autocalculate tax return when exiting data entry	Returns are automatically calculated every time you exit the return.			
Display client fee on Calculation screen	Allows the fees charged for return preparation to appear on the <b>Calcu-</b> lation <b>Results</b> screen.			
Print only one overflow statement per page	Each overflow statement is printed on a separate piece of paper.			

Setup Options, Calculation & View/Print				
Option	Description			
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 you go to View mode. When the <b>Data Entry</b> button is clicked in View mode, the program returns to the data entry screen.			
Audible notification of calculation error mes- sages	When calculating a return, the program produces a "beep" to indicate an EF Message.			
Mask SSN, EFIN, PTIN on Client and Pre- parer Sets	Masks taxpayer's, preparer's, and ERO's identification number on printed sets.			
Layout for depreciation schedule	Select <b>Portrait</b> to produce the depreciation schedule vertically using 8.5 x 11 paper; select <b>Landscape</b> to produce it horizontally.			
Pause option for calculation	Choose the circumstances under which the <b>Calculation Results</b> win- dow appears, allowing a review of calculation results before proceeding to View mode.			
Number of days to store print files	Select to store print files from 1 to 9 days, or to have them removed once the return is selected for e-filing. If a return is needed after the print file is removed, recalculate the return to re-create the print file.			
Print sort options for Interest/Dividends	Choose how items entered on the <b>INT</b> and <b>DIV</b> screens are sorted when printed on Schedule B: alphabetically, numerically, or not at all.			

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	Produce a depreciation schedule for next year in addition to the one for this year.			
W-2/1099 forms	Produce and display in View mode all W-2 and 1099-R forms with the return.			
Print two W-2/1099-Rs per page	If return has more than one W-2 or 1099-R Form, print two per page.			
Carryover worksheet	Produce any carryover worksheets associated with the return.			
Print Page 2 of Schedule K-1	Produce page 2 of Schedule K-1 for Forms 1120S, 1065, and 1041.			
Print ES vouchers only when indicated	Print ES vouchers only when screen ES exists.			
Always show reason for no EIC	Generate Return Note explaining reason taxpayer not getting EIC			
Print shareholder's/partner's adjusted basis worksheet	Make this selection to automatically print a partner's or share- holder's adjusted basis worksheet			
1040A/EZ suppress	Automatically suppress Form 1040A or 1040EZ			

Setup Options, Form & Schedule Options				
Option	Description			
Suppress EZ forms and schedules	Choose to automatically suppress Schedule C-EZ, Form 2106-EZ, or Form 2555-EZ			
Form 8879 bank account options.	Select option for printing bank account information on Form 8879.			
Select to Turn On list if greater than	Produce lists of these items (W-2, W-2G, 1099-M, 1099-R, federal with- holding summaries, dividends, interest, K-1) when the selected number in the drop list is exceeded.			



Many of the **Form & Schedule Options** settings can be adjusted on a per-return basis from the **Print** screen in data entry. (Type PRNT in the selector field and press ENTER.) These are called "on-the-fly" adjustments. They affect *only* the open return and do not change the "global" settings in **Setup > Options**, which affect *all* returns.

Setup Options, Optional Documents				
Option	Description			
Folder coversheet	Generate a folder cover sheet on which is printed the taxpayers' names and the name, address, and phone number of the preparer's firm.			
Prior years comparison form	Produce a comparison sheet containing data from the current-year and prior-year returns.			
Return summary	Produce a return summary with every return prepared.			
Bill summary	Produce a summary of the taxpayer's bill with each return.			
Federal filing instructions	Display 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. Printed by default. Clear the checkbox to disable, or use the <b>PRNT</b> screen to activate or disable on a single return.			
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). Printed by default. Clear the checkbox to disable, or use the <b>PRNT</b> screen to activate or disable on a single return.			
Labels	Print a sheet of "mail to" addresses on Avery 5160 labels.			
Envelope Sheet (address drop lists)	Choose the size of the envelope on which to print the addresses of the taxpayer, the IRS Service Center, the state tax department, the city tax office, and for Forms K-1.			
Estimated payment coversheet	Print coversheet with the address for estimated payments to Nelco ENV500 envelope dimensions for 1040 and 1041 returns with quarterly taxes.			
NELCO hyperlink	Click this link to go to the Nelco website to order such Drake-compatible products as envelopes, IRS forms, and checks.			
Letter Options (all packages)	Select the results 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.			
Setup Options, Optional Documents				
---	---			
Option	Description			
Include engagement letter with returns	Select this option to generate 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 also be produced prior to completion of the return using <b>Tools &gt; Letters &gt; Letters</b> .			
Include customized supplemental letter with returns	Print a customized letter that can be used for various purposes.			
Include K-1 letter with returns	Print the cover letter for individual K-1s (1065, 1120S, and 1041 packages).			
Referral Coupons (3 per sheet)	Enter the number of sheets per return or the coupon amount.			

Setup Options, Optiona	I Items on Return
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Option	Description
Date on return	The default is the current date. To change this date, enter the required date on the <b>PRNT</b> 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 for taxpayer and spouse signa- tures on the return (excluding 1040).
Taxpayer phone number	Select this option to print the taxpayer's phone number entered on screen 1.
Third party designee	Select the preparer number of the preparer designated as the third-party des- ignee to be printed on the main form of the return.
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
Select billing format:	
	Comprehensive Bill: Generates an itemized client's bill. (All packages)
	Summary Bill: Generates a summarized client's bill. (All packages)
	Classic Bill: Uses the same format and features as prior years of Drake Software. Use Classic Bill to continue billing the same as in prior years.
Options for all billing formats:	
<ul> <li>Show preparer fees withheld from bank product</li> </ul>	Print the preparer fees withheld from the bank product amount on the bill.
– Sales tax rate	Enter the sales tax rate to add to each bill as a decimal or a whole number. The number must be greater than 1. For example, 4.5 would represent a sales tax rate of 4.5%.

	Setup Options, Billing
Option	Description
– Billing statement format	<ul> <li>Select from among seven formatting options, including:</li> <li>Bill by time (preparing bill based on time spent preparing return multiplied by preparer's hourly rate as defined in Setup &gt; Preparers)</li> <li>Bill by form (preparing bill based on forms necessary to complete return by price entered in Setup &gt; Pricing); program prepares a bill summary along with the option selected here unless the Bill Summary option is cleared at Setup &gt; Options, Optional Documents tab.</li> </ul>
– Header on bill	Select among options for the header to be printed on the bill.
Options for only the Classic Bill:	
<ul> <li>Print taxpayer's phone number on the bill</li> </ul>	Print the taxpayer's phone number (entered on screen <b>1</b> ) on the bill.
<ul> <li>Print taxpayer's email address on the bill</li> </ul>	Print the taxpayer's email address (entered on screen <b>1</b> ) on the bill.
Custom Paragraph Options	
- Options	Choose to have a custom paragraph printed at the top or bottom of the bill.
<ul> <li>Paragraph Content</li> </ul>	Write the custom paragraph you want added to the bill in the supplied text box.

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

Setup Options, EF	
Option	Description
Auto-generate taxpayers PIN (1040 Only)	Have the software assign a randomly generated PIN (1040 only).
Require 'Ready for EF' indicator on EF screen	Require that the <b>Ready for EF</b> indicator on the <b>EF</b> screen be selected before a return can be selected for e-filing.
Lock client data file after EF accep- tance	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 <b>Tools &gt; File Maintenance &gt; Unlock Client Files</b> .
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	Prevent e-filing of all federal returns.
Print EF status page	Generate the <b>EF Status</b> page for any return that is eligible for e-file.
Alert preparer when bank product is not included	Alert the preparer via an EF message that a return does not include a bank product.
Activate imperfect return election in data entry	Activate Imperfect Return Election checkbox on EF screen in data entry.

Setup Options, EF	
Option	Description
Allow selection for EF from the 'Calcu- lations Results' screen	Allow preparer to send the currently active return directly from the <b>Calcula-</b> <b>tions Results</b> 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'	Allow program to notify you before it transmits the Check Print Records.
Email 9325 Notice to Taxpayer (auto- matic from Drake Processing Center)	Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, is automatically sent to taxpayer by email when return is accepted. (Email address must be present on screen <b>1</b> .) Override this section on the <b>EF</b> screen.
Require E-Signatures on all electroni- cally signable forms (1040 Only)	Require all preparers to take advantage of Drake's e-Signature capabilities. Override this selection on the <b>EF</b> screen.
Disallow EF selection if DoubleCheck Review flag exists	Require all DoubleCheck flags in view mode be removed before return is EF-eligible.
Default ERO	Choose a preparer number, <b>Paid Preparer</b> , or <b>None</b> to indicate the ERO name that should appear on return documents. This choice can be overrid- den on screen 1 and the PREP screen in data entry.
Combine EF steps (Select, Transmit, Post Acks)	Combine all e-filing steps. From <b>EF &gt; Transmit/Receive</b> , click <b>Send/</b> <b>Receive</b> to transmit selected returns, pick up any new acknowledgments, and process the acknowledgments in one step.
Transmit return data to Drake for multi-office web reports	Send Client Status Manager (CSM) data automatically to the Multi-Office Manager (MOM) during the EF process.
State EF	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.

Note

Many of the **EF** settings can be adjusted for a single return from the **EF** screen in data entry. These "on-the-fly" changes do not affect the "global" (all return) settings in **Setup > Options**. To access the **Administrative Options** tab, a user must have administrative rights. For more information, see "Preparer Security Settings" on page 29.

Setup > Options, Administrative Options	
Option	Description
Use customized data entry selection menu	Select the checkbox, click the top <b>Customize</b> box, and then select the pack- age to customize. Click <b>Load Menu</b> . When the <b>Data Entry Menu</b> is opened, clear the check mark from items to disable them. Click <b>Save</b> . 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 <b>Miscellaneous Codes</b> fields on screen <b>1</b> and the <b>Adjustments</b> and <b>Payments</b> fields on the <b>BILL</b> screen.
Use customized flagged fields on all Returns	Select this box, click <b>Flag</b> , and select a package. When the <b>Data Entry</b> <b>Menu</b> is opened, click the desired screen and click each field to flag. Click a field a second time to clear it. Press Esc to save your changes.
	Note. This option is available for rederal packages only.
Lock fields	Select <b>Use customized flagged fields on all returns</b> , click <b>Flag</b> , and select a package type. When the <b>Data Entry Menu</b> is opened, click the desired screen, right-click a field, and select <b>Lock Field</b> . No one without Administra- tor access can enter data in a locked field. Click the field or right-click and select <b>Unlock Field</b> to remove the lock. Press 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 in 2016 are set globally in 2017 after updating data from Last Year Data > Clients 2016 to 2017.
Print all due diligence assistance doc- uments	Print due diligence documents generated from the DD1 and DD2 screens. (To generate these documents on a per-return basis, go to PRNT screen and select Print DDASSIST.)
Require due diligence assistance screens to be completed	Require that applicable fields on the <b>DD1 and DD2</b> 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 <b>Home</b> window for the logged-in preparer (checkbox is selected by default).
Display program update availability to:	Select which preparer groups can view update availability. Selections are <b>Administrators</b> (users with administrative rights) and <b>All w/Update Rights</b> .
Bank Products - State laws regarding fees: Charge ALL taxpayers the same fees.	Select this box to charge all clients the same supplementary fees (software, franchise/network, and additional fees), regardless of whether a bank product is included. For more information, click the <b>Program Help</b> link.
Drake PDF Printer Password Options	Choose to automatically password-protect any generated PDF documents. Passwords can be assigned to PDF documents that are sent through Drake email. The default password format is the first four characters of the client's name plus the last five digits of the client's ID. The <b>Default password</b> drop list includes other format options. These settings can be overridden during printing from the <b>Print Selection</b> dialog box.
Return Status Notification Programs	Use this option to receive return status notifications through RefundPoint or ABCvoice. Select to generate 7216 consent forms for the customer to sign. Select to require contact information (phone number and/or email address) on screen <b>1</b> , or on the <b>ABCV</b> screen (for ABCvoice), or on the <b>CALL</b> screen (for RefundPoint).

# PAY PER RETURN

The Pay Per Return (PPR) 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.)

# **DATA LOCATIONS**

Use **Data Locations** to configure where the program finds and stores client data and other files. If you are installing Drake on a network, you must complete **Setup > Data Locations**. See 2017 Drake Tax User's Manual Chapter 2 for specific network installation instructions.

# 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 Setup**, go to **Setup > Pricing**.

# Note

You can override **Pricing Setup** 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 > Firms**.

# **Pricing on the Fly**

To edit or add pricing amounts without entering **Pricing Setup**, edit "on the fly" (within a return). From View mode, right-click a form in the tree view directory 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 a series of commands and functions that allow a combination of keys to accomplish tasks. Also called key combinations, some macros are already available in the program; for example, CTRL+V opens View mode.

You can create new macros to make the process of repetitive data entry quicker and easier. For example, if many of your local clients use Small Town Bank, you can arrange for the program to enter "Small Town Bank" every time you press a particular key combination.

To create or edit macros, go to the **Home** window and select **Setup > Macros**. To access a list of macros in data entry right-click and select from the menu or press CTRL+SHIFT+M.

# LETTERS

The letters program is designed to generate various types of client results letters, many of them based on data from the tax return and the clients' filing, payment, or refund preferences. For example, if a return with a federal *balance due* has been *e-filed* and the client has opted to *mail a check* to the IRS, the accompanying client results letter will state the *balance due amount*, provide the *e-file information*, and give *instructions for mailing the check*.

There are also engagement letters, extension letters, letters with amended returns, payment reminders, appointment reminders, preseason and postseason letters, and cover letters.

Letter Template	Description
Comprehensive	Provides return results for the filed returns—federal, state, and city; gives info on fed- eral, state, and city taxes (plus state and city "Other" taxes), bank products, refunds, payment methods, estimates, due dates, mailing instructions, etc., as applicable.
Custom Results (template)	Contains the same keywords and paragraph tags as the Comprehensive results letter but no pre-written letter is provided.
Summary (default letter)	Provides a summary of all pertinent return results: taxpayer information, return type, balance or refund due, payment or refund method, taxing authority mailing addresses or e-file information, estimates (if needed). This letter is shipped as the default letter. Go to <b>Setup &gt; Options &gt; Optional Documents</b> to change the default letter in the <b>Letter and Bill Option</b> drop list
Federal Results Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal returns (no state or city returns).
Federal, States Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal and state returns (no state "Other" taxes or city returns).
Federal, States Cities Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal, state, and city returns, including info on federal, state, and city taxes (but no state and city "Other" taxes)
Custom Results	Contains the same keywords and paragraph tags as the Comprehensive results letter but no pre-written letter is provided.
Extension Letter	Explains that an application for extension has been filed.
Amended Letter	Similar to the results letter, but for an amended return.
Estimate Payment Reminder*	Provides details for making a 2017 estimate payment; individual (1040) package only.
Scheduled Appointment Reminder*	Informs prior-year clients of this year's appointment date and gives instructions for preparing for the appointment; individual (1040) package only.
Referral Coupon	Offers client a discount for referring another client; individual (1040) package only.
Preseason Letter*	Reminder to 2016 clients that tax season is coming up; all applicable packages.
Postseason Letter*	Letter thanking 2017 clients for their business; available for all applicable packages.
Customized Supplemental Letter	Fully customizable template that can be used to create a customer survey, package or product offering sheet, generic letter, client coupon, etc. (All packages)
Engagement Letter*	Standard engagement letter for tax services. (All packages)

The following letter templates are available:

Letter Template	Description
e-File Status Letter*	Provides 2017 clients with an acknowledgment summary of their e-filed returns; avail- able for all applicable packages.
Privacy Policy	Generic privacy policy for clients. (All packages)
Letterhead	Provides customization of letterhead. (All packages)
Footer	Add custom footers to your letters
Bill	Allows customization of clients' bills. (All packages)
K-1 Cover Letter	Cover letter for a shareholder, partner, or fiduciary receiving a Schedule K-1; S corporation, partnership, and fiduciary packages only.
K-1 Amended Letter	Cover letter for a shareholder, partner, or fiduciary receiving a Schedule K-1 that has been amended; S corp, partnership, and fiduciary packages only.
Grantor Trust Statement	Cover letter for grantor trust statement; fiduciary package only.
Results Letter 706-A	Provides return results for the Additional Estate Tax Return. (Estate package)
Engagement Letter 706-A	Engagement letter for the Additional Estate Tax Return services. (Estate package)

Letter templates with an asterisk (\*) indicate letters that can be generated individually or in batches separately from the tax return.

A comprehensive result letter is available for each tax package. It contains pertinent return information for most return scenarios. This includes paper-filing and e-filing information, federal, state, and city result information, and special taxes such as school district tax and franchise tax.

All letters (including the bill) can be previewed and modified in the letters program. Many editing and formatting features are available. Change margins, alignment, font and font size. Add your logo, a border, and a customizable letterhead containing your firm's information. Use bold, italics, and underlining. Cut, copy, or paste.

The bill can also be personalized by adding your logo, a border, and a customizable letterhead.

Other features:

- Choose a default letter to print with each return type (tax package).
- Override the default letter on a per-return basis.
- Add custom paragraphs to result letters on a per-return basis.
- Create your own customized supplemental letter for each tax package.
- Carry letters forward each year.

# **Editing and Customizing Letters**

Letter editing is done through the Client Communications Editor. To open the editor, from the **Home** window of Drake, go to **Setup > Communications Editor** (Figure 7). The editor opens the last selected letter in Outline mode.

To select a different letter, click **Open** on the toolbar, select a tax package, and select a letter.



Figure 7: Client Communications Editor Window - Outline Edit Mode

Use the editor to:

- Find the areas of the letters you wish to edit
- Change the wording
- Find and insert the proper keywords
- Change font styles and sizes
- Change weight and angle (**bold**, roman, *italics*)
- Change alignment of the headings, the body, or the closing
- Rearrange paragraphs

Because so much of the letters program is automatic, you may never have to edit the letters at all. If you do need to edit one or more letters, see Chapter 2 of the 2017 Drake Tax User's Manual for detailed instructions.

To set up the letterhead, logo, margins, and border from the **Client Communications Editor**, click the **Setup** button and select **Page Layout** from the drop list. Change the default margins. Select to use the letterhead, logo, and border on your letters and bill. Browse to the location of your bitmap logo or use the default simple graphic. Click **OK** when finished.

Note

To print batches of letters, mailing labels, envelopes or postcards, go to the **Home** window and select **Tools > Letters**.

# Colors

Use the Color Setup feature to tailor Drake screens to meet your preferences.

TIP

If you used Drake last year, consider customizing colors to make your 2017 program look different from your 2016 program. If you must open the 2016 program during tax season, customized colors will help you avoid entering data into the old program by mistake.

# **Program Colors**

To customize program colors:

- 1. From the Drake Home window, go to Setup > Colors to open the Color Selection dialog box.
- 2. Under Program Colors, choose one of the following options:
  - Use Windows System Colors Program screens inherit the color scheme used by the operating system.
  - Use Custom Created Colors The Program text color and Program background color boxes to the right become available. Click a box to view the Windows color palette and choose a color.
- 3. Click OK to save your changes and exit.

# **Data Entry Colors**

To change the color of a specific area in data entry from **Setup > Colors**:

- 1. Click a color box in the Data Entry Colors box to open a Windows color palette.
- 2. Select a color and click **OK**.
- 3. Once all color selections are made, click **OK** to save your changes.

To restore the original color settings in **Setup > Colors**, click **Restore**, and then click **OK**.

# **DRAKE DOCUMENTS**

Use Drake Documents to store and organize electronic documents such as PDF copies of tax returns, scanned Forms 8879 and 1099-B, and scanned copies of driver's licenses, Social Security cards, and other forms of ID. Think of the Drake Documents' file structure as a virtual filing cabinet where files are saved within folders and folders are stored in drawers of the cabinet.

Go to **Setup > Printing > Drake Documents** to indicate where Drake Tax Software will access Drake Documents, apply a password, and customize the default folder layout. (See "Drake Documents" on page 252.)

# **BRINGING SETTINGS FORWARD FROM THE PRIOR YEAR**

If you used Drake's tax software the prior year, you can apply your firm's prior-year software settings to the current-year program to save preseason preparation time. Once the settings are brought forward for the year, they can be individually adjusted.

WARNING

Bringing settings forward from the prior year for an item that has already been updated in the current-year software can cause a loss of current-year data.

To update settings from the prior year:

- 1. In Drake Tax 2017, go to Last Year Data > Update Settings 2016 to 2017. The Update Settings dialog box is displayed (Figure 8).
- 2. In the Update Settings dialog box select the drive where last year's data is stored.
- **3.** Mark each checkbox for the settings category you want to bring forward. (Clicking the plus sign [+] in front of a category expands the sub-items). if you want to select them individually rather than the entire category). Uncheck any items you do not want to bring forward.
- 4. Click Continue and Confirm the selections to start the update process.
- 5. Click Exit when the status for each item is displayed as Completed.

Get update settings from drive:	C: [Hard Drive]
<ul> <li>Firm Information</li> <li>All Appointments and Prepare</li> <li>Macros</li> <li>Colors</li> <li>ERO Screen</li> <li>Drake Documents</li> <li>Reports</li> <li>Client Status Manager- Custo</li> <li>Setup &gt; Options</li> <li>Pricing - Federal</li> <li>Pricing - State/City</li> <li>Letters</li> <li>Form Print Order-Federal</li> <li>Form Print Order-Org Pro</li> <li>Email Data</li> </ul>	er Settings om Statuses only

Figure 8: Update Settings Dialog Box

Notes

- When updating **Pricing** settings, you will be prompted to enter a percentage increase to apply per item, per form, or both, and the option to round to the nearest dollar.
  - To update letters, go to the Home window of Drake, select Setup > Communications Editor, click Open, select a letter, and click Setup > Update Prior-Year Letter.

# **REVIEW QUESTIONS PART 1**

Answer the questions below. See "Answers Part 1" on page 48 for answers and explanations.

- 1. Which Setup menu screen would you use to select the bank for bank products?
  - a) ERO
  - b) Pricing
  - c) Firms
  - d) Preparers
- 2. Which Setup menu screens must be completed before beginning tax preparation and e-filing?
  - a) Options
  - b) Data Locations
  - c) Firms, ERO, and Preparers
  - 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 e-filing. When creating a preparer login for your new hire, which security setting should you use?
  - a) Front Office
  - b) Custom Security Setup
  - c) Set Security to Allow All Options
  - 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 customize the Data Entry Menu.
  - **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 all preparers click **Disable Privacy** on the **Home** window.
- 5. The following packages can be installed from the Drake Demo CD:
  - a) Federal
  - b) States
  - c) Cities
  - **d)** All of the above

# ANSWERS PART 1

- 1. The correct answer is c) Firms. Go to Setup > Firms. Select your firm and click Edit Firm, select the Banking tab to retrieve your bank information.
  - a) is incorrect. **Setup > ERO** is used to enter information about the ERO and to indicate the connection settings used during the e-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 > Preparers**. Custom security and access options are also set here for each preparer.
- 2. The correct answer is c) Firms, ERO, and Preparers. At least one firm and one preparer must be entered, and the ERO screen is required for e-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 best suit your office environment.
  - b) is incorrect. **Data Locations** settings are required when running Drake on a network or when custom paths are required.
  - d) is incorrect. Not all **Setup Menu** screens are required, but we do recommend reviewing each setup screen before tax season.
- **3.** The correct answer is **b**) **Custom Security**. Using custom security, determine what areas of the program the preparer can access. Disable the preparer's access to the **EF** 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 Allow All Options** when you want an employee to be able to access *all* parts of the program, except for **ADMIN-only** features.
  - d) is incorrect. You would not want **Set Security to Allow No Options**. This would lock 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 individually, or assign them to a security group.
  - a) is incorrect. Customizing the **Data Entry Menu** affects access to data entry screens only, and only for preparers who don't have administrative security rights.
  - 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 Personal Client Manager and Preparer Notes.
- 5. The correct statement is d) All of the above. All federal, state, and city programs are available on the Drake Demo CD.

# **Return Preparation**

This chapter provides a step-by-step guide to creating and preparing a basic individual (1040) return in Drake Tax while highlighting various return navigation features and tips along the way. While Drake Tax simplifies the tax preparation process as much as possible, it is important that preparers understand the fundamental guidelines and requirements of the U.S. Treasury Department's Circular 230: Regulations Governing Practice before the Internal Revenue Service. More information about these guidelines can be found on the IRS website at https://www.irs.gov/tax-professionals.

# **CREATING AND OPENING A RETURN**

When you enter an ID number (SSN or EIN), Drake Tax searches both current- and prior-year files. If it finds a client record in the prior-year files only, you are given the opportunity to update the record from the previous year into this year's program or create a new record. To create a return in Drake Tax:

- 1. From the Home window, click **Open/Create**.
- 2. In the Open/Create a New Return box, enter the client's ID number and click OK.



- 3. Click Yes when asked if you want to create a new return (Figure 1).
- 4. In the New Return dialog box, select the return type.
- 5. Enter the client's name.
- 6. Click OK. Data entry screen 1 for the new return is displayed.

# **OPENING AN EXISTING RETURN**

In the **Open/Create a New Return** dialog box, use one of the following methods to open an existing return:

- Enter the client's SSN or EIN in the text box with no dashes, spaces, or other characters (numbers only). Click **OK** or press ENTER to open the return.
- Enter the taxpayer's last name or the business name in the text box. Click **OK** or press ENTER to open the return. The closest match will be selected automatically in the displayed list of returns. Select a different return, if necessary. Click **OK** or press ENTER to open it.
- Use the filters on the right to display a list of all clients or narrow your search by return type. Click the column headers to sort the list by name, EIN, or SSN. Scroll through the displayed list and double-click the desired return to open it.
- Clear the text box and click **OK** or press ENTER to display a list of all clients, and click the column headers to sort by name, SSN, or EIN. Scroll through the displayed list and double-click the return to open.

# **UPDATING A PRIOR YEAR RETURN**

When you update a client's return from the prior year of Drake Tax, the following client information is automatically brought forward:

- Tax ID numbers
- Names and addresses
- Dependent names
- Ages
- Occupations
- Filing status
- Business names
- Depreciation
- Installment sales

You have the option of selecting other data to bring forward when you update client files as explained in the following sections. To update an individual return:

- 1. Open the return in Drake Tax 2017. An **Individual Update Options** dialog box lists all options for updating (Figure 2).
- 2. Select additional items to update (optional) or Select All to choose all update options and click Update 1040.
- 3. Once updated, the return is opened to the **Data Entry Menu**.

Note

To ensure that files are updated according to your clients' needs, update returns individually as you meet with your clients. Drake Tax does not recommend updating all returns in a package at once.

To update all returns in a package (not recommended):

- 1. From the Home window, select Last Year Data > Update Clients 2016 to 2017.
- 2. Click Next to open the Basic Search Conditions dialog box.
- **3.** Select filters (optional), and then click **Continue**. The **Update Options** dialog box is displayed.
- 4. (optional) Select additional items to bring forward.
- 5. Click Update 1040. All returns are updated according to selections in the Update Options box.
- 6. Once the program has updated the returns, it displays a report listing the updated returns.
- 7. Click Exit to close the Report Viewer.

#### Figure 2: Individual (1040) Update Options Dialog Box

In addition to the standard update information, you may update the following:	
Additional Update Options	,
Just those returns that were altered in Prior Year Data Entry & Calc	
Schedule A Descriptions	
Schedule B Descriptions	
Schedule C Other Expenses Descriptions	
Schedule E Other Expenses Descriptions	
Schedule F Other Expenses Descriptions	
✓ W-2 Alpha Information	
1099 Alpha Information (1099-R, 1099-M and 1099-RRB)	
2441 Child Care Provider Names and SSNs	
Update DD (Direct Deposit) Information	
Update Misc. Codes on Screen 1 (Name and Address screen)	
Update Prior Year Tax Preparation Fee to the MISC Screen	
Update SCH (Unformatted Schedule) screen	
Update Preparer, Firm, Data Entry and ERO Number Information	
Update the Custom Paragraph of the LTR Screen	
🗹 Update Employee's Info (W2, 1099, 99M, RRB)	
✓ Update 8283's Donee's Information	
Update Child's Information on Form 8814	
Update Taxpayer's and Spouse's PIN	
Update Bill Screen Information	
VIDdate Beturn Password	

# **CREATING A NEW RETURN**

To create a *new* return from the **Open** / **Create New Return** dialog box:

- 1. Type the client's SSN or EIN in the text box with no dashes, spaces, or other characters (numbers only). Then click **OK** or press ENTER.
- 2. If the return does not exist, you will be prompted to create a new return. Click Yes or press ENTER to continue, (Figure 3) or click No to exit.

Figure 3: New Return Prompt



- **3.** Enter the client's SSN or EIN. (SSN/EIN verification is required for the Pay-Per-Return version of Drake Tax. It is optional in the unlimited version of Drake Tax and may be selected from the **Home** window under **Setup** > **Options** > **Data Entry**).
- 4. In the Return Type section, select the type of return you want to create.
- 5. In the Name Entry section, enter the taxpayer's name or business name. Upon creating a new return, a client folder is automatically created in Drake Documents (DDM) "Drake Documents" on page 252.

Figure 4: New Return dialog box

RAKE 2017 - New Return		<u> </u>		×
New Return Select the Return Type is required based on the configurations.	and enter the re PPR Status, SS	quired information belo SN Verification, and Do	w. This info ocument Ma	mation hager
Return Type: Individual - 1040 C Corp - 1120 S Corp - 1120S Partnership - 1065 Name Entry (For Document)	C Fiduci C Tax E C Estate	iary - 1041 xempt - 990 e - 706		
First Name: SUZIE	MI:	Last Name:		_
Help		OK	Ca	ncel

6. Click OK or press ENTER to continue, and the return is opened to the Name and Address screen (screen 1). You can either complete the remainder of the screen and press ESC to return to the Data Entry Menu, or exit the incomplete screen by pressing ESC. From the Data Entry Menu, press ESC to return to the Home window.

In the **Home** window, use one of the following methods to access an existing return:

- **Recent Returns** If the return has been recently opened it may appear in the list of the last nine recently opened returns. Click the taxpayer's name from the **Recent Returns** list to open the return.
- Personal Client Manager (PCM) Double-click a taxpayer's name in the Personal Client Manager (PCM), and in the Client Quick View window click Open.
- Open/Create Click Open/Create on the toolbar and when the Open/Create a New Return window opens. Use one of the following options to locate an existing return from this window:
  - Name or SSN/EIN Enter the taxpayer's name (or SSN) or business name (or EIN) in the text box and press ENTER or click OK. The closest match will be selected automatically.
  - Filter List Narrow your search by selecting the desired return package type on the right side of the screen (1040, 1120, 1120S, 1065, 1041, 990, or 706). Double click the desired return to open it.
  - Sort by Column- Clear the text box and click OK or press ENTER to display a list of all clients. Click the column headers to sort by name or SSN. Scroll through the displayed list and double-click the desired return to open it.

# **DATA ENTRY NAVIGATION**

Working within a return is known as "data entry." The screens, in almost every instance, resemble the corresponding tax forms. The following sections are specific to data entry navigation and features.

# DATA ENTRY MENU

Newly created returns open to screen 1 (Name and Address screen). Close screen 1 and you are taken to the Data Entry Menu (Figure 5). Existing returns open to the Data Entry Menu. Use one of the following methods to access a form for data entry:

- Click the applicable tab, find the corresponding data entry screen in the displayed list, and click the screen code or name.
- Type the screen code in the selector field (at the bottom) and press ENTER.
- Conduct a screen search by entering a keyword in the selector field and then press ENTER. *The search results are displayed. Double-click the screen you want or select the screen and click* Load Screen.

Figure 5: Data Entry Menu

Image: Serie Names       Screen Names       Screen Codes       Electronic Fulling and Banking         W2       Wages       Screen Names       Screen Codes       Electronic Fulling and Banking         W2       Wages       Screen Codes       Screen Codes       Due Diligence Checklist         Dys       Dys       Screen Codes       Screen Codes       Due Diligence Checklist         Dys       Dys       Screen Codes       Screen Codes       Due Diligence Checklist         Dys       Dys       Screen Codes       Due Diligence Checklist       Due Diligence Checklist         Dys       Dys       Screen Names       Screen Codes       Electronic Fulling and Banking         BANK       Bank info not set up in firm       Disc Consent to Use of Tax Return Info       Disc Consent to Use of Tax Return Info         DV1       Dys       Dys       Screen Codes       Phy       Phy         PAD       Preparer Notepad       AP       Protection Flues Audit Protection         PDF       PDF       PDF       AP       Potection Plus Audit Protection         FAD       Prequently Asked Questions       Selector Field       Status Bar	DRAKE 201	17 - Data Entry (400001042 - SN	APDRAGON,	SUSAN) - (C	ONTAINS	SENSITIV	E DATA)	Toolb	ar	- [	×
Calculate       View       Print       Split       Documents       Tax Planner       Import       CSM       Email       e-Pay       Help       Exit         Ceneral       Income       Adjustments       Credits       Credits       Taxes       Health Care       Other Forms       Foreign       Miscellaneous       States         1       Name and Address		R 🔒 🕴	<b>1</b>				· <u>,</u> , , , , , , , , , , , , , , , , , ,	1	=	•	-1
General       Income       Adjustments       Credits       Taxes       Health Care       Other Forms       Foreign       Miscellaneous       States         1       Name and Address       Tabs       A       Itemized Deductions Schedule         2       Dependents       Sales Tax Worksheet       2106       Employee Business Expense         3       Income       A       Sales Tax Worksheet       2106       Employee Business Expense         4       Adjustments       Screent Sander       Due Diligence       Health Care       Due Diligence Assistance         2441       Child Care Credit       Due Diligence Assistance       DD2       Due Diligence Assistance         902       Ouge-Div Divided Income       ID3       Identification for Taxpayer/Spouse       USE         1019       1099-DVD Divided Income       ID3       Identification for Taxpayer/Spouse       USE         904       1099-DVD Divided Income       Screen Codes       Phit       Electronic Funds Withdrawal         995       1099-BR Schildeneous Income       Screen Codes       Phit       Electronic Funds Withdrawal         996       1099-AS Covernment Payments       Screen Codes       Phit       Electronic Funds Withdrawal         996       1099-AS Covis al Security       Screen Code	Calculate	View Print	Split	Documents	Tax Plan	ner Imp	ort CSM	Email	e-Pay	Help	Exit
1     Name and Address       2     Dependents       3     Income       4     Adjustments       5     Taxes, Credits and Payments       ES     Estimated Taxes       2441     Child Care Credit       W2     Wages       Screen Names       W2     Gambling Income       1099-RR elirement       DIV     1099-RR elirement       DIV     1099-RR elirement       DIV     1099-GIVC moment Payments       996     1099-GIVC moment Payments       998     1099-RR elirement       DIV     1099-SSA Social Security       PAD     Preparer Notepad       NOTE     Notes about the return       FAQ     Preparer Notepad       NOTE     Notes about the return       FAQ     Frequently Asked Questions       Status Bar     Current Package: Federal	General	Income Adjustments Cred	lits Credits	Taxes He	ealth Car	e Other	Forms Foreig	n Miscellan	eous State	es	
1       Name and Address         2       Dependents         3       Income         4       Adjustments         5       Taxes, Credits and Payments         ES       Estimated Taxes         2441       Child Care Credit         W2       Wages         Screen Names       Electronic Filing and Banking         BANK       Banking Income         1099       1099-R Retirement         DIV       1099-INV Dividend Income         INT       1099-INV Dividend Income         INT       1099-INV Dividend Retirement         Screen Names       Screen Codes         PIAT       Electronic Funds Withdrawal         PIM       Barking Screen Names         USE       Consent to Use of Tax Return Info         DIV       1099-INV Dividend Income         INT       1099-INSA Social Security         PG       1099-GV Dive Reterement         Status Bar       Electronic Funds Withdrawal         PBG       RRB 1099-R Sal Social Security         PAD       Preparer Notepad         NOTE       Notes about the return         FAQ       Protection Plus Audit Protection         PAD       Notes about the return				Tabs							
2       Dependents         3       Income         4       Adjustments         5       Taxes, Credits and Payments         ES       Estimated Taxes         2441       Child Care Credit         W2       Wages         Screen Names       Due Diligence Assistance         W2G       Gambling Income         1099       1099-R Retirement         DIV       1099-INI Zivided fincome         INT       1099-SG Covernment Payments         Screen Codes       Phit         PL       Electronic Funds Withdrawal         BRB <td>1</td> <td>Name and Address</td> <td></td> <td></td> <td></td> <td>Α</td> <td>Itemized Dedu</td> <td>ictions Sched</td> <td>ule</td> <td></td> <td></td>	1	Name and Address				Α	Itemized Dedu	ictions Sched	ule		
3       income         4       Adjustments         5       Taxes, Credits and Payments         ES       Estimated Taxes         2441       Child Care Credit         W2       Wages         Screen Names       Bark info not set up in firm         1099       1099-NP Ohided fincome         1019       1099-NV Ohided fincome         1017       1099-NV Ohided fincome         1018       Identification for Taxpayer/Spouse         USE       Consent to Use of Tax Return Info         DD       Direct Depositif-orm 8888         PMD       Preparer Notepad         RAB       RB 1099-R Railroad Retirement         SA       1099-SAS Social Security         PAD       Preparer Notepad         NOTE       Notes about the return         FAQ       Frequently Asked Questions         Selector Field       Status Bar   Part Pace State, or Search Phrase Selector Field Status Bar Current Package: Federal	2	Dependents				STAX	Sales Tax Wor	ksheet			
4     Adjustments       5     Taxes, Credits and Payments       ES     Estimated Taxes       2441     Child Care Credit       W2     Wages       Screen Names       W2     Gambling Income       D09-DIV Dividend Income       DIV     1099-DIV Dividend Income       DIV     1099-INV Tinterest Income       DISC     Consent to Use of Tax Return Info       DISC     Consent to Discosure of Tax Return Info       DD     Direct DepositForm 888       PMT     Electronic Funds Withdrawal       PNN     8879/8878 de-file Signature       EF     FS Selections       PDF     PDF       PAD     Preparer Notepad       NOTE     Notes about the return       FAQ     Frequently Asked Questions       Selector Field	3	Income				2106	Employee Bus	siness Expen	se		
S     Takes, Orebuts allo Payments       ES     Estimated Taxes       2441     Child Care Credit       W2     Wages       Screen Names     DD       W2G     Gambling Income       1099     1099-R Retirement       DV     1099-Div Dividend Income       INT     1099-Div Dividend Income       INT     1099-Div Dividend Income       INT     1099-Div Dividend Retirement       Sereen Names     Screen Codes       PM     Bark into at set up in firm       IDS     Identification for Tax Return Info       DDISC     Consent to Disc Olscure of Tax Return Info       DDISC     Consent to Disc of Tax Return Info       DDF     Direct Deposit/Form 8888       PM     Bark infor Screen Codes       PM     Preparer Notepad       NOTE     Notes about the return       Frequently Asked Questions     Selector Field       Enter Screen, State, or Search Phrase     Selector Field	4	Adjustments				DueL	Due Diligence	Chaoklint			
241     Child Care Credit       242     Child Care Credit       242     Child Care Credit       242     Child Care Credit       2441     Child Care Credit       2442     Child Care Credit       2443     Child Care Credit       2444     Child Care Credit       2445     Child Care Credit       2446     Child Care Credit       2447     Child Care Credit       2448     Child Care Credit       2449     Child Care Credit       2449     Child Care Credit       2441     Careen Codes       2441     Careen Codes       2441     Child Care Credit	ES U	Fetimated Taxes				DD1	Due Diligence	Assistance			
W2       Wages       Screen Names         W2G       Gambling Income         1099       1099-R Retirement         DIV       1099-INT Dividend Income         INT       1099-INT Interest Income         99G       1099-R Retirement Payments         99G       1099-NR Retirement Payments         99G       1099-NR Raitoad Retirement         Status Bar RB       1099-SA Social Security         PAD       Preparer Notepad         NOTE       Notes about the return         FAQ       Frequently Asked Questions         Enter Screen, State, or Search Phrase       Selector Field	2441	Child Care Credit				DD2	Due Diligence	Notes			
W2ges     Screen Names       W2G     Gambling Income       1099     1099-Retirement       DIV     1099-INT Interest Income       99G     1099-INT Interest Income       99G     1099-INT Interest Income       99G     1099-INT Interest Income       99G     1099-Retirement       99G     1099-INT Interest Income       99G     1099-INT Interest Income       99G     1099-Retirement       99M     1099-Retirement Payments       99M     1099-Retirement Payments       99M     1099-Retirement       Screen Codes     PIN       817/98076     Fund Security       PAD     Preparer Notepad       NOTE     Notes about the return       FAQ     Frequently Asked Questions       Enter Screen, State, or Search Phrase     Selector Field    Status Bar Return Status: Updated From 2016 Return Type: Individual Tax Return Current Package: Federal						1					
W2G     Gambling Income       1099     1099-R Retirement       109     1099-R Retirement       109     1099-INV Dividend Income       INT     1099-INV Dividend Income       Status     DD       Divert DepositForm 888       PIAT       FRB     RRB 1099-R Railroad Retirement       SSA     1099-SSA Social Security       PAD     Preparer Notepad       NOTE     Notes about the return       FAQ     Prequently Asked Questions   Selector Field       Enter Screen, State, or Search Phrase   Selector Field Return Status: Updated From 2016 Return Type: Individual Tax Return Current Package: Federal	W2	Wages Scree	en Names			Electr	nic Filing and E	lanking			
1099       Retirement         DIV       1099-DVD Divided income         INT       1099-LND Chicke Classous Income         RRB       RRB 1099-R Railroad Retirement         SSA       1099-SAS Social Security         PAD       Preparer Notepad         NOTE       Notes about the return         FAQ       Prequently Asked Questions         Enter Screen, State, or Search Phrase       Selector Field	W2G	Gambling Income	_			BANK	Bank info not s	set up in firm			
DIV     1099-DIV     Divedend income       INT     1099-INT     Interstincome       99G     1099-INT     Interstincome       99M     1099-INT     Interstincome       SA     1099-SSA Social Security     PNT       PAD     Preparer Notepad     NOTE       NOTE     Notes about the return     F       FAQ     Frequently Asked Questions     Selector Field         Interscreen, State, or Search Phrase     Selector Field         Return Status:     Updated From 2016     Return Type: Individual Tax Return	1099	1099-R Retirement				IDS	Identification f	or Taxpayer/S	pouse		
INT 1099-INT Interest income 99G 1099-G Government Payments 99M 1099-G Government Payments 99M 1099-G Government Payments 99M 1099-G Government Payments 99M 1099-G Government Payments 90D Direct Deposit/Form 888 PHIT Electronic Funds Withdrawal PNN 88798778 e-file Signature EF Selections PDF PDF Attachments AP Protection Plus Audit Protection Client Adjustments Enter Screen, State, or Search Phrase Selector Field Status Bar Return Type: Individual Tax Return	DIV	1099-DIV Dividend Income				USE	Consent to Us	e of Tax Retu	rn Info		
994     1093-Kis C Missilaneous income RRB     Direct Desider dim solo       994     1099-MisC Missilaneous income RRB     Screen Codes       PIN     8879/8878 e-file Signature       PAD     Preparer Notepad Notes about the return FAQ     Protection Plus Audit Protection BiLL       Pote Attachments     AP       BitL     Potection Plus Audit Protection Client Adjustments		1099-INT Interest Income	ete			DISC	Consent to Di	SCIOSURE OF 18	ax Return Int	0	
Status Bar     Status Bar       Current Package: Federal	996	1000 MISC Missellenseus I	nis	_		DMT	Electropic Euro	do With drown	a.		
NOTE     Fill     OD SPAC Related Recurring       SSA     1099-SSA Social Security     FF       PAD     Preparer Notepad     PDF       NOTE     Notes about the return     PDF       FAQ     Frequently Asked Questions     PILL       Client Adjustments     PILL     Client Adjustments	DDD	RPB 1000-R Railroad Retire	ament	Screen	Codes	PIN	9970/9979 o.f	ile Signature	11		
PDF PDF Attachments PDF PDF PDF Attachments PDF PDF PDF Attachments PDF PDF PDF PDF Attachments PDF PDF PDF PDF PDF PDF PDF Attachments PDF	SSA	1099-SSA Social Security	annenn	_	_	FF	EE Selections	ne orginature			
PAD Preparer Notepad NOTE Notes about the return FAQ Protection Plus Audit Protection Client Adjustments Enter Screen, State, or Search Phrase Selector Field Status Bar Return Type: Individual Tax Return						PDF	PDF Attachme	nts			
NOTE Notes about the return FAQ Protection Plus Audit Protection Plus Audit Protection Client Adjustments Enter Screen, State, or Search Phrase Selector Field Status Bar Current Package: Federal	PAD	Preparer Notepad									
FAQ Frequently Asked Questions BILL Client Adjustments Enter Screen, State, or Search Phrase Selector Field Return Status: Updated From 2016 Return Type: Individual Tax Return	NOTE	Notes about the return				AP	Protection Plu	s Audit Protec	tion		
Enter Screen, State, or Search Phrase Selector Field Return Status: Updated From 2016 Return Type: Individual Tax Return Current Package: Federal	FAQ	Frequently Asked Questions				BILL	ClientAdjustm	ients			
Enter Screen, State, or Search Phrase Selector Field Status Bar Return Status: Updated From 2016 Return Type: Individual Tax Return					-						
Return Status: Updated From 2016 Return Type: Individual Tax Return	F	nter Screen, State, or Search	Phrase	elector Fiel	d						
Return Status: Updated From 2016 Return Type: Individual Tax Return					-						
Return Status: Updated From 2016 Return Type: Individual Tax Return						ſ	Status Bar				
	Return Statu	is: Updated From 2016	Ret	urn Type: Indiv	/idual Tax	Return		Current Pack	age: Federal		/

#### Toolbar

The toolbar in the **Data Entry Menu** allows you to access program features and perform tasks quickly, making return preparation easier.

Figure 6.	· Data	Entry	Menu	Toolbar
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#### Tabs

Data entry screens are organized by tabs. Each tab is labeled with a different category of data entry screens. The tabs and categories vary depending on the tax package. Click a tab to access the data entry screens in that category. To select a tab using your keyboard, press TAB, UP ARROW, or DOWN ARROW.

#### **Status Bar**

The status bar at the very bottom of the **Data Entry Menu** displays the **Return Status**, the **Return Type**, and the **Current Package** ("Client Status Manager" on page 224).

# **DATA ENTRY SCREEN NAVIGATION**

There are several ways to navigate data entry screens in Drake Tax:

• Keyboard — From any tab in your Data Entry Menu, enter the screen code in the selector field and press ENTER.

**Mouse** — Click a tab in the **Data Entry Menu** to display a list of data entry screens within that tab. Open a screen by clicking on the screen name or code.

# **Screen Codes and Selector Field**

Data entry screen codes are listed to the left of each screen name in the **Data Entry Menu**. Screens may be opened by clicking on the screen name or code, or by entering the screen name or code in the selector field and pressing ENTER (Figure 7). You can enter keywords or search phrases in the selector field and press ENTER to produce a list of screens matching your search word or phrase. For example, enter a word in such as Child, press ENTER, and all related screens will be listed in the search results window. Either double-click a screen name in the results list to open, or click a screen name once to highlight it, and then click the **Load Screen** button.

	<u> </u>		🔉 🖌 🔛 🔝 Ta Diama di Angli		
culate	View	Print   St	bit Documents Lax Planner Import	CSM Email e-Pay	нер
ieral	Income	Adjustments Credit	s Credits Taxes Health Care Other For	rms   Foreign   Miscellaneous   S	tates
	Name a	and Address			
	Depen	DRAKE 2017 - Data Entry	/ - Search Results for 'CHILD'		×
	Adjust	Corrob Doculto			
	Taxes	Listed below are the	menu options/return data' matching the search phr	ase you entered. To load a screen in the	a list aithar dou
S	Estima	the screen, or select	it and click 'Load Screen'. To continue without load	ding a screen, click 'Cancel' or press Esc	ape.
441	Child (				
		Screen/State Code	Description	Return Data	
12	Wages	8882	Employer-Provided Child Care Credit		
/2G	Gambl	8814	Parents' Election to Report Child's Income		
099	1099-F	8812	Add'I Child Tax Credit/Combat Pay		
IV	1099-L	2 2441	Dependents Child Care Credit		
41	1099-1	2441			
00	1000 1				
9G	1099-1				
9G 9M	PPH 1				
9G 9M RB SA	RRB 1 1099-5				
9G 9M RB SA	RRB 1 1099-5	1			
9G 9M RB SA PAD	RRB 1 1099-S Prepa			linear and the	
9G 9M RB SA SA PAD NOTE	Prepa Notes			Load Screen	<u>C</u> ancel
9G 9M RB SA PAD IOTE AQ	Prepa Notes Frequ	1		Load Screen	<u>C</u> ancel
9G 9M RB SA PAD NOTE AQ	RRB 1 1099-S Prepa Notes Frequ	1		Load Screen	<u>C</u> ancel
9G 9M RB SA 'AD IOTE AQ	RRB 1 1099-S Prepa Notes Frequ			Load Screen	<u>C</u> ancel

Figure 7: Selector Field and Data Entry Search Results

# Note

You can also use the selector field to find any data entered on any screen within that return. Type a name, address, an amount, an ID number—anything from data entry—in the selector field at the bottom of every **Data Entry Menu**, and press ENTER to locate every instance of that entry in that return.

#### Toolbar

All data entry screens in all packages of Drake Tax (including federal and state), contain a toolbar allowing you to perform several functions without the need to leave the screen (Figure 8). To view the toolbar, move your mouse pointer to the top of any data entry screen. Click the buttons of the toolbar to perform the various functions. Certain buttons are activated depending on previous-year's return or current-year entries. To hide the toolbar, click elsewhere on the screen. If you wish to keep the data entry toolbar from appearing on your screens, from the menu bar of the Home window of Drake Tax, go to Setup > Options, Data Entry tab, and on the lower left corner of the window, clear the Enable Data Entry toolbar checkbox.





### **Right-Click Menu**

All screens in data entry have a right-click menu, which offers a convenient list of shortcuts, common program functions and helpful information. While in data entry, right-click the mouse anywhere on the screen to display the right-click menu.

In some screens, the right-click menu contains the **Screen Help** feature. **Screen Help** gives additional details and resources specific to that screen (Figure 9).

Figure 9: Screen Help Menu

Part I - Income				Statutory employ
Gross receipts/sales     Returns and allowances     Other income			Calculate Return View Return Print Return	Ctrl+C Ctrl+V Ctrl+P
Part II - Expenses 8 Advertising	Right Click	'ensic	Go to EF Database Forms Based Data Entry	F9 Ctrl+G
Car and truck expenses     Commissions and fees     Contract labor     Depletion	inside a screer to access screen help	tent - tent - tepair	Exit Screen Without Saving Reset Screen Delete Screen	Shift+ESC Ctrl+U Ctrl+D
13 Depreciation <u>Form</u> Depreciation adjustment (Al		axes ; ravel.	Split MFJ Return Heads Down Entry	Ctrl+S Ctrl+N
14 Employee benefits     15 Insurance 16 Interest - mortgage Form 1     Interest - other	0 <u>98</u> 2 2	Meals 5 Utilities 6 Wages 7a Other 6	Calculator Add Reminder Preparer Notepad	F10 Ctrl+R Ctrl+Shift+N
17 Legal and professional servic 18 Office expense	es 3 3	0 Busine 2b 🗆 Sor	Screen Shot Help	> Ctrl+? >
Family health coverage Read	l field help <u>SEHI</u> 2014-7		Screen Help Clear Flags On This Screen	Ctrl+Alt+? Ctrl+Shift+Spc
	Regular Tax A	мт	Enable Foreign Only Address Fields	
Prior unallowed passive operating Prior unallowed passive 4797 Pt 1			Highlight Prior Year Fields Show Prior Year Data	F11 F12
Prior unallowed passive 4797 Pt 2			Exit Screen and Save Changes	ESC

#### Screen Help

# Field Help

Click inside a data entry field and a cursor will blink, indicating the field is active. Once a field is active, you can access **Field help**, which provides specific explanations, acceptable entries, lists, and other details about that field. Either press F1 inside a field to open the field help window, or right-click inside a field and click **Help** > **Help for this Field** (Figure 10).



# **Screen Links and Tabs**

Many data entry screens have links, allowing you to access related screens 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, or click the **Form 2441** link to access the **Child and Dependent Care Expenses** screen (Figure 18). Once you press ESC to exit the related screen, you will be returned to the original screen.

#### **Save and Exit Data Entry Screens**

Information in a data entry screen is saved if you leave the screen. Exit a data entry screen by clicking  $\mathbf{X}$  in the top right corner or press ESC. If there are required fields that you have not completed (highlighted in blue), you will have to click **Cancel** to exit the screen.

#### **Reset Screens or Exit Without Saving**

To reset a screen without saving your entries, either click your mouse pointer anywhere in the screen and enter the key combination SHIFT + ESC, or right-click and click **Exit Screen without Saving** from the menu. This resets the screen and returns you to the **Data Entry Menu**. To reset the screen without exiting, select **Reset Screen** from menu or press CTRL + E.

# Delete a Screen

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

- Press CTRL+D from within the screen, and at the prompt, click Yes.
- Right-click within the screen (but not within a field) and select **Delete Screen** from the menu.



If a data entry screen has saved data, the screen name is displayed in 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, the screen must be deleted to prevent e-file errors.

# **Screen Tabs**

Some screens in Drake Tax contain multiple sections (or pages). The **K1P**, **K1S**, and **K1F** screens each contain multiple tabs. Use **Screen Tabs** to move from one section (or page) to another.

	1 1811		105		
1065 K1 1-12 1065 K1 13-20 Additional entries	Basis Worksheet	Basis Worksheet continued	6198 At Risk	6198 At Risk continued	
Schedule K-1 for 1065 TS F F ST City Partnership EIN Partnership name For state use only Strott addrese	PAN .	<u>Video:</u>	K-1 Export Tool	State Information HI ID IL MA ND NJ PA SC	<u>MN</u> VA
City. U.S. ONLY State, ZIP Foreign ONLY Province/State, Country, Postal Code	Click to Ac	ccess>			

Figure 11: Screen Tabs

# **Access States and Cities In Data Entry**

Drake automatically prepares state forms based on federal 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 open 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 and press ENTER to open the state's **Data Entry Menu**. To access another state, press ESC to return to the **States** tab and click the state. For states with city tax, the city data entry screens for that state are listed on the **Cities** tab of that state's **Data Entry Menu**.

# LookBacks

The LookBacks feature allows you to compare data entry from last year's return to that required for the current tax year (provided that last year's return was prepared in the prior year of Drake Tax). LookBacks is available on most of the high-use screens in the federal tax packages.

With Drake Tax open to a data entry screen, click the **PY Fields** button on the data entry toolbar (or press F11 on your keyboard) and any field on the open screen that contained data last year will be highlighted in a contrasting color (Figure 13). To see what the actual entry was in the previous year, click the **PY Data** button (or press F12) to open a read-only version of the open screen (Figure 13).

If multiple instances of the screen exist, a **Prior Year Forms** List will offer you the chance to select which screen instance to open.

If the screen had no entries in the prior year, a message window will appear stating that no prior-year data exists. Press any key to return to data entry for 2017.



Note

You can also **right-click** anywhere in an open screen and select **Highlight prior year fields** or **Show prior year data**.



Figure 13: LookBack "F12"

# **Grid Data Entry**

This feature allows faster data entry for the **Dependents**, **Interest Income**, **Dividend Income**, and **Depreciation Detail** screens. Only the most commonly used fields are displayed in grid data entry (Figure 14). To turn grid data entry on or off in Drake Tax, go to the **Home** window, select **Setup > Options > Data Entry** tab, and click **Use grid data entry format for available screens**. Once on a data entry screen that offers grid data entry, press F3 to toggle back and forth between grid data entry mode and full screen mode. You do not have to activate grid data entry in **Setup > Options** to use the F3 feature.

<i>Figure 14:</i> Grid Data Entry	
-----------------------------------	--

	First Name	M.I.	Last Name	Suffix	SSN	Relationship	Months	Date of birth	Childcare Pd	Y	N			
1	TAYTUM				400-00-0123	DAUGHTER	12	07-29-1994						X
2	TANNER				400-00-0234	SON	12	03-20-2004		Х		Х	X	
3	TESSA				400-00-0345	DAUGHTER	12	09-12-2007	4750	Х		X	 X	
	Help						Item D	etail	Delete Row(s)		Sav	e	Cano	el

### **Multiple Instances of a Form**

Many clients require multiple instances of such forms as Form W-2. In most cases, while in a screen such as the **W2** screen, press PAGE DOWN to open a new screen and enter data for a second form.

Each time a new screen is opened, Drake indicates the record number on the status bar of the screen (Figure 15).

Dependent Information	Video: Due Dil
*Use <f3> to switch to grid mode*</f3>	
Dependent first name M.I.	Last name (if differe
DAISY = I	LOWERS
Childcare Expense Information	Form 2441
Qualifying childcare expenses incurred	and naid in 2017
adding childcare experieve meaned	and pard in 2011
Portion of qualifying expenses provided	by employer
Portion of qualifying expenses provided	by employer
Portion of qualifying expenses provided	by employer
Portion of qualifying expenses provided State coordinate control of the second state control of the second st	by employer
Additional Information Over 18 and a student	by employer
Additional Information	by employer
Additional Information Over 18 and a student Child lived with you	by employer
Additional Information Cover 18 and a student Child lived with you Child did NOT live with you	by employer



If there are multiple occurrences of a form or screen in data entry, the number of forms entered appears in parentheses next to the screen name on the **Data Entry Menu** (Figure 16).

General Income Adjustments Credits Credits	
1 Name and Address 2 Dependents - (3)	edits
2 Dependents - (3)	
3 Income	
4 Adjustments	
5 Taxes, Credits and Payme	nts

#### Figure 16: Multiple Instances of Dependent Screen

When opening a screen that has multiple instances, an **Existing Forms List** is displayed. To view the full screen, double-click a row or click once and then click Open. To create a new instance from the Existing Forms List, double-click the New Record row.

#	TS	Employer Name	Wages, Ti	Federal T	Dep Care	SS tips
1	S	CENTRAL TUTORING CENTER	18327	3065		
2	S	OUR NEIGHBORHOOD ELEMENTARY	29039	4478		
iew	Ne					

Figure 17: Existing Forms List

Tabs are the only way to access related screens and directly associate the information on each related screen (Figure 19). To access the next tab in a data entry screen, you can either click the tab using your mouse pointer, or press CTRL+TAB on your keyboard.

KE 2017 - Data Entry (5000010	09 - FLOWERS, GARDEN) - (CO	ONTAINS SENSITIVE D	ATA)			- 0
Dependent Information "Use <f3> to switch to grid n</f3>	DN <u>Video: Du</u> node*	e Diligence	Video: EIC Tro	publeshooting	State Information	272 PA
Dependent first name	M.I. Last name (if di	fferent) Suffix	SSN 400-00-1040	Relationship	Months in home	Date of birth
Childcare Expense Infor Qualifying childcare expense Portion of qualifying expense	mation Form. es incurred and paid in 2017. es provided by employer	2441		Age determined A by date of birth	Age: 8 as of 12/31/2017	
TSJ 🔽	State	•	1	Not eligible for EIC	r	- -

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#### Figure 19: Screen Tabs

D	RAKE 2017 - Data Ent	ry (500001009 - FLC	)wers, garden) - (Co	ONTAINS SENSITIVE DA	TA)		_		×
	1065 K1 1-12	<u>1065 K1 13-20</u>	Additional entries	Basis Worksheet	Basis Worksheet continued	6198 At Risk	6198 At Risk continued		
1	Schedule K-1	for 1065			<u>Video:</u>	K-1 Export Tool	State Infor	mation	
	TS F	st 🗌	City	- PAN			HI ID II ND NJ F	<u>MA</u> MA <u>SC</u>	MN VA

# **Flag Fields**

Use field flags to set certain fields apart for review. Flagged fields require verification before the return can be e-filed. You can "flag" fields during data entry or set flags globally for all new returns.

To flag a field during data entry, press F2 in the field or right-click the field and choose **Flag For Review**. The field is displayed with a green background (Figure 20).

	Figure 20: Flagg	ged Field	
Pa	art II - Expenses	_	
8	Advertising	8	
9	Car and truck expenses	AUTO 9 +/-	
10	Commissions and fees		
11	Contract labor	11	

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 one or more flagged (unverified) fields generates an EF message when the return is calculated. Clear all flags to remove the message. To clear *all* flags in a return, press CTRL+SHIFT+SPACEBAR on the **Data Entry Menu**.

# Flagging Fields For All Returns (Globally)

A user with administrative security rights can designate certain fields to be flagged in all returns. When flags are set globally, they apply to *all* returns. Global flags can be for *screens* or for *new returns*.

- Screens The presence of an unverified flag produces an EF message *only if the screen exists for the return*. For example, if the **Employer ID** # field on screen **C** is flagged, an EF message for the unverified field is produced only if a Schedule C is present on the return and the **Employer ID** # field has not been verified. If there is no Schedule C, no verification is required.
- New Returns When a field is flagged for all new returns, an unverified flag produces an EF message *whether or not the screen has been opened for the return*. In the above example, an EF message would be created even if no Schedule C was present in the new return. In effect, this type of global flagging forces the data entry operator to open screen C, even if only to clear the flag.

To prevent flagged fields from being overlooked, all new-return flags turn the corresponding screen and tab names green. Once the field has been verified, the highlighted tab and screen names go back to their original colors.

# **Required Fields**

Fields required for e-file are highlighted in blue in data entry (Figure 21). All required fields (highlighted in blue) must be completed before the return can be e-filed.



Reminders appear when you try to escape from a screen on which required fields have not been completed. You can set up the software to remind you every time you leave a required field blank, only once per data entry session, or not at all. From the **Home** window, go to **Setup > Options**, select the **Data Entry** tab, and select your preference from the **Display warning for missing required field** drop list. Then click **OK**.

# **Magnifying Fields**

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

Figure	22:	Magnified	Field
		0	

Job E	Expenses and Most Other Misc Deductions	
21	Unreimbursed employee expenses:	Form 2106
	TEAM SHIRTS	235
		_

Tip

Activate or disable this feature from **Setup > Options**. On the **Data Entry** tab, select (or clear) **Magnify data entry**, then click **OK** (Figure 23).

Billing	1	Stat	es	
Data Entry	Calculation	& View/Print	Form & Sch	edule Options
Select to 1 When po eliminate ✓ Tab to ZI ✓ Show no ✓ Verify SS	<b>urn On</b> ssible, make scrolling P code field ( tes/reminders N when creal	data entry scree skip city/state a to preparer wh ing new return	en text smaller I and use ZIP co en opening a m	to minimize or Ide database) eturn
Enable V	/indows stand eparer and fir	lard keystrokes m number on ne	ew returns	
🔽 Magnify (	lata entry			
C Activate Do not re Use grid	W-2 wage an strict minimun data entry for	d withholding v n font size in 80 mat on available	erification fields 0x600 e screens	3

#### Figure 23: Magnify Data Entry

### **Override and Adjustment Fields**

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

- **Override fields** Data entry fields that allow overrides are preceded by a red equals sign (=). Data entered in these fields replaces, or overrides, program calculations.
- Adjustment fields Data entry fields that allow adjustments are preceded by a blue plus/minus sign (+/-). Data entered in these fields adjust program calculations by the amount entered. Enter a negative number to subtract an amount (Figure 24).

ADJUST	
OVERRIDE	-

Figure 24: Override and Adjustment Fields

# **ZIP Code Database**

For quicker data entry on screens requiring ZIP codes, enter the ZIP code and press TAB before entering city or state information. City and state fields are automatically filled from the program's ZIP code database.

# **EIN Database**

The program stores EINs and related data in the EIN database for later retrieval. Each time an employer or other business is entered on a data entry screen, the EIN, business name and address, and state ID number are automatically added to the EIN database.

From the **Home** window, go to **Tools** > **Edit EIN Database** to edit or delete a saved business, or if you want to add a business.

An EIN stored in the database helps you enter data more quickly. The next time the EIN is entered in a W2, 1099, or 2441 screen followed by TAB, the business name and address are automatically displayed in the associated fields.

# NOTE The EIN database can be brought forward from the prior-year Drake tax software to the current-year Drake tax software by going to the **Home** window and selecting **Last Year Data > Build EIN/Name from (year)**.

### **Bank Name Database**

The program retains the names of all financial institutions when they are entered for the first time in data entry. The next time the first few letters of a saved name are entered, the program "auto-completes" the entry. To add, edit, or delete entries from the bank name database, place the mouse pointer in a bank name field and press CTRL+SHIFT+E (or right-click and select **Edit Auto-Complete Data**), and follow the instructions that are displayed.

### Search for Resident City, School District, and Business Code

To search the list of valid entries for the **Resident city** and **School district** fields on screen 1 and the **Business code** field on schedule **C**, place the mouse pointer in the field and press CTRL+SHIFT+S (or right-click and select **Search**). Enter search data and click **Go**.

#### **Commonly Used Codes**

Many screens in Drake have fields labeled **TS**, **F**, **ST**, and **City**. These fields are used to apply the data entered on the screen to the taxpayer or spouse (or both), on federal, state, or city returns (Figure 25).

- **TS (or TSJ)** Select **T** if the screen applies to the primary taxpayer, **S** if it applies to the spouse, or **J** if it applies to each spouse equally. (Default is **T** if none are selected.)
- **F** All data on a screen is automatically carried to the federal return as applicable. Enter 0 (zero) in the **F** field to prevent a screen's data from being carried to the federal return. In that case, the data on the screen is carried only to the state indicated in the **ST** field (if any) and the city indicated in the **City** field (if any).
- ST The two-digit state code indicates whether the screen data should be used in calculating a specific state return. If this field is blank, the software uses the resident state by default. The data is not carried to *any* state or city if a zero (0) is selected here.
- City The code entered indicates the source of the income on city returns.

Figure 25: Screen code examples for Schedule C

Schedule	C - Pro	fit or Los	s fron	n Business	
TS T -	F	ST PA	-	City	•

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# Splitting a Joint Return

When you split a joint return in Drake, the program calculates three returns: one for Married Filing Jointly (MFJ), and two for Married Filing Separately (MFS).

Before splitting a joint return, ensure that data on all screens clearly applies to either the taxpayer (T) or spouse (S), and make sure **Ready for EF** is not selected on the **EF** screen. If **Ready for EF** is selected, all three returns will be marked eligible for e-file.

To split a return, complete the following steps:

- **1.** Open the return
- 2. Choose one of the following options:
  - To compare returns for two individuals who lived together for the entire year, click the **Split** button or press CTRL+S.
  - To compare returns for two individuals who did *not* live together for the entire year, click the down arrow next to the **Split** button and select a category of MFS filing status.

NDTE If you have not selected either the Force itemized box or the Force standard box on screen A, and certain types of data have been entered in the joint return, you are prompted to select Itemize, Standard, or Optimize. If you select Optimize, the program determines which is the better treatment of the Schedule A deductions.

CONTENT	Date/Time	Name	Fed Refund	State	Refund	Туре	Status
500001008	03/06 15:27:51	PEA, SNOW (SPLIT RETURN)	-1247	NC	-564	PER	Msg
400008008	03/06 15:27:52	PEA, SNAP (SPLIT RETURN)	537	NC	-109	PER	Msg
500001008	03/06 15:27:53	PEA, SNOW & SNAP	3025	NC	-673	PER	
	Click 'print' or j	press the 'P' key to view a detailed i	report				

Figure 26: Return Selector

- **3.** The **Return Selector** is opened, displaying three return results: the joint return and two separate returns. Details for each return are listed (Figure 26). Select the checkboxes to the left of the returns and click **Print**, **View**, or **Save**, as applicable. The program saves the MFS data shown in the reports only if you save the split returns. The joint return is saved whether or not you save the split returns.
- NOTE Do not save the split returns if the joint return will be filed. The split returns can be viewed without being saved, by clicking **View**.
  - 4. To view the Filing Status Optimization Report, click the MFJ/MFS Report button (Figure 26). The report compares the taxpayer's and spouse's joint, combined separate, and individual separate returns. Then click Exit.

If the split returns are saved, the MFJ return and both MFS returns can be opened for additional data entry. When you open the taxpayer's return, select a version (MFJ or MFS) to open. To open the spouse's MFS return, go to the **Home** window, click **Open/Create**, enter the spouse's SSN, and click **OK**.

### **Detail Worksheets**

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. Press CTRL+W or double-click a numeric field to open a **Detail Worksheet** for the field. (Figure 27).

etail Worksh	eet		
Sort Options:	F1 - Description Ascending	F2 - Description Descending	
	F3 - Amount Ascending	F4 - Amount Descending	
Title	SCHEDULE C, LINE 8 - ADVERTISING		
Description			Amount
POSTCARDS			200
ONLINE			150
NEWSPAPER			170
RADIO			125
TOTAL			645

Figure 27: Detail Worksheet

Once a worksheet is added, the data entry field is shaded red to indicate a worksheet is present (Figure 28). When the return is viewed, the worksheet is displayed on an OVERFLOW page (Figure 29). Detail worksheets are *not* e-filed with the return. Worksheet names and descriptions can be included when a return is updated from the prior year of Drake Tax.

	1 igure 20. 1 leia with worksheet
Pa	art II - Expenses
8	Advertising
9	Car and truck expenses AUTO +/-
10	Commissions and fees
11	Contract labor
12	DepletionDEPL =
13	Depreciation Form 4562+/-

Figure 28: Field with Worksheet

#### Figure 29: Overflow Worksheet

Select Forms to View/Print							
All Forms   Sets   EF   Federa	al Worksheets Miscellaneous Notes/Messages California						
	1040 Overflow Statement	2017					
Form 8965	Name(s) as shown on return	Your Social Security Number					
Form 1045 pg 3 Form 1045 pg 3 Form 3225 Wks EIC B Wks 89852 Wks 89652	SCHEDULE C, LINE 8 - ADVERTISING						
Wiss DAFHY Wks NOL Form 1045 AMT Summary Folder Cover Sheet Filing Instructions	DESCRIPTION POSTCARDS ONLINE NEWSPAPER BADIO	AMOUNT \$ 200 150 170 125					
Engagement Letter	TOTAL	: <u>\$ 645</u>					

#### 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 mouse pointer in the appropriate field and press the key combination that identifies the macro.

Press CTRL+SHIFT+M (or right-click) 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. To activate heads-down data entry, press CTRL+N while in a data entry screen (Figure 30).

Form 1040 - Income		State Information
F 🗓	ST     ST     CITY     Description     To begin, enter desired field number and press enter.     Taxpayer	<u>HI NY</u> Spouse
7	Taxable scholarships not reported on W-2+4	+5
7	Other income reported on line 7 (NOT W-2 wages)	+7
	Prisoner income Foreign Employer Compensation Household Employee	
8a	Interest income (NO Schedule B required)	10
8b	Tax-exempt interest (NO Schedule B required)	12
9a	Dividend income (NO Schedule B required)	14
9b	Qualified Dividend Income (NO Schedule B required)	16
10	Taxable refunds:	
	State taxes	18

Figure 30: Heads-Down Data Entry

# 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.





# W-2 Import

If your client is an employee of a company that uses W-2 eXpress®, that client's W-2 can be downloaded directly into Drake Tax from the **W2** screen. To learn how to purchase W-2 downloads, and to view a list of companies that supply employee W-2s using W-2 eXpress®, log in to your Drake Support account at *Support.Drakesoftware.com* and select **My Account > W-2 Block Purchase**.

Click Import on the Data Entry Menu toolbar to access the following import features:

#### Form 8949 Import

Import capital gain and loss transactions into Drake using the **Form 8949 Import**/ **GruntWorx Trades** tool. Import transaction information from a worksheet saved as an Excel, TAB (Tab delimited), or CSV (Comma delimited) file. For the data to import correctly, the spreadsheet must contain specific columns of information. Details about the required spreadsheet format are available from the **Form 8949 Import/GruntWorx Trades** window.

## **GruntWorx Populate Job**

Use the **GruntWorx Populate Job** tool to extract data from certain Drake-supported federal tax forms and import it directly into Drake Tax, saving you data entry time and expense.



To learn more about GruntWorx Trades and GruntWorx Populate Job imports, see "Gruntworx" on page 259.

# **HELP RESOURCES**

# **Support Button**

When you click the **Support** button from the **Home** window (Figure 32), you are given these options:

- Drake Software Knowledge Base, an online reference source containing answers to common tax and program questions. (See "Knowledge Base" on page 242.)
- **Drake Software Program Help**, a searchable "Drake encyclopedia," arranged in "books." The Program Help includes a Search feature, a searchable index, and a Favorites list. Program Help answers many of the most commonly asked questions about the tax program. (See the following paragraphs for more information.)
- Drake Software Support Website, a website with links to all of our online help resources, including the Knowledge Base, Drake ETC and many other helpful webpages. (See "Support Resources" on page 233.)
- **Remote Assistance**. This feature is used by Drake Software personal in certain support situations.
- Video Tutorials, a compendium of more than 200 how-to videos released on how to
  use Drake Tax and related programs. To access a complete list of our video tutorials,
  go to the Home window toolbar, select Support > Drake Software Video Tutorials,
  select a subject area from the drop list, and click the play button for the video tutorial
  you are interested in. Video links with related topics are also available in many data
  entry screens.
- Chat Support, an easy method of having an online discussion with a member of Drake Software's Support staff.
- **Manual and Online Resources**, a link to Drake Tax manuals, practice returns, IRS pubs, and Drake Software shipment letters, all in PDF format, readable online or available for download.


#### Figure 32: Support Button

#### **Help Button**

All windows in Drake Tax (not including data entry screens) have a clickable **Help** button for accessing the Drake Tax Help System (Figure 33). When you access the Help System, it is opened for the window you are in. For example, if you are in pricing setup (**Setup** > **Pricing**) and click **Help**, you are shown the help information for pricing setup. When you click the **Help** button from the **Home** window, you are given these options:

• **Program Help** — Access Help System items by using the following tabs:

**Contents** — Lists all available Help topics in a "table of contents" style format **Search** — Search help topics by keyword

Index — Index that shows every instance of a searched-for word or phrase Favorites — Save articles you have found in your search

- **Navigation Help** Offers a short explanation of how to navigate in Drake Tax and includes a link to a list of keyboard shortcuts that help make data entry easier and faster.
- Support Website Links to the Drake Software Support site ("Drake Support Website" on page 241). You need your user name and password to log in.
- Drake Software Knowledge Base Links to Drake Software's Knowledge Base, including a list of the eight popular articles on program functionality ("Knowledge Base" on page 242).
- Drake e-Training Center Links to the DrakeETC website ("Drake e-Training Center" on page 233). You need your user name and password and your ETC user name and password to log in.



#### Figure 33: Help Button

# **PREPARING THE 1040 EVALUATION RETURN**

The following sections provide step-by-step instructions for creating a simple individual return. As you read this section, create a return and work through the various data entry screens so you become comfortable with Drake Tax. (To view a completed version of the evaluation return, open return **400001940**).

- 1. In the Drake Home window, click **Open/Create** in the toolbar.
- 2. In the **Open/Create A New Return** dialog box, enter the following SSN (without dashes) in the text box: **400001901** and click **OK**.
- 3. In the next window, click Yes to create a new return
- 4. In the New Return dialog box, you may be required to re-enter the taxpayer's SSN in the SSN/EIN Verification field (SSN/EIN verification is required for the Drake Tax Pay Per Return package, and an optional setting for the Drake Tax unlimited package. This selection can be made in Setup > Options > Data Entry tab. The individual 1040 option is already selected in the Return Type section. In the Name Entry section, enter Thomas Taxpayer and click OK.
- 5. The return will be opened to data entry screen 1, which is the Name and Address screen (Figure 34).

# NAME AND ADDRESS SCREEN

The information entered on the **Name and Address** screen flows to each form that is generated with this client's return, and is visible in the View/Print mode. Use the following information to continue your return preparation for this exercise:

- Thomas and Tasha Taxpayer are married and filing a joint return. (To view a list of valid filing status entries, press F1 in the **Filing Status** field.)
- The Taxpayers have three children: Taytum, Tanner, and Tessa. (It is not necessary to enter the last name for spouse or dependents; the software uses the primary taxpayer's last name by default.)
- Tasha receives one salary from her teaching job and one from her tutoring job. (To create a second W2 screen, press PAGE DOWN.)
- Thomas is the sole proprietor of his restaurant
- Thomas and Tasha have no foreign accounts

Press ESC to save the data entered on screen 1 and go to the Data Entry Menu.

Notice that screen 1 is highlighted blue on the **Data Entry Menu**, indicating that data has been saved on this screen (Figure 35).

* Enter numbers with no formatting (dashes, dots, or spaces) and the program automatically formats the information for the SSN, Date of birth, Phone, and ZIP fields.							
Data Entry FieldPrimary TaxpayerSecondary Taxpayer							
Filing Status	2 - MFJ						
SSN*	400-00-1901 400-00-1902						
First name	THOMAS	TASHA					
Last name	TAXPAYER						
Date of birth*	08-25-1968	05-28-1969					
Occupation	RESTAURANT OWNER	TEACHER					
Daytime (phone)*	602-555-1111	602-555-3333					
Evening (phone)*	602-555-2222	602-555-4444					
Email/text msg	TTAXPAYER@1EMAIL.COM	TTAXPAYER2@2EMAIL.COM					
Address	123 CUL DE SAC STREET						
ZIP*	85003 (Press TAB after entering the ZIP code to autofill the City, State and County fields).						
Resident state	(This field is auto-filled with the state selected in the address section, which is AZ in this case). For this exercise, enter 0 to prevent the state return from generating.						
Foreign Accounts	NO						

- If the resident state differs from the state in the mailing address, select the appropriate state code from the **Resident state** drop list. If the taxpayer is a part-year (PY) resident of the state in the mailing address, select **PY** from the **Resident state** drop list. To keep a state return from being calculated, select **0** from the **Resident state** drop list.
- The **Resident city** drop list is activated if a city return is required. The **School district** drop list is activated when needed.

Notes

Taxpayer		Spouse			
Filing Status	2  Married Filing Jointly				
SSN.	400-00-1901	SSN	400-00-1902		
irstname	THOMAS	First name	TASHA	MI	
ast name	TAXPAYER Suffix	Last name	-	Suffix	-
Date of birth	08-25-1968 Age: 49 (as of 12/31/2017)	Date of birth	05-28-1969	Age: 48 (as of 12/31/20	17)
Date of death		Date of death			
Occupation	RESTAURANT OWNER	Occupation	TEACHER		
	Phone Number Extension		Phone Number	Extension	
avtime	602-555-1111	Davtime	602-555-3333		
vening	602-555-2222	Evening	602-555-4444		
cell		Cell			
est time to call	Print on return =	Best time to call		Print on return	
av		Fay		)	
mail / text msg	TTAXPAYER@1EMAIL.COM	Email/text msg	TTAXPAYER2@2EMA	IL.COM	
Dependent of	Full-time Presidential Blind	Dependent of	Full-time	Presidential	E Blind
another	student campaign	another	student	campaign	
Taxpayer did not li Health insurance	ve with spouse		C Spot filing	use is not 🔽 Spous gareturn income	e has no U.S e
Taxpayer did not li Health insurance n care of	ve with spouse	, nonconcentar	ID Screen	use is not 🗆 Spous ) a return income	e has no U.S. 9
Taxpayer did not li Health insurance n care of	ve with spouse		ID Screen	use is not Spous ) a return income	e has no U.S
Taxpayer did not li Health insurance n care of ailing Address Street address	ve with spouseHC	Apt #	ID Screen	use is not 「Spous ) a return income	e has no U.S
Taxpayer did not li Health insurance n care of ailing Address Street address City	ve with spouseHC coverageHC I 123 CUL DE SAC STREET PHOENIX	Apt#	ID Screen	use is not Spous a return income	e has no U.S
Taxpayer did not li Health insurance n care of ailing Address Street address City S. ONLY	ve with spouse	Apt #	Sportfiling     ID Screen     Combat Zone     Stateside militan	use is not Spous a return income	e has no U.S
Taxpayer did not li Health insurance n care of ailing Address Street address City S. ONLY	ve with spouseHC coverageHC H23 CUL DE SAC STREET PHOENIX State ZIP County AZ SISSO3 MARICORA	Apt #	D Screen	use is not Spous a return income	e has no U.S
Taxpayer did not li Health insurance n care of ailing Address Street address City S. ONLY Sreign ONLY	ve with spouse	Apt #	Combat Zone     Stateside militar	use is not Spous a return income	e has no U.S
Taxpayer did not li Health insurance In care of	ve with spouse	Apt #	Combat Zone	use is not	e has no U.S
Taxpayer did not li Health insurance n care of	ve with spouse	Apt#	Combal Zone	use is not Spous ) a return income y address	e has no U.S.
Taxpayer did not li Health insurance in care of	ve with spouseHC  coverageHC  L23 CUL DE SAC STREET  PROENIX  State ZIP County AZ State County Postal Code  Colick to Access>  Resident city School di  stions	Apt#	Combat Zone	use is not Spous o a return income y address	e has no U.S.
Taxpayer did not li Health insurance in care of	ve with spouse	Apt #	Combat Zone Combat Zone Stateside military No ock here Z An	use is not Spous ) a return income y address Foreign Accounts - swer "No" to Sch B, Part II	e has no U.S 9
Taxpayer did not li Health insurance care of	ve with spouse	Apt #	Combat Zone Combat	use is not Spous j a return income y address Foreign Accounts - swer "No" to Sch B, Part II Miscellaneous C	e has no U.S e I questions odes
Taxpayer did not li Health insurance i care of	ve with spouse	Apt #	Combat Zone	use is not Spous j a return Spous y address Foreign Accounts - swer "No" to Sch B, Part II Miscellaneous C Code 1	e has no U.S 9 I questions odes
Taxpayer did not li Health insurance acare of	ve with spouse	Apt #	Combat Zone Combat Zone Combat Zone Stateside military No ack here	use is not Spous a return income y address Foreign Accounts - swer "No" to Sch B, Part II Miscellaneous C Code 1	I questions
Taxpayer did not li Health insurance a care of. alling Address Street address. City. S. ONLY reign ONLY sident state areign Account Que sident state areign Account Que sident state oreign Account Que supayer has any in count or foreign tru- eturn Options	ve with spouse	Apt #	Combat Zone Combat	use is not Spous j a return Spous y address Foreign Accounts - swer "No" to Sch B, Part II Miscellaneous C Code 1	e has no U.S P
Taxpayer did not li Health insurance n care of. ailing Address Street address. City. <b>s. ONLY</b> sident state oreign Account Qui axpayer has any in acount or foreign tr. eturn Options Firm ####################################	ve with spouse	Apt # Strict Otherwise che 2210 Options 2210 Code 2016 Fed tax	Southere No Anterest	use is not Spous ja a return Spous y address Foreign Accounts - swer "No" to Sch B, Part II Miscellaneous C Code 1. Code 2. Code 4.	I questions

Figure 34: Name and Address and General Information

Figure 35: Screen Name in Blue

General	Income Adjustments Credits Credits Tax	xes
	1 1 1	
1	Name and Address	
2	Dependents	
3	Income	
4	Adjustments	
5	Taxes, Credits and Payments	
ES	Estimated Taxes	
244	1 Child Care Credit	



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

# **DEPENDENT INFORMATION**

Thomas and Tasha have three dependents. Open screen **2**, the **Dependent Information** screen. (Click the screen name or enter 2 in the return selector field and press ENTER). By default, the **Dependents** screen is opened to grid data entry mode (Figure 36). If you prefer to enter information in full screen mode, click **Item Detail** or press F3. Pressing F3 toggles back and forth between grid data entry and the full data entry screen. (For more information on grid data entry, see "Grid Data Entry" on page 60). Use the following table to enter information in each dependent's screen. Child care expenses must also be entered on the **2441** screen. This will be covered later in "Screen 2441, Form 2441 - Child and Dependent Care Expenses" on page 78.

Fields	First Dependent	Second Dependent	Third Dependent
Dependent first name	TAYTUM	TANNER	TESSA
SSN	400-00-0123	400-00-0234	400-00-0345
Relationship	Daughter	Son	Daughter
Months in home	12	12	12
Date of birth	07-29-1994	03-20-2004	09-12-2007
Qualifying child care expense			4750

#### Figure 36: Grid Data Entry for screen 2, Dependent Information

	First Name	M.I.	Last Name	Suffix	SSN	Relationship	Months	Date of birth	Childcare Pd	Y	N			
1	TAYTUM				400-00-0123	DAUGHTER	12	07-29-1994						X
2	TANNER		2		400-00-0234	SON	12	03-20-2004	· · · · · · · · · · · · · · · · · · ·	X		X	X	
3	TESSA				400-00-0345	DAUGHTER	12	09-12-2007	4750	X		X	 X	
	Help						Item D	etail	Delete Row(s)		Sav	е	Cano	el

# Note

- If you leave the dependent's **Last name** field blank, Drake uses the primary taxpayer's last name.
  - 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, enter D to fill the field with the word "DAUGHTER" and S to fill the field with the word "SON." Similar features are available on other screens in data entry.

The **EIC or Child Tax Credit** section of screen **2** must be completed for *each* qualifying child for taxpayers claiming the Earned Income Credit (EIC) or Child Tax Credit (CTC). Tanner and Tessa Taxpayer qualify for the Child Tax Credit; however they do not qualify for the Earned Income Credit because the Taxpayers' AGI exceeds the income limit.

Use the following information to complete both Tanner's and Tessa's Screens 2 (Figure 38):

- Both are unmarried
- Both lived in the home for the full year
- Neither has another person who could claim them as an exemption
- Neither has an active Form 8332 claim in place, and no claims have been released to another person

On Taytum Taxpayer's screen 2, make the following selections (Figure 37):

- Not eligible for EIC
- Not eligible for Child Tax Credit
- Over 18 and a student

#### Figure 37: Dependent Screen Without EIC or CTC

Dependent Informatio	on <u>Video</u>	o: Due Diligenc	e	Video: EIC	Troubleshooting	State	NY-EIC NY	n - <u>272</u> E	A
ose si se to switch to gird in	loue						Months		
Dependent first name	M.I. Last name	(if different)	Suffix	SSN	Relationship		in home	Dat	e of birth
TAYTUM	=			400-00-0123	DAUGHTER	•	12 💌	07-3	29-1994
Childcare Expense Infor	mation E	Form 2441							
Qualifying childcare expense	es incurred and paid in :	2017			<ul> <li>Age determined by date of birth</li> </ul>	Age: 2	:3		
Portion of qualifying expense	es provided by employer	r				as of	12/31/2017		
					Not eligible for EIC			•	
180 1	State codes		_		Eligible for Child Tax Cred	lit	N	•	
NOTE: If either EIC or Child Is either of the following true' dependent, and is not filing a Could another person qualif	Tax Credit is claimed f ? The child is unmarrie a joint return (except to ( to claim this child?	for this depend ed, OR the child claim a refund).	ent, com is marrie	plete the section be d, can be claimed a	elow and screen 8867.		<u>8867</u> Ү Г	es No	Don't know d doesn apply
If YES: Child's relation	ship to the other perso	n					Γ		
If the tiebreake	r rules apply, would the	child be treated	d as the ta	axpaver's qualifying	child?		Г		Г
If this is not the taxpayer's so	on or daughter, did you a	ask why the par	ent was n	ot claiming the chile	d and document the answe	r?	Г		
Did the child live with the tax	payer in the U.S. for mo	re than half of t	he year? (	(If yes, skip 10b. If n	o, answer 10b.)		Г		
Did you ask if there is an act	tive Form 8332, Release	e/Revocation of	Claim to	Exemption for Child	d by Custodial Parent, or a s	imilar			_
statement, in place and, il ap	pplicable, did you allaci	rit to the return	ſ	0			I		
Have you determined that the	e taxpayer nas not relea	aseu ure ciainn	to another	r person					
Which documents below, if a	any, did you rely on to de	etermine eligibil	lity EIC an	d/or CTC for this de	pendent? Check all that ap	ply			
Additional entries for this se	ction can be made on s	creen 8867.							
Residency of Qualifying Chi School records or staten Landlord or property mai Healthcare provider state Medical records Childcare provider recort Placement agency state Social services records i	ild nent nagement statement ement ds ment or statement			Disabili Doct Othe Soci Did Did Other	ty of Qualifying Child for statement er healthcare provider stater al services agency or progr not rely on any documents, not rely on any documents	ment am stal made r	ement lotes in file		
Place of worship statem     Indian tribal official state     Employer statement     Did not rely on any docur     Did not rely on any docur	ment ments, made notes in fi ments	le		To docu questio	iment the information you a	cquired	from the	nce	
Other				- Additio	onal Notes screen. Click the	DD2 li	nk.		DD2
Additional Information C Over 18 and a student Over 18 and disabled C Child lived with you		□ Not U.S. □ Other dep □ Not a dep	citizen or i pendent pendent	resident alien		VOT up Specia	date to next I Circumsta	year inces	
Child did NOT live with you due to divorce or separati	u on	Not a dep Not a dep Not a dep member	bendent - bendent - bendent - (for Form	HOH qualifier QW qualifier ACA household 8965 purposes ON	ILY)	IP	PIN Date of	death	

Figure 38: Dependent Screen With CTC

the state of the souther to said a	on <u>Vide</u>	o: Due Diligence	2	Video: EIC	Troubleshooting	State Informa	NY-27	2 <u>PA</u>	
Ose <p3> to switch to grid r</p3>	node.					Month	s		
Dependent first name	M.I. Last name	e (if different)	Suffix	SSN	Relationship	in hom	ne	Date	of birth
TANNER	=			400-00-0234	SON	• 12	•	03-20	-2004
Childcare Expense Info	rmation	Form 2441			1				
Qualifying childcare expens	es incurred and paid in :	2017			<ul> <li>Age determined</li> <li>by date of birth</li> </ul>	Age: 13			
Portion of qualifying expens	es provided by employe	۲				as of 12/31/20	17		
					Not eligible for EIC		Г		
TSJ 🚺	State		_		Eligible for Child Tax Cre	dit. [	-		
NOTE: If either EIC or Child	d Tax Credit is claimed t	for this depende	ent, comp	lete the section b	elow and screen 8867.	<u>8867</u>			Don't
							Yes	No	doesn't
Is either of the following true	? The child is unmarrie	ed, OR the child	is married	, can be claimed a	as the taxpayer's		_	_	apply
dependent, and is not filing	a joint return (except to	claim a refund).					2		
Could another person quai	ity to claim this child?						-	1.	
If YES: Child's relatio	nship to the other perso	on					-	-	_
If the tiebreak	er rules apply, would the	child be treated	as the tax	payers qualifying	child?		-	-	1
in unis is not the taxpayers s	on or dauginer, did you a	ask why the part	ent was nu	a claiming the chi	u anu uocumenture answe	0 f	-		
Did the child live with the ta	xpaver in the U.S. for mo	ore than half of th	ne vear? (It	ves, skip 10b, lf n	o, answer 10b.).		~		
Did you ask if there is an ac	tive Form 8332, Releas	e/Revocation of	Claim to E	Exemption for Chil	d by Custodial Parent, or a	similar			
statement, in place and, if a	applicable, did you attach	h it to the return?	·				▼		
c Have you determined that th	ne taxpayer has not relea	ased the claim t	o another	person?			◄		
Which documents helow if	any did you rely on to de	etermine eligibili	ity EIC and	Vor CTC for this de	enendent? Check all that ar	nlv			
VVIII II DID III PIUS OPIOW II	any, and you roly on to at	otorrinino ongroni	ing the diffe		periodine. One on an anal a	P.9			
Additional entries for this se	ection can be made on s	screen 8867							
Additional entries for this se	ection can be made on s	screen 8867.		Dieabil	th of Qualifying Child				
Additional entries for this se Residency of Qualifying CI School records or state	ection can be made on s hild ment	screen 8867.		Disabil	ity of Qualifying Child tor statement				
Additional entries for this se Residency of Qualifying Cl School records or state Landlord or property ma	ection can be made on s hild ment anagement statement	screen 8867.		Disabil □ Doc □ Oth	i <b>ty of Qualifying Child</b> tor statement er healthcare provider state	ment			
Additional entries for this set Residency of Qualifying CI School records or state Landlord or property ma Healthcare provider stat	ection can be made on s hild ment anagement statement tement	screen 8867.		Disabil Doc Oth Soc	<b>ity of Qualifying Child</b> tor statement er healthcare provider state ial services agency or prog	ment ram statement	-		
Additional entries below, in Additional entries for this se Residency of Qualifying CI School records or state Landlord or property ma Healthcare provider stat Medical records	ection can be made on s hild ment inagement statement tement	screen 8867.		Disabil	ty of Qualifying Child tor statement er healthcare provider state ial services agency or prog not rely on any documents not rely on any documents	ment ram statement made notes in f	ile		
Additional entries for this set Residency of Qualifying Cl School records or state Landlord or property ma Healthcare provider stat Vedical records Childcare provider reco Placement agency state	ection can be made on s hild ment anagement statement tement ment	screen 8867.		Disabil	ity of Qualifying Child tor statement er healthcare provider state ial services agency or prog not rely on any documents, not rely on any documents	ment ram statement made notes in fi	ile		
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Additional entries for this so Additional entries for this so Residency of Qualifying CI Landlord or property ma Healthcare provider sal Vedical records Childcare provider ros Childcare provider ros Social services records Lacendro and Social Services records Place of worship staten	ection can be made on s hild ment anagement statement tement rds ment or statement tent ent	screen 8867.		Disabil Doc Oth Soc Did Other	ty of Qualifying Child for statement or healthcare provider state ial services agency or prog not rely on any documents, not rely on any documents	ment ram statement made notes in f	ile		
Additional entries for this 3 Additional entries for this 3 Residency of Qualifying Cl School records or state Landlord or property ma Healthcare provider stat V Medical records V Childcare provider records Place more tagency state Place drowschip statement Employee statement	ection can be made on s hild ment anagement statement tement rds ment or statement ent ament	screen 8867.		Disabil	ty of Qualifying Child tor statement er healthcare provider state ial services agency or prog not rely on any documents not rely on any documents	ment ram statement made notes in f	ile		
Additional entries for this 3: Residency of Qualifying CI School records or state Landiord or property ma Healthcare provider state Or Medical records Childcare provider records Childcare provider records Childcare provider records Place of worship staten Indian this difticial state Employer statement Did not rely on any doc.	ection can be made on s hild ment anagement statement terment ment ment iments, made notes in fi	ive		Disabil	ty of Qualifying Child to statement ar healthcare provider state al services agency or prop not rely on any documents not rely on any documents	ment ram statement made notes in f	ile		
Additional entries for this 3 Additional entries for this 3 Exhaust of Qualifying CI School records or state Landlord or property may Healthcare provider stat Verticate provider state Social services records Place of worship statem Place of worship statem Employer statement Did not rely on any docu Did not rely on any docu	ection can be made on s hild ment anagement statement terment or statement tent ements, made notes in fi iments, made notes in fi	screen 8867. 1le		Disabil Doto Oth Soc Did Other To doc	ty of Qualifying Child for statement in healthcare provider state all services agency or prog not rely on any documents not rely on any documents not rely on any documents uneent the information you	ment ram statement made notes in f cquired from the the EIC Due Dill	ile		
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Additional entries for this 3 Additional entries for this 3 Residency of Qualifying CI School records or state Landlord or property may Healthcare provider stat Vertical records Vertical records Vertical records Vertical entries Social services records Place drivers tatement Did not rely on any docu Other	ector can be made on s hild ment anagement statement tement or statement istent iments, made notes in fi iments	screen 8867. 11e	_	Disabil Doc Oth Dod Did Did Other To doc questic - Additi	ty of Qualifying Child for statement ir healthcare provider state al services agenery or prog not rely on any documents not rely on any documents unent the information you is ns you asked, you can use anal Notes screen. Click th	ment ram statement made notes in f required from the the EIC Due Dili DD2 link.	ile 9 igence	D	<u>D2</u>
Additional entries for this 3 Additional entries for this 3 Residency of Qualifying CI School records or state Landlord or properfy ma Healthcare provider state Verticate provider state Social services records Place of worship statement Did not rely on any docc Did not rely on any docc Other	ection can be made on s hild ment anagement statement terment ards arment or statement hent arments, made notes in fi ments	screen 8867. Ne		Disabil	ty of Qualifying Child tor statement in healthcare provider state all services agener, or prog- not rely on any documents not rely on any documents inter the information you a ment the information you a set of you asked, you can use anal Notes screen. Click th	ment ram statement made notes in f cquired from the the EIC Due Dili e DD2 link.	ile a igence	, D	<u>D2</u>
Additional entries for this 3: Residency of Qualifying Cl School records or state Landlord or property may Healthcare provider stat Vertication of the state of the state Social services records Place ment agency state Place drowship statement Did not rely on any docu Other Additional Information Other 10 open 18 and a student	ector can be made on s hild ment anagement statement tement or statement ment ments, made notes in fi iments	Screen 8867.	ilizen or re	Disabil Doc Oth Soc Did Did Other To doc questic - Additi	ty of Qualifying Child tor statement is rheathcare provider state al services againer, or prog not rely on any documents in syou asked, you can use onal Notes screen. Click th	ment ram statement made notes in f icquired from the the EIC Due Dill o DD2 link.	ile e igence	D	<u>D2</u>
Additional entries for this si Additional entries for this si Landlord or properly ma Landlord or properly ma Medical records Medical records Medical records Placement agency static Social services records Place of worship statement Did not rely on any docu Other Additional Information Over 18 and a student	ection can be made on s hild ment rds ment or statement nent ment ments, made notes in fi	lie	itizen or re	Disabil Doc Oth Soc Did Other To doc questic - Additi	ty of Qualifying Child for statement rhealthcare provider state all services agency or prog not rely on any documents, not rely on any documents ument the information you u ns you asked, you can use onal Notes screen. Click th	ment ram statement made notes in f icquired from the the EIC Due Dili b DD2 link.	ile e igence	D	02
Additional entries for this 3 Additional entries for this 3 Residency of Qualifying Cl School records or state Landidro gropperfy ma Healthcare provider stat Group Medical records Childcare provider records Place of worship statement Did not rely on any docu Did not rely on any docu Other Additional Information Over 18 and a student Over 18 and a student	ection can be made on s hild ment anagement statement terment ards arment enent ement iments, made notes in fi	Ile	atizen or re endent endent	Disabil Doc Oth Soc Did Other To doc questic - Additiv	ty of Qualifying Child tor statement ar healthcare provider stata il services agency or prog not rely on any documents not rely on any documents not rely on any documents ument the information you us nay ou asked, you can use nay lotes screen. Click th	ment ram statement made notes in f the EIC Due Dill b DD2 link. OT update to ner special Circums;	ile e igence kt year tances	D	<u>D2</u>
Additional entries for this 3: Residency of Qualifying Cl School records or state Landlord or property may Healthcare provider stat Vertication of the state of the state Social services records Place entra agency state Place drowship statement Did not rely on any docu Other Additional Information Over 18 and a student Over 18 and disabled C child lived with you	ecton can be made on s hild ment anagement statement tement or statement ment ments, made notes in fi iments	Ile	itizen or re endent endent - endent -	Disabil Doc Oth Soc Did Other Uid Other questic - Additiv	ty of Qualifying Child tor statement ir healthcare provider state al services agenery or prog not rely on any documents not rely on any documents ument the information you is ns you asked, you can use onal Notes screen. Click th Do N	ment am statement made notes in f cquired from the the EIC Due Dili DD2 link. OT update to net special Circums <sup>1</sup> IP PIN	ile igence xt year tances		D2
Additional infrast of this 34 Additional entries for this 34 Landlord or properly ma Healthcare provider state Landlord or properly ma Healthcare provider state Social services records Placement agency state Place of worship statement Did not rely on any doc. Other Additional Information Over 18 and student Over 18 and stabel Child ide NOT live with yo Child ide NoT live with yo	Initial ment statement terment terment or statement or statement or statement terment terment terment terment ment ment ment terment terment terment terment terments make notes in filler terment terment terments terment termen	Ile	itizen or re endent endent - H endent - H endent - H	Disabil Doc Oth Soc Did Other To doc questic - Additi esident alien	ty of Qualifying Child for statement rr healthcare provider state all services agency or prog not rely on any documents, not rely on any documents ument the information you u ns you asked, you can use onal Notes screen. Click th	ment am statement made notes in f icquired from the EIC Due Dill DD2 link. OT update to ne special Circums iP PIN Date o	ile igence stycear tances		D2
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# CHILD AND DEPENDENT CARE EXPENSES

Child care expenses and information are entered on screen 2441, the Form 2441 — Child and Dependent Care Expenses screen. Click the screen name to open the screen, or enter 2441 in the selector field and press ENTER. When entering child care expenses, make sure the expense amounts are listed on both the Dependent Information screen and the 2441 screen. Press ESC to return to the Data Entry Menu.

Form 2441 -	Child and Dependent Care E	kpenses	Video: Entering Dependent Care	Expenses State Information -
F				AR CA DC ME
Provider's inform	nation			
1 SSN/EIN		111111111 🔽 EIN	Other IDs	Amount Paid 4750
Care provide	r name	HAPPYKID DAYCARE		State information
Street		111 KIDZ STREET		Phone
City		PHOENIX		Misc
U.S.ONLY	State, ZIP.	AZ - 85042		Misc 2
Foreign ONLY	Province/state, Country, Postal Code.		<b>_</b>	TSJ ST
SSN/EIN		EIN	Other IDs.	Amount Paid
Care provide	r name			State information
Street				Phone
City			2	Misc
U.S.ONLY	State 7IP	•		Misc 2
Foreign ONLY	Province/State, Country, Postal Code.			TSJ ST
CONVEN		□ □ □ □ EIN		Amount Paid
SSIV/EIN.				State information
Care provide	r name			Bhana
Street		•)		Mine
City				Misc
U.S.ONLY	State, ZIP			
Foreign ONLY	Province/State, Country, Postal Code.	. ]		
SSN/EIN			Other IDs	Amount Paid
Care provide	r name			State information
Street				Phone
City				Misc
U.S.ONLY	State, ZIP.	. 💌		Misc 2
Foreign ONLY	Province/state, Country, Postal Code.			TSJ ST
Complete only if 2	016 expenses were paid in 2017			Hawaii Tax ID Number
Create STM 441	to explain computation. SCH Firs	t L	ast	Provider 1
9 Name of gu	alifying person			Provider 2
SSN of qua	lifying person			Provider 3
Amount from	m worksheet in Publication 503			Provider 4
				Taxpayer Spouse
12 Employer P	rovided dependent care benefits receive	d in 2017		=
12 Employer-p	riod over them 2016 and used in 2017 it	uinzui/		
13 Amount car	ned over from 2016 and used in 2017 du	ining the grace period		
14 Amount forf	leited or carried forward to 2018, if any			
16 Amount of c	qualitying expenses incurred in 2017			
4, 5, 18, 19	Earned income for 2441 purposes O	NLY		*/-
22 Amount of L	ing 12 that is from taynayor's sole proprie	torchin or northorchin		

#### Figure 39: Screen 2441, Form 2441 - Child and Dependent Care Expenses

Note

Items 12 through 22 in screen 2441 are used for special situations regarding income requirements for the Child and Dependent Care Credit. Use Line 4, 5,10,19 for adjustments (for example, a spouse has no income but is a full-time student and qualifies for the credit). Use the F1 field help if needed.

# **EDUCATION CREDITS**

The Taxpayers are claiming the American Opportunity Credit for their daughter, Taytum, who completed two semesters of college as a full-time student in 2017. To access the **Forms 8863 & 8917 - Education Credits & Deduction** screen, enter 8863 or 8917 in the selector field and press ENTER (Figure 41). Use the following table to enter Taytum's education information, and after completing the screen, press ESC to return to the **Data Entry Menu**.

Fields	Data
TS	Т
Student's SSN (select from drop list)	400000123
Student's first name	TAYTUM
Student's last name	TAXPAYER
Line 23 - Has the Hope Scholarship Credit or American Opportunity Credit been claimed for this student for a total of 4 times in any prior years?	NO
Line 24 - Was the student enrolled at least half-time for at least one academic period that began in 2017 at an eligible education institution in a program leading toward a post-secondary degree, certificate, or other recognized post-secondary educational credential?	YES
Line 25 - Did the student complete the first 4 years of post-secondary education before 2017?	NO
Line 26 - Was the student convicted before the end of 2017 of a felony for possession or distribution of a controlled substance?	NO
Years AOTC taken	1
Pursuing a degree?	YES
Total qualified education expenses (including the cost of books, supplies, and equipment that were required to be paid directly to the educational institution)	4000
Education benefit being claimed for this student	AOTC
Educational Institution EIN	99-9999999
Educational Institution Name	PHOENIXVILLE CENTRAL UNIVERSITY
Street	123 SCHOLAR STREET
ZIP code	85003
Did the student receive Form 1098-T from this institution for 2017?	YES
Did the student receive Form 1098-T from this institution for 2016 with box 2 filled in and box 7 checked?	NO
Line 5 - In addition to your notes, list any documents that you relied on. Additional entries for this section can be made on the 8867 screen	AOTC
Line 11 - Did the taxpayer provide substantiation, such as Form 1098-T and receipts, for the qualified tuition and related expenses for the claimed AOTC?	YES

# Notes

If a dependent's SSN is not displayed in the **Student's SSN** drop list, press CTRL+V to view the return, and CTRL+E to return to the 8863/8917 screen. The dependent's SSN should then be displayed in the **Student's SSN** drop list.

To place a checkmark in a checkbox, left-click the checkbox, or press the SPACEBAR, or press the X key.

Figure 40: Screen	1 8867 - Due	Diligence	Checklist
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Fo	prm 8867 - Due Diligence Checklist Video: EIC Trouble Video: EIC Trouble	shootii	<u>10</u>	
Р	aid Preparer Due Diligence Requirements. Use this screen to complete the parts of Form 8867 that are not included on screen 8863 of	or scre	en 2.	
	Screens DD1 and DD2 can assist you with due diligence.         Due Diligence Assistance         Due Diligence Notes	Voe	No	NI/A
1	Did you complete the return based on information for tax year 2017 provided by the taxpayer or reasonably obtained by you?	V	Г	N/A
3	Did you satisfy the knowledge requirement? To meet the knowledge requirement, you must interview the taxpayer, ask questions, document the taxpayer's responses, and review information to determine that the taxpayer is eligible to claim the credit(s) and for what amount.	•		
4	Did any information provided by the taxpayer, a third party, or reasonably known to you in connection with preparing the return appear to be incorrect, incomplete, or inconsistent? (If "Yes," answer questions 4a and 4b. If "No," go to question 5)	Г	•	
4a	Did you make reasonable inquiries to determine the correct or complete information?		Г	
4b	Did you document your inquiries? (Documentation should include the questions you asked, whom you asked, the information that was provided, and the impact the information had on your preparation of the return).	Г	Г	
5	Did you satisfy the record retention requirement? To meet the record retention requirement, did you keep a copy of any documents provided by the taxpayer that you relied on to determine the eligibility or to compute the amount for the credits?	~		
	In addition to your notes from the interview with the taxpayer, list those documents, if any, that you relied on. Additional entries for this section can be made on screen 8863 and screen 2.			
	AOTC			
6	Did you ask the taxpayer whether he or she could provide documentation to substantiate eligibility for and the amount of the credits claimed on the return?	•	Г	
7	Did you ask the taxpayer if any of these credits were disallowed or reduced in a previous year? (If any credits were disallowed or reduced, go to question 7a; if not, go to question 8).	•	Г	
7a	Did you complete the required recertification forms?	Г	Г	Г
	NOTE: If neither the taxpayer nor spouse is reporting self-employment income on Schedule C, check the N/A box.			
8	If the taxpayer is reporting self-employment income, did you ask adequate questions to prepare a complete and correct Schedule C?	~	Г	
	TIP: The "Income" tab on screen DD1 can assist you with due diligence for Schedule C.			
	NOTE: If your client is eligible to claim the EIC for taxpayers without a qualifying child, answer question 9a and skip questions 9b and 9c.			
9a	Have you determined that this taxpayer is, in fact, eligible to claim the EIC for the number of children for whom the EIC is claimed, or to claim EIC if the taxpayer has no qualifying child?	Г	Г	
9b	Did you explain to the taxpayer that he or she may not claim the EIC if the taxpayer has not lived with the child for over half the year, even if the taxpayer has supported the child?	Г	Г	
9c	Did you explain to the taxpayer the rules about claiming EIC when a child is the qualifying child of more than one person (tie-breaker rules)		Г	
12	Do you certify that all of the answers on this 8867 are, to the best of your knowledge, true, correct and complete?	◄	Γ	
	The following four questions must be answered for all credits listed above.	Yes	No	
	Was the taxpayer, or spouse if filing jointly, a nonresident alien for any part of the year?		◄	
	Could the taxpayer, or spouse if filing jointly, be a qualifying child of another person for the year?	Γ	☑	
	Was the taxpayer's main home, and the main home of the spouse if filing jointly, in the U.S. for more than half the year?	◄	Г	
	Is the taxpayer, or spouse if filing jointly, eligible to be claimed as a dependent on anyone else's federal income tax return for the year?	Г	◄	
E	r taxpayers living in the Harvey, Irma, or Maria disaster area			
FE	IC Calculation Overrides		1	
E	IC Blocker - Enter "No" if they do not qualify for EIC			
6	Investment income +/-			

Notes

Taxpayers may be eligible to receive education credit on the federal return however, some states do not offer the credit and will add back the education credit to the state return.

# WAGES

To open the **W2** screen, enter W2 in the selector field and press ENTER. In the **TS** field, select "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 automatically fills the **Employee name and address** fields.

While entering wages, notice that Drake fills boxes **3-6** and **16**, based upon the wages entered in box **1**. Enter the following employer information (Figure 42):

Press PAGE DOWN to create another W2 screen and enter the following information:

Fields	Data
TS	S
EIN	45-444444
Name	CENTRAL TUTORING CENTER
Street	123 EDUCATION AVENUE
ZIP	85003
Wages, tips	18327
Federal tax w/h	3065
ST	AZ
Employer's state ID number	5111111
State tax	735

Fields	Data	
TS	S	
EIN	54-3210123	
Name	OUR NEIGHBORHOOD ELEMENTARY	
Street	123 ELEMENTARY AVENUE	
ZIP	85003	
Wages, tips	29039	
Federal tax w/h	4478	
ST	AZ	
Employer's state ID number	1111111	
State tax	1512	

Press ESC to return to the **Data Entry Menu**. Because data has been saved on two **W2** screens, a (2) appears in parentheses next to the screen name (Figure 42).

1	Name and Address
2	Dependents - (3)
3	Income
4	Adjustments
5	Taxes, Credits and Payments
ES	Estimated Taxes
2441	Child Care Credit
W2	Wages - (2)
W2G	Gambling Income
1099	1099-R Retirement

#### Figure 41: Data Entry Menu - Wages

Form W2 - Wa	ge and Tax Statement		Video: Catalina Multiple Otata	14/0-
W-2	Additional Entries Import W2		video. Entering wulliple-state	<u>W25</u>
TS S F	Special tax treatment	[		State Information - IN NJ NY PA
Employer informati	on is required for e-file		1 Wages, tips	2 Federal tax w/h 3065
Name Name cont	CENTRAL TUTORING CENTER		3 Soc Sec wages	4 Soc Sec w/h
Street City	123 EDUCATION AVENUE PHOENIX		5 Medicare wages	6 Medicare tax w/h
U.S.ONLY	AZ State	Sountry Rostal Code	7 Soc Sec tips	8 Allocated tips
Foreign ONLT	<click access="" to=""></click>		9 Verification Code	10 Dep care benefit Form 2441
Employee name ar Name: First	nd address (if different from screen 1) = TASHA Last = TAXI = 123 CUL DE SAC STREET	PAYER	11 Non-quai plan	12 Code Amount Year
City	= PHOENIX State ZIP		13 Stat employee Retirement plan Sick pay	
Foreign ONLY	AZ      Image: Sold state      Click to Access>     Click to Access>     Image: Sold state      Click to Access     Image: Sold state      Click to Access     Image: Sold state      The Access      The Access	ountry Postal Code	14 Other	QSEHRA
5 ST Employ	rer's state ID number 16 State wages	17 State tax 18 Loc	al wages 19 Local tax	20 Locality
				<b>•</b>
Was this W-2 alte	ered or handwritten? (Nonstandard)	I I Correct	ed W-2 T Do	not update

When the **W2** screen is opened again, an **Existing Forms List - W2: Wages** is displayed (Figure 43). To open a screen on the list, double-click a row or select a row and click **Open**. To open a new, blank screen, double-click the **New Record** row or select it and click **Open**.

‡   TS	6 Employer Name	Wages, Ti	Federal T	Dep Care	SS tips
S	CENTRAL TUTORING CENTER	18327	3065		
S	OUR NEIGHBORHOOD ELEMENTARY	29039	4478		
ew Ne	3				

Figure 43: Existing W2 Forms List

#### **2D Barcode Scanning**

For W-2 forms with a 2D barcode, the data on W-2 forms with a 2D barcode can be scanned directly into Drake (1040 package only). Open the program to the client's Data Entry Menu (not the W2 screen) to scan the barcode; the scanned information is automatically entered on a new instance of the W2 screen.

Most barcode scanners can be used, but Drake recommends the Honeywell/Metrologic MS1690 Focus.

For more information on how to use a 2D barcode scanner in Drake, see Chapter 5 of the 2017 Drake Tax User's Manual. To view a short Drake video on using a 2D barcode scanner, go to the **Home** window, select **Support > Drake Software Video Tutorials**, select **1040 Data Entry** from the drop list, and click the play button for this video.

#### **Additional Entries Tab**

If the taxpayer has W-2 information from more than four states, click the Additional Entries tab at the top of the W2 screen to access 10 more lines of data entry fields for box 15 of Form W-2 (Figure 44). There are also four more lines of data entry fields for boxes 12 and 14, and four lines for entering wages from Ohio school districts.



Figure 44: Additional Entries Tab

## **INTEREST INCOME**

To enter interest income, type INT in the selector field and press ENTER. The Schedule B — Interest Income screen is opened in grid data entry. Click Item Detail or press F3 to access the detail screen (Figure 45).

After the name of a financial institution has been entered once, the program automatically fills the name field the next time the first few letters are typed.

Notes

Dividend income is entered in the same manner as interest income. To open the **Schedule B** - **Dividend Income** screen, enter DIV in the selector field and press ENTER.

Enter the following information in the Schedule B - Interest Income screen:

Fields	Data
TS	J
Name of payer	PHOENIXVILLE COMMUNITY BANK
Interest income	749

Schedule B - Interest Income (1099-INT)	Screen DIV for	dividends	*Use <f3> to switch to grid mode*</f3>	State Information -
TSJ J V F ST V CITY	Ŧ		Video: Form 1116 - Schedule B	<u>HI</u>
Seller-financed mortgage     Paver Information			Foreign Account Questions	
Tax ID Number	PHOENIXVILLE	SSN COMMUNITY BANK		
Street address City U.S.ONLY State, ZIP Foreign ONLY Province/State, Country, Postal Code				
Account number (optional)			RTN #	FATCA
1       Interest income	749	<ul> <li>9 Private activity</li> <li>10 Market discouting</li> <li>11 Bond premiuuting</li> <li>12 Bond premiuuting</li> <li>13 Bond premiuuting</li> <li>14 Tax-exemptiant</li> <li>15 State</li> <li>T</li> <li< th=""><th>bond interest m</th><th>+/. +/. +/</th></li<></ul>	bond interest m	+/. +/. +/

Press ESC twice to exit the screen and return to the Data Entry Menu.

### **ITEMIZED DEDUCTIONS**

To open the **Schedule A - Itemized Deductions Schedule** screen, enter A in the selector field and press ENTER. This screen has the same lines and fields as IRS Schedule A (Form 1040). Enter the following information for the Taxpayers' itemized deductions (Figure 46).

Fields	Data
TSJ	J
Other medical and dental expenses	9645
Income Taxes	878
Real estate	5400
Home mortgage interest and points reported on Form 1098	1125
Total gifts by cash or check ( <i>Press CTRL</i> + <i>W</i> or double-click	FOOD BANK - 500
to create a worksheet; then press $Esc$ to return to screen $A$ )	HUMANE SOCIETY - 450
Unreimbursed Employee Expenses	TEAM SHIRTS - 400
Tax preparation fees	200

Figure 46: Screen A, Schedule A - Itemized Deductions

Schedule A - Itemized Deductions	
TSJ F F ST CITY Force	e standard Red indicates Detailed Worksheet exists
Medical and Dental	Gifts to Charity
1 Health insurance premiums	16 Total gifts by cash or check
Long Term Care Premiums	Hurricane relief contributions Hurricane
Number of medical miles	30% limitation
Other medical and dental expenses	645 Charitable miles
Taxes You Paid	17 Other than by cash or check Form 8283
5 Income taxes+/-	878 Charitable Contributions Carried over from prior years
General sales tax	Video: Charitable Contributions Carryovers
6 Real estate+/- 5	Job Expenses and Most Other Misc Deductions
Taxes that qualify for State Property Tax Credit	21 Unreimbursed employee expenses: Form 2106
7 Personal property	TEAM SHIRTS 4
8 Other	
Interest You Paid Loan Limit Worksheet	
10 Home mortgage interest and points reported on Form 1098 +/-	125 22 Tax preparation fees
11 Home mortgage interest not reported on Form 1098	23 Other expenses:
Name SSN/EIN	
Street	
City	
U.S. Only State ZIP	Investment expenses not entered elsewhere
	Other Miscellaneous Deductions
Function Description Country Destal Code	28 Other not subject to 2% limit
Click to Access>	
Amount	
Portion of lines 10 and 11 that is home equity interest	
12 Points not reported on Form 1098+/-	
13 Qualified mortgage insurance premiums	
14 Investment interest	

Press ESC to return to the Data Entry Menu.

NDTE Drake Tax uses the amounts entered on screen **A** to determine if it is more advantageous for the taxpayers to take the standard deduction or to itemize deductions. To override the program selection, select **Force itemized** or **Force standard** at the top of screen **A**.

To force the Schedule A to be generated in View/Print mode, even if taking the standard deduction, go to the **PRNT** screen and select **Print Schedule A**.

### **ADJUSTMENTS**

Michelle Taxpayer is eligible to report up to \$250 expenses paid to purchase educational items as an education professional working in a primary school. To open the **Adjustments** screen, enter Adj in the selector field and press ENTER (Figure 47). Enter the following information in the Taxpayers' return.

Fields	Data
Line 23, Spouse Column	250

Figure 47: Adjustments	Screen -	Educator	Expense
------------------------	----------	----------	---------

F	orm 1040 - Adjustments		
F	ST CITY -		
	Description	Taxpayer	Spouse
23	Educator expenses		
28	SEP and/or SIMPLE contributions	250	+/-
	KEOGH contribution to defined-contribution plan+/-		+/-
	KEOGH contributions to defined-benefit plan+/-		+/-
29	Self-employed health insurance deduction		+/-
30	Penalty on early withdrawal of savings		+/-

## **PROFIT OR LOSS FROM BUSINESS**

To open the **Schedule C** - **Profit or Loss from Business** screen, enter C in the selector field and press ENTER (Figure 48). Enter the following information in the Taxpayers' return:

Note

To search for business codes on line B, press CTRL+SHIFT+S to open a data entry search, enter restaurant in the **Please input search data** field, and click **Go**. Related business codes are listed and can be selected for entry.

Fields	Data
TS	Т
Business or Profession/Product or Service	RESTAURANT
Business code	722511
Business name	PARADISE PIZZA AND PASTA PARLOR
Street address	222 RESTAURANT AVENUE
ZIP	85003
Accounting method if not cash	(no entry necessary)
Gross receipts/sales	138130

Part II - Expenses	Data
Advertising	450
Insurance	1650
Repairs/maintenance	1300
Taxes and licenses	400
Utilities	5275
Wages	28000

Part III - Cost of Goods Sold	Data
Inventory valuation method (if not cost)	(no entry necessary)
Beginning inventory	3465
Materials and supplies	29175
Ending inventory	3465

Schedule C - Profit or Loss from	Busine	SS	Video: Car a	nd Truck Expenses	- State	e Informatior
TS T F ST V	City	PAN	C Suppres	s Schedule C-EZ	<u>н</u>	PA SC
A Business or Profession/Product or Service		RESTAURANT		В	Business code 72	2511 💌
C Business name		PARADISE PIZZA AND PASTA	PARLOR	D	Employer ID #	
E Street address.		222 RESTAURANT AVENUE				
City		PHOENIX		Vie	deo Tip: Business Code	Search
U.S. ONLY State 7IP		AZ 🔻 85033				
Foreign ONLY Province/State, Country, Post	al Code	<click access="" to=""></click>				
Accounting method if not cash		Accrual Other:		-		
Did NOT materially participate in 2017						
Toypoyer started or seguired this busine	oo during	2017				
Taxpayer stated of acquired this busine	ss uuring	2017				
Taxpayer made payments in 2017 that would	diequire	axpayer to me Forms Togg				
If Yes," did or will taxpayer file all required F	orms 109	97				
Part I - Income				Statutory employe	e wages entered on sc	reen W2
Gross receipts/sales			+/- 138130	flow to Schedule C	automatically when th	e "Stat
Returns and allowances				and the "Special ta	ax treatment" code sel	ected on
Other income				screen W2 is "1"	through "9."	
Part II - Expenses				Part III - Cost of	Goods Sold	
Advertising	450	19 Pensions/profit share		33 Inventory valu	uation method (if not cor	st)
Car and truck expenses AUTO +/-		20 Rent-vehicle machinen	v	Lower of	cost or market	
0 Commissions and fees		Rent - Other		C Other SC	сн	
1 Contract labor		21 Renairs/maintenance	1300	34 Change in m	nethod:	Yes SCH
2 Depletion DEPL =		22 Supplies		35 Beginning in	ventory	346
3 Depreciation Form 4562+/-		23 Taxes and licenses	400	36 Purchases la	ess nersonal	
Depreciation adjustment (AMT) t/-		24 Travel		37 Cost of labor		
A Employee benefits		Meals and entertainment	•	39 Materials and	deupplies	2917
E Incurance	1650	26 Litilities	5275	30 Other costs	a supplies	
6 Interest medices Form 1009		25 Unites	28000	39 Outer costs		346
b Interest - moligage		20 wages		41 Ending inven	Itory	010
		27a Other expenses	F 0000	Dest IV Jaferra	ation on view viehiel	
/ Legal and professional services		30 Business use of your no	me	Part IV - Inform	auon on your venicio	e <u>Auro</u>
8 Office expense		32b Some investment is f	NOT at risk Form 6198			
Dead Sold hale	OEUI	Taxpay	er disposed of business duri	ng 2017 For st	tate use ONLY	
amily nealth coverage Read field help		Carry to	o 8960 line 7	□ Na	ative American income	
ncome to be excluded Per Notice 2014-7		Exemp	t notarv income	E Mi	litary Spouses Residen	ce Relief Act
Regula	ar Tax	AMT Meals	subject to DOT hours of servi	cerules IIC #	e l	
Regula	ar Tax	AMT	subject to DOT hours of servi boy excluded from SE	ce rules LLC #	ŧ I	
Regula	ar Tax	AMT   Meals  Paper  Cloray Sol	subject to DOT hours of servi boy excluded from SE	ce rules LLC #	ŧ	
Prior unallowed passive operating	ar Tax	AMT Meals	subject to DOT hours of servi boy excluded from SE hedule C	LLC #	ŧ I	

Figure 48: Screen C, Schedule C - Profit or Loss from Business

Press ESC to return to the Data Entry Menu.

#### DEPRECIATION

Drake Tax provides six data entry screens for depreciation. On the **Income** tab of the **Data Entry Menu**, the six screens are grouped in a section labeled **Depreciable Assets**. Selection options include screen 4562 - **Depreciation Detail**, and five additional screens containing data entry fields for additional parts of Form 4562. The 4562 screen is usually the only screen needed for entering depreciation. Screens 6 - 9 are used to complete Form 4562 in situations where another fixed asset or depreciation program is used to account for fixed assets. Screen 10 is used to elect out of bonus depreciation. You can also access screen 4562 from the depreciation fields on screens C, F, and E by simply clicking the Form 4562 link or double-clicking the field (Figure 49).

Pa	nt II - Expenses	
8	Advertising	450
9	Car and truck expenses AUTO +/-	
10	Commissions and fees	
11	Contract labor	
12	DepletionDEPL =	
13	Depreciation Form 4562+/-	
	Depreciation adjustment (AMT)+/-	
14	Employee benefits	
15	Insurance	1650
16	Interest - mortgage Form 1098	
	Interest - other	
17	Legal and professional services	
18	Office expense	

Figure 49: Depreciation Link to 4562

To generate a Form 4797, Sale of Business Property, complete the **If sold** section of the **4562** screen (Figure 50). The only required fields are **Date sold**, **Property type**, and **Sales price**. For the Taxpayers' return, there are two depreciable assets: Thomas's delivery vehicle and a new pizza oven. To open the **4562** screen, enter 4562 in the selector field and press ENTER. Enter the following information on the **4562** grid data entry screen:

Fields	Asset 1 - Data	Asset 2 - Data
Form	AUTO	С
Multi-Form Code	1	1
Description	DELIVERY CAR	PIZZA OVEN
Date Acquired	01-25-2017	05-15-2017
Cost	8000	5200
Business % Use	100	100
Used Prop	CHECKMARK	(Leave blank)
Listed Prop Type	V	(Leave blank)
Method	М	М
Life	5	7
Bonus Depreciation	leave blank	0

# Note

If there is an entry in any of the **Current-Year Mileage** fields on the **AUTO** screen (**Business**, **Commuting**, or **Other**), Drake figures the business use percentage for the vehicle on the **4562** screen.

Figure	50:	4562	Grid	Data	Entry
--------	-----	------	------	------	-------

MFC	Description	Date Acq	Cost		% Use	Used	LPT	Method	Life	Prior Depr	Prior 179	Prior Bonus	Prop type	Grp Sale #
-	DELIVERY CAR	01-25-2017		8000	100	X	V	M	5					
1	I PIZZA OVEN	05-15-2017		5200	100			M	7					
										r			1	
						Help		Item De	tail	Delete F	low(s)	Save		Cancel
	MFC	MFC Description 1 DELIVERY CAR 1 PIZZA OVEN	MFC         Description         Date Acq           1         DELIVERY CAR         01-25-2017           1         PIZZA OVEN         05-15-2017	MFC Description Date Acq Cost 1 DELIVERY CAR 01-25-2017 1 PIZZA OVEN 05-15-2017	MFC         Description         Date Acq         Cost           1         DELIVERY CAR         01-25-2017         8000           1         PIZZA OVEN         05-15-2017         5200	MFC         Description         Date Acq         Cost         % Use           1         DELIVERY CAR         01-25-2017         8000         100           1         PIZZA OVEN         05-15-2017         5200         100	MFC         Description         Date Acq         Cost         % Use         Used           1         DELIVERY CAR         01-25-2017         8000         100 X           1         PIZZA OVEN         05-15-2017         5200         100	MFC         Description         Date Acq         Cost         % Use         Used         LPT           1         DELIVERY CAR         01-25-2017         8000         100 X         V           1         PIZZA OVEN         05-15-2017         5200         100         X         V           1         PIZZA OVEN         05-15-2017         5200         100         X         V           1         PIZZA OVEN         05-15-2017         5200         100         X         Y           1         PIZZA OVEN         05-15-2017         5200         100         X         Y           1         PIZZA OVEN         05-15-2017         5200         100         X         Y	MFC         Description         Date Acq         Cost         % Use         Used         LPT         Method           1         DELIVERY CAR         01:25:2017         8000         100         X         V         M           1         PIZZA OVEN         05:15:2017         5200         100         M	MFC         Description         Date Acq         Cost         % Use         Used         LPT         Method         Life           1         DELIVERY CAR         01-25-2017         8000         1001×         V         M         5           1         PIZZA OVEN         05-15-2017         5200         100         M         7           Help         Item Detail	MFC         Description         Date Acq         Cost         % Use         Used         LPT         Method         Life         Prior Depr           1         DELIVERY CAR         01-25-2017         8000         100 ×         V         M         5           1         PIZZA OVEN         05-15-2017         5200         100         M         7	MFC         Description         Date Acq         Cost         % Use         Used         LPT         Method         Life         Prior Depr         Prior 179           1         DELIVERY CAR         01-25-2017         8000         100 X         V         M         5           1         PIZZA OVEN         05-15-2017         5200         100         M         7           Help         Item Detail         Delete Row(s)	MFC         Description         Date Acq         Cost         % Used         LPT         Method         Life         Prior Depr         Prior 179         Prior Bonus           1         DELIVERY CAR         01-25-2017         8000         100 X         V         M         5         Image: Specific Content of Content	MFC         Description         Date Acq         Cost         % Use         LPT         Method         Life         Prior Depr         Prior 179         Prior Bonus         Prop type           1         DELIVERY CAR         01-25-2017         8000         100         X         V         M         5         Image: State St

Now click **Item Detail** or press F3 to view the **4562** screen in full screen mode. To view each depreciable asset entered, press PAGE DOWN (Figure 51).

Form 4562 For: AUTO  (A, C, E, Multi-form code: 1 (1-999; 7)	F, 2106, 4835, AUTO, 1 is assumed if left b	8829, K1P, K1S) lank)	*Use <f3> to swite <u>Video: Group S</u></f3>	ch to grid mode* <u>ales</u>	CA
Description	Date Acquired	Cost us	siness% Used e Prop	Listed Prop Type	
DELIVERY CAR	01-25-2017	8000	100 🔽	V -	
Property type12		State	A	мт	Book
Building qualifies for Section 1.263(a)-3(h) election	Federal	(if different	) (if dif	ferent)	(if different)
Method	M 🗾				
Life				<u> </u>	
Prior depreciation					
Salvage value					
Override regular depreciation	=	=	=	=	
179 expense elected this year	=	=	_	=	
179 expense allowed this year	=	=	_	=	
179 expense elected in prior years			_	ļ	
179 expense allowed in prior years			_		
Bonus depreciation Additional Depr Elections	=	=	_	=	
Prior bonus depreciation. Safe Harbor			_	ļ	
Basis ONLY if different from cost	=	=		=	
Land cost (Do NOT include in cost above)					
Date placed in service (ONLY if different than date acquired)					
Force convention	= •	Qualified Real Prop erally declared disaster	erty area	•	
Code section	deduction 🗆 🗖 🗆	isaster assistance pro	perty 🗌 GO Z	one Extension pro	perty

Figure 51: Item Detail for 4562 Sci	een
-------------------------------------	-----

#### Figure 52: Item Detail (Full Screen View)



The Taxpayers will not elect out of bonus depreciation for the delivery car, but they will elect out of bonus depreciation for the pizza oven (see Figure 52). To elect out of 50% bonus depreciation per individual asset, enter a zero (0) on the **Bonus depreciation** line in the **4562** screen for that asset. When choosing to elect out of bonus depreciation for *all* assets, go to screen **10** (Additional Depreciation Elections). To open the **10** screen, enter 10 in the

selector field and press ENTER. Check the box to elect out of 50% bonus depreciation for *all* assets placed in service for 2017. Screen **10** is also accessible from the **Additional Depr Elections** link on screen **4562** for that asset. The checkboxes in the **Form 4562** heading on the **ELEC** screen can be used for other Form 4562 elections. Press ESC to return to the **Data Entry Menu**.

i to ciece out of bolius depreciatio	n for all class	ses, mark and box.
Il Assets f "Bonus" is marked below honus der	preciption on	nlies to all eligible
assets placed in service.	neciation ap	pries to an engible
	Bonus	0%
3 - Year Property		
5 - Year Property		
- Year Property	🗖	
0 - Year Property		
5 - Year Property		
0 - Year Property		
9 - Year Property (QIP only)		
Elect 50% bonus depreciation on a TE: These elections apply only to ass	assets place sets placed i lepreciation	d in service after 09-27-2 n service during the

# AUTO MILEAGE FOR SCHEDULE C

Information on the Thomas Taxpayer's 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 from the following table on the **Auto Expense worksheet** screen (Figure 54).

The vehicle was used primarily by the owner and was not available for personal use. Thomas maintains a written policy prohibiting personal use of the vehicle and has written evidence to support the miles driven. Choose to let the software determine the mileage rate.

Fields	Delivery Vehicle Data
For	С
Description	DELIVERY CAR
Date placed in service	01-25-2017
Was the business vehicle available for personal use during off-duty hours?	NO
Did the taxpayer (or spouse) have another vehicle available for personal use?	YES
Does the taxpayer have evidence to support this deduction?	YES
If "Yes," is the evidence written?	YES
Current-Year Mileage: Business	50000

Auto Expense worksheet	Video: Car and Truck	Expense	<u>s</u>
For C Y MFC	Note: Do NOT enter the business use percentage for this auto on the 4562 screen. The business use percentage computed for this auto will be automatically applied.		
Description	DELIVERY CAR		
Date placed in service	01-25-2017	Voe	No
Was the business vehicle available fo	r personal use during off-duty hours?	Г	1
Did the taxpayer (or spouse) have and	other vehicle available for personal use?		Г
Does taxpayer have evidence to supp	ort this deduction?		Г
f "Yes," is the evidence written?			Г
Business 50000	Commuting Other		
Expenses			
Garage rent	Repairs		
Gas	Tires		
Insurance	Tolls		
Licenses	Other Expenses Apply bus	iness us	е %
Oil			
Parking fees			
Rental fees			
Interest	Force expenses		
Property Tax			
Prior Years Mileage			

Press ESC to return to the Data Entry Menu.

## **ELECTION OPTIONS**

The **ELEC** screen has checkboxes to indicate "elections" from the Internal Revenue Code. If any boxes on this screen are selected, the program generates an "ELECTION" page listing the elections when the return is viewed. To attach an additional statement detailing an election, go to the **SCH** screen and select **E** – **Election Explanation** for the type of schedule.

## **DUE DILIGENCE CHECKLIST AND ASSISTANCE SCREENS**

The IRS requires tax return preparers complete Form 8867, Paid Preparers' Earned Income Credit Checklist, for all taxpayers applying for Earned Income Credit (EIC). Use the Due Diligence screens in Drake Tax to record and retain inquiries made of taxpayers to ensure that they meet EIC and other credit eligibility requirements.

Questions on screen **8867** cover the **Earned Income Credit** (**EIC**), the **Child Tax Credit** (**CTC**) and **Additional Child Tax Credit** (**ACTC**), and the **American Opportunity Tax Credit** (**AOTC**). To open this screen, enter 8867 in the selector field and press ENTER.

Answer the applicable questions and the program will mark the proper forms for whichever credits the taxpayer is claiming. In Thomas and Tasha Taxpayer's return scenario, the adjusted gross income is over the limit to qualify for the Earned Income Credit (Figure 55).

The **Due Diligence Assistance** screen (**DD1**) provides supplemental questions to help ensure a more comprehensive interview with each taxpayer. Screen **DD1** is a tabbed screen, with a tab for answering qualifying child questions, income questions, and for Head of Household questions. While the IRS does not require answers to these supplemental questions to be submitted with the return, these screens provide a means of collecting valuable supporting documentation in case of a due diligence audit.

Screen **DD2**, **Due Diligence Notes**, provides a place to record information unique to each client and provides additional supporting documentation in case of a due diligence audit.

The DD1 and DD2 screens are supplemental to the required Due Diligence Checklist (8867 screen), but you can require that the screens be completed with each Form 8867. In the Home window menu bar, select Setup > Options > Administrative Options tab and select Require due diligence assistance screens to be completed (or on a per-return basis, open the PRNT screen and select Print DDASSIST).

In some cases, a taxpayer may not be eligible for EIC, even though the information on the tax return indicates otherwise. To block the program from calculating EIC, type NO into the **EIC Blocker** in the **Additional EIC Information** section of the **8867** screen.

See Screen Help, FAQs and online help for further information and links to IRS documents and other resources related to these requirements.

#### Figure 55: Screen 8867, Form 8867 - Earned Income Credit Checklist Form 8867 - Due Diligence Checklist Video: Due Diligence Video: EIC Troubleshooting Paid Preparer Due Diligence Requirements. Use this screen to complete the parts of Form 8867 that are not included on screen 8863 or screen 2. Screens DD1 and DD2 can assist you with due diligence. Due Diligence Assistance Due Diligence Notes Yes No N/A I▼ □ 1 Did you complete the return based on information for tax year 2017 provided by the taxpayer or reasonably obtained by you?..... 3 Did you satisfy the knowledge requirement? To meet the knowledge requirement, you must interview the taxpayer, ask questions, document the taxpayer's responses, and review information to determine that the taxpayer is eligible to claim the credit(s) and for what amount. 4 Did any information provided by the taxpayer, a third party, or reasonably known to you in connection with preparing the return appear to be incorrect, 7 complete, or inconsistent? (If "Yes," answer questions 4a and 4b. If "No," go to question 5).... 4a Did you make reasonable inquiries to determine the correct or complete information?.... 4b Did you document your inquiries? (Documentation should include the questions you asked, whom you asked, the information that was provided, and the impact the information had on your preparation of the return). ГГ In addition to your preparation or are realf(). Did you satisfy the record reletion requirement? To meet the record reletion requirement, did you keep a copy of any documents provided by the taxparer that you relied on to determine the eligibility or to compute the amount for the credits? In addition to your notes from the interview with the taxpayer, list those documents, if any, that you relied on. Additional entries for this section can be made on screen 8863 and screen 2. 6 Did you ask the taxpayer whether he or she could provide documentation to substantiate eligibility for and the amount of the credits claimed on the 7 Did you ask the taxpayer if any of these credits were disallowed or reduced in a previous year? (If any credits were disallowed or reduced, go to question 7a, if not, go to question 8). 7a Did you complete the required recertification forms?.... Form 8862 NOTE: If neither the taxpayer nor spouse is reporting self-employment income on Schedule C, check the N/A box. 8 If the taxpayer is reporting self-employment income, did you ask adequate questions to prepare a complete and correct Schedule C?..... TIP: The "Income" tab on screen DD1 can assist you with due diligence for Schedule C. NOTE: If your client is eligible to claim the EIC for taxpayers without a qualifying child, answer question 9a and skip questions 9b and 9c. 9a Have you determined that this taxpayer is, in fact, eligible to claim the EIC for the number of children for whom the EIC is claimed, or to claim EIC if the taxpayer has no qualifying child?...... 9b Did you explain to the taxpayer that he or she may not claim the EIC if the taxpayer has not lived with the child for over half the year, even if the taxpayer has supported the child?... Г Г 9c Did you explain to the taxpayer the rules about claiming EIC when a child is the qualifying child of more than one person (tie-breaker ГГ 12 Do you certify that all of the answers on this 8867 are, to the best of your knowledge, true, correct and complete?..... The following four questions must be answered for all credits listed above. Yes No Was the taxpayer, or spouse if filing jointly, a nonresident alien for any part of the year?... ~ Could the taxpayer, or spouse if filing jointly, be a gualifying child of another person for the year?..... Was the taxpayer's main home, and the main home of the spouse if filing jointly, in the U.S. for more than half the year?.... Is the taxpayer, or spouse if filing jointly, eligible to be claimed as a dependent on anyone else's federal income tax return for the year?..... For taxpayers living in the Harvey, Irma, or Maria disaster area EIC Calculation Overrides -= EIC Blocker - Enter "No" if they do not qualify for EIC..... 6 Investment income.

# AFFORDABLE CARE ACT

Under the provisions of the Affordable Care Act (ACA), all Americans must have healthcare coverage, and the federal government, state governments, insurers, employers, and individuals share the responsibility for paying for that coverage. Those who don't have coverage may be exempt from coverage or be liable for penalties. The information about taxpayers' healthcare coverage is reported on their annual 1040 returns.

#### **Health Care Tab and Screens**

The **Health Care** tab on the **Data Entry Menu** includes five screens to help you complete the ACA information and forms for your clients (Figure 56).

Figure 56: A healthcare tab has been added to the Data Entry Menu



The screens and their uses are as follows:

- Screen **HC** For general healthcare coverage information: whether or not the taxpayer and his or her "tax household" had coverage and whether or not any coverage was through the Marketplace.
- Screen 95A Used to complete Form 8962, to calculate the amount of the Premium Tax Credit, and reconcile that amount with any Advance Payment Tax Credit paid. (This information is available from the taxpayer's Form 1095-A, Health Insurance Marketplace Statement).
- Screen **8962** Used in special circumstance (married taxpayer seeking relief from the requirement to file a joint tax return in order to claim the Premium Tax Credit; taxpayer moved to or from Alaska or Hawaii during the tax year; taxpayer is using alternative calculation for year of marriage.
- Screen **8965** Use for reporting exemptions from purchasing healthcare coverage or paying the resulting penalty for noncompliance.
- Screen PLUC Use the Premium Lookup and Calculation (PLUC) screen for looking up the second-lowest cost Silver and lowest Bronze plans, auto-filling the necessary fields on screen 8965 for each member of the tax household, and completing a Marketplace Coverage Affordability Worksheet (WK\_89654), which computes what insurance coverage would have cost if the taxpayer or anyone in his or her tax household was not covered during the year.

In addition to information available in Chapter 5 of the 2017 Drake Tax User's Manual, Drake Software has also produced the following ACA Reference Guides:

- ACA Reference Guide
- ACA Quick Reference Guide
- ACA Employer Mandate Quick Reference Guide

The Taxpayer family had healthcare coverage for the entire year through Tasha's job as a schoolteacher, so the **HC** screen is the only screen that needs to be completed (Figure 57). To open this screen, enter HC in the selector field and press ENTER. Select the **YES** box at the top of the screen. This causes the **Full-year coverage** box on line 61 of the Form 1040 to be selected when the return is calculated.

Press ESC to return to the Data Entry Menu.

#### Figure 57: HC Screen



## **STATE AND CITY RETURNS**

When a return is prepared, Drake Tax automatically generates state returns based on data entered for the federal return. Calculation is based on the state entered on screen 1 for resident state and on the state codes indicated on other forms (W-2, Schedule C, 1099, Schedule B, etc). Click the **States** tab in data entry to view a list of states. Click any state from the list or enter the two-letter state code in the selector field to access the **Data Entry Menu** for that

state. For states that To access city screens (if applicable) enter a city code into the selector field, or select the **Cities** tab inside that state's **Data Entry Menu**. In Figure 58 the Ohio Data Entry Menu includes a **School District** tab, **Cities Tab**, and others. The status bar at the bottom of each **Data Entry Menu** supplies you with return specific information such as the return status, return type, and current package.





# SCHEDULE K-1

Screens for Schedule K-1 can be accessed from the **Income** tab of the federal **Data Entry Menu**. The program contains three types of K1 screens: K1P for partnership income; K1S for S corporation income; and K1F for fiduciary income. Enter information directly on a K1 screen, or export K-1 information from the return of a pass-through entity (such as a partnership or S corporation) into an individual return.

These screens are not applicable for the Taxpayers' return.

## **ESTIMATED TAXES**

Use the **ES** screen, **Form 1040-ES - Estimated Tax Payments**, to enter by quarter, the 2016 overpayment that was applied to 2017, estimated taxes paid for 2017, and to e-file state estimated tax payments and vouchers for states that allow it. Although many estimated tax calculations are automatic in Drake Tax, the ES screen can be used to make other necessary entries or overrides. Type ES in the selector field and press ENTER to open the ES screen.

The ES screen is divided into Federal and State and City sections, which are divided into two columns, one for Estimated Tax Payments Already Paid for This Year and one for Estimated Tax Payments to be Paid for Next Year. If you have multiple states and cities, press PAGE DOWN to open additional ES screens.

#### **Estimated Taxes Already Paid**

Use the **Estimated Taxes Already Paid for This Year** column to enter the overpayment that was applied from the previous year and, by quarter, the estimated taxes already paid for this year. The standard estimate payment dates are automatically applied in Drake Tax. If any of these dates are different, enter the correct dates in the applicable override fields.

The Taxpayers' made four estimated payments for 2017, each payment was made on the standard due date. Use the following table to enter their payments in the ES screen.

Quarter	Amount
1st Qtr.	250
2nd Qtr.	250
3rd Qtr.	250
4th Qtr.	250

#### **Estimated Taxes to be Paid**

Use the **Estimated Taxes To Be Paid for Next Year** column to enter the amount of overpayment to apply to next year and, by quarter, the amount desired on each payment voucher. Select the appropriate estimated tax and overpayment codes in the **ES Code** and **OP Code** fields, respectively.

#### **Printing Estimate Vouchers**

Drake Tax calculates the balance due and generates this year's payment vouchers (Form 1040-V). Drake Tax also calculates and generates estimate vouchers for next year's payment by default, unless N - Prevents vouchers from being printed is selected from the ES Code drop list. Click the ES Code field and press F1 to see the codes and their descriptions. All vouchers include the taxpayer's SSN, name, and address.

#### **Making Estimated Tax Payments**

Make *federal* estimated tax payments by debit card or credit card using the Drake e-Payment Center at *1040paytax.com*. See the link at the top of the **ES** screen. Both *federal* and *state* estimated tax payments can be made through the **PMT** screen. Use the **PMT** link on the right side of the **ES** screen.

#### Review

The Taxpayers' return will not require any more entries for this exercise. The remaining sections discuss the use of other commonly used screens such as amendment screen X (1040X), DD (Direct Deposit) screen, EXT (Extension) screen, and more. The next two chapters, "Calculate, View, & Print the Return" on page 109 and "E-file the Return" on page 129, continue basic 1040 return completion and e-file in Drake Tax. For more individual return practice scenarios, see "Practicing e-Filing" on page 138 and "Practice Returns" on page 241.

# FAQ SCREEN

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



#### Figure 59: Federal and State FAQ Screens

# **DIRECT DEPOSIT**

Use the **DD** (**Direct Deposit Information**) screen for direct deposits of IRS refunds into the taxpayer's checking or savings account. To access the **Direct Deposit Information** screen, enter DD in the selector field and press ENTER. (Figure 60).

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 generates Form 8888, Allocation of Refund (Including Savings Bond Purchases). This form can be paper-filed or e-filed. If only one account is entered, direct deposit information for the single account is printed on lines 76b, 76c, and 76d of the 1040.

Notes

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. If these fields are left blank, no state or city refund will be deposited into an account.

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

If the taxpayer chooses to purchase Series I Savings Bonds from all or part of his or her tax refund, enter the information on the **BOND** screen. To open the **BOND** screen from the **DD** screen, click the link at the top of the screen or press PAGE DOWN.

#### Figure 60: DD Screen, Direct Deposit Information

Direct Deposit Information			U.S. Savings Bond Purchases			
NOTICE FOR STATE DIRECT OUTSIDE the United States.	DEPOSITS: Tax preparers are requ If the answer is YES, mark the ap	uired to ask the propriate "Fore	taxpayer if the account where the ign" check box.	e refund will be depo	osited is located	
NOTE: MULTIPLE DIRECT DE If a refund is direct-deposite be mailed to the taxpayer in	POSITS LIMITED. Due to new IRS r ed, in part or in whole, into a bank a the form of a paper check.	egulations, no i account into wi	more than three refunds can be di hich three refunds have already be	rect-deposited into een direct-deposited	any one bank account. I, the entire refund will	
Account Information						
Account #1						
Deposit selection:	Federal selection	-	Federal deposit amoun	t	=	
	State/city selection	-	State deposit amount		=	
Name of financial institutio	n	RTN	Account number	Type of account		
				Checking	C Savings	
1	-	-	-		Savings	
Check if account is	Repeat account information			1 Onecking	j Gavings	
Check if account is						
	ional account information halo		NUV if you are depositing t	ha fadaral		
CAUTION: The addit	Ional account mormation bein	w is necessar	Ty ONLY If you are depositing t	ne lederal		
retund int	to multiple accounts or using a	separate acc	count for any state refund.			
Account #2	Fordered appleation	-	E desta de servicio			
Deposit selection.	Pederal selection		Federal deposit amoun	L	=	
	State/city selection		State deposit amount		=	
Name of financial institution		RTN	Account number	Type of account		
					C Savings	
1		-	_	E Checking	E Sovinge	
	Repeat account information	1		1 Checking	j Savings	
Check if account is	🗖 IRA 🔲 Foreign					
Account #3						
Deposit selection:	Federal selection	-	Federal denosit amoun		=	
	State/city selection	-		<b>.</b>		
		_	State deposit amount		=	
Name of financial institution	n	RTN	Account number	Type of account		
				Checking	Savings	
1	Depent execut information		-	Checking	C Savings	
			1			
Check if account is	I IRA I Foreign					
State Specific Information -						
If this screen is for GA:						
Proof of account:	Check Cother					
If this screen is for OH:						
The taxpayer has read Acceptance of the Ohio automatically deposite	and understands the terms of the D Direct Deposit Disclosure stateme d into an account by the Ohio Depar	Direct Deposit Di ent is required fo rtment of Taxatio	isclosure statement and accepts its or all taxpayers having any portion o on.	s conditions. f their refund		
Ohio College 529 plan	S					
NV College 520 plana						
TAT College 528 plans						
	Press PAGE DO	OWN to enter be	ond information.			

# **ELECTRONIC PAYMENT OPTIONS**

Electronic payments can be made by credit card, debit card, or electronic funds withdrawal (direct debit).

#### Pay Balance Due with Credit or Debit Card

Drake Tax offers two options for paying a balance due with a credit or debit card (MasterCard<sup>®</sup>, Visa<sup>®</sup>, American Express<sup>®</sup>, or Discover<sup>®</sup>):

• Integrated File and Pay (IFP) — Complete the taxpayer's return and *then* complete the IFP screen (accessible on the Miscellaneous tab). On the IFP screen, select the form (1040 or 4868) associated with the payment. Then click the Authorize Credit Card button, enter the card information, and submit the authorization. The credit or debit card is charged *after* the e-filed return is accepted by the IRS.

<u>Important</u>: If the return is rejected, or not accepted within 21 days of card payment authorization, the authorization is automatically cancelled. You must then complete the authorization step *again* prior to retransmitting the return.

• **Drake e-Payment Center** — Taxpayers can use the Drake e-Payment Center, located at *1040paytax.com*, to pay a balance due by debit or credit card *after* the return has been filed. This website can also be used to pay quarterly estimated tax payments, prior-year balances, installment agreements, and some business taxes.

#### **Electronic Funds Withdrawal (Direct Debit)**

Use the **PMT** screen, accessible on the **General** tab, 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, enter PMT in the selector field and press ENTER.

## SIGNING THE RETURN

An e-filed tax return must contain electronic signatures of the taxpayers and the ERO in order to be accepted. Electronic signatures are produced using PINs.

#### Form 8879

Form 8879, an electronic signature document used to authorize e-file, allows taxpayers to select a PIN signature. It also authorizes the ERO to enter the taxpayers' PIN signatures authorizing electronic funds withdrawal (direct debit) for tax payments.

# Note

The signed Form 8879 does not have to be mailed to the IRS. It must instead be retained by the ERO for three years. See Form 8879 instructions for more information.

Use the **PIN** screen, accessible on the **General** tab, to electronically sign the return and produce Form 8879, IRS e-file Signature Authorization. See "Signing the Return Electronically" on page 130 for instructions on completing the PIN signatures for the Taxpayers' return.

# **EF OVERRIDE OPTIONS**

By default, the program designates all eligible federal and state forms for e-file. Use the **EF** screen, accessible on the **General** tab, to override program defaults on a per-return basis.

The **EF** screen allows you to suppress federal and state e-file on a per-return basis. For more information on the **EF** screen, see "Designating EF Options" on page 131.

# **BANK PRODUCTS**

Bank products are available through EPS Financial, Refund Advantage, Refundo, Republic Bank & Trust, River City Bank, and Tax Products Group. Indicate the bank you use for bank products in **Setup > Firms**.

Once you select a bank in **Firm Setup**, the corresponding bank screen is activated. Enter bank information on the **EPS** (EPS Financial), **RA** (Refund Advantage), **RF** (Refundo), **RB** (Republic Bank & Trust), **RCB** (River City Bank), or **TPG** (Tax Products Group) screen, as applicable. Do *not* enter information on the **DD** (**Direct Deposit Information**) screen if you are entering information on a bank screen.

# **IRC SECTION 7216 REGULATIONS**

Internal Revenue Code (IRC) section 7216 contains regulations for tax return preparers regarding the use and disclosure of their clients' tax information to third parties, such as banks.

The IRC section 7216 regulations are explained to the taxpayer through the *Consent to Use of Tax Return Information*, which can be found in the **USE** screen. The taxpayer (and spouse, if filing Married Filing Jointly) must sign the consent form before the return is prepared. We will not complete this information for the Taxpayers' return in this exercise.

The *Consent to Disclosure of Tax Return Information* contains banking-option information and explains the IRC section 7216 regulations to the taxpayer. It must be signed and dated by the taxpayer (and spouse, if filing Married Filing Jointly) *before the return is e-filed* and the information submitted to a third party, such as a bank. If a bank product has been selected on a bank screen, the software generates this form automatically when the return is viewed. This can be found in the **DISC** screen.

Since none of the Taxpayers' tax information will be disclosed to a third party, we will bypass the *Consent to Disclosure of Tax Return Information Form*.

Drake Tax offers several options for making these forms available to your clients, including printing forms in batches and having clients provide their signatures electronically in their returns. For detailed instructions, see Chapter 7 of the 2017 Drake Tax User's Manual.

# FILING AN AMENDED RETURN

Amended returns cannot be e-filed, but they can be prepared for paper-filing using Drake Tax. A return must be established in Drake Tax before the amended version can be created. If the original return was created using a different program, you must create the return in Drake Tax and enter basic taxpayer information (filing status, address, etc.) before amending the return.

To create an amended return in Drake Tax:

- 1. Open the return to be amended.
- 2. From the Other Forms tab, click X, 1040X Amended Return.
- 3. To have the program autofill the 1040X screen with data from the original return, click Yes. To leave the fields blank, click No.
- **4.** If there is also a state return to be amended, open the state return at this point and follow steps 2 and 3 for the state return before moving to step 5.
- 5. Enter all applicable data on the 1040X screen.
- 6. Revise any other sections of the original return as needed.

Form 1040X - For 2017 Returns Video: Amending a Return			State Info	State Information	
<u>ay</u>	balance due with debit card or credit card (MC, V	(IS, DISC)			
Am	ounts as on ORIGINAL return		2		
1	Adjusted gross income				8911
2	Itemized or standard deduction				1356.
4	Exemptions				2025
6	Tax				/36
7	Credits				410
9	Healthcare: individual responsibility				
10	Other taxes				627
12	Federal income tax withheld				754
13	Estimated tax paid				
14	Earned income credit	1			100
15	Refundable credit	<u> </u>	8812		1000
16	Amount paid with original return or 4868	DRAKE 2017 - Data Entry	×		995
18	Overpayment				
Pa	rt I - Exemptions	Auto Fill Screen?			
24	Taxpayer and spouse				= 2
25	Children who lived with you		1		
26	Children who did not live with you	Yes No			=
27	Other dependents				=  \
29	Exemption amount				20250
An	nounts and information for AMENDED return			-	
1	AGI includes net operating loss carryback				
7	Credit amount includes general business of	credit carryback			
15	Other refundable credit			+/-	
23	Refund applied to 20 estimated tax	,			
	the Description of Logical Comparison Fund				
Ра	rt II - Presidential Election Campaign Fund				
Ξ	Taxpayer did not want \$3 to go to Presidential E	lection Campaign Fund but does r	low		
	Spouse did not want \$3 to go to Presidential El	ection Campaign Fund but does n	ow		
Pa	rt III - Explanation of Changes 👩				
Г	O				
L	-				

Make sure you have a backup copy of the original return *before* you change any data. You can create both a PDF copy and a backup client file in Drake Documents if you archive the return ("Archive Manager" on page 118).

# FILING AN EXTENSION

To apply for an extension using Drake Tax:

- 1. Open the return for which an extension application is being filed.
- 2. From the Other Forms tab, click EXT, Extension Forms 4868 & 2350.
- **3.** Make the applicable selection from the **4868** drop list (if filing Form 4868) or the **2350** drop list (if filing Form 2350).
- 4. Enter all applicable information, including the amount to be paid with the extension.

For further instructions, see the Screen Help for the EXT screen.

	Figure 02. Exte		
Extension Forms	Pay balance due with credit card	d (MC, Vis, Disc, AmEx)	State Informatio
<ul><li>✓ 4868</li><li>✓ 2350</li></ul>	Video: How to File Exten	isions	<u>HI ND</u>
A			
Torpover is poving the entire amount	oftov duo		
Taxpayer is paying the entire amount	n and is now ready to file a regular.	roturo	
	in and is now ready to me a regular	return.	
Form 4868 Application for Automatic Exter	ision of Time to File		
Total tax liability for 2017		=	
Federal income tax withheld		=	
2017 estimated tax payments		=	
Other payments and credits		=	
Out of the country and a U.S. citizen or	resident		
File Form 1040NR or 1040NR-EZ and	d did not receive wages subject to L	J.S. income tax	
I request an extension of time until Previously granted an extension this y Need additional time to allocate movi	rear ng expenses		
Date taxpayer first arrived in the foreign c	ountry		
Date qualifying period begins/ends	Begins	Ends	
Foreign nome address		(ID ACCESS-	
City			
Dete texperies expects to return to the Unit	ted States		
Date taxpayer expects to return to the Oni	ieu states	I	
Form 2350 signature explanation			
1			
Produce 1040-V for extension	Amount to print on 104	0-V	
	, and and to print on You		
xtended Due Date For Taxpayers Abroad			

#### Figure 62: Extension

#### e-Filing an Extension

If e-filing an extension application, complete the **EXT** screen, and then select the applicable form number on the **EF** screen. For more information on the **EF** screen, see "Designating EF Options" on page 131.

#### **ETD Messages**

When e-filing a 1040 extension, it is necessary to clear all of the errors shown on the ETD\_MSG page. Because you are not sending the actual return, it is not necessary to address other EF messages. *Only the ETD\_MSG page needs to be addressed*.

Select Forms	to View/Print	
All Forms	Sets El	F Federal
🖃 💙 Fi	ederal	
	ETD_MSG	
	MESSAGES	
	Notes Page	
	ACANOTES	
	EF Status	
	Form 1040	
	Schedule A	
	Schedule C	
	Schedule SE	
	Form 2441	

Figure 63: ETD Message

# **PDF ATTACHMENTS**

Binary, or PDF, files can be attached to certain tax forms. These attachments are generally signature or third-party documents such as a copy of a divorce decree, bankruptcy papers, a signed lease, or a signed appraisal statement, transmitted with the return. In some instances, the IRS or state requires that a document be attached to an e-filed return; in other instances, a document can be attached voluntarily. In either case, a PDF file must be available to be attached to the return in order to be e-filed with the return.

#### **The PDF Attachment Process**

Three main steps are involved in the PDF attachment process in Drake Tax:

- 1. Create a PDF file to be attached.
- 2. Use the PDF screen (accessible on the General tab) to inform the program that a PDF file will be attached to the *federal* return (Figure 64). This step is *not* necessary if the program notifies you that a PDF attachment is required.
- **3.** Attach the PDF file to the return.

Once step 2 is completed, the program generates an EF message regarding the attachment when the return is calculated. This EF message provides step-by-step instructions on how to attach the PDF file to the return. For more detailed instructions, go to the **FAQ** screen and click topic GG, "Attaching a PDF Document to the Return."

# Figure 64: PDF Attachments Screen

PDF Attachments	Video: How to attach a PDF						
The IRS allows taxpayers to document or form should be	e-file signature documents, third-party attached.	documents, and columnar-format information. No other					
Examples of allowed documents:							
Signed copy of a lease or a signed appraisal statement							
Art appraisals f	Art appraisals for noncash charitable contributions						
263A cost calcu	llations as determined under Reg. 1.2	63A-1(e)(3)					
To attach a PDF document:							
1. Convert all docume	nts to be attached into PDF format. (Cl	lick the screen help for assistance.)					
2. Fill out the columns	below for each document.						
3. View the return and	open the EF message page. (One wil	I be generated with the return.)					
4. Follow the attachme	ent instructions provided on the EF me	ssage page.					
5. When the EF mess	age has been cleared, the documents	have been attached.					
When saving the document i ".PDF" extension. See the s Reference Source	in PDF format, give it a distinctive file n ample columns below for examples. Description	ame that clearly identifies the scanned document. Use a File Name (must end with .PDF)					
Pub. 526	Goya Painting Appraisal Stmt	GoyaPaintingAppraisalStmt.PDF					
Section 472(d)	Effect of write-up to cost	LIF0Effect0fWriteUp.PDF					
Reference Source	Description	File Name (must end with .PDF) See Screen Help for IRS recommended names.					
	Press Page Down for	additional PDF screens.					
### **REVIEW QUESTIONS PART 2**

Answer the questions below. See "Answers Part 2" on page 108. for answers and explanations.

- 1. When creating a new return, which information is *not* required in the **Open/Create a New Return** dialog box?
  - a) Primary taxpayer's SSN
  - **b)** Return type
  - c) Select long form or short form
  - **d)** Primary taxpayer's name
- 2. Which of the following is true? To access a screen from the **Data Entry Menu** using your keyboard:
  - a) enter the screen name in the selector field and press ENTER
  - **b**) enter the screen code in the selector field and press ENTER
  - c) enter a search phrase in the selector field and press ENTER
  - d) All of the above
- **3.** An override field is preceded with a \_\_\_\_\_.
  - a) red plus/minus (+/-) sign
  - **b)** blue plus/minus (+/-) sign
  - c) red equal (=) sign
  - d) blue equal (=) sign
- 4. By default, fields in data entry that must be completed before e-filing are colored:
  - a) green
  - b) blue
  - c) red
  - d) white
- 5. To open another instance of a data entry screen, such as when you complete one W2 screen and you need to create a second one, press:
  - A) ALT+D
  - **B)** ENTER
  - C) SHIFT+ESC
  - **D)** PAGE DOWN

## ANSWERS PART 2

- The correct answer is c) Select long form or short form. The program generates a short form of a return or schedule if the IRS's criteria are satisfied; otherwise, the long form is generated. If you want to make sure the long form is generated for a particular return or schedule, you can suppress the short form on the PRNT screen (Form 1040EZ and/or Form 1040A) or a schedule's data entry screen (screen C for Schedule C). If you want to suppress Form 1040EZ and/or Form 1040A for *all* returns, go to Setup > Options, select the Form & Schedule Options tab, and select your preference on the 1040A/EZ suppress option drop list. Then click OK.
  - a) is incorrect. The primary taxpayer's SSN is required to create a new return.
  - b) is incorrect. You must select the return type so the program creates the correct type of return.
  - d) is incorrect. You must enter the primary taxpayer's name in order to create a return, and a client folder in Drake Documents.
- 2. The correct answer is d) all of the above.
  - a), b), and c) can each be used as an efficient method to access a data entry screen.
- 3. The correct answer is c) Red equal (=) sign. An entry in an override field replaces, or overrides, program calculations.
  - a) and b) are both incorrect. A plus/minus (+/-) sign indicates an adjustment field, which adjusts program calculations by the amount entered.
  - d) is incorrect. Drake does not have any fields preceded by a *blue* equal (=) sign.
- 4. The correct answer is **b**) **blue**. If a required field is left blank, an EF Message is generated that prevents e-filing of the return.
  - a) is incorrect. A green colored field indicates a "flagged" field. Press F2 to flag a field that requires review before completing the return.
  - c) is incorrect. A red colored field indicates that a detailed worksheet has been added to the field. Double-click the field or press CTRL+W in the field to add a detailed worksheet.
  - d) is incorrect. A field colored white is a blank field.
- 5. The correct answer is d) PAGE DOWN. When multiple instances of screens are needed (for example, multiple W2, 1099, or Dependent Information screens), press PAGE DOWN to save the current screen and produce an additional (blank) data entry screen.
  - a) is incorrect. Pressing ALT+D inserts today's date in any date field.
  - b) is incorrect. Pressing ENTER moves the cursor forward one field on a data entry screen.
  - c) is incorrect. Pressing SHIFT+ESC exits a screen without saving changes.

NULLE

# Calculate, View, & 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 Tax automatically saves all data as it is entered. To view a summary of the return results, calculate the return. A return can be calculated at any time during data entry and from anywhere in the return.

Customize how the software functions when calculating and viewing returns in **Setup > Options** on the **Calculate & View/Print** tab.

To view the results of the return on tax forms, see "Viewing and Printing the Return" on page 111.

### **C**ALCULATING THE **R**ETURN

Click **Calculate** on the **Data Entry Menu**, or press CTRL+C from anywhere in the return to calculate the return and view the **Calculation Results** window (Figure 1).

	To	otal Income	Taxable Income	Total Tax	Refund	Balance Due	Payment Method	EF Status
Federal		66,912	34,762	4,309	3,575	0	Receive Check	8
NCD 400		66,912	51,912	2,811	0	664	Check or CC	8
( <u> </u>				m				
Messages	Double click	k on any high	lighted item in the list be	elow to fix the proble	:m:			
Package	Code	Descrip	tion - (right-click for full	description)				
Federal	5084	PREPA	RER PIN MISSING ON	PIN SCREEN, No	preparer PIN has	been entered		
ederal	672	MISSIN	MISSING PIN: The PIN of the filing ERO must be entered on screen PIN					
	4.4	D 110		1 1 1				
NC	11	Paid Pre	eparer and no preparer	phone number enter	red			
۷C	11	Paid Pre	aparer and no preparer	phone number enter	red			
IC	11	Paid Pre	sparer and no preparer	phone number enter	red	Fee Typ	ie l	Amou
NC Return Note NC Electron	11 es.	Paid Pre	eparer and no preparer	phone number enter	red	Fee Typ Preparat	ie ion Fee	Amou \$120.0
<ul> <li>&lt;</li> <li>Return Note</li> <li>NC Electron</li> </ul>	11 est ic Filing NOT -	Paid Pre	eparer and no preparer Message Page	phone number enter	red	Fee Typ Preparat	ie ion Fee	Amou \$120.0
<	11	Paid Pre	eparer and no preparer Message Page	phone number enter	red	Fee Typ Preparat	ie ion Fee	Amou \$120.0
<	11	Paid Pre	eparer and no preparer Message Page	phone number enter	red	Fee Typ Preparat < Total Ta	ion Fee III <b>X Refund:</b>	Amou \$120.0
<     C     Return Note     Return Note     C     Electron	11	allowed - See	eparer and no preparer Message Page	phone number enter	red	Fee Typ Preparat < Total Ta	ion Fee III IX Refund:	Amou \$120.0 2,91

Figure 1: Calculation Results window, Summary tab

The Calculation Results window provides two tabs of information, Summary and Details. The Summary tab has four sections:

- **1.** The calculation summary (top section)
- 2. EF Messages
- 3. Return Notes
- 4. Fee Type and Amount

If a return is *eligible* for e-filing, a green check mark is displayed in the **EF Status** column of the calculation summary. If a portion of the return is *ineligible* for e-filing, a red **X** is displayed in the **EF Status** column and a message appears in the **EF Messages** section. Other **EF Status** indicators are possible. They are listed in the following table:

EF Status Indicator	EF Eligibility
Green checkmark 🥯	Return is eligible for e-file and has no EF messages.
Red X 💈	Return not eligible for e-file due to EF messages.
Accepted	Return has already been transmitted and has received "A" acknowledgment.
Suppressed	Return is ready for e-file (no EF messages) but a checkbox has been selected on the <b>EF</b> screen or an option has been selected at <b>Setup &gt; Options &gt; EF</b> tab that is preventing e-file of the return.
Not Selected	Occurs on any return that is ready for e-file (no EF messages) but has not been selected on the <b>EF</b> screen.
Not Available	Indicates that e-file is not available for a specific state return. Can be used in a federal return for forms that are part of the federal return but cannot be e-filed with the return.

The **EF Messages** section lists e-file message codes and descriptions by package. Some messages do not fit in the **Description** column. Right-click an EF message and select **View Full Text Of EF Message** to open a window that displays the full EF message. Double-click a blue EF message to jump directly to the data entry screen that contains the error. If applicable, the field that caused the EF message is activated. EF messages are listed on a red MESSAGES page in View/Print mode. All EF messages must be cleared in order to make a return eligible for e-filing.

# Note

When you calculate the Taxpayers' return, an EF message will be listed in the **EF Messages** section regarding the PIN signature for the federal return. The next chapter reviews the process for clearing this EF message.

The **Return Notes** section displays informational notes about the return. These notes provide details about the return, but they do not require that changes be made, and they do not prevent e-filing. They are listed on a yellow NOTES page in View/Print mode.

The Fee Type and Amount section lists the preparation fees and, when bank products are present, the bank fees and the net amount of any refund check (or the total of all fees charged if the return has a balance due). (To have the fee and amount displayed here, the Display client fee on Calculation screen option must be selected on the Calculation & View/Print tab of Setup > Options.)

The Details tab displays a printable summary of return amounts (Figure 2).



Federal		
Interest	749	
Vages	47366	
Sch C	20226	
SE Tax	2858	
\GI	66912	
Th care cr	600	
PAX	4309	
Refund	3575	
Income Allocable to the State	51912	
Гах	2811	
Balance Due	664	
		Print
ent Program: Calculation Complete SEI	E MESSAGE PAGE	

Click Continue to return to the Data Entry Menu.

### **VIEWING AND PRINTING THE RETURN**

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

To view or print a return from the **Home** window, click **View** or **Print**, select the return you want to view or print, and click **View**.

To view or print a return from the return's Data Entry Menu, click View or Print.

To view or print a return from a data entry screen within a return, press CTRL+V or CTRL+P, or right-click the screen and select **View Return** or **Print Return**.

### VIEW/PRINT MODE

View/Print mode allows viewing and printing from the same window and makes it easier to see how the printed return will look (Figure 3 on page 113). It consists of five main components:

- 1. A *toolbar* with the following options (see Chapter 3 in 2017 Drake Tax User's Manual):
  - Data Entry Leave View/Print mode and return to the Data Entry Menu
  - **Print** Select options to print, print to PDF, or send an email with the selected pages of the return attached
  - Sign Use with electronic signature pad to digitally sign tax forms in View/Print mode or from the DDM.
  - 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 (See "Archive Manager" on page 118.)
  - Email Encrypt and attach a PDF of the selected forms to an email 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
  - 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. (See item 2 in Figure 3 on page 113.) Click arrows to move through the return; click the **Zoom** icon to zoom in or out.
- **3.** *Category tabs* group documents within a return. (See item 3 in Figure 3 on page 113.) Select a tab to view all documents within the category on the tab.
- 4. A *tree view* showing all documents in a return. (See item 4 in Figure 3 on page 113.) It can be expanded or collapsed. Click plus signs (+) to expand the lists of documents. Click minus signs (-) to collapse the lists.
- 5. A *viewing panel* that displays a preview of the selected document. (See item 5 in Figure 3 on page 113.)

### **Viewing Forms in View/Print Mode**

To view a form in View/Print mode, expand the tree view directory as necessary until you see the form you want to view, then click the name of the form. The form is displayed in the viewing panel.

# NOTE The checkboxes next to the form names are used to select forms for printing, as described in "Printing Forms in View/Print Mode" on page 114.

Drake 2017 View/Print Client Return   TEA,	, MINT (500001005) - (CONTAINS SENSITIVE DATA)	- 0 X
Data Entry Print Setup	Documents eSign Email Refresh Basic View 8615 Export Help Exit	1 6
Select Forms to View/Print	<b>_</b>	
All Forms Sets FF Federal	Watkshaete Missellanaoure Notes/Massages North Carolina	
Enderal	Wolkshouts Inisocialicas Inacesinges Industrational	
ACANOTES Form 1040	5 1040 Department of the Treasury - Internal Revenue Service (99) 2017 OMB No. 1556-0074 RIS Use	Only D o not write or steple in this space.
Form 1040V	For the year Jan. 1-Dec. 31, 2017, or other taxyear beginning , 2017, ending , 20	See separate in structions.
E-1 Kiscellaneous	Your first name and initial Last name	our so clai security number
- Form 9325	MINT TEA	500-00-1005
	in a joint rocart, appeare a maximum and mean	
Form 1040ES June	Home address (number and street), If you have a P.O. box, see instructions. Apl. no.	
	10 CDEADMINE LEAVES	and on line 6 c are correct
Form 1040ES January	City, lown or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).	Presidential Election Campaign
ES Summary	SANTA FF NM 87505	Check here if you, or your spouse if filing
Tax Computation	Foreign country name Foreign province/state/country Foreign postal code a	anity, want \$3 to go to this fund. Checking boxbelow will not change your taxor
	r	You Spouse
Folder Cover Sheet	1 Single 4 X Head of household (with qualifying per son). (S	ee instructions.)
	Statue 2 Married filing jointly (even if only one had income) child's name here.	
Tax Act Impact	Check only one 3 Married filing separately. Enter spouse's SSN above	
Engagement Letter	box and full name here. 5 Qualifying widow(er) (see instruct	ions)
Privacy Policy	Exemptions 6a X Yourself. If some one can claim you as a dependent, do not check box 6a	···· } Boxes checked on 6a and 6b 1
	b Spouse	No. of children Chkifchildunder on Sc who:
	C Dependents: (2) Dependent's (3) Dependent's age (1) Einst name social security number relationship to you for	child taxcredit IIved with you 2
North Carolina		did not live with
	If more than four DUBBLE TEA 400-00-5004 DAUGHTER	(see instructions)
	dependents, see GIAL IBA 400-00-3003 SUN	Dependents on 6c not entered above
🖸 NC D 400	checkhere	Add num bers
	d Total number of exemptions claimed	on ines above ▶ 3
	7 Wages, salaries, tips, etc. Attach Form (s) W-2	7 50,000
	8a Taxable interest. Attach Schedule B i frequired	· 8a
	Attach Form(a) b Tax-exempt interest. Do not include on line 8a 8b	
NL WK_A5	Muachronnis) 9a Ordinary dividends. Attach Schedule B if required	· 9a

#### Figure 3: Enhanced View

### **MESSAGES and NOTES Pages**

When you view a return, red MESSAGES pages may be present. These pages list EF messages that are generated when a return has certain issues that would cause an IRS or state rejection. Each EF message provides a brief description to help you resolve the issue. When these issues are resolved, the return is ready for e-filing. You cannot select a return for e-filing that has a red MESSAGES page in the tree view of a return.

Yellow NOTES pages provides reminders or tips about the tax return but do *not* prevent e-filing of the return. Please read the NOTES pages.

NDTE When preparing to e-file a 1040 extension, it is only necessary to clear the error messages shown on ETD\_MSG pages. Because you are not sending the actual return, it is not necessary to clear the error messages shown on MESSAGES pages.

### **Printing Forms in View/Print Mode**

### **Printing Selected Forms**

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

1. Collapse or expand the tree view directory as needed, then select the forms to be printed by selecting the checkbox to the left of each form. To print all forms in a set (such as the Federal set), select the main box to the left of the set. This causes all sub-boxes in the set to automatically be selected (Figure 4).





- 2. Click **Print** to open the **Print Selection** dialog box. See Figure 5 on page 115. (If you click the arrow next to the **Print** icon, select **Print Selected Forms**.)
- 3. (optional) Select printing options shown in the **Print Selection** dialog box.
- 4. Click **Print** again. All of the selected items are printed using the printer selected in the **Print Selection** dialog box.

Select **Print 'Client Set' watermark** or **Print 'Preparer Set' watermark** to add watermark text to the paper copies of your printed forms. You can also select **Print a custom watermark** and enter the watermark you want to use.

Notes

When printing returns, you can simultaneously create a paper copy and an electronic copy. In the **Print Selection** dialog box, select **Send to DDM** to send a PDF of the selected forms to Drake Documents. You will be given the option of password-protecting the file.

8	e
rake 2017 - Print Document	×
Printer: HardCopyDrakeEducation Tray: Main paper source ▼ Copies: 1 Duplex: □ Drake Documents/SecureFilePro™ Options □ Save to Drake Documents □ Upload to SecureFilePro™	Properties     Drake Settings      Watermark Options     Print a custom watermark     Print 'Client Set' watermark     Print 'Preparer Set' watermark
	Print Cancel

Figure 5: Print Selection dialog box

### **Printing Selected Forms to PDF**

To print selected forms to PDF format from View/Print mode:

- 1. Select the forms to be printed.
- Click the arrow next to the Print icon and select Print Selected Forms to PDF Document. The Print Selection dialog box is displayed with the Drake PDF Printer selected (Figure 6).
- **3.** (optional) The program is set up to password-protect the PDF document. By default, the software uses as the password the first four letters of the primary taxpayer's last name followed by the last five numbers of the primary taxpayer's SSN. To print the PDF document without having to enter the password, clear the check mark from the **Password Protect** box.
- 4. Select other options, as desired, in the **Print Selection** dialog box.
- 5. Click **Print** to open the **Save As** dialog box.
- **6.** If necessary, assign a filename and select a location for the document. (The default location is the taxpayer's current-year folder in Drake Documents).
- 7. Click Save.
- 8. (optional) The program is set up to password-protect the PDF document. By default, the software uses as the password the first four letters of the primary taxpayer's last name followed by the last five numbers of the primary taxpayer's SSN. To print the PDF document without having to enter the password, clear the check mark from the **Password Protect** box.
- 9. Select other options, as desired, in the Print Selection dialog box.
- 10. Click Print to open the Save As dialog box.
- **11.** If necessary, assign a filename and select a location for the document. (The default location is the taxpayer's current-year folder in Drake Documents).
- 12. Click Save.

Figure 6: Print Selection dialog box with Drake PDF Printer selected

Printer: Drake PDF Printer	Properties
Tray: Main paper source	Drake Setting
Duplex:	
Drake Documents/SecureFilePro™ Options -	Watermark Options
<ul> <li>Save to Drake Documents</li> </ul>	Finit a custom watermark
✓ Save to Drake Documents □ Upload to SecureFilePro™	

NDTE Among the options in the **Print Selection** dialog box is the **Drake Documents/Portal Options** for sending a PDF copy of the printed forms to a SecureFilePro<sup>™</sup> portal. For more information, see "SecureFilePro" on page 260.

> To change the default password format, log in as Admin (or as a preparer with administrative security rights), go to **Setup > Options, select the Administrative Options** tab, and make a selection from the **Default password** option drop list. Then click **OK** to save the selection.

> If you password-protected the PDF document, the password will be required for anyone, inside or outside the tax software, who tries to open the file.

### **Printing Printer Sets of Forms**

Default printer sets are established in **Setup > Printing > Printer Setup**. The established defaults can be overridden.

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

- 1. Select the **Sets** tab. All the sets in the return are displayed in the tree view.
- 2. Select the sets to print (Figure 7).
- **3.** Click **Print** to open the **Print Sets** dialog box (See Figure 8 on page 117). (If you click the arrow next to the **Print** icon, select **Print Selected Forms**).
- 4. (optional) Select printing options shown.
- 5. To change the number of forms to be printed in a set, click **Sets Setup** to open the **Copies Per Set** dialog box. Follow the instructions provided to change the number of forms to be printed in each set; then click **Save**. Any changes you make here affect *all* returns.
- 6. Click **Print** again. All of the selected items are printed.

NNTFS



Figure 7: Sets tab in View/Print mode



Set	Printer		Tray	Duplex	Print This Se
Signature	Drake PDF Printer Password Protect PDF Document: □ Ent Upload To SecureFilePro:™ □	er Password	Main paper source		Г
Est/Ext:	HardCopy.Drake.Education	•	Main paper source		$\overline{\nabla}$
Client:	HardCopy.Drake.Education	•	Main paper source		$\overline{\nabla}$
Preparer:	HardCopy.Drake.Education	•	Main paper source		Г
Federal:	HardCopy.Drake.Education	•	Main paper source		Г
State:	HardCopy.Drake.Education	•	Main paper source		Г
K1:	HardCopy.Drake.Education	-	Main paper source		Г

- 7. (optional) Select printing options shown.
- 8. To change the number of forms to be printed in a set, click **Sets Setup** to open the **Copies Per Set** dialog box. Follow the instructions provided to change the number of forms to be printed in each set; then click **Save**. Any changes you make here affect *all* returns.
- 9. Click **Print** again. All of the selected items are printed.

### **Quick-Printing a Single Form**

Print only the document currently in view in View/Print mode by pressing CTRL+Q or clicking the arrow next to the **Print** icon and selecting **Quick Print (form name)**. Select printing options in the **Print Selection** dialog box; then click **Print**. Printing a single form in this manner is referred to as *quick printing*.

### **ARCHIVE MANAGER**

Use the Archive Manager to archive returns and to review, restore, or delete the archived returns. This means you can save various versions of a return, such as the amended return *and* the original return prior to amending.

Fig	ure 9: Archi	ve Menu		
💻 블 - 🗟-	•			- 0
Data Entry Print Setup	Documents	eSign	Email	Refresh
Select Forms to View/Print	Drake Do	ocuments		
	Archive	Client Return		
All Forms Sets EF Federal Wo	Archive	Manager	-	
Estimate/Extension	Video Tu Video Tu	itorial - Archivi itorial - Printing	ng a <mark>Retu</mark> rn g to Drake Do	ocuments

### **Creating an Archive**

To create an archive of an open return:

- 1. From View/Print mode, select Archive > Archive Client Return (Figure 9).
- 2. In the Archive Client Return dialog box, enter a description of the archived file; then click OK (Figure 10).
- **3.** When the program tells you that the archive has been created, click **OK**. The program adds the archived return to the **Archive Manager** list (Figure 11).

NOTE The archived return is saved to the client's file in Drake Tax and to the client's Drake Documents folder. Go to Drake Documents from View/Print mode by selecting **Archive > Document Manager**.

Please enter a description used in the Document N identify specific archives	on for the archived file. " Manager and in the Arch s.	The description is ive Manager to help
Enter a description for the Ex: 'Original Return be	e archived file: fore Amending'	
	OK	Cancel

Figure 10: Archive Client Return dialog box

#### **Restoring an Archive**

When you restore an archive, you replace the open (current) version of the return with an archived version. A built-in prompt suggests that you archive the latest version of the return before restoring an older version (recommended).

To restore an archive:

- 1. From View/Print mode of the return, select Archive > Archive Manager.
- 2. Click the row of the archive to restore (Figure 11).
- **3.** Click **Restore**. The program prompts you to create a new archive of the current version of the return before restoring the older version.
  - To create a new archive, click **Yes**. The **Archive Client Return** dialog box is opened so you can name and save the new archive.
  - To proceed without creating a new archive, click **No**. A final warning is displayed; click **OK** to proceed.
- 4. When the archive has been restored, click **OK**. Then exit the **Archive Manager**.

### Figure 11: Archive Manager

Drake 2017 Archive Manager		200		×
Restore Archive Delete Print O				
Archive Description	Date	User Nan	ne	
Original Return before Amending	03/12/2018 01:37:28 PM	ADMIN		
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				

### SENDING A RETURN TO A CLIENT FROM VIEW / PRINT MODE

You can send an email with tax return documents attached directly from View/Print mode using your Windows default email program or using the Drake email program.

Note:

To send a PDF copy of a return to a client from View/Print mode:

- 1. Select the forms to be attached to the email by selecting the checkboxes to the left of the forms in the tree view directory (Figure 4 on page 114).
- 2. Click the down arrow next to the Email button (Figure 12).
- **3.** The **Email Return** dialog box is opened showing the default password. (See Figure 13 on page 121.) Change the default password and add a watermark, if desired. Then click **Continue**.



#### Figure 12: Email button menu

From the menu, select one of the following options:

• Email to Client (using Windows default email) – to use the Windows default email program (such as Outlook) installed on your computer.

To make this selection permanent, so that your Windows default email program will be used automatically when you click the **Email** button on the View/Print mode toolbar, click the down arrow next to the **Email** button, select **Email Setup**, choose **Use My Email Software** from the drop list in the **Email Preference** section, and click OK.

• Email to Client (using Drake email) – to use a web-based email program (such as Gmail) that you have set up in Drake.



NNTF

To learn how to set up a web-based email program in Drake, go to the **Home** window, select **Support > Drake Software Video Tutorials** from the toolbar, select **Setup** from the drop-list menu, and click the play buttons to view the email setup video tutorials.

You can replace the default password with a new one. To change the default password format, log in as Admin (or as a preparer with administrative security rights), go to **Setup > Options, select the Administrative Options** tab, and make a selection from the **Default password** option drop list. Then click **OK** to save the selection.

Notes

A client must know his or her return's password in order to open the return. The default message provides the client with the format for the default password: the first four letters of the client's last name followed by the last five numbers of the client's SSN (see Figure 14 on page 122).

Password protect 01045
Watermark Options
Add 'Preparer Set' watermark

Figure 13: Email Return dialog box

- 4. In the Save As dialog box, browse to the location where you want to save a PDF copy of the return, and change the filename, if desired. (The default location is the client's folder in Drake Documents.) Then click Save.
- 5. The email message is opened in the selected email program, with the selected return documents attached. See Figure 14 on page 122 for an example. The taxpayer's and spouse's email addresses are automatically displayed in the **To** address field if they were entered on screen **1**. Add additional email addresses, if necessary.
- 6. Add a salutation, closing, and signature. Revise the body of the message, if desired.
- 7. Then click Send

NOTE You can set up email addresses that will be used for *every* email sent from View/Print mode. For example, if you have preparers working for you, you may want to receive a carbon copy (CC) or blind carbon copy (BCC) of every email sent from View/Print mode. To set this up, go to **Email > Setup**, add your email address to the **Cc** or **Bcc** address field, and click **Save**.

NOTE You can edit the default message that is displayed when you are preparing to send documents to clients from View/Print mode. To set this up, go to **Email > Setup**, revise the displayed message, and click **Save**.



Drake 2017 - Emai	I - Compose Message	- 🗆 ×
To Attac	h Help Exit	
1	To	Attachments
Send	From:	2017 Tax Return Documents (CORN
	Subject: 2017 Tax Return Information	
A	ttachments: Add	
To protect your pr the last 5 digits of Adobe Acrobat Re http://www.adobe This e-mail (includ and is intended or be construed as to distribution, or acti recipient does not	ivacy, the attached document is encrypted and can be opened only by your SSN. eader Version 7.0 or later is required to view the attached document. You com/products/acrobat/readstep2.html ing any attachments) contains PRIVILEGED AND CONFIDENTIAL INFO by for the use of the individuals or entities designated as recipients. The ax advice. If you are not an intended recipient of the e-mail, you are here on taken in reliance on the contents of this e-mail is strictly prohibited. Di constitute a waiver of any applicable privilege.	providing the correct password. The password is a can download Adobe Reader for free at DRMATION protected by federal and/or state law information contained within this e-mail should not by notified that any disclosure, copying, isclosure to anyone other than the intended

Note

Email can be setup in Drake Tax from the **Home** window by clicking **Help > Email**.

### LINKBACKS AND DOUBLECHECKS

Drake offers two features to help you review your data entry and find problems before returns are e-filed. These features offer another way to double-check and verify your work before you transmit a return.

### **LINKBACKS**

LinkBacks help you locate the source of data on a tax return—in other words, the data entry screens on which the information was entered—and the forms, schedules, and worksheets to which the information flows. They can also help you find the proper screens for entering data from unfamiliar forms or sources.

For instance, if you want to know how income data gets to line 7 of Form 1040, view the return (Enhanced mode only), open the LinkBack for line 7, and view a list of the screens from which the program pulls income sources that flow into the line 7 total—for instance, screen W2, screen 3 (Income), screen 2441 (Child Care Credit), screen 4137 (Tax on Tips), among others. Open a screen and go directly to the relevant line to make changes. (The line will be highlighted if data has been entered.)

#### Viewing LinkBacks

To see the LinkBacks:

- **1.** View the return in Enhanced mode.
- 2. Select a form from the document tree on the left side of the window.
- 3. Right-click a text box in the form and from the right-click menu, select **Review Input** Sources (LinkBacks) to open the LinkBacks window.

	Add numbes on lines above 1
	Review Input Sources (LinkBacks)
	Unverified Entry Verified Entry Flag for Review
ed, c  b b	Verify All Entries . Clear All Flags
etc.	Add Note to the selected entry Add Note to the current form
b	Enable left-click for DoubleCheck items
This	Help

Figure 15: View LinkBacks

### **Using LinkBacks**

At the top of the LinkBacks window is a note reminding you of which form and which line of the form you selected (1). (See Figure 16 on page 124.) If an amount was entered or calculated, that amount is also shown. Below that note are three tabs (2):

- All Sources All items that appear on the other two tabs.
- Data Entry The data entry screens from which the program pulls data. If an amount was entered on one of these screens, that amount is listed to the right side of the screen in the Source Entry column (3).
- Tax Forms, Schedules, and Worksheets The items listed on this tab are the forms that have been generated by data entry. Double-click one of the items on the Tax Forms, Schedules, and Worksheets tab and you open the actual form that was generated.

### Figure 16: LinkBacks window

	LinkBacks provide a useful way to locate the sources for line items on a tax return below and click. View Source' to edit/view source entries as needed. Amounts are listed beside existing entries in Data Entry. Note: All amounts listed are original entries and do not reflect specific tax calculated	n. Select a LinkBack from the list
Ø	1040 - Wages, Salaries, Tips, Etc. Current Value: 47,366	
Available LinkBack	\$	
All Sources Data	Entry Tax Forms, Schedules and Worksheets	3
Source (Data Entr	v Screen or Tax Form)	Source Entry
- W2 - Wages		
- Wages		
Asheville Ele	ementary	29039
🔗 Blue Mounta	ain Used Bookstore	18327
🛨 Dependent C	Care Benefits	
+ Non-Qualified	d Plan	
🛨 Allocated Tip	20	
🛨 Special Tax	Treatment (Codes H, I, or W)	
🛨 Screen W2 -	Box 12 (Codes P and/or T)	
W2 - Wages - s	econd tab	
🛨 Screen W2 A	Additional Entries - Box 12 (Codes P and/or T)	
- 3 - Income		and a second
PRI - Prisone	er Income Indicator	
Adjustment -	TP Taxable Scholarships	
Adjustment -	TP Other Income, Not W-2 Wages	
Adjustment	SP Laxable Scholarships	
Ø Adjustment -	SP Uther Income, Not W-2 Wages	
	teld Carlone - Means Carlos	
AND CHILD	noid Employee wages Screen re Gredit	
E Screen 2441	- Child and Dependent Care Evpenses	
Override - TF	Child and Dependent Care Expenses P Employer.Provided Dependent Care Renefits in CY	
Help	Print 4	View Source Cancel

To view a screen in data entry, select a screen from either the All Sources and Data Entry tab and click View Sources (4) or double-click the item. The screen is opened and the line and data entry field are highlighted in yellow.

To view other forms, schedules or worksheets to which the data flows, go to the Tax Forms, Schedules, and Worksheets tab of the LinkBacks window, select a form, schedule, or worksheet from that list, and click View Source (or double-click the form name).

### Available LinkBacks

Active LinkBacks are available for following forms, schedules, and tax packages:

- Most forms and Schedules A through F (federal 1040 package)
- Main forms (federal 1041, 1120, 1120S, 1065 packages)
- Individual resident and nonresident main forms (all state 1040 packages)

### **DOUBLECHECKS**

Mark items on a return as "reviewed" or "in need of review" using the new DoubleCheck feature in Enhance View mode. This feature allows you to verify or flag for review any item on any form, statement, or document within a return.

In Enhanced View mode, select any item from the document tree in the left side of the window to open it in the document viewing pane on the right side of the window. In the viewing pane, roll your mouse pointer over any text box, checkbox, or amount on the document to see a gray check mark. Click the item once to place a green check mark beside it indicating that this result has been verified. Click the box twice to place a red flag beside it, indicating that this entry or amount should be reviewed further. When the flagged item has been reviewed and verified, return to the form in Enhance View mode and click the item once to remove the flag and replace it with a green "Verified" checkmark.



Figure 17: DoubleChecks

As you work your way through the fields and checkboxes, the document in the document tree receives either a green check mark (indicating that items on that form have been verified), a red flag, (indicating something on the form has been flagged), or a yellow box (indicating a note has been placed on an item).

When an item is marked as "verified" (green check mark) in View mode, and then a change is made in data entry that affects the verified amount, the green check mark will be changed to a red flag, requiring re-verification.

# Note

To deactivate the DoubleCheck feature, right-click any item, and from the right-click menu, select Enable left-click for DoubleCheck items, and when prompted, select **Yes**. To reactivate, repeat these steps.

### Notes

The DoubleCheck feature also includes a Notes tool, allowing you to make notes about any of the items on the open document, or a general note about the document as a whole.

- To make a note about a text box, checkbox, or calculated amount in the document, right-click it and select **Add Note** to selected entry. This opens a **Note Editor** window.
- Type your note in the **Notes** pane and click **Save**. A small yellow "note" box then appears beside the item in the document, reminding you that a note was made about this item.
- You can make general notes about the open form by selecting **Add note to the current form** from the right-click menu. When the **Note Editor** is opened, make your notes and slick Save. The yellow "note" reminder box then appears in the upper-left corner of the document viewing pane, reminding you of the notes.
- You can edit the notes—the screen note or the entry note—by selecting Edit Note from the right-click menu, or delete the notes by selecting **Remove Note** from the **Note Editor** window. You can also click the yellow reminder box in the upper-left corner of the window to edit a general note.
- When notes have been added to the form or to an item of the form, a yellow "note" reminder also appears in the document tree.

### **Right-Click Menu**

Another way to use the DoubleCheck feature is through the right-click menu. Right click any text box, checkbox, or calculated amount on the document and from the right-click menu, select **Unverified Entry** (remove a check mark or flag), **Verified Entry** (add a check mark), or **Flag for Review** (add a red flag).

You can also verify all entries on a form from the right-click menu by selecting **Verify All Entries**. This places a green check mark beside every box or field on the form that contains entries. Clear all green check mark and all red flags from the form by selecting **Clear All Flags** from the right-click menu.

### e-File Eligibility of Flagged Returns

Flags on a return do not make an otherwise EF-eligible return ineligible for e-file unless you select that option in Setup. From the **Home** window, go to **Setup > Options > EF** tab, and at the bottom of the left-hand column, select **Disallow EF selection if DoubleCheck Review flag exists**. This selection automatically displays an otherwise EF-eligible return as ineligible on the **EF Return Selector**. To restore the return's e-file eligibility, remove the flag from the return (in View mode, click the flag once or right-click the page and from the right-click menu, select **Clear all flags**) and recalculate the return.

## **REVIEW QUESTIONS PART 3**

Answer the following questions. See See "Answers Part 3" on page 128. for answers and explanations.

- 1. Which of the following is true about NOTES pages?
  - a) NOTES pages are highlighted in *yellow* in the tree view when viewing a return
  - **b)** NOTES pages require that changes be made in the return
  - c) NOTES pages prevent e-filing
  - d) NOTES pages are highlighted in *red* in the tree view when viewing a return
- 2. What steps are taken when archiving a return?
  - a) From the Data Entry Menu, select Archive > Archive Client Return
  - b) From View/Print mode, select Archive > Archive Client Return
  - c) From the Data Entry Menu, select Doc Mgr > Archive Client Return
  - d) From View/Print mode, select Archive > Archive Manager
- 3. Which of the following details are NOT listed on the Calculation Results window?
  - a) EF Messages
  - **b)** Return Notes
  - c) Fee Type and Amount
  - **d)** MFJ/MFS comparison
- 4. Which of the following items is true about LinkBacks?
  - a) LinkBacks are available for main forms in federal 1041, 1120, 1120S, and 1065 packages
  - b) Use LinkBacks to see data that was in last year's tax return
  - c) LinkBacks are available in individual resident and nonresident main forms in all state 1040 packages
  - d) LinkBacks are active for most forms and Schedules A through F in the Federal 1040 package

# ANSWERS PART 3

- 1. The correct answer is a) NOTES pages are highlighted in yellow in the tree view when viewing a return.
  - b) is incorrect. NOTES pages list return notes that are informational only. They do not require that changes be made to the return.
  - c) is incorrect. NOTES pages list return notes that are informational only. They do not prevent the return from being e-filed.
  - d) is incorrect. NOTES pages are highlighted in *yellow*. MESSAGES pages are highlighted in *red*.
- The correct answer is b) From View/Print mode, select Archive > Archive Client Return. In the Archive Client Return dialog box, enter a description of the archive you are creating. Then click OK to create 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. You cannot archive a client data file in Drake Documents.
  - d) is incorrect. The Archive Manager is for managing archived returns previously created.
- **3.** The correct answer is **d**) **MFJ/MFS comparison**. You can't find information comparing an MFJ return to MFS returns on the **Calculation Results** window. That information can be viewed by clicking **Split** on the **Data Entry Menu** of an MFJ return, then clicking **MFJ/MFS report** on the **Return Selector**.
  - a) is incorrect. The **Calculation Results** window lists EF Messages, which prevent e-filing and must be corrected.
  - b) is incorrect. The **Calculation Results** window lists Return Notes, which provide information about the return but do not prevent e-filing.
  - c) is incorrect. The Calculation Results window lists the Fee Type and Amount, as long as the Display client fee on Calculation screen option is selected in Setup > Options on the Calculation & View/Print tab
- 4. The correct answer is b). It is not true that LinkBacks allows a preparer to see data that was entered in last year's return. That feature is called LookBack (see ).
  - a), c), and d) are all features of LinkBacks.

# **E-file the Return**

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

Note

*Demo installation* — While you may review the steps to e-file a return, live returns cannot be e-filed using a Demo version of Drake Tax. Test returns may be e-filed if you have registered your IRS EFIN with Drake Software.

# APPLYING FOR AN EFIN

To transmit live returns, you must become an Electronic Return Originator (ERO) and obtain 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 e-file test returns and gives you access to Drake Internet tools. If you have not yet received a temporary EFIN, go to *DrakeSoftware.com*, go to the **Service and Learning** menu > **Get Started with Drake** menu, and register your 2017 demo software. After verifying your information, Drake will send you an email with your temporary EFIN, Drake account number, and Drake password.

To apply for an EFIN, go to *www.irs.gov* and search for "*Become an Authorized e-file Provider*." You will have to create an IRS e-services account (if not already created), complete an online application, and pass a suitability check. Preparers who are not CPAs or EAs must submit fingerprint cards to complete the application process (the IRS can provide a fingerprint card). Established EROs should update their application whenever their information changes.

Applications to become an authorized e-file provider are accepted throughout the year. The IRS encourages all prospective EROs to apply as soon as possible because processing and suitability checks can take up to 45 days.

# Note

Some states require a separate application for e-filers. For more state information, log in to your Drake Support account at *Support.DrakeSoftware.com*, select **Resources > Federal/State Facts**, and select a state.

# **REGISTER YOUR EFIN WITH DRAKE**

Before you can e-file live returns in Drake, you must register your EFIN with Drake. To register your EFIN or change your existing EFIN registration, you must provide Drake with the IRS documentation of the completed status of your EFIN application, specifically, you IRS e-file Application Summary showing a status of "Completed". This application can be submitted by fax, email or online.

### VERIFYING EF SETTINGS

After obtaining a temporary or live EFIN, enter it in **Setup > ERO** along with your Drake account number and password and in **Setup > Firms**. An Internet connection is also required to e-file. Make adjustments to the **Connection Settings** portion of the screen, if necessary. (See "ERO Setup" on page 26 and "Firm Setup" on page 25.)

Before transmitting live returns, review the **Setup > Options**, **EF** tab. These options allow you to customize your EF process. (See "Setup Options" on page 31.)

## **PREPARING THE RETURN FOR E-FILING**

Before you e-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 e-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, signed by the taxpayer (and spouse if it is a joint return), and retained in the tax preparer's office for three years.

To complete the **PIN** screen, first set up a PIN signature in **Preparer Setup**. For details on setting up a PIN signature, see "Return Signature Options" on page 28.

By default, the software generates the PIN signatures for the taxpayer and spouse. If you prefer the taxpayers to determine their own five-digit PIN signatures, go to Setup > Options, EF tab to disable the Auto-generate taxpayers PIN (1040 Only) feature.

To electronically sign the Taxpayers' return and clear the EF Message concerning PIN signatures, complete the following steps:

- 1. From the Data Entry Menu, enter PIN in the selector field and press ENTER, or click the PIN 8879/8878 e-file Signature screen on the right side of the Data Entry Menu.
- 2. Type today's date in the **PIN signature date** field, or press ALT+D to insert today's date. Press TAB. The **Taxpayer's PIN signature** and **Spouse's PIN signature** fields are automatically filled (Figure 1).
- 3. Enter the ERO's PIN signature. The PIN signature entered must match either the PIN signature of the Default ERO (selected at Setup > Options, EF tab) or the PIN signature of the preparer specified in the Preparer # field on screen 1.
- 4. Press ESC to save and exit the PIN screen.

		Figure 1	: PIN screen	1	
Signature Pa	age for Paperless Pl	N Returns	Video: Using a Pl	N in Drake	
PIN signature da	ate	018 ERO's PIN signat	ture	****	
Under penalties of	of perjury, I declare that I ha	ave examined this return ; Fo	or a full version of th	e ERO's jurat, press f	F1 in the PIN field. By
	v, you (the Erto) are stating	That you have read and agree		i trie jurat.	
Taxpayer's PIN s	signature	1045 Taxpayer entered:	Г	Identity Protection	PIN
Spouse's PIN sig	gnature	Spouse entered:		Identity Protection	PIN
Under penalties of field. By entering	of perjury, I declare that I ha your PIN, you (the taxpaye	eve examined this return ; Fo pr/spouse) are stating that you l	r a full version of th nave read and agree	e taxpayer's jurat, pre e to the full version of	ess F1 in the PIN the jurat.
Select Form:	□ 1040 (default)	□ 4868 with payment	⊏ 2350	□ 9465	□ 56

After entering the **PIN signature date**, press TAB to automatically fill the **Taxpayer's PIN signature** field, and on a joint return, the **Spouse's PIN signature** field.

If there will be a direct debit from the client's bank account to make a tax payment, selecting **Direct Debit Consent** on the **PIN** screen indicates that the taxpayer authorizes funds to be electronically withdrawn from his or her account.

### **Electronic Signature Pads**

Drake Tax supports electronic signature pads. This feature allows taxpayers and tax preparers to digitally sign a variety of documents, including authorization forms, consent forms, and bank applications. Using an electronic signature pad allows you to produce forms, have them signed, and save them to Drake Documents without having to print and sign a piece of paper. For more information, see Chapter 6 of the *2017 Drake Tax User's Manual*.

# Note

To view or purchase the electronic signature pads recommended by Drake, go to http://DrakeSoftware.com > **Products** > e-Sign.

### **DESIGNATING EF OPTIONS**

By default, the program designates all eligible federal and state forms for e-file. Use the **EF** screen to override program defaults on a per-return basis.

Open the Taxpayers' return, enter EF in the selector field, and press ENTER to open the EF screen (Figure 2) Press F1 for field-specific information.

Notes

To customize the e-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 e-filing. (This entry is required *only* if the **Require 'Ready for EF' indicator on EF screen** option is selected in **Setup > Options** on the **EF** tab.)
- In the FEDERAL E-FILE OVERRIDE section, select the federal form to e-file. To transmit state returns only, select **Do NOT send Federal**.

# Notes

Leaving the **1040** box blank does *not* prevent the 1040 from being transmitted if it is otherwise ready to be e-filed. It will *not* be transmitted, however, if you've selected one of the other checkboxes in the **FEDERAL E-FILE OVERRIDE** section of the **EF** screen. If you're filing an extension, the applicable box (**4868** or **2350**) *must* be selected on the **EF** screen in order for the program to transmit it.

- In the STATE E-FILE OVERRIDE section, select the state and city returns to e-file if you do not want all eligible state and city returns to be e-filed. This section is also used to select state extension forms for e-filing. To transmit federal returns only, select **Do NOT** send any states.
- In the SUPPRESS ALL E-FILE section, select the Suppress federal/state EF and all bank products box to prevent e-filing of federal and state returns and all bank products.

Review the Additional Options and Form 8453 Paper Document Indicators sections.

Ready for EF	PROGRAM DEFAU	LT: ALL federal and state forms that are ELIGIBLE will be e-fi				
FEDERAL E-FILE OVE	RRIDE:	STATE E-FILE OVERRIDE:				
Select one of the option	ns below:	Select the states/cities to e-file:				
1040 (includes 94	65 if present)	· · · ·				
<b>□</b> 4868						
2350						
9465 only		· · · ·				
□ 56						
🗖 Do NOT send Fed	leral	Do NOT send any states				
select the 'Do N State E-File Ove	IOT send any states' box in the erride section to the right.	all eligible states will be e-filed.				
SUPPRESS ALL E-FIL	E: tate EF and all bank products					
SUPPRESS ALL E-FIL	E: late EF and all bank products S:					
SUPPRESS ALL E-FILI	E: late EF and all bank products S: or a bank product f	e-Signature NOT required on this return				
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible for Imperfect return elegible	E: late EF and all bank products S: or a bank product f ction	e-Signature NOT required on this return				
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible fi Imperfect return eler Form 8453 Paper Docum	E: tate EF and all bank products S: or a bank product f ction f nent Indicators	e-Signature NOT required on this return Email 9325 notice to taxpayer NOTE: Do not make an entry on PDE screen for				
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible fi Imperfect return eler Form 8453 Paper Docum Form 1098-C	E: tate EF and all bank products S: or a bank product f ction f nent Indicators Form 8332	e-Signature NOT required on this return Email 9325 notice to taxpayer NOTE: Do not make an entry on PDF screen for selected PDI items.				
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible fr Imperfect return elev Form 8453 Paper Docum Form 1098-C Form 3115	E: tate EF and all bank products S: or a bank product f ction f nent Indicators Form 8332 Form 8358					
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible fr Imperfect return elec Form 8453 Paper Docum Form 1098-C Form 3115 Form 3468	E: tate EF and all bank products S: or a bank product f ction f nent Indicators Form 8332 Form 8358 Form 8858	<ul> <li>e-Signature NOT required on this return</li> <li>Email 9325 notice to taxpayer</li> <li>NOTE: Do not make an entry on PDF screen for selected PDI items.</li> <li>Select all paper document indicators that apply. For more information on the paper document indicators.</li> </ul>				
SUPPRESS ALL E-FIL Suppress federal/st ADDITIONAL OPTIONS Return not eligible fr Imperfect return elev Form 8453 Paper Docum Form 1098-C Form 3115 Form 3468 Form 4136	E: tate EF and all bank products S: or a bank product fction fent Indicators Form 8332 Form 8358 Form 8858 Form 8864 Form 8885	<ul> <li>e-Signature NOT required on this return</li> <li>Email 9325 notice to taxpayer</li> <li>NOTE: Do not make an entry on PDF screen for selected PDI items.</li> <li>Select all paper document indicators that apply. For more information on the paper document indicators, click the Screen Help button at the top of the screen.</li> </ul>				

Figure 2: EF Selection screen

Press ESC to return to the Data Entry Menu.

### **CLEARING EF MESSAGES**

Finally, before a return is eligible for e-filing, all EF messages must be cleared. For details on EF messages, see "MESSAGES and NOTES Pages" on page 113. Before you attempt to e-file a return, verify that all EF messages are cleared and that the return is eligible for e-filing on the **Calculation Results** window (Figure 3).

	To	tal Income	Taxable Income	Total Tax	Refund	Balance Due	Payment Method	EF Status
Federal		66,912	34,762	4,309	3,575	0	Receive Check	8
NCD 400		66,912	51,912	2,811	0	664	Check or CC	Ö
•								
F Messages	Double click	on any high	lighted item in the list b	elow to fix the proble	m:			
Package	Code	Descrip	tion - (right-click for full	description)				
Federal Federal NC	5084 672 11	PREPA MISSIN Paid Pre	RER PIN MISSING ON G PIN: The PIN of the sparer and no preparer	I PIN SCREEN. No j filing ERO must be e phone number enter	preparer PIN has intered on screer ed	been entered PIN		
•				Ш				
						Fee Typ	e	Amou
Return Note	BS.					D		
Return Note NC Electron	ic Filing NOT -	allowed - See	Message Page			Preparat	ion Fee	\$120.
Return Note NC Electron	ic Filing NOT -	allowed - See	Message Page				ion Fee III	\$120.
Return Note NC Electron	ic Filing NOT -	allowed - See	Message Page			Total Ta	w Refund:	\$120. 2,91

Figure 3: Calculation Results window showing returns eligible for e-filing

### **E-FILING RETURNS**

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

- 1. Selecting returns for e-filing,
- 2. Transmitting returns, and
- 3. Processing acks (acknowledgments).

### **SELECTING RETURNS FOR EF**

1. From the **Home** window, go to the menu bar and select **EF** > **Select Returns for EF**, or press CTRL+S (Figure 4).



2. The EF Return Selector is opened displaying a list of recently-calculated returns (Figure 5). Click a column header to sort the returns by that column in ascending or descending order.

Dr	rake 2017 - EF F <b>Return Sel</b> The EF Retu Number. Do click 'Contin	Return Selector - (CONTAI ector um Selector allows you to sele uble-clicking on a client will all ue' to complete the process.	NS SENSITIVE D ct clients for e-filir ow you to modify	DATA) ng. To include a clier the EF documents t	nt for transmission, p nat are selected for l	lace a checkmar transmission. Afte	k in the box to the r making the appr	e left of the l	X Client's I ections,
1	ID Number	Client Name	Status	EF Documents	Fed. Bal Due	Fed. Refund	Other State EF	Preparer	
	500001001	BEANS, COFFEE & GRO	Ready For EF	1040, OR40		\$2,557	OR, DE	BEE WOF	RER
	400001901	TAXPAYER, THOMAS &	Ready For EF	1040, AZ140	\$995		AZ	BEE WOF	iker
c	Help	Select All Unse	elect All				Continue	Ex	it

#### Figure 5: EF Return Selector

- **3.** Select the checkboxes of the returns you want to transmit. Use the **Select All** or **Unselect All** buttons as needed.
- 4. (optional) Double-click a return to select it for e-file and open an EF Transmission Detail dialog box for the return. This box displays the client's name, ID number, return EF status, and the documents to be e-filed. Make changes if desired; then click Save.
- 5. Click Continue. The Report Viewer displays an EF Selection Report, which lists all the returns that are awaiting transmission. Select **Print** to print the report. Click **Exit** to close the Report Viewer.

### **TRANSMITTING RETURNS**

Transmitting tax returns and receiving acknowledgments (also known as "acks") is a simple process. It takes just a few clicks to e-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 acknowledgments indicating the return was accepted (A) or rejected (R). The acknowledgments are then forwarded to the ERO for pick-up the next time the ERO makes a connection to Drake. To transmit returns:

- 1. From the Home window, select EF > Transmit/Receive or press CTRL+T.
- 2. The Transmit/Receive dialog box is opened (Figure 6). It displays the types and numbers of returns to be e-filed, and it provides five options: Review, Send/Receive, Acks Only, Help, and Cancel.

Send/Heceive
Acks Unly

Figure 6: Transmit/Receive dialog box

#### Review

Use this option to review the transmission files listed in the **File for EF** pane of the **Transmit/Receive** dialog box and remove returns before connecting to Drake.

- 1. To review the files in the **Files for EF** pane (also called the "send" queue), select a return type and click **Review**. The **Transmit File Editor** is displayed (Figure 7).
- 2. (optional) To remove one or more of the listed returns from the "send" queue, select checkboxes next to the returns in the **Transmit File Editor**, and click **Remove**.
- 3. Click **Cancel** to return to the **Transmit/Receive** dialog box.

	u Leeu	[ -	-
Name:	SSN	Туре	
DILL & CURRY LEAF	500001007	1040	

#### Figure 7: Transmit File Editor

### Send/Receive

Use this option to transmit the returns in the **Files for EF** pane of the **Transmit/Receive** dialog box and pick up acknowledgments.

- 1. Click Send/Receive.
- 2. The Report Viewer displays a **Transmission Report**. Select **Print** to print the report. Click **Exit** to close the Report Viewer.
- 3. The program immediately logs in to Drake and performs the following tasks:
  - Checks for new acknowledgments
  - Transmits files to Drake
  - Retrieves pending acknowledgments of the transmitted files (if available)
  - Logs out of Drake

Transmission notes are displayed in the **Communications** pane of the **Transmit/Receive** dialog box as transmission progresses (Figure 8). When transmission is complete, all returns transmitted through Drake are forwarded to the correct IRS processing center.

es for EF	
	Review
ommunications	
Checking for acknowledgements 2 acks retrieved. Transmitting files to Drake Software	Send/Receive
Success. Checking for acknowledgements	Acks Only
Gession Complete	

*Figure 8:* Transmission notes

### **Receiving "Acks Only"**

Use this option to pick up IRS and state acknowledgments, bank-product acknowledgments, and check authorizations. No files are transmitted to Drake.

- 1. Click Acks Only.
- 2. The program connects and retrieves the acknowledgments.
- 3. Click Exit to close the Transmit/Receive dialog box.

Notes

The **Transmission Report** lists returns that are *planned* for transmission. Because transmittal can be interrupted or a return denied, this list is *not* suitable as a record of transmitted files. After you exit the **Transmission Report**, a green progress bar is displayed, assuring you that the transmission is proceeding normally.

### **PROCESSING ACKNOWLEDGMENTS**

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

- Drake acknowledgments to indicate the transmission was received by Drake and is being processed: (P) for live return transmissions and (T) for test return transmissions
- IRS acceptance or rejection acknowledgments (when a federal return is e-filed)
- State acceptance or rejection acknowledgments (when a state return is e-filed)
- Bank acknowledgments to indicate if a bank product has been accepted or rejected, when checks are ready to print, and when funds have been deposited

All available acknowledgments are retrieved when the ERO connects to Drake, whether or not files are being transmitted. To retrieve and process acknowledgments, go to the **Home** window menu bar and select **EF** > **Process Acks**. The **Process Acknowledgments** box displays the progress. When complete, the Report Viewer displays an **Acknowledgment Report**, which lists the acknowledgment files processed (Figure 9). Select **Print** to print the report. Click **Exit** to close the Report Viewer.

Figure 9	IRS	Acknowledgment Report
rigure 2.	IIVD	ACKING WICHEINCHE KCPULL

MEF	ACK files	proc	essed		
IDNumber 500001007 Submission	Туре 1040 Id: 00000	Acc A 002017	Date 03-14-2018 073000	Name LEAF	, DILL & CURR)

Another way for you to process acknowledgments is to click the **You have acks to process** link in the **Notifications** section of the **Home** window (Figure 10) This action will process acknowledgments that were previously retrieved in the **EF** menu. It will also connect the ERO to Drake, and retrieve and process all available acknowledgments.

Figure 10: You have acks to process link on Home window



When you process acknowledgments, they are posted to your EF database for future reference. See "Searching the EF Database" on page 139 for details. You can run EF/Bank reports using information from this database. (See "Report Manager" on page 219.)

### **PRACTICING E-FILING**

Practice e-filing with a few more returns. You may use the EF-Banking practice returns provided in the software (SSNs 500-00-1001 through 500-00-1008). Open and view the returns, correct any EF messages that are displayed on MESSAGES pages, view the returns again, and then e-file them.

WARNING! Select *only* the returns in the 500-00-XXXX series provided in the software. All other returns are processed as actual ("live") tax returns.

### **SEARCHING THE EF DATABASE**

The EF database is a searchable database that displays information about all returns your office has e-filed for the current tax year. To view your EF database, select **EF > Search EF Database** on the menu bar. The **Search EF Database** window is displayed (Figure 11). Use one of the following methods to search the EF database:

- To search for the records for a particular taxpayer or business, enter the SSN, EIN, or last name of the primary taxpayer (without spaces, dashes, or additional characters) in the SSN/EIN/Name to Search for field. Then click Go.
- To browse *all* records for all taxpayers and businesses, leave the SSN/EIN/Name to Search for field blank and click Go.

Drake 2017 - Searc	h EF Database - (C	ONTAINS SENSITI	VE DATA)			×
SSN/EIN/Name to 9 500001007	Gearch for: Go	SSN: Taxpayer: 50000 Spouse: 40000	Name: 1007 8007	DILL & CURRY		OK F10 - Online DB
F1 - General Inform	ation   F2 - Bank/Di	rect Deposit Info   F	3 - Fees/Miscellar	neous Info   F4 - Ri	eject Code Lookup	F5 - Data Entry
In Care of: Address: Citu St Zie:	19 FENNEL LAN	NE		Daytime Phone: Evening Phone:	8285248020	Exit
On Behalf of:	CARLSBAD	NM	88220	Reject Form Code I.D.	Form # Seq. #	Help
ACK Code: ACK Date: Transmitted: Filing Status: Refund Amount: Balance Due: Where is my refun	A IRS Accept 03/14 03/14 15:18 16034.00 d? Payme	ed	Bank Code:		-	
Check Information	DOB V n: mount Number Pr	/alidity:	RT/Loan Sta Clear Date   Ck In	atus: ifo   Ck Clear   Ck	Type Prod Type	
Record: 1 of 1		Date: 03/14 - ACK C	ode - A - L	EAF , DILL & CUR	RY	

Figure 11: Search EF Database window

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

#### F1 - General Information tab

- Taxpayer information
- Return
- Federal and state acknowledgment codes
- Acknowledgment dates
- Transmission date & time
- Filing status
- Refund amount or balance due
- Reject codes (click the code to jump to the F4 Reject Code Lookup tab)
- Where is my refund? link to the IRS "Refund Status" website
- Bank check information

### F2 - Bank/Direct Deposit Info tab

- Bank product information
- Direct-deposit information
- Account information
- Submission ID number

### F3 - Fees/Miscellaneous Info tab

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

F4 - Reject Code Lookup tab: Search for explanations of federal reject codes.

NOTE All of the records for an SSN or EIN are listed in the box at the bottom of the window. To scroll through the records for a taxpayer or business, click the arrow keys at the bottom of the window, or press PAGE UP and PAGE DOWN on your keyboard.

Take one of the following actions to close the EF database or access another application from within it.

- To close the EF database and return to the Drake Home window, click Exit.
- To open the **Online EF Database** (an Internet connection is required), click **F10 Online DB** (or press F10). The EF database in Drake remains open. For more information on the online EF database, see "Viewing Your Online EF Database" on page 141.
- To close the EF database and access data entry for a selected return, click **F5 Data Entry** (or press F5).

### VIEWING YOUR ONLINE EF DATABASE

The online EF database displays real-time data on e-filed returns (Figure 12). You can run reports on returns, bank products, and checks; search for e-filing information for a single SSN or EIN; access the Multi-Office Manager (MOM); view Client Status Manager (CSM) data for one or multiple offices; and check the status of each IRS Service Center.

To access your online EF database from the **Home** window within the software (an Internet connection is required):

- 1. Click Help > Support Info and then click the Web Support link. Log in to your Support account by entering your EFIN and Drake password.
- 2. Go to My Account > EF Database.

To access your online EF database from the **Search EF Database** window in the software (an Internet connection is required), press F10 or click the **F10 - Online DB button on the right side of the window**.

rake 2017 - Searc	h EF Database -	(CONTAINS	SENSITIVE D	ATA)						
SN/EIN/Name to Search for:			SSN: Name:							
00001007	Go Taxpayer:		50000100	7 LEAF	DILL &	OK				
		Spouse:	40000800	7					F10 - Online DB	
1 - General Inform	ation F2 - Bank/	Direct Deposi	t Info   F3 - Fe	ees/Miscella	neous Info	F4 - Reje	ect Code I	_ookup		
									F5 - Data Entry	
In Care of:					Daytime F	time Phone: 8285248020			Evit	
Address:	19 FENNEL LANE Evening Phone:									
utyst∠ip: On Behalt of:	CARLSBAD		NM  88	220	Beiect	Form			Help	
on bondir on.	1				Code	I.D.	Form #	Seq. #		
Follow		5	tate							
Federal ACK Cada:	1040		<u></u>			<u> </u>				
ACK COUR. ACK Date:	A IRS Acce	ptea				-	0			
Transmitted:	03/14	_				-				
Filing Statue:	03/14 15:1	.8								
Refund Amount:	16024 00		<u> </u>							
Balance Due:	16034.00									
5.4	10 D-1	in an	-		-	_				
where is my rerun	i <u>dr</u> Pay	ment Heq.:		DT/Loop C	tatus:					
Check Information	DOI	8 Validity:		III/Loan 5	iaius.					
Ck Status A	mount Number	Prior # Prin	t Date Clear	Date Ck I	nfo Ck Cle	ar Ck T	ype Pro	d Type		
	AC	K Diate: 03/14	- ACK Code -	A -	LEAF , DILL	& CURR'	(			
cord: 1 of 1	4 +									

*Figure 12:* Online EF Database

By default, the online EF database displays information for the *current* tax year. To view information for one of the two *previous* tax years (if you were a Drake client during those tax years), select the tax year from the **Tax Year** field drop list on the lower-left side of the page.

Below the **Tax Year** field drop list is the **SSN/Last Name** search field. To find information on a specific return, enter the SSN or last name in this field and click the blue arrow.

### **INCLUDING BANK PRODUCTS**

Bank products provide taxpayers a way to pay their preparation fees from their refund rather than having to pay their fees up front. They also give taxpayers without bank accounts an alternate way to receive their refund proceeds.

To provide a bank product, the bank sets up a temporary account for direct deposit of the taxpayer's refund. Once the IRS deposits the refund into the temporary account, the bank deducts applicable fees and issues the remaining funds to the taxpayer.

# Note

The taxpayer *must* understand that a bank product is *not* a loan. The disbursement reflects the *actual deposited refund amount* with the bank, transmitter, and preparer fees already deducted.

Bank products work seamlessly with Drake Tax e-filing. Preparers have several banks and products to choose from. Go to *Support.DrakeSoftware.com*, log in to your Support account, and click **Partner Programs > Bank Partners** for bank details.
## **REVIEW QUESTIONS PART 4**

Answer the following questions. See "Answers Part 4" on page 144 for answers and explanations.

- 1. Which of the following statements is *true* about EROs?
  - a) To become an ERO, simply contact the IRS and ask to be added to the ERO list.
  - **b)** EROs must request a temporary EFIN from Drake.
  - c) Prospective EROs must submit a fingerprint card to the IRS along with their application.
  - d) Prospective EROs must create an IRS e-services account to apply for an EFIN.
- 2. What steps must be taken on the **EF Selections** screen to prevent a taxpayer's federal and state returns from being e-filed?
  - a) Select the Suppress federal/state EF and all bank products checkbox.
  - b) Clear the 1040 and other federal form checkboxes, and select the Do NOT send any states checkbox.
  - c) Select the Do NOT send Federal checkbox.
  - d) Remove the X from the Ready for EF box.
- 3. Which of the following statements is *not* true?
  - a) You cannot remove a return from the Files for EF pane of the Transmit/Receive dialog box.
  - b) The program automatically checks for new acknowledgments when you transmit returns.
  - c) The program automatically checks for new acknowledgments when you process acks.
  - d) Information is added to your EF database when you receive new acknowledgements.
- 4. What should you do if you want to look up data about the returns you e-filed and the acknowledgments you received during the current tax year?
  - a) Search the Drake Knowledge Base.
  - **b)** Call your bank partner.
  - c) Go online to *www.irs.gov.*
  - d) From the Home window, go to EF > Search EF Database.
- 5. The PIN entered in the ERO's PIN signature field of the PIN screen:
  - a) Must match either the PIN signature of the Default ERO (selected in Setup > Options on the EF tab) or the PIN signature of the preparer specified in the Preparer # field 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 e-filed as a batch.
  - d) Is the taxpayer's 5-digit, self-selected PIN number.

## ANSWERS PART 4

- 1. The correct answer is d) Prospective EROs must create an IRS e-services account to apply for an EFIN. Go to *www.irs.gov*, search for "Become an Authorized e-File Provider," and follow the listed steps, which include creating an IRS e-services account, completing an online application, and passing a suitability check.
  - a) is incorrect. This is not how a preparer becomes an ERO. There is an application process.
  - b) is incorrect. Temporary EFINs are assigned by Drake to preparers who have not yet become EROs so they can e-file test returns and access Drake Internet tools.
  - c) is incorrect. CPAs and EAs are not required to submit fingerprint cards when applying for an EFIN, all other preparers are required to submit fingerprint cards.
- 2. The correct answer is a) Select the Suppress federal/state EF and all bank products checkbox. This marks the return as ineligible and ensures it cannot be sent electronically to the IRS.
  - b) is incorrect. Clearing the 1040 checkbox does not prevent e-filing of a 1040 return.
  - c) is incorrect. Selecting the **Do NOT send Federal** box suppresses federal e-filing, but it does not prevent e-filing of state and city returns.
  - d) is incorrect. Removing the X from the Ready for EF box prevents e-filing of federal and state returns only if the Require 'Ready for EF' indicator on EF screen option is selected in Setup > Options on the EF tab.
- **3.** The correct answer is **d**) **Information is added to your EF database when you receive new acknowledgements.** Acknowledgment information is not added to your EF database until you *process* the acknowledgments.
  - a) is incorrect. You *can* remove a return from the **Files for EF** pane of the **Transmit/Receive** dialog box (by selecting the return type, clicking **Review**, selecting the return, and clicking **Remove**).
  - b) is incorrect. The program *does* check for new acknowledgments when you transmit returns.
  - c) is incorrect. The program *does* check for new acknowledgments when you process acks.
- 4. The correct answer is d) From the Home window, go to EF > Search EF Database. Drake Support personnel see the same information you see in your EF database: acknowledgment types, acceptance and rejection dates, bank product information, and reject codes.
  - a) is incorrect. The Drake Knowledge Base is a searchable database of articles covering topics that generate the most Drake support calls. It does not contain any data about the returns you e-filed and any acknowledgments you have received.
  - b) is incorrect. Bank partners have very limited information.
  - c) is incorrect. The *www.irs.gov* website does not provide details about your e-filed returns.
- The correct answer is a) Must match either the PIN signature of the Default ERO (selected at Setup > Options, EF tab) or the PIN signature of the preparer specified in the Preparer # field on screen 1. Otherwise, the software will generate an EF message to prevent e-filing the return.
  - 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. The ERO PIN is a self selected, 5- digit number used by the ERO, not the taxpayer.

# **Corporation Return**

In addition to the 1040 package, Drake Tax includes packages for Corporation (1120), S Corporation (1120S), Fiduciary (1041), Partnership (1065), Tax-Exempt (990), and Estate (706) returns. This chapter summarizes the basic steps to prepare Form 1120 for a Corporation return. (*A completed version of this return scenario can be viewed by opening a return with the following EIN: 400001515*).

## **PREPARING THE 1120 EVALUATION RETURN**



Use the corporation's Balance Sheet, (Figure 22 on page 168) Profit Loss Statement (Figure 23 on page 169), and information tables to assist you in this exercise.

To create a new corporation return from the Drake Tax **Home** window:

- 1. Click Open/New in the Home window toolbar, type EIN 400001516, and click OK.
- 2. Click Yes to create a new return and select return type: 1120.
- 3. Enter the corporation's name: The Paint Palette Design Studio Inc and click OK.

### **CORPORATION GENERAL INFORMATION**

The 1120 return is opened to screen **1**, the **Corporation General Information** screen. Begin return preparation using the corporation's general information in the table listed below:

Fields	Data
Corporation's Name	THE PAINT PALETTE DESIGN STUDIO, INC.
Address	235 EAST PALMER
ZIP code	28734
Phone number	828-524-8020
Date incorporated	03-10-1999
State of incorporation	NC
Resident state	0 (enter zero to suppress the state return) for this exercise
If not calendar year	leave section blank - this corporation uses a calendar year
Email	THEPAINTPALLETE@EMAIL.COM
Cell	828-524-8020



When a corporation's resident state differs from the state in the mailing address, select the appropriate state code from the **Resident state** drop list in the **Other Information** section of screen **1**.

Corporation General Information	<u>1120C</u> <u>1120H</u>
Name and Address Information	
Employer ID number	40-0001515
Corporation's legal name	THE PAINT PALLETTE DESIGN STUDIO
DBA (Doing business as)	
In care of	
Address, Suite #	ate Info 235 EAST PALMER
City	FRANKLIN
U.S. ONLY State, ZIP, County	NC 28734 MACON
Foreign ONLY Province/State, Country, Postal Code	<click access="" to=""></click>
	828-524-8020 Enter zero to Supproce
Phone number	State Deturn
Caparal Information	Other Information
A 1a Consolidated return 851	Resident site
1b   Lite/nonline consolidated return	Miss and 1
2 Personal holding company	Misc code 2
3 Personal service corporation	Invoice #
j dualiled personal service corporation	Proporer fee
C Date incorporated 03-10-1999	Firm #
E State of incorporation INC	Preparer # =
Mark applicable boxes:	
🥅 Initial return 👘 Name change	
Final return Change in address	
If not calendar year Clien	nt information
Fiscal year begins Emai	il
Fiscal year ends.	PAINTPALLETTE@EMAIL.COM
52-53 week tax year	828-524-8020
52 52 or Short Voor	Ending Security Information

Figure 1: Screen 1, Corporation General Information

After completing screen 1, press ESC to return to the **Data Entry Menu**.

NOTE Entries made in data entry screens are automatically saved. To exit a screen *without* saving data, right-click inside the screen to open the **Screen Help menu**, and select **Exit Screen Without Saving**.

#### INCOME

Corporation income is reported on the **INC** (**Income**) screen. To open the **INC** screen, either click the screen name in the **Data Entry Menu**, or from the selector field type INC and press ENTER. Use the table below to enter the corporation's income information in the **INC** screen:

Fields	Data
Gross receipts or sales	617,074
Returns and allowances plus any other adjustments	15,645
Interest Income	695
Gross rents	30,000

Note

Enter all dollar amounts in Drake Tax without using dollar signs or commas.

la	Gross receipts or sales	+/-	617074	
Ib	Returns and allowances nius any other adjustments		15645	
2	Cost of goods sold	Scr	een A	
4	Dividends	Scr	een C	
5	Interest income	+/-	695	
6	Gross rents		30000	
7	Gross rovalties	+/-		
10	Other income (see NOTE below)			
	Amount of credit for tax on fuels			
	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		
3.0	Tax-exempt interest (flows to Schedule K, line 9 and Schedule M-1, line 7 ONLY)			
	Deductions for Forms 1120, 1120-C, and 1120-H	Dec	luctions Scree	
	Net Operating Loss Carryforward from Prior Years	LOSS Screen		
	Net Operating Loss Carryback from future year or to prior year	Scr	een J	
Ē	NOTE			
	Line 10 information is used to create the statement for Form 1120, page 1, line 10; Form 11 9; or Form 1120-H, line 7 ("Other income"). The total amount flows to the form.	20-C, pa	ge 1, line	
	Line 10 information is used to create the statement for Form 1120, page 1, line 10; Form 11 9; or Form 1120-H, line 7 ("Other income"). The total amount flows to the form. Income adjustments from credits from Forms 6478 and 8864 automatically flow to Form 11 10: Form 1120-C, page 1, line 9; or Form 1120-H, line 7.	20-C, pa 20, pag	ge 1, line e 1, line	

Figure 2: Income Screen

#### DEDUCTIONS

Corporation deductions are entered on the **DED** (**Deductions**) screen (Figure 3). Type DED into the selector field and press ENTER to open the **DED** screen. Use the table below to enter the corporation's information in the **DED** screen:

After you have completed entering the deduction information in this screen, press Esc to return to the **Data Entry Menu**.

Fields	Data
Accounting	1,764
Advertising	4,500
Computer	16,280
Insurance - General	3,200
Insurance - Liability	1,100
Insurance - Workers compensation	2,100
Janitorial	8,800
Legal and professional	2,300
Pension Plans	6,500
Repairs and maintenance	5,650
Salaries and wages	86,400
Telephone	850
Utilities	6,700

De	ductions - Form 1120, Page 1 Deduc	tions	All line	s with	out numbers flow to Form 1120, line 26		Income Screen
	Accounting		1764		Janitorial		8800
22	Advertising		4500		Laundry and cleaning	ĺ	
	Automobile and truck expense				Legal and professional		2300
15	Bad debts				Marketing		
	Bank charges				Meals and entertainment 50% limited	Í	
	Bond repurchase premium.				Meals and entertainment 80% limited	Í	
	Cash short/over				Meals and entertainment 100% allowed	ĺ	
	Cell phone				Meetings	ĺ	
	Clean fuel vehicle deductions	i i			Miscellaneous	Í	
	Commissions			12	Officer compensation E Screen	=	
	Computer		16280	175	Office expense	Í	
	Consulting				Outside services and contractors	Í	
19	Contributions	+/-			Parking fees and tolls	Í	
19	Qualified conservation contributions	+/-			Pavroll processing expenses	Í	
	Credit and collection costs			23	Pension profit sharing and other plans	+/-	6500
	Delivery	Í			Permits and fees	Í	
20	Depreciation	Form 45	62		Postage/shipping	Í	
21	Depletion				Printing	Í	
	Discounts				Recruiting	Í	
25	Domestic Production Activities Deduction	8903 Sc	reen	16	Rents	+/-	
20	Dues and subscriptions			14	Repairs and maintenance	+/-	5650
	Education and training			13	Salaries and wages	+/-	86400
24	Employee benefit programs	+/-			Sales		
	Equipment rental/lease				Security	Í	
	Freight	Í			Software	Í	
	Fuel				Supplies	Í	
	Gifts			17	Taxes and Licenses Detail	+/-	
	Independent contractor	Í			Telephone	Í	850
ľ	Insurance		1		Tools	Í	
	General		3200		Travel	Í	
	Building and equipment				Uniforms	Í	
	Liability		1100		Utilities	Í	6700
	Workers' compensation		2100		Waste removal	Í	
	Other insurance				Other deductions (itemize)	Í	
					Ordinary Loss from Partnerships		K1P Screen
18	Interest expense	<b>*</b> /-					
	Internet	1			Qualified Hurricane Relief Contributions		
					Deductions credits and exclusions from Forme 456	2 882	0 and 8873
					flow automatically to Form 1120, page 1, line 26.	2, 882	u, and 887

#### Figure 3: Deductions Screen

### FORM 1125-A COST OF GOODS SOLD

Corporation cost of goods sold is entered on Form 1125-A Cost of Goods Sold screen (Figure 4). Type A in the selector field and press ENTER to open the Form 1125 screen. Use the table below to complete the cost and inventory information in the Form 1125 screen:

Fields	Data
Inventory at beginning of year	18,350
Purchases less cost of items withdrawn for personal use	165,000
Cost of labor	7,638
Inventory at end of year	45,000
Methods used for valuing inventory	Cost
Do the rules of section 263A apply to this corporation?	No
Was there any change in determining inventories?	No

Sche	edule A - Cost of Goo	ds Sold			
1	Inventory at beginni	ng of year	+/-		1835
2	Purchases less co	st of items withdrawn for personal use	+/-	1	6500
3	Cost of labor				763
4	Additional section 2	63A costs			
5	Other costs - exclud	ling depreciation			
5	Depreciation		=		
1	Inventory at end of y	ear	+/-		4500
a	Methods used for v	aluing inventory:			
	Cost	Lower of cost or market Other			
b	There was a wri	te-down of subnormal goods.			
С	🔲 LIFO was adopt	ed this tax year.			
d	If LIFO was used, e	nter amount of ending inventory computed under LIFO		Yes	No
е	Do the rules of sec	ion 263A apply to this corporation?		Γ	☑
f	Was there any char	nge in determining inventories?		Γ	◄

### FORM 1125-E OFFICER INFORMATION

The E screen, (Form 1125-E Officer Information) is used to enter the corporation's officers information, percentage of ownership, and compensation (Figure 5). To open the E screen, type E in the selector field and press ENTER. Use the table below to complete the officer information for Form 1125-E:

## Note

The Paint Palette only has one officer. In this case, however, you can press PAGE DOWN in screen 1125-E to create another page for more officers.

Fields	Data
Officer name	PERRY PALETTE
Title	CEO
Street address	235 EAST PALMER STREET
ZIP	28734
Email	THEPAINTPALETTE@EMAIL. COM
Telephone number	828-524-8020
ID Number	400005999
Signs return	YES
Total Percentage	100
Common Percentage	100
Preferred Percentage	100
Time Percentage	100
Officer's deductible compensation	65,000

Press Esc to return to the Data Entry Menu.

# Note

If a corporation has total receipts of \$500,000 or more and deducts compensation for officers, Form 1125-E must be completed and included when filing the 1120 return.

Form 1125-E Officer	Information				
Officer Information	First Name	MI Last Name		Suffix	Professional
Officer name	PERRY	PALLETTE		-	
ID number	400-00-5999				
Title	CEO		Signs return		
Street address	235 EAST PALMER	STREET	Books in care of		
City	FRANKLIN				
U.S. ONLY	NC ▼ 28734 Province/State, Cour	ntry, Postal Code			
Foreign ONLY	<click ac<="" td="" to=""><td>ccess&gt;</td><td></td><td></td><td></td></click>	ccess>			
Email	THEPAINTPALLETE(	@EMAIL.COM			
Telephone number	828-524-8020				
Date employed in the posit Date employed in the posit Ownership and Particip	on from on to (data entered here v ation	will stop the officer information	from updating to next year)		
Total Common	Preferred	Time			
100 % 100	% 100 %	100 %			
Compensation					
Officer's deductible compe	nsation			65000	
3 Compensation of offic	ers claimed on Form 112	5-A and elsewhere on return			

#### Figure 5: Screen E, Form 1125-E Officer Information

### SCHEDULE K - OTHER INFORMATION

The **K** screen (**Schedule - K Other Information screen**) is used to provide additional business information about the corporation. To open the **K** screen, type K in the selector field and press ENTER. Use the table below to enter the additional business information for the corporation:

Fields	Data
Accounting method	CASH
*Business activity code number <i>(see note below)</i>	*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
1120 Questions 13, 15a, 16, 17, 18, and 19	All "NO"

Note

\* To locate the **Business activity code** number, place your mouse pointer in the field for line 2a, press CTRL+SHIFT+S to open a field search, type Paint in the **Please input search data** field, and click **Go**. Select **444120 Paint & Wallpaper Stores**, and click **OK**.

Sch	edul	e K - Other Information	
1120C	1120		
1	1	Accounting method: 🔽 Cash 🔲 Accrual Other	
2a	2a	Business activity code number	
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 parent corporation.	
		EIN Parent Name	
6	4a	G1 Screen Foreign or domestic corporation, partnership, trust, or tax-exempt organization owns directly 20% or more, or owns, dir indirectly, 50% or more of the corporation's stock total voting power	ectly or
	4b	<u>G2 Screen</u> 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	K5AScreen Corporation owned 20% or more of another foreign or domestic corporation not included on Form 851	
	5b	K5B Screen Corporation owned 20% or more of another foreign or domestic partnership	
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 voling 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 entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; or (b) the total value of all classes of the Corporation's stock entitled to vote; o	
9	8	Select this box if the corporation issued publicly offered debt instruments with original issue discount.	
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	
12	11	Select this box if the corporation has an NOL for the tax year and is electing to forgo the carryback.	
14	13	Are the corporation's total gross receipts for the tax year less than \$250,000 and its total assets at the	
		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 2017 that would require it to file Forms 1099? Ves 🔽 No	
	15b	If "Yes," did or will the corporation file all required Forms 1099?	
	16	During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock?	
	17	During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction?	
	18	Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million?	
	19	During the corporations's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code?	
		Press PAGE DOWN for screen K4 (Schedule G Parts I & II).	

#### Figure 6: Screen K, Schedule K - Other Information

Note

The **K** screen has lines for both the 1120C and the 1120. When a corporation is a cooperative, this would be entered on the **20C** screen, **1120-C-Cooperative Associations**. The line numbers on the **K** screen would then correspond to the 1120C.

### SCHEDULE G - PART II

The G2 screen (Schedule G - Part II) is used to record ownership information for individuals or estates that directly owned 20% or more, or owned 50% or more (directly or indirectly) of the total voting power of all classes of the corporation's stock entitled to vote (Figure 7). Type G2 in the selector field to open the G2 screen. (The PAGE UP AND PAGE DOWN keys can be used to toggle between the G1 and G2 screens). Perry Palette is the only owner in this exercise. Use the table below to complete the G2 screen with his ownership information:

Fields	Data
Name of Individual	PERRY PALETTE
ID#	400005999
Country of Citizenship	U.S.
Percentage owned in voting stock	100

1200	1120			
6	Part II			
	Complete the fields below if any individual or esta total voting power of all classes of the corporation	ate owned, directly, 20% or I's stock entitled to vote.	more, or owned, dir	ectly or indirectly, 50% or more of the
	Name of the individual or estate	ID #	Country of citizenship	Percentage owned in voting stock
	PERRY PALLETTE	400005999	US 💌	100 🗖 Select if an estate
				Select if an estate
			<b>_</b>	Select if an estate
			<b>•</b>	🗖 Select if an estate
			<b>•</b>	Select if an estate
			<b>•</b>	Select if an estate
				Select if an estate
			<b>•</b>	Select if an estat
			<b>•</b>	🗌 🗌 Select if an estat
				Select if an estat
				Select if an estat
				Select if an estat
				Select if an estat
				Select if an estat
			▼	Select if an estate

Figure 7: Screen G2, Schedule G - Part II

#### DEPRECIATION

To access the **Form 4562** screen, enter 4562 in the selector field and press ENTER. The screen may open in grid data entry mode (Figure 8) if that setting has been selected in **Setup** > **Options, Data Entry** tab). The assets for The Paint Palette are used 100% for business. The program uses 100% automatically, so you can leave the **Use%** field blank. The **Cost** field amount is also the depreciation basis. For this exercise, assume that all other depreciation column amounts match the federal column entries. Leave the **State**, **AMT**, and **Book** depreciation columns blank for all five assets.

Fields	Asset 1	Asset 2	Asset 3	Asset 4	Asset 5
For	1120	1120	1120	1120	1120
Description	Paint	Delivery	Computer	Security	Forklift
	Mixer	Truck		System	
Date Acquired	11-22-2017	07-13-2017	02-14-2017	08-22-2017	09-22-2017
Cost	12080	52565	3450	13590	34570
Business% Use	leave blank				
Used Prop	leave blank				
Listed Prop Type	leave blank	Т	leave blank	leave blank	leave blank
Method	М	М	М	М	М
Life	5	5	5	7	7

To access the **4562** screens in full screen mode, click an asset from the grid view and click **Item Detail** or press F3 to toggle back and forth between grid mode and full screen mode (Figure 10). Use your TAB or UP ARROW and DOWN ARROW keys to move around within the grid view, and in full- screen mode, press PAGE DOWN to move to another **4562** screen.

	Form	MFC	Description	Date Acq	Cost	% Use	Used	LPT	Method	Life	Prior Depr	Prior 179	Prior Bonus	Prop type	Grp Sale #
1	1120		PAINT MIXER	11.22.2017	12080				M	5					
2	1120		COMPUTER	02.14.2017	3450				М	5					
3	1120		SECURITY SYSTEM	08-22-2017	13590				M	7	()				
4	1120		FORKLIFT	09-22-2017	34570				M	7					
5	1120		DELIVERY TRUCK	07-13-2017	52565			Т	M	5					
		1										D 1 1 D ()	1 0	1	o 1
	Help										Item Detail	Delete How(s)	5ave		Lancel

Figure 8: 4562 Screen - Grid Entry

	GS,F			*Use <f< th=""><th>3&gt; to swi</th><th>itch to grid mod</th><th>le*</th></f<>	3> to swi	itch to grid mod	le*
Multi-form code: (1-999; 1	is assumed if left b	lank)		Video	o: Group §	Salesi	
	Date			Business %	Used	Listed Prop	e.
Description	Acquired	Cost		use	гор	Type	
DELIVERY TRUCK	07-13-2017	1	52565			T	
Property type12			State			AMT	Book
Building qualifies for Section 1.263(a)-3(h) election	Federal		(if differ	ent)	(if di	ifferent)	(if different
Method				<u> </u>	1		
Life	5						
Prior depreciation		ļ					
Salvage value		ļ					
Override regular depreciation	.=	=			=		=
179 expense elected this year	=	=					=
179 expense allowed this year	=	=					=
179 expense elected in prior years							-
179 expense allowed in prior years							-
Bonus depreciation Additional Depr Elections	=	=					=
Prior bonus depreciation. Safe Harbor		ļ					
Basis ONLY if different from cost	=	=					=
Land cost (Do NOT include in cost above)	1102						
Date placed in service (ONLY if different than date acquired)							
Force convention	=	Qualif	ied Real Pr	operty		<b>•</b>	
Amortization	Fed	Qualif erally dec	ied Real Pi lared disas	roperty ster area		-	
Amortization Code section	eduction	Qualif erally dec isaster a	ied Real Pi lared disas ssistance	roperty ster area property		Zone Extension	) property
Amortization Code section Additional Asset Information	eduction	Qualif erally dec isaster a	ied Real Pr lared disas ssistance	roperty ster area property	□ GO 2	Zone Extension	) property
Additional Asset Information Date taken out of service IF NOT SOLD Do not use MACRS % tables Do not use MACRS % tables Do not use MACRS % tables Date taken out of service IF NOT SOLD	eduction Fed	Qualif erally dec isaster a old:	ied Real Pr lared disas ssistance F	ster area	□ GO 2	Zone Extension	n property
Amortization Code section Elect additional first-year de Additional Asset Information Date taken out of service IF NOT SOLD.	eduction Fed	Qualif erally dec isaster a old: e sold	ied Real Pi lared disas ssistance F	operty ster area property ST	☐ GO 2	Zone Extension	a property
Additional Asset Information Date taken out of service IF NOT SOLD Do not use MACRS % tables Additional first-year de Additional Asset Information Date taken out of service IF NOT SOLD Do not Update to next year Recapture because business use dropped to 50% or less	eduction Fed	Qualif erally dec isaster a old: e sold e price	ied Real Pr lared disas ssistance F	operty ster area property ST	☐ GO 2	Zone Extension	a property
Code section	eduction Fed reduction Factor Fed Fed Factor Sal Sal Exp	Qualif erally dec isaster a old: e sold e price ense of s	ied Real Pr lared disas ssistance F	ster area property ST	☐ GO 2	Zone Extension	) property
Code section	eduction Fed aduction If s ned Sal Exp For	Qualif erally dec isaster a old: e sold e price ense of s m 4797, l	ied Real Pr lared disas ssistance F	operty ster area property ST	☐ GO 2	Zone Extension	) property
Code section	eduction Fed aduction If s ned Sal Exp For For For	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0	ied Real Pr lared disas ssistance F sale. sale. ine 26d de other Part II	operty ster area property ST preciation I depreciation	n	Zone Extension	a property
Arcel and the set of the set	eduction Fed aduction If s ned Sal Exp For For Ins	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0 allment S	F	roperty ster area property ST preciation I depreciation	□ GO 2	Zone Extension	a property
Amortization Interview Int	eduction Fed aduction If s ned Sal Exp For Ins Lik	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0 allment S e Kind Ex	ied Real Pr lared disas ssistance F	roperty ster area property ST preciation I depreciation C	□ GO Z	Zone Extension	a property
Aroofization     Code section     Date taken out of service IF NOT SOLD     Do Not Update to next year     Code section     Do Not Update to next year     Additional first-year of     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset number.     Department number.     Asset Category.     Y	ned Fed	Qualif erally dec isaster a old: e sold e price e price ense of s m 4797, ( allment S e Kind Ex 1099-S Sold to 2	F F Sale.	ster area property ST preciation I depreciation C	□ GO 2	Zone Extension	a property
Are convention     Amortization     Code section     Date taken out of service IF NOT SOLD     Do Not Update to next year     Additional Asset Information     Date taken out of service IF NOT SOLD     Do Not Update to next year     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset number.     Department number.     Asset Category.	ned Fed Fed Data Sal For For Ins Lik	Qualif rally dec isaster a old: e sold e price e price e m 4797, 1 m 4797, 0 allment S e Kind Ex 1099-S Sold to a Involunta	F F F F F F F F F F F F F F F F F F F	roperty ter area property ST preciation I depreciation C ty on	□ GO 2	Zone Extension	a property
Corde section     Additional Asset Information     De Not Update to next year     Additional first-year di     Additional Asset Information     Date taken out of service IF NOT SOLD     Do Not Update to next year     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset number.     Department number.     State-Specific Information	eduction Fed eduction If s ned Sal Exp For For Lik I I I I I I I I I I I I I I I I I I I	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0 allment S e Kind Ex 1099-S Sold to a Involunta	ied Real Pri lared disas issistance F	roperty ter area property ST preciation I depreciation C ty on	□ GO 2	Zone Extension	a property
Arcel and a set information     Code section     Additional Asset Information     Date taken out of service IF NOT SOLD     Do Not Update to next year     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset number.     Department number.     State Specific Information     State     Asset type     ITC code	eduction Fed eduction If s ned Sal Exp For Ins Lik For Gro	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0 allment S s Kind Ex 1099-S Sold to a Involunta up Sale I	ied Real Pri lared disas issistance F	roperty ter area property ST preciation I depreciation C ty on	□ GO 2	Zone Extension	property
Arcel convention     Anorization     Code section     Additional Asset Information     Date taken out of service IF NOT SOLD     Date taken out of service IF NOT SOLD     Do not update to next year     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset Number.     Department number.     Asset Category     State-Specific Information     State     State     State     For FL, IN, KY, NY, and PA only	eduction Fed eduction If s ned Sai Exp For Ins Likk	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 0 allment S sold to a lnvolunta up Sale I up sale r	ied Real Pi lared disas ssistance F	roperty ter area property ST preciation I depreciation C ty on	n	Zone Extension	property
orce convention     Amortization     Code section     Additional Asset Information     Date taken out of service IF NOT SOLD     Do not Update to next year     Abando     Recapture because business use dropped to 50% or less     Investment credit code     Fixed Asset Manager     Asset Number     Part Asset Category     State     Specific Information     State     State     For FL, IN, KY, NY, and PA only     Occurrence of Schedule (1-99, default is '1' if left blank)	eduction Fed eduction If s ned Sal Exp For Ins Likk C Gro Gro	Qualif erally dec isaster a old: e sold e price e price e price e price e sold allment S e Kind Ex 1099-S Sold to a Involunta up Sale I up sale r up sales	ied Real Pr lared disas issistance F	roperty ter area property ST preciation I depreciation C ty on	n	Zone Extension	property
orce convention     Amortization     Code section     Atditional Asset Information     Date taken out of service IF NOT SOLD     Do not Update to next year     Do not Update to next year     Abando     Recapture because business use dropped to 50% or less Investment credit code     Fixed Asset Manager Asset Number     Department number Asset Category     State     Specific Information     State     For FL, IN, KY, NY, and PA only     Occurrence of Schedule (1-99, default is '1' if left blank)	eduction Fed eduction If s ned Sal Ext For Ins Lik Grow Grow Grow Grow	Qualif erally dec isaster a old: e sold e price e price e price e m 4797, 1 m 4797, 1 allment \$ e Kind Ex 1099-\$ Sold to a Involunta up sale I up sales up sales up expend	ied Real Pri lared disas issistance F	roperty ter area property ST preciation I depreciation C ty on	□ GO 2	Zone Extension	property
Arrortization     Code section     Total convention     Code section     Total convention     Date taken out of service IF NOT SOLD     Do Not Update to next year     Code section     Do Not Update to next year     Code section     Code	eduction Fed eduction It s ned Sal Exp Foo Foo Ins Lik C Gro Gro Gro Gro Gro Gro	Qualif erally dec isaster a old: e sold e price ense of s m 4797, 1 m 4797, 1 m 4797, 0 allment S e Kind Ex 1099-S Sold to a Involunta up Sale I up sale r up sales up expen market v	ied Real Pri lared disas issistance F	roperty ter area property ST preciation I depreciation C ty on	n	Zone Extension	) property

#### Figure 9: 4562 Screen - Full Screen Mode

The Paint Palette will not be electing out of bonus depreciation for any of its assets; however, screen **10** (Additional Depreciation Elections) is used for returns electing out of bonus depreciation for all assets or for specific property classes (Figure 10).

To elect out of bonus depreciation for all classes, mark this box.								
AII ASSES If "Bonus" is marked below, bonus depreciation applies to all eligible assets placed in service.								
	Bonus	0%						
3 - Year Property	····· 🗖							
5 - Year Property	🗖	Γ						
7 - Year Property	🗖							
10 - Year Property	🗖	Γ						
15 - Year Property	🗖	Г						
20 - Year Property	🗖	Γ						
39 - Year Property (QIP only)		Г						
Elect 50% bonus depreciation on as Bonus depreciation on as	sets place ssets plac	d in service after 09-27-2017 ed in service as follows:						
Tax Year		Bonus % Allowed						
1/1/2015 to 12/31/2017		50% bonus						
1/1/2018 to 12/31/2018		40% bonus						
1/1/2019 to 12/31/2019		30% bonus						
		0 % bonus						

#### Figure 10: Screen 10, Additional Depreciation Elections

### SCHEDULE L - BALANCE SHEET - BEGINNING OF YEAR

To open the L screen (Schedule L Balance Sheet - Beginning of Year), enter L in the selector field and press ENTER (Figure 11). Enter the following data:

Fields	Beginning of Year - Column (a)	Beginning of Year - Column (b)
Cash		79,055
Trade notes & accounts receivable	85,715	
Less allowance for bad debts	13,065	
Tax-exempt securities		56,820
Loans to shareholders		20,000
Accounts Payable		23,330
Payables less than 1 year		18,450
Payables more than 1 year		55,545
Capital Stock - Common	58,275	
Retained earnings - Unapprop		91,275



Figure 11: Screen L, Schedule L - Balance Sheet - Beginning of Year

**Schedule L Beginning of Year** totals are displayed in the **Total** column of the **Schedule L -Balance Sheet - Beginning of Year** screen *after* the return is calculated. This will help you determine if the balance sheet is in balance (Figure 11).

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

#### SCHEDULE L - BALANCE SHEET - END OF YEAR

To open the L2 screen (Schedule L Balance Sheet - End of Year), type L2 in the selector field and press ENTER (Figure 12) Use the following table to compete the L2 screen:

Schedule L End of Year totals are displayed in the Total column of Schedule L - Balance Sheet - End of Year screen *after* the return is calculated. This will help you determine if the balance sheet is in balance.

Fields	End of Year - Column (c)	End of Year - Column (d)
Cash		89,731
Trade notes & accounts receivable	20,773	
Tax-exempt securities		55,178
Loans to shareholders		218,810
Accounts Payable		66,050
Payables more than 1 year		24,905
Common Stock	88,525	
Retained earnings - Unappropriated		313,036



Figure 12: Screen L2, Schedule L - Balance Sheet - End of Year

#### SCHEDULE M-1 RECONCILIATION OF INCOME

The Schedule M-1 in Drake Tax is calculated by starting with the amount of income from page 1, line 28 of the 1120 (line 10 of Figure 13) and adding it to the amounts reported on lines 7 and 8 of the M-1, and subtracting the amounts reported on lines 2 through 5 of the M-1. The net income per books for The Paint Palette is \$221,761. The Paint Palette does not need to make any adjustments in the M-1 screen. In this case, however, any necessary adjustments to the Schedule M-1 calculations can be made in the M-1, Reconciliation of Income (Loss) screen.



#### SCHEDULE M2 - RETAINED EARNINGS

In Drake Tax, the beginning **Unappropriated Retained** earnings flows from the 1120 Schedule L and the **Net Income or Loss per books** flows from the **Schedule M-1** (Figure 21). These numbers are used to calculate the ending **Unappropriated Retain Earnings** as seen in **Schedule M-2** (Figure 14). No adjustments in the Schedule M-2 are necessary for The Paint Palette. In this case, however, adjustments to the Schedule M-2 calculations can be made in the **M-2**, **Retained Earnings** screen.

	Figure 14.	Sc	hedule M	[-2		
s of Unappropriate	ed Retained Earnin	gs p	er Books (Lin	e 25, Sc	hedule L)	
r	91,275	5	Distributions	a Cash		

30	requie W-Z Analysis of onappropriat	cu notunicu Eurini	ga per booka (Ene 23, Senedule E)	
1	Balance at beginning of year	91,275	5 Distributions: a Cash	
2	Net income (loss) per books	221,761	b Stock · · · · ·	
3	Other in creases (ite mize):		c Property	
			6 Other decreases (itemize):	
		5	7 Add lines 5 and 6	
4	Add lines 1, 2, and 3	313,036	8 Balance at end of year (line 4 less line 7) 313,	036

#### **AUTOBALANCE**

Cabadula M 2 Analys

Autobalance forces Schedule L to balance for both the beginning of year and end of year amounts. The program adjusts the unappropriated retained earnings amount on Schedule L by the difference between the total assets and the total liabilities and capital before the adjustment.

For example, if assets are \$1,000 and liabilities and capital are \$900, the unappropriated retained earnings increase by \$100.

The autobalance setting is turned on by default. If you do not wish to use the autobalance in a return, it can be turned off in the **PRNT (Print Options)** screen. On the **Data Entry Menu**, enter PRNT in the selector field, press ENTER, and select the **Turn off autobalance** checkbox in the **Other Return Options** section.

#### **ELECTIONS**

All Drake Tax business packages include the option to make certain tax elections in the **ELEC** (**Election Options**) screen. To open this screen, enter ELEC in the **Data Entry Menu** selector field and press ENTER. An election can be selected from the **Return Elections** drop list (Figure 15). It is not necessary to make a selection for Paint Palette in this exercise.

lection		
escription	<pre>01 - General Election Statement 02 - Capitalize and Amortize Circulation Costs over 3 Years 03 - Capitalize and Amortize Research and Experimental 04 - Capitalize and Amortize Intangible Drilling and Development 05 - Capitalize and Amortize Mining Exploration Costs 06 - Capitalize and Amortize Mining Exploration Costs 07 - Include Commodity Credit Loan in Income (sec 77a) 08 - Carryback Casualty Loss (sec 165i) 09 - Treat Charitable Contributions as Paid During Tax 10 - Amortize Bond Premium on Taxable Bonds (sec 171(c)) 11 - Capitalize Taxes and Carrying Charges (sec 266) 12 - Reduce Research and Development Credit (sec 280C(c) (3)) 14 - Apportion Basis to Stock Rights (section 307(b) (2)) 15 - Defer Crop Insurance Proceeds and Federal Disaster 16 - Currently Recognize Income from Non-Interest Bearing 17 - Accrue Real Property Taxes (sec 461(c)) 18 - Adopt Recurring Item Exception (sec 461(h)(3))</pre>	~

Figure 15: Election Options Screen

When you have more than one election in a return, a new ELEC (Election Options) screen can be created by pressing PAGE DOWN.

Once an election is made and the return is viewed, the election information is displayed on a referenced statement "STM #ELXX," where "XX" is the election number.

#### **CREDIT FOR SMALL EMPLOYER HEALTH INSURANCE PREMIUMS**

The **8941** screen (**Small Employer Health Insurance Credit**) can be used to determine if a business is eligible to claim the Small Employer Health Insurance Credit for health insurance premiums paid on behalf of their employees enrolled in a qualified health plan through the Small business Health Options Program (SHOP) Marketplace. Eligibility can be determined by completing lines A and B at the bottom of the 8941 screen. The **8941** screen will not be used for the Paint Palette return in this exercise.



Complete the colu- employees who a ("Excluded" employees, owners, partners, shareholders, etc 8941 instructions	umns below for re not "exclude loyees include l , more-than-2% . See Screen H for more inforr	all d." usiness elp and Form nation.)	Complete the column each employee who health insurance cov under a qualifying ar 2017 Average Pri	is below for is enrolled in erage provided rangement. emium Tables	
Employee Identifier	Hours of Service	Wages Paid	Employer Premiums Paid	Average Premiums	
<u> </u>					
1		1			
IOTE: Complete the Did you pay prem Business Health Enter Marketplac	e fields below O hiums during yo Options Progra e ID (if any) blies	NLY on the first 8941 ur tax year for employe m (SHOP) Marketplac	screen entered. e health insurance coverage e (or do you qualify for an exc	you provided through a seption to this requirement	Small nt)?
Employer Identife	ation Number u	sed to report employn	nent taxes for above individua	ls=	
Does a tax return checked "Yes" ar	you filed for a tand a positive am	ax year beginning in 20 ount on line 12 ?	15 include a Form 8941 with	line A	
0 Total amount of a	invistate premiu	m subsidies naid and	any state tax credit available		

### ESTIMATED TAX PAYMENTS

The Paint Palette made estimated tax payments in 2017 (Figure 17). To open the ES screen (Form 1120 - Estimated Tax Payments), type ES in the selector field and press ENTER. Each of the estimated payments were made on the due date for each quarter. In the Date Paid column, it is not necessary to enter the payment date if it occurred on the actual due date, since the software uses the quarterly due dates by default. Entries in this column are necessary only if the payment date differs from the due date. Use the table below to enter payment information in the ES screen (the last payment is \$1 more):

Quarter	Amount	Payment Method
1st Qtr.	17,434	3 - Check
2nd Qtr.	17,434	3 - Check
3rd Qtr.	17,434	3 - Check
4th Qtr.	17,435	3 - Check



Form 1120 - Estimated Tax Payments for TY 2017 and Overrides Federal Section	a for TY 2018
2017 ESTIMATED TAXES ALREADY PAID FOR THIS YEAR       Federal:       Overpayment applied from 2016.       Payment Account #       Cuarter Date paid       Amount paid       1st       2nd       17434       3rd       17434       3rd       17434       3rd	2018 ESTIMATED TAXES TO BE PAID FOR NEXT YEAR NOTE: Go to screen W to enter federal estimated payments and overpayments applied. <u>Screen W</u> Make Federal estimated tax payments using EFTPS. Regulations eliminated the 8109 coupon. <u>There are NO estimated tax vouchers for 1120 returns!</u>
State and City Section	
2017 ESTIMATED TARES ALREADY PAID FOR THIS YEAR         SUCity:       Type:         Overpayment applied from 2016.         Quarter       Date paid         Amount paid       method         1st       =         2nd       =         3rd       =         4th       =         VOTE: To meet new industry-wide standards established by the IRS Security         NOTE: To meet new industry-wide standards established by the IRS Security         Information on their returns to protect the entity from identity theft and tax         fraud.       information returns to protect the entity from identity theft and tax         process. Select the appropriate method of "Last four digits of account         number," and "ETPS/ST website confirmation number" is used as part of this         process. Select the appropriate method of FTPS payment. If the         payment is made using the ETPS or State Website payment system, enter the         15 characters of the assigned confirmation number.	2018 E S IMALED TAXES TO BE PAUL FOR NEXT YEAR         StiCity:       Type:       E SCode       OP Code         Amount of overpayment to apply to 2018

Drake Tax calculates the estimated taxes due for the tax year; these amounts can be viewed on the Summary of Estimates Worksheet (Figure 18). There are no estimated tax vouchers for corporation (1120) returns. Instead, make federal estimated tax payments using the Electronic Federal Tax Payment System (EFTPS).

	S	2	018		
THE PAINT PALL Federal	LETTE DESIGN	STUDIO		40-0	001515
Form: 1120W					
		Payment Schedule	•		
Due Date	04-17-2018	06-15-2018	09-17-2018	12-17-2018	Total
Total Installment Amount	17,434	17,434	17,434	17,434	69,736
Overpayment Applied					
Net Installment Due	17,434	17,434	17,434	17,434	69,736
-		Taxpayer Records			
Amount Actually Paid					
Date Paid					
Check#/Confirmation					

Figure	18:	Summary	of I	Estimates	Worksheet
--------	-----	---------	------	-----------	-----------

#### **CORPORATION ESTIMATED TAX - 1120W**

The Paint Palette does not expect to have any substantial changes, so it is not necessary to complete the W screen (Form 1120W - Corporation Estimated Tax) for the corporation. In this case, however, expected changes to income next year can be made on the W screen (Figure 19). Click the Screen W link inside the ES screen to open the screen. If opening from outside of the ES screen, type W into the selector field and press ENTER. The entries in this screen generate the Form 1120-W, Estimated Tax for Corporations Worksheet in View/Print mode.



Figure 19: Screen W, Form 1120W - Corporation Estimated Tax

### PAYMENT SCREEN

Payments can be made with Form 1120 or Form 7004 Application for Automatic Extension for Form 1120. In the PMT (Electronic Funds Withdrawal)) screen, preparers would select Yes from the Federal selection droopiest, and enter the financial institution's name. The routing number, account number, and type of account must be entered twice. In the payment section, the checkbox 7004 or 1120 would be selected to indicate if the payment is for the 7004 or 1120 (Figure 20). If the 7004 is selected, for example, Form 8878-A, IRS e-File Electronic Funds Withdrawal Authorization for Form 7004 generates in View/Print mode.

Note

Many states also allow 1120 e-file, and are listed in the State/City selection drop list (Figure 20).

#### Figure 20: Electronic Funds Withdrawal Information Screen - PMT Screen

Electror	Electronic Funds Withdrawal Information							
NOTICE FO	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 I	nformation							
Account #*	1							
Federal	Federal Account and State (if same as Federal)							
Withdra	Withdrawal selection: Federal selection State/city selection							
Name of	financial institution	RTN	Account number	Type of account				
				🗖 Checking 🔲 Savings				
	Repeat Account Information	ı 📃		🗖 Checking 🔲 Savings				
Federal:	Federal payment amount =	Requested payr	nent date =	Daytime phone number =				
	Payment is for	7004 1	120X					
State:	State payment amount =	Requested payr	nent date =	Daytime phone number =				

#### REVIEW

You have just completed Form 1120, Corporation Tax Return for The Paint Palette in Drake Tax. To review the return for accuracy, click **View** in the toolbar of the **Data Entry Menu** and use the following steps to review the forms, calculations, EF Messages, and Return Notes for the return:

- 1. In View/Print mode of the return, click 1120.PG5.
- 2. The 1120.PG5 is used to determine if the return is in balance (Figure 21 on page 167). In the Schedule L section, line 15, "Total assets," should be the same as line 28, "Total liabilities and shareholders' equity," for both the beginning of year and end of year.
- **3.** In the **Schedule L** section, line 25, "Retained earnings-Unappropriated" should be the same as line 8, "Balance at end of year" in the **Schedule M-2** section.
- 4. Line 1, "Net income (loss) per books" in the Schedule M-1 section should equal line 2, "Net income (loss) per books" in the Schedule M-2 section

Sc	hedule I Balance Sheets per Books	Beginning	oftax	vear	End of	tax vear
	Assets	(a)		(b)	(c)	(d)
1	Cash	(4)	-	79 055	(0)	89 731
2.	Trade notes and accounts receivable	85 715		15,000	20 773	05,151
20	Less allowance for bad debts	( 13 065)		72 650	20,115	20 773
		( 13,005)	-	19 350	(	45 000
3			-	10,330		45,000
4	Tax exempt coordination (coordinations)		<u> </u>	EC 020		EE 170
5	Tax-exempt securities (see instructions)		<u> </u>	36,020		55,170
6	Other current assets (attach statement)			00.000		010 010
7	Loans to shareholders		-	20,000		210,010
8	Mortgage and real estate loans					2.
9	Other investments (attach statement)				116 055	
10a	Buildings and other depreciable assets				116,255	60.004
t	Less accumulated depreciation	( )			( 53,231)	63,024
11a	Depletable assets					
b	Less accumulated depletion	( )			( )	
12	Land (net of any amortization)					
13a	Intangible assets (amortizable only)					
L L	Less accumulated amortization	( )			( )	
14	Other assets (attach statement)					
15	Total assets			246,875		492,516
	Liabilities and Shareholders' Equity					
16	Accounts payable			23,330		66,050
17	Mortgages, notes, bonds pay able in less than 1 y ear					
18	Other current liabilities (attach statement)					
19	Loans from shareholders			18,450		
20	Mortgages, notes, bonds pay able in 1 y ear or more			55,545		24,905
21	Other liabilities (attach statement)					
22	Capital stock a Preferred stock					
	b Common stock	58,275		58,275	88,525	88,525
23	Additional paid-in capital			,	,	,
24	Retained earnings-Appropriated (attach statement)					
25	Retained earnings-Unappropriated			91,275		313,036
26	Adjustments to shareholders' equity (attach statement)					,
27	Less cost of treasury stock		(	)		( )
28	Total liabilities and shareholders' equity		-	246,875		492,516
Sc	nedule M-1 Reconciliation of Income	(Loss) per Books	With	Income per Ret	urn	
	Note: The corporation may be	required to file Sched	lule M	-3. See instruction	S.	
1	Net income (loss) per books	221,761	7	Income recorded	on books this year	
2	Federal income tax per books			not included on th	nis retum (itemize):	
3	Excess of capital losses over capital gains			Tax-exempt intere	est \$	
4	Income subject to tax not recorded on books					
	this year (itemize):					
	n n n		8	Deductions on this	s return not charged	
5	Expenses recorded on books this year not			against bookinco	me this year (itemize):	
	deducted on this return (itemize):		а	Depreciation .	ç	
a	Depreciation		b	Charitable contrib	outions c	
6	Charitable contributions					
	Travel and entertainment c					
1	3		8			
			9	Add lines 7 and 8		
6	Add lines 1 through 5	221.761	10	Income (page 1	ine 28) Hine 6 less line 9	221.761
Sc	nedule M-2 Analysis of Unappropriate	ed Retained Earnin	igs pe	er Books (Line 2	25, Schedule L)	,.01
1	Balance at beginning of year	91.275	5	Distributions: a	Cash	
1.1	Natinaama (laas) parkaala	221.761		b	Stock	
2	Net income (loss) per books					
2	Other increases (itemize):			c	Property	
2	Other increases (itemize):		6	C Other decreases (i	Property	
2	Other increases (itemize):		6 7	C Other decreases ( Add lines 5 and 6	Property itemize):	

#### *Figure 21:* Form 1120.PG5

Note

To force the **1120.PG5** to print Schedule L information, go to the **PRNT** screen in data entry and select the **Force Schedules G (1120-C), L, M-1, and M-2 to be printed** box.

## **FINANCIALS**

The Paint Palette Design Studio Balance Sheet and Profit Loss Statement are listed below for your reference in completing the corporation return (Figure 22 and Figure 23).

Balance Sheet f 12/31/2016 & 12/31/20	017			
	1	2/31/2016	1	2/31/2017
-		210112010		210112011
1 100 100 NOTION OF	\$	79,055	\$	89,731
nces for bad debts	\$	(13,065)		
areholders	\$	20,000	\$	218,810
securities	\$	56,820	\$	55,178
eceivable	\$	85,715	\$	20,773
	\$	18,350	\$	45,000
	\$	246,875	\$	429,492
other depreciable assets	\$	20	\$	116,255
nulated Depreciation	\$	-	\$	(53,231)
	\$	-	\$	63,024
	\$	246,875	\$	492,516
-				
avables	\$	23,330	\$	66,050
shareholders	\$	18,450		
ore than 1 year	\$	55,545	\$	24,905
rnings Unappropriated	\$	91,275	\$	313,036
ock	\$	58,275	\$	88,525
	\$	246,875	\$	492,516
rnings - Beginning rnings - Ending			\$ \$ \$ \$ \$	91,275 221,761 313,036 626,072 69,737
	avables shareholders other depreciable assets nulated Depreciation ayables shareholders ore than 1 year mings Unappropriated ock	f 12/31/2016 & 12/31/2017 f 12/31/2016 & 12/31/2016 & 12/31/2016 & 12/31/2016 & 12/31/2017	f12/31/2016 & 12/31/2017         12/31/2016         nces for bad debts areholders securities aceivable         \$ <ul> <li>79,055</li> <li>(13,065)</li> <li>20,000</li> <li>\$             <li>56,820</li> <li>\$             <li>\$             <li>\$             <li>\$                  </li> <li>\$                  <li>\$                      <li>\$                                </li> <li>\$</li></li></li></li></li></li></li></ul>	Defaurce sneet $f 12/31/2016 & 12/31/2017$ inces for bad debts areholders securities eceivable\$ $$ 79,055 & $$ (13,065) & $areholderssecuritieseceivable$$ 56,820 & $$ 20,000 & $$ 56,820 & $$ 20,000 & $$ 56,820 & $$ 20,000 & $$ 56,820 & $$ 20,000 & $$ 56,820 & $$ 246,875 & $$ 18,350 & $$ 246,875 & $$ 246,875 & $$ 246,875 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 18,450 & $$ 55,545 & $$ 18,450 & $$ 58,275 & $$ 58,275 & $$ 58,275 & $$ 58,275 & $$ 59,275 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 58,275 & $$ 58,275 & $$ 58,275 & $$ 58,275 & $$ 59,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$ 50,4875 & $$

Figure 22: Balance Sheet

	Profit and Loss Stateme For the Year Ended December	<b>ent</b> 31, 2017
INCOME		
	Gross receipts	\$617,074
	Less Returns and allowances	\$ (15,645)
	Interest income	\$ 695
	Gross rental Income	\$ 30,000
	TOTAL GROSS INCOME	\$632,124
COSTO	F GOODS SOLD	
	Beginning Inventory	\$ 18,350
	Purchases	\$165,000
	Labor	\$ 7,638
	Ending Inventory	\$ 45,000
	TOTAL COST OF GOODS SOLD	\$145,988
TOTAL	INCOME	\$486,136
EXPENS	SES	
	Officer compensation	\$ 65,000
	Depreciation	\$ 53,231
		ψ 00,201
	Accounting	\$ 1,764
	Accounting Advertising	\$ 1,764 \$ 4,500
	Accounting Advertising Computer	\$ 1,764 \$ 4,500 \$ 16,280
	Accounting Advertising Computer Repairs and Maintenance	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650
	Accounting Advertising Computer Repairs and Maintenance Insurance	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 850
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 850 \$ 2,300
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 8,800 \$ 2,300 \$ 86,400
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages Utilities	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 850 \$ 2,300 \$ 86,400 \$ 86,400 \$ 6,700
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages Utilities Pension plans	\$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 850 \$ 2,300 \$ 86,400 \$ 6,700 \$ 6,500
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages Utilities Pension plans <b>SUBTOTAL EXPENSES</b>	\$ 35,251 \$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,6400 \$ 6,500 \$ 6,500
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages Utilities Pension plans <b>SUBTOTAL EXPENSES</b> Federal Income Tax	\$ 35,231 \$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 8,800 \$ 2,300 \$ 86,400 \$ 6,700 <b>\$ 6,500</b> <b>\$ 264,375</b> \$ 69,737
	Accounting Advertising Computer Repairs and Maintenance Insurance Janitorial Telephone Legal & professional Salaries and wages Utilities Pension plans <b>SUBTOTAL EXPENSES</b> Federal Income Tax <b>TOTAL EXPENSES</b>	\$ 33,231 \$ 1,764 \$ 4,500 \$ 16,280 \$ 5,650 \$ 6,400 \$ 8,800 \$ 8,800 \$ 8,800 \$ 2,300 \$ 86,400 \$ 6,700 <b>\$ 6,500</b> <b>\$ 264,375</b> \$ 69,737 <b>\$ 334,112</b>

Figure 23: Profit Loss Statement

## **REVIEW QUESTIONS PART 5**

Answer the questions below. See "Answers Part 5" on page 172 for answers and explanations.

- 1. Which of the following statements is *incorrect* concerning the **4562** data entry screen in an 1120 return?
  - a) If an item is used for 100% business, you may leave the **Business% use** field blank.
  - **b)** If prior depreciation for the state is the same as the federal, the state amount does not need to 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 mode and full screen mode using the F3 key.
- 2. Where in 1120 data entry is the Beginning of Year and Ending of Year Inventory entered?
  - a) Screen SCH 2, Balance Sheet Subsidiary Schedule
  - b) Screen M1, Reconciliation of Income
  - c) Screen A, Form 1125-A Cost of Goods Sold
  - d) Screen K, Schedule K Other Information
- **3.** To make a payment with a Form 7004 extension application, use the following screen to enter payment information:
  - a) DD
  - b) PIN
  - c) PMT
  - d) EF
- 4. Which of the following is *not* true about the Autobalance feature in Drake Tax?
  - a) Autobalance is an option that forces the Schedule L Balance Sheet to balance if certain amounts are not entered on Schedule L screen.
  - b) Autobalance can be turned off by checking a box in the Print Options (PRNT) screen
  - c) Autobalance adjusts the Unappropriated Retained Earnings amount on Schedule L by the difference between total assets/liabilities and capital before the adjustment
  - **d)** In the 1120, 1120s, and 1065 packages, the Autobalance feature is turned off by default, and preparers need to go to the **PRNT** screen to activate it.

## ANSWERS PART 5

- 1. 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 the 4562 screen. The preparer may press F3 to access full screen mode, and then press F3 again to return to grid data entry mode. Pressing F3 toggles between the two data entry modes for the 4562 screen.
- The correct answer is c) Screen A, Form 1125-A Cost of Goods Sold

   a) is incorrect. Screen SCH 2, Balance Sheet Subsidiary Schedule
   b) is incorrect. Screen M1, Reconciliation of Income
   d) is incorrect. Screen K, Schedule K Other Information
- **3.** The correct answer is **c**) **PMT.** The payment screen is where bank information can be entered for electronic funds withdrawal.
  - a) is incorrect. The **DD**, Direct Deposit Screen is used for receiving refunds, not making payments.
  - b) is incorrect. The **PIN** screen is used to electronically sign a return.
  - d) is incorrect. The EF screen is used to indicate which forms will be efiled.
- 4. The *untrue* statement is **d**.) The autobalance feature is turned off by default in Drake Tax. The autobalance feature is actually turned *on* by default. It can be turned off by going to the **PRNT** screen and checking the box to turn it off.

a), b), and c) are all true statements about the autobalance feature.

# **Partnership Return**

This chapter summarizes the basic steps to prepare a 1065 partnership return in Drake Tax. To view the completed return, open 400001615.

## **PREPARING THE 1065 EVALUATION RETURN**



NNTF

The tables used in this exercise contain financial information found in the Balance Sheet ("Balance Sheet" on page 192) and Profit Loss Statement ("Profit and Loss" on page 193) located at the end of this chapter.

To create a new partnership from the Drake Tax **Home** window:

- 1. Click Open/New in the Home window toolbar, enter EIN: 400001616, and click OK
- 2. Click Yes to create a new return and select return type: Partnership 1065.
- 3. Enter the partnership name: Grannys Gifts Gadgets and Gear, and click OK.

When opening and preparing a return, enter all numbers without dashes (unless the number is negative), slashes, dollar signs, or commas.

#### **GENERAL INFORMATION**

The 1065 return is opened to screen **1**, the **Partnership General Information** screen. Begin return preparation using the corporation's general information in the table listed below:

Fields	Data
Corporation Name	GRANNYS GIFTS GADGETS AND GEAR
Address	235 EAST PALMER
ZIP code	28734
Phone number	828-524-8020
Principal business activity	RETAIL SALES
Principal product or service	NOVELTY STORE
Business code number	*453220 (see note below)
Business start date	02-25-2015
Accounting Method	CASH
If not calendar year	leave section blank - this corporation uses a calendar year
Resident state	0 (enter zero to suppress the state return) for this exercise
Email	GRANNYG@GGGG.COM
Cell	828-524-8020

Note

\* To locate the **Business activity code** number, place your mouse pointer in the field for line 2a, press CTRL+SHIFT+S to open a field search, enter Paint in the **Please input search data** field, and click **Go**. Select **444120** (Paint & Wallpaper Stores), and click **OK**.



Partnership General Information			
Name and Address Information			
Employer ID number	40-0001615		
Legal Name of Entity	GRANNYS GIFTS GADGETS	AND GEAR	
DBA (Doing business as)			
In care of			
Address, Suite #State Info	235 EAST PALMER STREE	T	
City	FRANKLIN		
U.S. ONLY State, ZIP, County	NC 💌 28734	MACON	Enter 0 to
Foreign ONLY Province/State, Country, Postal Code	<click access="" to=""></click>		suppress the
Phone number	828-524-8020	L	state return
General Information		Other Informati	on
A Principal business activity	RETAIL SALES	Resident state	<b>0</b>
B Principal product or service	NOVELTY STORE	Misc code 1	
C Business code number	453220 💌	Misc code 2	
E Business start date	02-25-2015	Invoice #	
G Mark applicable boxes:		Preparer fee	=
🔲 Initial return 👘 Final return	Amended return	Firm #	=
Address change Technical termination	Name change	Preparer #	=
H Accounting method:	-	Data entry ope	erator # =
Cash Cash Other		ERO #	=
If not a calendar year:		Entity Name Co	ontrol Override
Fiscal year beginning		Entity Name C	control =
Fiscal year ending		Use this field	only if Name Control is
52-53-week tax year Year		obtained from Specialty Help	IRS by contacting Business & Line at 1-800-829-4933.
Client information			
EmailGF	RANNYG@GGGG.COM		
Cell	28-524-8020	Filing Security	Information
Fax			

Press ESC and go to the Data Entry Menu.

#### INCOME

Partnership income is reported on the **Income** screen (Figure 2) and dividend income is reported on the **K** - Schedule K Partners' Distributive Share screen.

To open the **Income** screen, type INC in the selector field and press ENTER. Use the following table to enter information on the INC screen.

Fields	Data
Gross receipts or sales	315,620
Returns and allowances	10,300
Interest income on receivables	4,650

Figure 2: INC Screen, Income and Common Schedule K Items

1a	Gross receipts or sales	315620				
1b	Returns and allowances	10300				
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	4650				
	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.					
Publ	icly Traded Partnership Electing 3.5% Tax					
	Publicly traded partnership electing 3.5% tax					
	Gross income subject to 3.5% tax	=				

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

#### DEDUCTIONS

Deductions are recorded on the **Deductions - Form 1065, Page 1 Deductions** screen. To open the **Deductions - Form 1065, Page 1 Deductions** screen, type DED in the selector field and press ENTER. Use the table below to enter expense information in the **Deductions** screen (Figure 3).

Fields	Data
Accounting	600
Advertising	7,500
Bank charges	300
Cash Short/over	225
Cell phone	5000
Computer	6000
Delivery	800
Education and training	430
Equipment rental/lease	3700
Partners' health insurance	5,500
Insurance - Building & equipment	10500
Insurance - Liability	2000
Insurance - Workers' Compensation	2000
Internet	400
Janitorial	800
Laundry and cleaning	200
Legal and Professional	450
Meetings	100
Permits and fees	340
Printing	300
Repairs and maintenance	1200
Retirement plans	9,000
Salaries and wages	80000
Software	695
Supplies	700
Telephone	250
Travel	2700
Utilities	6000
Waste removal	900

Ded	uctions - Form 1065, Page 1 Deduction	ons	All lines w	vithou	It numbers flow to Form 1065, line 20.	ncom	e Screen
	Accounting	Г	600		lanitorial	Г	800
	Advertising	Ĺ	7500		Laundry and cleaning	Ĺ	200
	Automobile and truck expense	Ĺ			Logal and professional	í	450
12	Rad debts	Ĺ			Marketing	Í	
	Bank charnes	Ĺ	300		Maple and entertainment 50% limit	ŕ	
	Cash short/over	Γ	225		Meals and entertainment 90% limit	Í	
	Call phone	Ĺ	5000		Meals and entertainment 100% allowed	Ĺ	
	Clean fuel vehicle deductions	Ĺ			Meetinge	í	100
	Crean ruer venicle deductions	Ĺ			Miecellaneoue	ľ	
	Computer	Ĺ	6000		Office expense	ï í	500
	Conculting	Ĺ			Outcide convices and contractors	Ĺ	
	Consulting	i i			Duiside services and contractors	· ¦	
	Delivery	i i	800		Parking lees and tons	" i	
47	Derivery	i i			Payroli processing expenses	· ¦	340
1/	Depletion (do not deduct oil and gas depletion)				Permits and lees	· /	
168	Depreciation	-			Postage/snipping	·	300
160	Discounts				Printing.	ſ	
	Dues and subscriptions	Г		13	Rents	. [	
	Education and training	Г	430	11	Repairs and maintenance		1200
19	Employee benefit programs	Г		18	Retirement plans, etc	. Г	9000
	Equipment rental/lease	Г	3700	9	Salaries and wages (other than to partners)	. [	80008
	Freight	Г			Sales		
	Fuel	Γ			Security	. [	
	Gifts	Г			Software	. [	695
10	Guaranteed payments to partners	Γ			Supplies	. [	700
10	Partner's health insurance		5500	14	Taxes and Licenses	+/-	
	Independent contractor				Telephone	. [	250
	nsurance	_			Tools	. [	
	General				Travel		2700
	Building and equipment		10500		Uniforms	. 1	
	Liability		2000		Utilities	. [	6000
	Workers' compensation		2000		Waste removal		900
	Other insurance			20	Other deductions (itemize)	. [	
15	Interest expense <u>ELEC Screen</u> Internet		400	4611	Deductions, credits, and exclusions from Form Amortization, and credits from Forms 6765, 88 flow to Form 1065, page 1, line 20, "Other dedu	4562 20, an	, id 8873, s."

#### Figure 3: DED Screen

### FORM 1125-A COST OF GOODS SOLD

Open the Form 1125-A Cost of Goods Sold screen (Figure 4) by typing A in the selector field and pressing ENTER. Use the following table to enter information in screen A.

Fields	Data		
Inventory at beginning of year	90,000		
Purchases less cost of items withdrawn for personal use	30,000		
Cost of labor	28,000		
Inventory at end of year	50,000		
Methods used for valuing inventory	Cost		
Do the rules of section 263A apply to this partnership?	No		
Was there any change in determining inventories?	No		

#### Figure 4: Screen A, Form 1125-A Cost of Goods Sold

For	rm 1125-A Cost of Goods Sold			
Cos	st of Goods Sold			
1	Inventory at beginning of year			90000
2	Purchases less cost of items withdrawn for personal use			30000
3	Cost of labor			20000
4	Additional section 263A costs			
5	Other costs - depreciation	=		
5	Other costs - excluding depreciation			
7	Inventory at end of year			50000
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.			
С	F Select this box if LIFO was adopted this tax year.			
d	If LIFO inventory method was used, enter amount of closing inventory computed under LIFO	Γ		
			Yes	No
е	Do the rules of section 263A apply to this partnership?			~
f	Was there any change in determining inventories?		Г	V
	If "Vec " avalain			

Press ESC to return to the Data Entry Menu.

### SCHEDULE B - OTHER INFORMATION

Open the **B** screen (Schedule **B** - Other Information) by typing B in the selector field and pressing ENTER. In the **Type of Entity** field, select **Domestic general partnership**. The partners each own 50% of the partnership, and their ownership percentages should be entered on the Schedule **B1** screen.

On the third line in the **B** screen, click the **Schedule B1** link. Use the following table to enter the partners' ownership percentages in the bottom section for individuals or estates.
Fields	Partner 1	Partner 2
ID Number	400001910	400001911
Name of Individual or Estate	GENEVIEVE GADGETS	GEORGIA GADGETS
Select if an estate	leave blank	leave blank
Country of Citizenship	US	US
Max% Owned in Profit, Loss, or Capital	50	50

Press ESC to return to the **B** screen. Use the following table to enter partnership information in the **B** screen.

Line	Data
2 through 18a	NO
18b through 20	leave blank
21 and 22	NO
Tax Matters Partner/ Partnership Representative	leave blank (will Indicate on K1 Screen)

### Figure 5: Schedule B1 - Other Information Screen

complete lir	ation below if any foreign or domestic corporation	nn narthershin (including any entity treated as a	nartnershin) or trust ou	was directly or
) Number	rest of 50% or more in profit, loss, or capital of	Type of Entity	Country of Org.	Max. % Owned in Profi Loss, or Capital
Humber			• •	
			• • • •	
			• • • •	
20.2h			• •	
ne 3b Enter the inform partnership. • Number	nation below if any individual or estate owns, di Name of Individual or Estate	rectly or indirectly, an interest of 50% or more in t	the profit, loss, or capita Country of Citizenship	I of the Max. % Owned in Profi Loss, or Capital
ne 3b Inter the inform Partnership. Number 000-00-1910	nation below if any individual or estate owns, di Name of Individual or Estate	rectly or indirectly, an interest of 50% or more in t	the profit, loss, or capita Country of Citizenship	I of the Max. % Owned in Profi Loss, or Capital
ne 3b Enter the inform artnership. Number 00-00-1910 00-00-1911	nation below if any individual or estate owns, di Name of Individual or Estate GENEVIEVE GADGETS GEORGIA GADGETS	rectly or indirectly, an interest of 50% or more in t	the profit, loss, or capita Country of Citizenship US V	I of the Max. % Owned in Profi Loss, or Capital
ne 3b Inter the inform artnership. Number 00-00-1910 00-00-1911	nation below if any individual or estate owns, di Name of Individual or Estate GENEVIEVE GADGETS GEORGIA GADGETS	rectly or indirectly, an interest of 50% or more in t	the profit, loss, or capita Country of Citizenship US V	I of the Max. % Owned in Profi Loss, or Capital
ne 3b Enter the inform partnership. Number 00-00-1910 00-00-1911	nation below if any individual or estate owns, di Name of Individual or Estate GENEVIEVE GADGETS GEORGIA GADGETS	rectly or indirectly, an interest of 50% or more in f	the profit, loss, or capita Country of Citizenship US V US V	I of the Max. % Owned in Profi Loss, or Capital

	7 Domestic general partnership     D       7 Domestic LLC     D       7 Foreign partnership     O	omestic limited partnership omestic limited liability partnership		
	<sup>™</sup> Domestic LLC <sup>™</sup> Di <sup>™</sup> Foreign partnership <sup>™</sup> Of	omestic limited liability partnership		
۲ ۷ ۷	Foreign partnership 🔽 O			
V <u>S</u> 2		her:		
\ <u>\$</u> 4			Yes	No
<u>s</u> 4	vas any partner in the partnership a disregarded entity, a partnership, a trust, an S co	progration, an estate, or a nominee or similar person?	Г	~
4	chedule B1 Information on partners owning 50% or more of the partnership			
0	tachment 4a and 4b Information on the partnership owning a corporation trust or r	artnership interest		
	bid partnership file Form 8893 or an election statement under section 6231(a)(1)(B)(	1)?		~
ſ	oes partnership meet all requirements listed for question 6 of Form 1065?		Г	
1	a partnership a publiciv traded partnership?		Г	•
Г	id partnership have any debt that was cancelled forgiven, or had terms modified so	as to reduce principal amount of debt?	Г	~
	las nartnershin filed or is it required to file Form 89182		Г	
n r	hid partnership have an interest in a foreign account?		Г	V
	"Vas " salart a foreign country		-	
	Vac partnership grapter of ar transforer to a foreign truct?		-	
	vas partiership grantoi ti, or u ansieror to, a roreign u ustr	dian2 ELEC Screen	-	
	s partnership maxing, or had it previously made (and not revoked), a Section 754 ele	2/b) as 734/b)0	-	
	no partnersnip make for this tax year an optional basis adjustment under Section 74	3(D) 01 734(D) 7	-	J.
2C I	s the partnership required to adjust the basis of partnership assets because of subs	tanual built-in loss of substantial basis feduction?	-	1.
3 [	ouring the current or prior tax year, did the partnership distribute any property received	I in a like-kind exchange or contributed to another entity?	-	
¢ (	vid partnership distribute to any partner a tenacy-in-common or other undivided inter-	est in partnership property?		-
5 1	partnership is required to file Form 8858, enter the number of Forms 8858 attached			
3 E	oes partnership have any foreign partners?			_ <b>\</b>
I	"Yes," enter number of Forms 8805 filed for partnership	······		_
1 1	lumber of Forms 8865 attached to this return			
3a D	Vid you make any payments in 2017 that would require you to file Forms 1099?			~
3b It	"Yes," did you or will you file all required Forms 1099?			_
3 1	lumber of Forms 5471 attached to this return			
0 F	inter the number of partners that are foreign governments under section 892			
1 [	uring the partnership's tax year, did the partnership make any payments that would i	equire it to file Form 1042 and 1042-S under chapter 3		
(	sections 1411 through 1464) or chapter 4 (sections 1471 through 1474)?			~
2 V	/as the partnership a specified domestic entity required to file Form 8938 for the tax	year? (See the instructions for Form 8938)		V
	ax Matters Partner/Partnership Representative	ma E ortest		
F	artner	e on K1 Screen   Opt out		
8	SN/EIN			
	MP/PR name			
	I MP/PR is an entity, enter representative name			
1	ddress			
	I.S. Address ONLY : State, ZIP			
	mail address			
	hees sumber			

Figure 6: Schedule B - Other Information Screen

Press ESC to return to the Data Entry Menu.

NOTE Line 6 was answered no, because the partnership did not meet all four requirements:

- The partnership's total receipts for the tax year were less than \$250,000.
- The partnership's total assets at the end of the tax 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 (including extensions) of the partnership return.
- The partnership is not required to file Schedule M-3, which would be required if the balance sheet's total assets at the end of the tax year equal or exceed \$10 million.

### SCHEDULE K PARTNERS' DISTRIBUTIVE SHARE

The K screen, Schedule K, Partners' Distributive Share, is used to enter or adjust partners' share of income, loss, and self-employment (Figure 7). It contains screen tabs, which are used to access worksheets associated with Schedule K, and SA links are used to make special partner allocations ("Special Allocations for Partners" below). Tabs in the K screen include: Income (Loss), Deductions, Credits, AMT and Basis, Other Information, and Analysis of Net Income.



[ Ir	ncome	e (Loss) Dedi	uctions C	redits	AMT and Other Information	Other Information cont'd		Analysis of Net Income	2 [	
K - P	artne	ers Distributiv	e Share of Ir	ncome	(Loss) and Self-Employ	ment				•
Jse SA	link 1	to complete specia	I allocations by	partner	using dollar amounts or percent	ages. Special allocations for rent c	an be co	mpleted per	Video: Sr	acial Allocati
roper	ty on	the 8825 and REN	l screens.						<u>video. or</u>	/ccial/alocal
	0.1									
1	Ora	inary business inco	ime (loss)						<u>SA</u>	
2	Net	rental real estate ir	icome (loss)					Form 8825	2.2	
	Dis	position of property	from rental real	estate ac	ctivities (8825, Line 19)				<u>SA</u>	
	Net	rental real estate ir	icome (loss) fror	n pass-t	nrougn entities (8825, Line 20a)			RENT Screen	SA	
JC	Oth	er net rental income	e (IOSS)						SA	
4a	Gua	aranteed payments.						-	SA	
4D	Роп	tion of 4a allocated	tor other than se	rvices an	nd not subject to SE tax		+/-		SA	
5	Inte	rest income					+/-		SA	
6a	Ord	linary dividends					+/-		- <u>SA</u>	
6b	Qua	alified dividends					+/-		94	
7	Roy	alties					+/-	Contraction D	0/1	
B	Net	short-term capital g	gain (loss)					Schedule D	<u>SA</u>	
9a	Net	long-term capital g	ain (loss)					Schedule D	- SA	
9b	Coll	lectibles (28%) gair	n (loss)				+/-		<u> 04</u>	
9c	Unr	ecaptured section ·	1250 gain					1250 Screen	<u>SA</u>	
10	Net	section 1231 gain	(loss)					Form 4797	<u>SA</u>	
11	Oth	er Income (Loss							- 94	
	Α	Other portfolio inco	me (loss)				. +/-			
	в	Involuntary convers	ions				. +/-		SA	
	С	Section 1256 contr	acts and straddl	es				Form 6781		
	D	Mining exploration	costs recapture.				+/-			
	E	Cancellation of del	bt				+/-	1	<u>5A</u>	
	F.	Other Income							- 94	
		Recoveries of	tax benefit items	(Section	111)		+/-			
		Gambling win	nings(losses), n	ot engag	jed in trade of gambling		+/-			
		Gambling win	nings(losses), e	ngaged i	in trade of gambling		. +/-		- 00	
		Section 751(b	) gain (loss)				+/-		<u>5A</u>	
		Specially alloc	ate ordinary gain	(loss)			+/-			
		Net short-term	capital gain(los	s), Sche	dule D, line 7		+/-		- <u>SA</u>	
		Net long-term	capital gain(loss	), Sched	lule D, line 15		+/-	1	<u>5A</u>	
		Gain from sale	e of QSB stock el	igible for	r Sec. 1202 exclusion				<u>SA</u>	
		All other incom	ne items from pa	rtnership	DS				<u>SA</u>	
		All other incon	ne items					<u>Other</u>		
f-Emp	oloym	ent								
149	Not	earnings from self	employment						SA	
146	Gro	ee farmina/fiebina	ncome						SA	
140	GIU							·	SA	
140	GIO	ss non-tarm incom	e	calcula	tion is proformed, click the KSE is	nk		KSE screen		
		N	stel in alternative	calcula	uon is preferred, click the KSE li	IIK.		NOL BUIGH		

### **SPECIAL ALLOCATIONS FOR PARTNERS**

Any line with an SA link, Special Allocations, can be selected to override the allocation of that item for any or all of the listed partners. Special allocations can be made by selecting the SA link beside the line you want to adjust. In the SA window, either dollar amount or percentage allocation type must be selected. A running total of the allocations is displayed at the bottom of the SA window under Unallocated and Allocated.

No special allocations will be made for the partners in this exercise. For an example of special allocations made among five partners in the **SA** window, see Figure 8 below.

Figure 8: Special Allocation	s (SA)
------------------------------	--------

(40000000) - Guara	nteed payments - 121221		-	×
Special allocation distributed to rem	s can be entered using a dollar amount or percentage. Unallocal aining partners based on a pro-rata calculation of partner's per Dollar Amount C Percentage	ted amounts will b centage entered o	oe on the K-1 screens	5.
SSN/EIN	Partner Name	Dollar Amount	Percentage	
400001010	FREDS FIDUCIARY	30303	24.9981439	
400001011	MILO MINDBENDER	30302	24.9973189	
400001012	TIMBERS TRUCKING	30000	24.7481872	
400001013	MANNY MEATLOVER	25000	20.6234893	
400001014	LOLA LANDFALL			
	Unallocated	\$5616 Allocated	\$115605	-
Clear	]	Save	Cancel	

### SCHEDULE K-1 - PARTNER INFORMATION

The **K1** screen, **Schedule K-1 - Partner Information**, is where information about each partner is entered. Type K1 in the selector field and press ENTER to open the **K1** screen. Complete a **K1** screen for the first partner, and press PAGE DOWN to open a **K1** screen for the second partner. Use the following information to complete each partner's K1 screen.

Field	Data	Data
SSN	400001910	400001911
Name	GENEVIEVE GADGETS	GEORGIA GADGETS
Title for PIN Signature	General Partner	leave blank
Country of Incorporation/ Organization	US	US
Max Percentage Owned	50	50
Address	235 EAST PALMER STREET	235 EAST PALMER STREET
ZIP	28734	28734
Type of Partner	checkboxes <b>G</b> , <b>H</b> , and select <b>Individual</b> from the <b>I1</b> drop list	checkbox <b>H</b> , and select Individual from the I1 drop list
Partner's%	50, 50, 50	50, 50, 50
Beginning capital account	131512	131513
Did the partner contribute property with a built-in gain or loss?	leave blank	leave blank

- Click the **PRNT Screen** link to the **Print Options** screen and mark the **No** checkbox beside **All Partners contrib. prop. w/ build-in gain or loss**.
- Mark the Tax basis checkbox below Item L on Schedule K-1 in the Print Options screen.

#### TAX MATTERS PARTNER

Genevieve Gadgets is the General Partner, and she holds several other responsibilities (Figure 9). Mark the following checkboxes in Genevieve's K1 screen:

- TMP/REP Genevieve is the Tax Matters Partner for Granny's Gifts Gadgets and Gear.
- Rounding Partner Genevieve's Schedule K-1 will be the last K-1 calculated.
- Signs Return Genevieve's information in the K1 screen will flow to the IRS e-file Signature Authorization for Form 1065 (8879-PE), and only her partner PIN and signature date (along with the ERO's PIN) should be entered in the PIN, e-file Signature screen when the return is ready for e-file (Figure 10).

K1 Basis Wks	Supplemental Info	<u>8805 / Item M</u>	
chedule K-1 - Partner's	Share of Incom	e, Credits, Deductions, etc. Video: K-1 Exp	ort Tool Video: Special Allocations
Other Information		Schedule B-1	Select Applicable Box
Control number	Signs Return	Country of Incorporation/Organization US 💌	Final K-1
Rounding Partner	TMP/REP	Max Percentage Owned 50	Amended K-1
Partner's Name and Address In	formation		
E ID number	400001910	Title for Pin Signature GENERAL PARTNER	
	First Name	MI Last Name	Suffix Professional
F Name	GENEVIEVE	GADGETS	
Entity name (if not individual	I)		
Care of/FBO/DBA			
Address	235 EAST PALME	ER STREET	
City	FRANKLIN		
	State ZIP		
U.S. ONLY.	NC 💌 28734	Resident state	
	Province/State	Country Postal Code	
Foreign ONLY			
Phone number	828-524-8020	2014	
Email Address	GRANNYG@GGGG.C	COM	Deliver by SecureFilePro
Type of Partner G I General or LLC membe H I Domestic partner	r-manager	Limited or other LLC member  Foreign partner  INDIVIDUAL	
Type of Partner G IF General or LLC membe H IF Domestic partner 11 PARTNER type (not the part 12 I Is this partner a retireme	r-manager `nership) ant plan?	Limited or other LLC member Foreign partner INDIVIDUAL	
Type of Partner G I G General or LLC membe H I Domestic partner II PARTNER type (not the part I2 □ Is this partner a retireme J. Partner's %	r-manager Inership) 2011 plan?	Limited or other LLC member Foreign partner INDIVIDUAL	
Type of Partner G IF General or LLC membe H IF Domestic partner 11 PARTNER type (not the part 12 IF is this partner a retirement J. Partner's % B	r-manager Inership) ant plan? eginning Of Year	Limited or other LLC member     Foreign partner     INDIVIDUAL     NOTE: Special allocations for Income, Deductions,	Credits, OWN Override
Type of Partner G I⊄ General or LLC membe H I⊄ Domestic partner II PARTNER type (not the part I2	r-manager Inership) ant plan? aginning Of Year 50	Limited or other LLC member     Foreign partner     INDIVIDUAL     INDIVIDUA	Credits, OWN Override edule =
Type of Partner G I General or LLC membe H I Domestic partner I PARTNER type (not the part I2 □ Is this partner a retiremed J. Partners % Brofit	r-manager Inership) ant plan? eginning Of Year 50 50	Limited or other LLC member     Foreign partner     INDIVIDUAL     INDIVIDUA	Credits, OWN Override edule = mation =
Type of Partner G I I Comestic partner H I PARTNER type (not the part I PARTNER type (not the part I C I Is this partner a retiremed J. Partner's % Profit	r-manager Inership) ant plan? eginning Of Year 50 50 50	Limited or other LLC member     Foreign partner     INDIVIDUAL     INDIVIDUA	Credits, OWN Override edule mation = 
Type of Partner G ♥ General or LLC membe H ♥ Domestic partner I1 PARTNER type (not the part I2 □ Is this partner a retiremed J. Partner's % Profit	r-manager Inership) ant plan? eginning Of Year 50 50 50	Limited or other LLC member     Foreign partner     INDIVIDUAL     INDIVIDUA	Credits, OWN Override edule = = =
Type of Partner G ♥ General or LLC membe H ♥ Domestic partner I1 PARTNER type (not the part I2 □ Is this partner a retiremed J. Partner's % Profit	r-manager inership) ent plan? eginning Of Year 50 50 50	Limited or other LLC member Foreign partner INDIVIDUAL NOTE: Special allocations for Income, Deductions, etc., on a lime-by-lime basis are entered on the Sch K screens using the SA link. See FAQ 'P' for infor on entering ownership Changes. Partner Ownership Changes	Credits, OWN Override edule mation
Type of Partner G IF General or LLC membe H IF Domestic partner 11 PARTNER type (not the part 12 IF is this partner a retirement J. Partner's % Profit	r-manager Inership) ent plan? eginning Of Year 50 50 50 80 80 80 80 80 80 80 80 80 80 80 80 80	Limited or other LLC member     Foreign partner     INDIVIDUAL     NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for Infor on entering ownership changes.     Partner Ownership Changes	Credits, OWN Override edule mation = = = = 131512
Type of Partner G IF General or LLC membe H IF Domestic partner II PARTNER type (not the part I2 IF Is this partner a retirement J. Partner's % Profit	r-manager Inership) eginning Of Year 50 50 50 e year: ributed property.	Limited or other LLC member     Foreign partner     INDIVIDUAL     NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Schr K screens using the SA link. See FAQ "P" for inform on entering ownership changes.     Partner Ownership Changes	Credits, OWN Override edule = = = 131512
Type of Partner G  G  G  G  G  G  G  G  G  G  G  G  G	r-manager Inership) ent plan? eginning Of Year 50 50 50 e year: ributed property	Limited or other LLC member     Foreign partner     INDIVIDUAL     NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for infor on entering ownership changes. Partner Ownership Changes	Credits, OWN Override edule = = = 131512
Type of Partner G IF General or LLC membe H IF Domestic partner II PARTNER type (not the part I2 IF is this partner a retireme J. Partner's % Profit. Loss. Capital Analysis of Capital Account. Beginning capital account Capital contributed during th Gain recognized on cont Cash contributed	r-manager Inership) ant plan? eginning Of Year 50 50 50 e year: ributed property	Limited or other LLC member Foreign partner INDIVIDUAL  NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for infon on entering ownership Changes	Credits, OWN Override edule = = = 131512
Type of Partner G I General or LLC membe H I Domestic partner I PARTNER type (not the part I PARTNER type (not the part I I Sthis partner a retireme J. Partner's % Profit. Loss. Capital. Analysis of Capital Account. Capital contributed during th Gain recognized on cont Cash contributed. Adjusted basis of proper Other adjustments (including	r-manager thership) ent plan? eginning Of Year 50 50 50 e year: ributed property fy contributed redistribution of capita	Limited or other LLC member     Foreign partner     INDIVIDUAL     V     NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ 'P' for infor on entering ownership changes.     Partner Ownership Changes	Credits, OWN Override edule a 1 131512
Type of Partner G Greatal or LLC membe H G Domestic partner H PARTNER type (not the part PARTNER type (not the part I PARTNE's % Profit	r-manager thership) ant plan? aginning Of Year aginning Of Year aginning Of Year aginning Of Year agin agin agin agin agin agin agin agin	Limited or other LLC member     Foreign partner     INDIVIDUAL     NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for infor on entering ownership changes.     Partner Ownership Changes	Credits, OWN Override edule = _ =
Type of Partner G  G  G  G  G  G  G  G  G  G  G  G  G	r-manager thership) ent plan? eginning Of Year so eginning Of Year so eginning Of Year so egint so egi	I Limited or other LLC member Foreign partner INDIVIDUAL NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for Infor on entering ownership changes. Partner Ownership Changes	Credits, OWN Override edule = _ =
Type of Partner G IF General or LLC membe H IF Domestic partner H PARTNER type (not the part I PARTNER type (not the part I Partner's % Profit. Loss. Capital Analysis of Capital Account Beginning capital account. Capital contributed during th Gain recognized on cont Cash contributed Adjusted basis of proper Other adjustments (including Current year increase (decreat Withdrawals/Distributions W Did the partner contribute pro Part III: K-1 Direct Entries	r-manager thership) ent plan? eginning Of Year so eginning Of Year so eginning Of Year so eginning Of Year so eginning Of Year eginning Of Yea	I Limited or other LLC member Foreign partner INDIVIDUAL NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch K screens using the SA link. See FAQ "P" for infor on entering ownership changes. Partner Ownership Changes	Credits, OWN Override edule = = 131512 +/. +/. =
Type of Partner G  G General or LLC membe H  PARTNER type (not the part PARTNER type (not the part PARTNER type (not the part D Partner's % Profit Loss Capital Analysis of Capital Account Gain recognized on cont Cash contributed during th Gain recognized on cont Cash contributed during th Gain so of proper Other adjustments (including Current year increase (decreat Withdrawals/Distributions M Did the partner contribute pro Part III: K-1 Direct Entries 4 Guaranteed Payments for S	r-manager thership) ent plan? eginning Of Year so eginning Of Year so eginning Of Year so eginning Of Year so eginning Of Year eginning Of Yea	Limited or other LLC member  Foreign partner  NOTE: Special allocations for Income, Deductions, etc., on a line-by-line basis are entered on the Sch. K screens using the SA link. See FAQ 'P'' for infor on entering ownership changes. Partner Ownership Changes	Credits, edule = = = = = = = = = = = = = = = = = = =

Figure 9: Schedule K-1. Partner Information Screen

	8
e-File Signature Authorization for Form 1065	
ERO Tax Return Signature	<u>Video: Using a PIN in Drake</u>
"I certify that the numeric entry is my F     For the full version of the ERO's jurat,     By entering your PIN, you are stating to the full version of the jurat.     ERO PIN <b>ERO PIN Seneral Partner or Limited Liability Company Member Manage</b> "Under penalties of perjury, I declare that I am a general partner or limited     For the full version of the General Partner or Limited Liability Company Member Manage	If the required information has already been entered in the signing partner's <b>K1</b> screen, do not use the override fields here. liability company member manager" mber Manager jurat, press F1 in the Partner's PIN field.
PIN ERO entered Signature date Title	
Partner 98765    04-09-2018 =	
First Name MI Last Name	Suffix Professional
Signature = = =	=   =
	, _ ,
SSN	
Phone =	
Email =	
Click the links below to access the following state e-file authorit	zations:
New York - e-File and Direct Debit Authorization	
Michigan - Partner Declaration/e-File Authorization and ERO and Prepa	arer Declarations
Illingia on File and Direct Dabit Authorization	
innois - e-File and Direct Debit Authorization	

#### Figure 10: PIN, e-File Signature Screen

### **PARTNER'S ADJUSTED BASIS WORKSHEET**

The Partner's Adjusted Basis Worksheet is used to calculate a partner's new basis after increases or decreases are made to basis during the current year (Figure 11). Adjusted basis (or outside basis) refers to the partner's investment in a partnership. The basis is determined without considering any amount shown in the partnership books as capital, equity, or similar account.

At the top of the **K1** screen, click the **Basis Wks** tab to open the partner's adjusted basis worksheet screen. Use the following table to enter the preceding year adjusted basis in the **Basis Wks** tab in each partner's **K1** screen.

Fields	Data	Data
Partner	Genevieve Gadget	Georgia Gadget
Adjusted basis from preceding year	16147	16146

K	Basis Wks Supplemental Info 8805 / Item M		
artr	ner's Adjusted Basis Worksheet 400001910 GENEVIEVE - GADGETS		
Partr	er Basis		
1	Adjusted basis from preceding year	= 1	614
2a	Gain recognized on contribution of property	=	
b	Cash contribution	=	
с	Adjusted basis of property contributed	=	
d	Partnership interest acquired other than by cash or property		
3j	Increase for excess depletion adjustment		
31	Gain from 179 asset disposition		
Debt	Basis		
4 & 1	7		
Α	Partner's share of partnership liabilities	=	
В	Partner's share of partnership liabilities from prior year		
6	Withdrawals/distributions	=	
14	Nonrecourse loans, stop-loss agreements, nonrecourse liability		
15	Fair market value of partner's personal property not used in the partnership		

#### Figure 11: K1 Screen Basis Wks Tab

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. Increases to basis can 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 to basis can include:

- Distributions of cash or property to partners
- Separately stated losses and deductions
- Nondeductible business expenses
- Credit adjustments

			Partner's Adjust	ed Basis	Work	sheet		2	017
Partn	er Number:		TIN: 400-00-1910	Taxyee	ar ending:	12 - 31 - 2	017 0	wnership %:	50.000000
Name	eof Partner: GENE	VIEVE	GADGETS			10 01 0	011		
Name	eof Partnership: GRAN	INYS GI	FTS GADGETS AND	GEAR			E	N 40−0	001615
A	Partner's share of partnership	liabilities (Sch K	(-1, Item K)	A					
B.	Partner's share of partnership	liabilities from P	RIOR year	B. (		)			
C.	Increases (Decrease) in shar	e of Partnership I	iabilities during this tax period	C.		5			
1.	Adjusted Basis from preceding	g year						1.	16,147
2	Capital contributions of proper	rty						1	
a	Gain (if any) recognized thi	is year on contrib	ution of propertyto partnership	2 a.					
b.	Cash contributed during the	e year		b					
C.	Adjusted basis of property of	contributed during	the year	С.					
d.	Partnership interest acquir	ed other than by o	ash or property	d					
	Total additional contributions (	Total lines 2a-2d	))			2			
3.	Items of Income or Gain for thi	s period							
a.	OrdinaryIncome		(Sch K-1, Line 1)	3 a.	14,	,815			
b.	Real Estate Rental Income		(Sch K-1, Line 2)	b					
C.	Other Rental Income		(Sch K-1, Line 3c)	c					
d.	Interest, Dividends & Royal	ties	(Sch K-1, Lines 5, 6a & 7)	<mark>d.</mark>					
e.	Capital Gain		(Sch K-1, Lines 8 & 9a)	e					
f.	Other Portfolio Income		(Sch K-1, Line 11a)	f					
g.	Section 1231 Gain		(Sch K-1, Line 10)	g					
h.	Other Income		(Sch K-1, Line 11)	h					
i.	TaxExempt Income		(Sch K-1, Lines 18a & b)	i					
j.	Excess Depletion Adjustme	ent		j					
k	Increase from Recapture of	f Business Credit	s	k		ą.			
i.	Gain from 179 disposition			i					
	(See IRC § 49(a), 50(a)	, 50(c)(2) & 1371	(d))				1212	200 200	
	Total items of Income or Gains	s (Total lines 3a-	31)			3.	14,	815	
4.	Increase in Partnership Share	of Partnership Li	abilities from line C above			4.			
5.	Total increases in basis (com	bine lines 1 throu	gh 4)			-		5	30,962
6.	Distributions to the Partner du	ring the year	and the second second second			6.			
1.	Decrease in Partner's Share o	of Partnership Lia	bilities from line C above			1.			
8 a.	Decrease for Non-Deductil	ble Expenses/Cre	dit Adjustments	8 a.		77			
D.	Decrease for Depletion			D					
	l otal other decreases (lines 8	a-80)				8			00.000
9.	Subtotal - basis after all distric	outions and other	decreases (Line 5 minus lines 6-8)					9.	30,962
10.	Items of Losses and Deduction	ns (Allowed for th	e current year)	10					
a.	OrdinaryLoss		(Page 2, Colle, Line 10a)	10 a.		12			
D.	Real Estate Rental Loss		(Page 2, Colle, Line 100)	D					
C.	Other Rental Loss		(Page 2, Colle, Line Tuc)	C					
u.	Other Dertfolie Less		(Page 2, Colle, Line, 10c)	a					
e. f	Section 1221 Loss		(Page 2, Colle, Line, 100)	e					
	Other Loss		(Page 2, Colle, Line, 10a)						
y.	Charitable Contributions		(Page 2, Colle, Line, 10b)	9		24			
1	Section 179 Evense		(Page 2, Cole Line 10i)	n		10			
1	Portfolio Income Evenencos		(Page 2 Cole Line 10i)	1		-0.			
J.	Other Deductions		(Page 2 Cole Line 101A	J					
I	Interest Expense on Investm	nent Debt	(Page 2, Cole Line 101)						
	Total Foreign Taves Prid//	Accrued	(Page 2 Cole Line 10m)			-0			
n	Section 59(e) Expenditures		(Page 2 Cole Line 10n)	n		3			
0	Other decreases		(Page 2, Cole Line 10n)	"					
p	Loss from 179 disposition		(Page 2, Col e, Line 100)	0. D		37			
P.	Total items of Losses and Der	luctions (Total lin	es 10a-10p)	r		10			
11	Adjusted Basis of Partnership	Interest (Cannot	be negative) (Line 9-Line 10) At-Risk Rosis					11	30 060
12	At-riskadiustment: (Amunt fri	om lines 5)				12	30	962	30,902
13.	Enter the amount from lines 6	7.8 and 10				13 (	50,	502	
14	Enter any nonrecourse loans	etc.				14 (			
15.	Enter the FMV of partner's per	rsonal property n	ot used in the partnership that secures a nonre	course loan on line :	14	15.		/	
16	Combine lines 12 through 15	If negative no cu	rrent year loss can be deducted. See Form 619	18	239			16	30 060
10.	Comune mes 12 unough 15.	in negauve, no cu	none yoar toss can be deducted. See Form 615					10.	30,96.

### Figure 12: Partner's Adjusted Basis Worksheet

NOTE The Partner's Adjusted Basis Worksheet is printed (generated in View/Print mode) only when this option is selected on the **PRNT** screen.

### 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 section labeled Depreciable Assets. These screens include:

- The **4562** screen is used for entering depreciable assets for Form 1065, Schedule A, Schedule F, Form 8825, the **RENT** screen, and Section 754. 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. Screen 7, line 18 is where you go to claim the Section 168(i)(4) election.
- Screen **10**, **Additional Depreciation Elections** is the place to elect out of bonus depreciation for all classes of property or by property class. For this return, we will not opt out of bonus depreciation.

There are three depreciable assets. Open the **4562** screen by typing 4562 in the **Data Entry Menu** selector field and pressing ENTER. The **4562** screen is opened in grid data entry mode If grid mode checkbox is selected in **Setup** > **Options** > **Data Entry**. Use information from the following table to enter the assets.

Fields	Asset 1	Asset 2	Asset 3
Form	1065	1065	1065
Description	BUILDING	DISPLAYS	STORAGE RACKS
Date Acquired	07-12-2017	06-13-2017	09-12-2017
Cost	183,500	32,000	15,000
Method	ARP	М	М
Life	39	7	7

The Use% field would be used to indicate a percentage other than 100%. All three assets are 100% business use, so the Use% field can be left blank. If you are using grid data entry to enter the asset information (Figure 13), view the individual details of each depreciable asset and make adjustments by clicking Item Detail at the bottom of the grid data entry screen. The 4562 screen will open in full screen mode. Press ESC to return to the Data Entry Menu.

	Form	MFC	Description	Date Acqu	Cost / Basis	% Use	Used	LPT	Method	Life	Prior Depr	Prior 179	Prior Bonus
1	1 1065	1	Building	07-12-2015	183500				ARP	39	2156		0
5	2 1065	1	Displays	06-13-2015	32000				M	7	2286		16000
- 7	3 1065	1	Storage Racks	09-12-2015	15000				М	7	1072		7500
6	4	1			()								

# Note

Grid data entry mode feature is available for select screens (**4562** screens for all tax packages). Press TAB, or use the UP ARROW ( $\uparrow$ ) or DOWN ARROW ( $\downarrow$ ) keys to navigate the fields. Press F3 to toggle between the grid data entry mode and full screen mode.

To turn off grid data entry in Drake Tax, click **Setup > Options** from the **Home** window and clear the option to **Use grid data entry format on available screens** and click **OK**.

### SCHEDULE L - BALANCE SHEET INFORMATION

Schedule L Beginning of Year (BOY) and End of Year (EOY) totals are displayed in the BOY Totals and EOY Totals columns after the return is calculated. This will help you determine if the balance sheet is in balance.

Type L into the selector field and press ENTER to open the **Schedule L - Balance Sheet** screen (Figure 14). Use the following table to enter the beginning of year and end of year totals.

Fields	Beginning of Year	End of Year
Cash	150,500	112,577
Trade notes and accounts received	12,500	leave blank
Less allowance for bad debts	10,000	leave blank
Loans to partners	25,000	leave blank
Mortgage/real estate loans	60,000	leave blank
Accounts payable	22,950	25,600
Payables less than 1 year	13,620	24,007
Payable more than 1 year	28,405	31,800
Partners' capital accounts	263,025	292,656

Press ESC to return to the Data Entry Menu



#### Figure 14: Screen L, Schedule L - Balance Sheet

### SCHEDULE M-1 - RECONCILIATION OF INCOME (LOSS)

Schedule M-1 shows all items of income and expense that are not subject to tax, plus those accounting items that are not income tax items (Figure 15). When required, taxpayers must reconcile book income with the taxable income. The book-to-tax difference for Schedule M-1 and any necessary adjustments can be made in the M-1 Reconciliation of Income (Loss) screen.

Scl	nedule M-1 Reconciliation of Income (Lo	ss) per Books	With Income (Loss) per Return	
	Note. The partnership may be requ	uired to file Scheo	dule M-3 (see instructions).	
1	Net income (loss) per books	29,631	6 Income recorded on books this year not included	
2	Income included on Schedule K, lines 1, 2, 3c,		on Schedule K, lines 1 through 11 (itemize):	
	5, 6a, 7, 8, 9a, 10, and 11, not recorded on		a Tax-exempt interest \$	
	books this year (itemize):			
3	Guaranteed payments (other than		7 Deductions included on Schedule K, lines	
	health insurance)		1 through 13d, and 16l, not charged	
4	Expenses recorded on books this year		against book income this year (itemize):	
	not included on Schedule K, lines 1		a Depreciation \$	
	through 13d, and 16l (itemize):			
a	Depreciation \$			
b	Travel and entertainment \$		8 Add lines 6 and 7	
			9 Income (loss) (Analysis of Net Income	
5	Add lines 1 through 4	29,631	(Loss), line 1). Subtract line 8 from line 5	29,631

Figure 15:	Schedul	e M-1	Reconci	liation of	f Income
------------	---------	-------	---------	------------	----------

### SCHEDULE M-2 - ANALYSIS OF PARTNERS' CAPITAL

Schedule M-2 is used to show what caused changes during the year in the partners' capital accounts. The amounts on Schedule M-2 should equal the total amounts reported in item L of all the partners' Schedule K-1s. Drake Tax carries amounts entered in item L (Analysis of Capital Account) on the partners' K1 screen to Form 1065, Schedule M-2, line 1, "Balance at beginning of year." Any necessary adjustments to the Schedule M-2 calculations can be made in the M-2 Analysis of Partners' Capital screen.

Figure 16: Screen M2, Schedule M-2 - Analysis of Partners' Capital

Sc	hedule M-2 Analysis of Partners' Cap	tal Accounts	
1	Balance at beginning of year	263,025	6 Distributions: a Cash
2	Capital contributed: a Cash		b Property
	b Property		7 Other decreases (itemize):
3	Net income (loss) per books	29,631	
4	Other increases (itemize):		
	n		8 Add lines 6 and 7
5	Add lines 1 through 4	292,656	9 Balance at end of year. Subtract line 8 from line 5 292, 656

Press ESC to return to the Data Entry Menu.

### **AUTOBALANCE**

Autobalance forces Schedule L to balance for both the beginning of year and end of year amounts. The program adjusts the partners' capital accounts on Schedule L by the difference between the total assets and the total liabilities plus capital before the adjustment.

For example, if the partnership's assets are \$1,000 and the liabilities and capital are \$900, the program increases the partners' capital accounts by \$100.

If you do not wish to use autobalance for a specific return, it can be turned off on the **Print Options** screen. On the **Data Entry Menu**, type PRNT in the selector field, press ENTER, and then select **Turn off autobalance** in the **Other Return Options** section.

Press ESC to return to the Data Entry Menu.

### REVIEW

You have just completed Form 1065, Partnership Tax Return in Drake Tax. Review the return for accuracy. Click **View** on the **Data Entry Menu** to open View mode to review the forms, calculations, and any EF MESSAGES or NOTES pages.

Click Form **1065.PG5 in the Forms tree**. Use this page to see if the return is in balance (Figure 17). Check the following:

- In the Schedule L section, line 14, "Total assets" should be the same as line 22, "Total liabilities and capital," both beginning of year and end of year.
- The End of tax year line 21, "Partners' capital accounts" in the Schedule L section should equal line 9, "Balance at end of year" in the Schedule M-2 section.
- Line 1, "Net income (loss) per books" in the Schedule M-1 section should equal line 3, "Net income (loss) per books" in the Schedule M-2 section.

NOTE To force the **1065.PG5** to print Schedule L information, go to the **PRNT** screen in data entry and select the **Force Schedules L, M-1, M-2 & K-1** Section L box.

Sch	hedule L Balance Sheets per Books	Beginning	of tax year	End of tax year		
	Assets	(a)	(b)	(C)	(d)	
1	Cash	•	150,500		112,577	
2a	Trade notes and accounts receivable	. 12,500	1	10,000		
b	Less allowance for bad debts	. 10,000	2,500		10,000	
3	Inventories		90,000		50,000	
4	U.S. government obligations					
5	Tax-exempt securities	•				
6	Other current assets (attach statement)	· .				
7 a	Loans to partners (or persons related to partners)	·	25,000			
b	Mortgage and real estate loans	· •	60,000			
8	Other investments (attach statement)	•				
9a	Buildings and other depreciable assets	•	Î	230,500		
b	Less accumulated depreciation	· •		29,014	201,486	
10 a	Depletable assets					
b	Less accumulated depletion	ci				
11	Land (net of any amortization)	•				
12 a	Intangible assets (amortizable only)	•				
b	Less accumulated amortization	· •				
13	Other assets (attach statement)					
14	Total assets	· ·	328,000		374,063	
	Liabilities and Capital					
15	Accounts payable	-	22,950		25,600	
16	Mortgages, notes, bonds payable in less than 1 year-	•	13,620		24,007	
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 .		28,405		31,800	
20	Other liabilities (attach statement)	•				
21	Partners' capital accounts	•	263,025	18	292,656	
22	Total liabilities and capital		328,000	8	374,063	

Figure 17: Form 1065, page 5

# **FINANCIALS**

Use the following balance sheet and income statement to complete the partnership return (Figure 18 and Figure 19).

GRANNY'S GIFTS GADGETS Balance Sheet As of 12/31/2016 & 12/31/2	2017	
ASSETS	12/31/2016	12/31/2017
Current Assets		1234 CO. 1100 CO. 1100
Cash	\$ 150,500	\$ 112,577
Trade notes and accounts received	\$ 12,500	\$ 10,000
Less allowance for bad debt	\$ (10,000)	<b>S</b> -
Loans to partners	\$ 25,000	<b>S</b> -
Mortgage/real estate loans	\$ 60,000	<u>\$</u> -
Total Current Assets	\$ 238,000	\$ 122,577
Fixed Assets		
Buildings & other depreciable assets		\$ 230,500
Less Accumulated Depreciation		\$ (29,014)
Inventory	\$ 90,000	\$ 50,000
Total Fixed Assets	\$ 90,000	\$ 251,486
TOTAL ASSETS	\$ 328,000	\$ 374,063
LIABILITIES		
Current Liabilities		
Accounts payable, trade	\$ 22,950	\$ 25,600
Mortgages, notes, bonds payables less than 1 yr	\$ 13,620	\$ 24,007
Mortgages, notes, bonds payables more than 1 year	\$ 28,405	\$ 31,800
Total Current Liabilities	\$ 64,975	\$ 81,407
EQUITY		
Partners Capital Account	\$ 263 025	\$ 292 656
Total Equity	\$ 263 025	\$ 292 656
		• 202,000
TOTAL LIABILITIES & EQUITY	\$ 328,000	\$ 374,063
Partner's Capital - Beginning		\$ 263,025
Income		\$29,631
Partner's Capital End		\$292,656
		\$ 585.312

*Figure 18:* Balance Sheet

F

### Figure 19: Profit and Loss

	GRANNY'S GIFTS G Profit and Lo For the Year Ended	ADGETS AND ss Statement December 31, 20	<b>0 GEAR</b> 17	
INCOME	<u></u>			41
	Gross receipts		\$	315,620
	Returns and allowances		\$	(10,300)
	Interest income on receivables		\$	4,650
	Total Gross Income		\$	309,970
COSTOR	F GOODS SOLD			
	Beginning Inventory	\$ 90,00	00	
	Purchases	\$ 30,00	00	
	Labor	\$ 20,00	00	
	Less ending inventory	\$ (50,00	00)	
	Total Costs of Goods Sold		\$	90,000
TOTAL II	NCOME		\$	219,970
EXPENS	ES			
Contraction of the Contraction	Salaries & wages		\$	80,000
	Partner's health insurance		\$	5,500
	Repairs & Maintenance		\$	1.200
	Depreciation		S	29,014
	Retirement plans		\$	9,000
	Taxes & licenses		\$	12,235
	Total		\$	136,949
	Other Expenses			
	Accounting	\$ 60	00	
	Advertising	\$ 7.50	00	
	Bank charges	\$ 30	00	
	Cash short/over	\$ 22	25	
	Cell phone	\$ 500	00	
	Computer	\$ 6.00	00	
	Delivery	\$ 80	0	
	Education & Training	¢ 00	20	
	Equipment Pental/lease	¢ 4.	0	
	Building & equipment insurance	\$ 10.50	0	
	Liability insurance	\$ 200	0	
	Worker's compensation	\$ 2.00	00	
	Internet	\$ 40	00	
	Janitorial	\$ 80	00	
	Laundry & Cleaning	\$ 20	00	
	Legal & Professional	\$ 45	50	
	Meetings	\$ 10	00	
	Office expense	\$ 50	00	
	Permits & fees	\$ 34	40	
	Printing	\$ 30	00	
	Software	\$ 69	35	
	Supplies	\$ 70	10	
	Travel	5 25	00	
	Litilities	φ 2,70 ¢ 6.00	0	
	Waste Removal	ο σ,00 ε ου	0	
	Total Other expenses	<u>ə</u> 90	\$	53,390
TOTAL F	XPENSES		5	190.339
ALL				100,000

## **REVIEW QUESTIONS PART 6**

Answer the following questions. See "Answers Part 6" on page 196 for answers and explanations.

- 1. In a 1065 return, which **Data Entry** screen would be used to enter cash at Beginning of Year and End of Year?
  - a) M1
  - b) M2
  - c) L
  - d) A
- 2. Which schedule has an autobalance feature that can be disabled on the **PRNT** screen?
  - a) Form 1125-A
  - b) Schedule K
  - c) Schedule L
  - d) Schedule M-1
- 3. Partner special allocations:
  - a) are entered on the SA screen.
  - b) are entered on the K1 screen
  - c) are entered on line 7 of the INC screen
  - d) are entered on the K screen
- 4. What Data Entry Menu tab contains the 4562 Depreciation Screen?
  - a) General
  - b) Credits
  - c) Other Forms
  - d) Assets-Sales-Recapture

# ANSWERS PART 6

- 1. The correct answer is c) Screen L, Assets, Liabilities and Capital. Use screen L to enter cash, since cash is an asset.
  - a) is incorrect. The M1 screen is for reconciling book income/loss with income/loss from the return.
  - b) is incorrect. The M2 screen is used for increases and decreases to partners' 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.
  - a) is incorrect. Form 1125-A, Cost of Goods Sold, doesn't have an autobalance feature.
  - b) is incorrect. Schedule K is a summary of partner information.
  - d) is incorrect. Schedule M-1 is used to reconcile income or loss from the books to the tax return.
- **3.** The correct answer is **a**) Are entered on the SA screen. Partner special allocations can include ordinary dividends, interest income, and guaranteed payments.
  - b) is incorrect. The K1 screen is used to enter information about a partner.
  - c) is incorrect. Special allocations aren't included in Other Income.
  - d) is incorrect. The **K** screen is used to enter data for Schedule K, Partners' Distributive Share items and is not used for special allocations. Most common Schedule K items can be entered on the **INC** screen.
- 4. The correct answer is d) Assets-Sales-Recapture. Depreciable assets are usually entered on screen 4562.
  - a) is incorrect. The **General** tab includes demographic information, income and deductions, and partner information.
  - b) is incorrect. Depreciation is not a credit.
  - c) is incorrect. The Other Forms tab contains miscellaneous forms.

# Tools

The following sections review some of the functions and file maintenance tools located on the Tools menu.

# **UPDATING THE SOFTWARE**

Regular updates to the program are critical to ensure that your software is performing efficiently. The program will alert you when updates to the program are available, or you can use the Update Manager to obtain and install files manually or automatically. Updates include modifications to both the federal and state packages to reflect the most recent changes in the tax law.

To download and install updates manually, go to the **Home** window and select **Tools** > **Update Manager**. Click **Get Updates** (item #1 in Figure 1) and follow the prompts.

Note

The software must be closed before updates can be downloaded and installed. Click **Yes** when the software prompts you to close the program.

	G	iet Updates	Now-						Setup Autor	natic Updates
						-		Auto Updates is currently turned off.		
		Get Update	BS							
									Auto Upda	ite Settings
2525		N 0.0	10.10	a 12		11	12.12	2.0		
uble-0	click on a	an item belo	ow for in	nformation	about u	pdates c	urrently in	stalled:		
)40	1120	1120-S	1065	1041	990	706	Gift	States	Program   Fed Shared	State Shared Tools
						100	<u>.</u>	· [		
Jesci	ription							Upd	ate No.   Released	^
1040 F	Program	Updates						26	03/09/2018	
1040 F	Program	Updates						25	03/08/2018	
1040 F	Program	Updates						24	03/05/2018	
1040 F	Program	Updates						23	02/27/2018	
1040 F	Program	Updates						22	02/22/2018	
1040 F	Program	Updates						21	02/19/2018	
040 F	Program	Updates						20	02/16/2018	
040 F	⊃rogram	Updates						19	02/15/2018	
040 F	Program	Updates						18	02/13/2018	
040 F	Program	Updates						17	02/09/2018	
040 F	Program	Updates						16	02/06/2018	
040 F	Program	Updates						15	02/01/2018	
0.40 0	Program	Updates						14	01/31/2018	

Figure 1: Update Manager

### VIEWING RELEASE NOTES

When updates are installed manually, the program creates an installation log showing the file name, update number, and release date. To view a release note, click the desired tab (item #2 in Figure 1) and double-click the desired row (item #3 in Figure 1) in the **Drake Update Manager** dialog box. The Report Viewer displays the notes for that update.

## **PRINTING BLANK FORMS**

All forms and worksheets supported by the program are available as blank forms. From the **Home** window, select **Tools > Blank Forms** on the menu bar (Figure 2). Select the desired form category (**Federal**, **Organizers**, **Proformas**, state, or city) on the left; then select the return enter (tab) and form (row) on the right. Alternatively, click **Search** to search for the desired form. Click **View** to view the selected form or **Print** to print the selected form.

Tip: To select multiple forms, I	printed by state mandate. hold down the "Control" k	y while selecting.	
Federal Comprehensive Organizers	^ Individual	Corporate   Sub S   Partnership   Fiduciary   Tax Exempt   Estate	
Summary Organizers	Official Name	Description	1
New Client/Blank Organizers	1040	IIS Individual Income Tay Beturn	
roformas	1040 Page 2	U.S. Individual Income Tax Beturn	
laska	10404	U.S. Individual Income Tay Beturn	
Alabama	10404 Page 3	U.S. Individual Income Tax Beturn	
Aikdrisds	1040FZ	Income Tax for Single and Joint Filers	
California	1040EZ Page	2 Income Tay for Single and Joint Filers	
Colorado	1040NB	LLS Individual Nonresident Income Tay Beturn	
Connecticut	1040NB Page	2 U.S. Individual Nonresident Income Tay Beturn	
District of Columbia	1040NB Page	3 II S. Individual Nonresident Income Tax Return	
Delaware	1040NB Page	5 II S. Individual Nonresident Income Tax Return	
-Wilmington	1040NB~ Pa	e 4 U.S. Individual Nonresident Income Tax Beturn	
Florida	1040/	Individual Paument Voucher	
Georgia	1040×	Individual Amended Income Tay Beturn	
Hawaii	1040X Page 3	Individual Amended Income Tay Beturn	
owa	10425	Foreign Person's LLS. Source Income Subject to Withholding	
daho	1045	Application for Tentative Refund	
llinois	1045 Page 2	Application for Tentative Refund	
riularia Conoco	1045 Page 3	Application for Tentative Befund	
Centucku	1045 Page 4	Application for Tentative Befund	
ouisiana	1045 Page 5	Application for Tentative Befund	
Massachusetts	1098 C	Contributions of Motor Vehicles, Boats, and Airplanes	
Marvland	10996	Certain Government Payments	
Maine	1099B	Distributions from Pensions	
Michigan	1116	Enreign Tay Credit	
Detroit	× 1110	, oroign tax oroak	

Figure .	2:	Blank	Forms	Drake
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# **REPAIRING INDEX FILES**

An index file is a comprehensive list of data on the client files in Drake. Keep index files current by repairing them regularly as part of your general file maintenance routine, and also:

- After restoring files using Tools > File Maintenance > Restore. (Repair the Name Index.)
- After deleting a client file through Tools > File Maintenance > Delete Client Files. (Repair the Name Index.)
- When the EF > Search EF Database function does not seem to work properly. (Repair the EF Index.)
- After adding records to the EIN database. (Repair the EIN Index.)
- To update the Client Status Manager index. (Repair the CSM Index.)

Figure 3: Repairing Index.

Drake 2 File EF	017 Tax Software Tools Reports L	.ast Year Data Setup	
Open/Creal	Update Manay Install State Pr Blank Forms	ger ograms	
Deser	Repair Index F	iles Ctrl+R	
LEAF. I	File Maintena	nce >	
CORNE	Letters	>	
MUSTA	Amortization		
TEA, M	Edit EIN Datab	ase	
PEA, S	Scheduler Dra	ke 2017 - Repair Index Files	×
MAGNO	Drake Dog Re	pair Index Files	
BEANS	Install For	This function will repair indexe	es associated with the EF, EIN, CSM, and Name databases. Select the desired
SNAPD	City Tax R	index from the list below and	click Continue.
		ndex Options © Repair All C EF Index C EIN Index C SM Index Name Index Help	Drake 2017 - Repair Index Files       2         Name Index Options       C Quick index - Repair current name index         C Scan client files and add names to index       C         Selecting the 2nd or 3rd option will scan each client file to rebuild the name index file. The process will take about 1 minute per 2,000 client files.         Selecting the 3rd option will erase the current name index and scan 2017 client files to rebuild the index.
			Help OK Cancel

To repair index files:

- 1. From the **Home** window, go to **Tools > Repair Index Files**, or press CTRL+R.
- 2. Select the index files to repair. To repair all s of index files, click Repair All.
- 3. Click Continue.
- 4. Click OK. (If the Name Index was selected, select a Name Index Option first.)

When the file repair is completed, click Exit to return to the Home window.

**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. To access file maintenance tools, go to **Tools > File Maintenance**. There, you can choose from:

- **Backup** and **Restore** Use the **Backup** and **Restore** tools to prevent loss of client data or to move client files to another machine. Files backed up to other locations can be used to restore lost data. If multiple machines are used for tax preparation in one office, files can be moved to other computers and uploaded to a single machine to create a master file.
- Change ID Number on Return Change the SSN, EIN or ITIN on a client's file.
- Clear BBS Files Delete Drake update files after they have been downloaded.
- **Export Client/EF Data** Convert client data and EF files to a text file or CSV (spreadsheet format) file for importing into other programs, such as Microsoft Word, Excel, or Access.
- **Password Protect Files** Protect files from unauthorized access. A protected file cannot be opened in data entry until it is unlocked with a password.
- Unlock Client Files Unlock a client file that has been locked after e-file acceptance.
- Delete Print Files Delete temporary *print* files. Use this to delete returns from the EF Return Selector.
- Delete Client Files Permanently delete client files.
- Change File Type Change an Individual, Corporation, S Corporation, Fiduciary, Partnership, or Tax-Exempt return to another return type. Not all data is transferred, so back up the original file first.
- **Import Data** Use this tool to:
  - Import client data from *Quickbooks into Drake*.
  - Import client payment information from an Excel, CSV, or tab delimited worksheet to the **BILL** screen of one or more client returns.
  - Manually enter client payment information and apply it to the **BILL** screen of a client's return.
- Import Client File Import a client file into Drake.

# LETTERS

The **Letters** function allows you to print letters in batches or one at a time. These letters, listed in the table below, are those that do not typically accompany a tax return.

Type of Letter	Suggested Purpose of Letter			
Postseason letter	Thank clients for their business; remind them that you are available for additional tax-preparation assistance.			
Preseason letter	Make contact with last year's clients; encourage clients to use organizers.			
Estimate payment reminder	Remind current-year clients that estimate payments are due; provide instructions for sending payments.			
Appointment letter/	Send appointment reminder letters to selected			
email notifications	clients via letter or email.			
EF status letter	Provide acknowledgment status of e-filed return.			
Engagement letter	Enter into contract with clients to prepare their tax return.			

You can also use the **Letters** tool to print pre-addressed mailing labels, envelopes, and postcards in batches or one at a time.

The information provided here applies to letters that can be printed in batches. For more information on the other types of letters available in Drake, see "Letters" on page 40.

# Notes

If printing an engagement letter for a taxpayer who has not been entered into the system, you are prompted to provide the person's name and address information and type of return. This action does *not* create a client file in Drake; the information is used for the engagement letter only.

### **PRINTING LETTERS**

To print one or more letters:

- 1. From the Home window, go to Tools > Letters > Letters. The Client Letters dialog box is displayed (Figure 4).
- **2.** Select a letter type.
- 3. Click Next to open the Client Selection dialog box.

- 4. Complete one of the following:
  - **Print a letter for specific clients** Enter a client's SSN/EIN and click **Add Client**. Repeat for additional clients. Click **Next**.
  - Print a batch of letters Click Next to open Client Letters Filters Selection. Select filtering and sorting options. Click Next for Basic Search Conditions. Click Continue to Scan Client Files.
- 5. Click Print.



To customize a default letter, go to the **Home** window and select **Setup** > **Communications Editor**. You can change the font, margins, and alignment. You can also add a border, letterhead, and logo. See "Letters" on page 40.

)rake 2017 - C	lient Letters			×
Client Letters Select the	s desired letter from the	list below. Click ''Nex	t'' to continue.	
	Select letter to Post-seasor Individual e Appointmer EF status fo Engageme	o print for clients n for 2017 clients i for 2016 clients sstimate payment remi nt letter/email notifica or 2017 clients nt letter	inder for 2018 tions for 2017 client	s
Help	1	< Back	Next >	Cancel

Figure 4: Letter choices in Client Letters dialog box

# AMORTIZING

The Amortization tool prepares loan repayment schedules for various loan scenarios. To access this tool from the menu bar, select Tools > Amortization. The Amortization Schedule dialog box selections include:

- Schedule Title Type a title to be displayed at the top of the amortization 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** to send the schedule to the printer. Click **Save** to save the schedule for future viewing through **Reports > Report Viewer** ("Report Viewer" on page 219).

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ake 2017 - Amortization Scheo	lule			- 🗆
culate Print Save	Reset Help E	xit		
Loan Amount:     20000       Amortization Periods:     121       Payments Per Year:     12       Annual Interest:     3.9       Payment Amount:     200.00	Paymeni Date of I Ho	t Type: Fixed Payme First Payment: 04-05-2018 w do I do a balloon payment?	Filter Schedu Show only Begin with: End with:	Iled Payments payments in this rang 04-05-2018 5-05-2028 Apply
	DED COL			
	PERSON	AL AUTO LOAN		
Pmt No. Date	Payment	Principal	Interest	Balance
Beginning Loan Amou	int			20,000.00
1 4-05-2018 [	] 200.00	135.00	65.00	19,865.00
2 5-05-2018 [	] 200.00	135.44	64.56	19,729.56
3 6-05-2018 [	] 200.00	135.88	64.12	19,593.68
4 7-05-2018 [	] 200.00	136.32	63.68	19,457.36
5 8-05-2018 [	] 200.00	136.76	63.24	19,320.60
6 9-05-2018 [	] 200.00	137.21	62.79	19,183.39
7 10-05-2018 [	] 200.00	137.65	62.35	19,045.74
8 11-05-2018 [	] 200.00	138.10	61.90	18,907.64

Figure 5: Amortization Schedule

# **EDITING THE EIN DATABASE**

When a business's EIN and related data are entered in data entry, the program stores it in the EIN database for later retrieval. Use the **Edit EIN Database** tool to add, edit, or delete a business's information. To add or edit a business's EIN database information:

- 1. From the Home window, go to Tools > Edit EIN Database to open the EIN/Employer Database dialog box.
- 2. (If editing) Type or select the EIN to edit, or begin typing the name of the business and select it when it appears in the list below.
- 3. Click New (if adding) or Edit (if editing).
- 4. Modify or complete the fields in the Edit EIN/Employer Listing dialog box.
- 5. Click Save.

## **S**CHEDULING APPOINTMENTS

The Drake Scheduler is used to set up appointments for one preparer or a group of preparers, set daily schedules for an entire office, generate batch appointments, organizers, and proformas, and send email reminders to clients. There are tools for customizing, and printing, and exporting schedules.

You can also import your Scheduler appointments from Windows Outlook, Outlook.com, or Google Calendars into your Drake Scheduler, or export your Drake schedule to an Outlook, Outlook.com, or Google calendar. A separate **Drake Scheduler** icon is added to your desktop when Drake is installed, giving you access to the Scheduler from outside the tax software. Sign in with the same login name and password used to access the tax software.

### **S**CHEDULER MODES

The Scheduler offers two levels of access:

- **Preparer mode** Using preparer mode, a preparer has full access to his or her calendars. Preparers can make appointments, manage schedules, and share calendars with other preparers. Preparer mode is the default setting for Scheduler users.
- Front Office mode Designed for the receptionist and others who manage appointments but do not prepare tax returns, front office mode allows the user to set up viewing options and manage appointments. Front office mode is the default setting for users with administrative rights, but it must be assigned manually to other personnel.

To assign front office mode to an employee:

- 1. Log in to Drake as an administrative user and go to Setup > Preparers.
- 2. Select a preparer and click Edit Preparer.
- 3. Click Security > Front Office (Scheduling Only).
- 4. Click Save.

Preparer logins and front office mode assignments must be established in Drake before the Scheduler can be used effectively.

### **ACCESSING THE SCHEDULER**

There are several ways to access Scheduler: through the desktop icon, from the **Tools** menu, or from the Drake toolbar. You can also add new appointments from a data entry screen in Drake by right-clicking a screen and selecting **Add Appointment** from the right-click menu.

From the **Home** window, select **Tools** > **Scheduler** or click the **Scheduler** button to open the **Scheduler** window. The **Scheduler** window has five main sections (Figure 6):

- A toolbar (item #1)
- A calendar overview (item #2)
- View Options (daily, weekly, monthly, and by logged-in preparer) (item #3)
- A **Preparer to View** drop list (to view a selected preparer's calendar) (item #4)
- A schedule grid (item #5) shows scheduled appointments (depending on the view options selected).



Figure 6: Appointment Scheduler Preparer Mode

### **SETTING UP SCHEDULER OPTIONS**

Use the Scheduler Setup feature to establish the logged-in preparer's default settings for appointment durations, automatically filled data, and calendar views. Only the logged-in preparer's calendar and view are affected by any changes.

Click the **Setup** button on the **Scheduler** toolbar (or press CTRL+T) to open the **Scheduler** - **Setup** dialog box (see Figure 8 on page 209). The settings, divided into three tabs, allow you to choose how you view your Scheduler calendar, establish some parameters for your appointment settings, work with existing calendars (Outlook, Outlook.com, or Google) to share your scheduled appointments, and set up your email account (if necessary) so you can send out appointment reminders automatically. See Chapter 2 of the *2017 Drake Tax User's Manual* for a description of each of the Scheduler Setup options and a step-by-step procedure for setting up a Scheduler email program. Make your selections and click **OK**.

If you already have an email program set up on your computer, it will not be necessary for you to enter any email settings in the Scheduler.

Note

#### **Establishing Preparer Schedules**

Daily work schedules should be established for the preparers in your office before you schedule appointments for them. To establish a daily work schedule for a preparer:

- 1. From the Scheduler toolbar, click Setup.
- 2. From the Scheduler Setup dialog bow, select the Appointment tab and then click Edit to open the Setup Preparer Schedule dialog box (Figure 7).

Figure	7:	Setup	Preparer	Schedule	dialog	box
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				<u> </u>		SCI	ea	JIE TOF: MM				
ail Schedule	•											
Monday	$\checkmark$	Tuesday	$\checkmark$	Wednesday		✓ Thursday	1	Friday		Saturday	Sunday	
(1) lr	n (2)	Out	t (2)	In (3)		Out (3)		In (4)		Out (4)		
30 AM ~ 1	12:30	) PM ~ 6:0	O PI	M ~		~		~	~	~	Арр	bly
				Sta	nda	ard Sche	dul	е				
In Time(1)	_	Out Time(1	)	In Time(2)	_	Out Time(2	)	In Time(3)	_	Out Time(3)	In Time(4)	Out Time(4)
7:00 AM	•	11:30 AM	-	12:30 PM	•	6:00 PM	-		•		•	•
7:00 AM	•	11:30 AM	•	12:30 PM	•	6:00 PM	•	-	•	•	•	•
7:00 AM	•	11:30 AM	•	12:30 PM	•	6:00 PM	-		•	-	•	•
7:00 AM	•	11:30 AM	•	12:30 PM	•	6:00 PM	•		•			
7:00 AM	•	11:30 AM	•	12:30 PM	-	6:00 PM	•		•	-		•
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In Time(1) Out Time(1) In Time(2) 7:00 AM 11:30 AM 12:30 PM 7:00 AM Tor current view (save both Standard rer:	ail Schedule Monday Tuesday Wednesday (1) In (2) Out (2) In (3) Out (2) In (3) Out (2) In (3) Stand: Stand: In Time(1) Out Time(1) In Time(2) Stand: In Time(2)	ail Schedule         Monday       ✓ Tuesday       ✓ Wednesday       ✓ Thursday         (1)       In (2)       Out (2)       In (3)       Out (3)         30 AM       12:30 PM       6:00 PM       ✓       ✓         Standard Scher         In Time(1)       Out Time(1)       In Time(2)       Out Time(2)         7:00 AM       ✓       11:30 AM       ✓       12:30 PM        6:00 PM         7:00 AM       ✓       11:30 AM       ✓       12:30 PM        6:00 PM         7:00 AM       ✓       11:30 AM       ✓       12:30 PM        6:00 PM         7:00 AM       ✓       ✓       ✓       ✓       ✓        6:00 PM         7:00 AM       ✓       ✓       ✓       ✓       ✓       ✓	ail Schedule         Monday       ✓ Tuesday       ✓ Wednesday     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 11:30 AM       12:30 PM       6:00 PM       V         7:00 AM       11:30 AM       12:30 PM       6:00 PM       V         7:00 AM       11:30 AM       12:30 PM       6:00 PM       V         7:00 AM       11:30 AM       12:30 PM       6:00 PM       V         7:00 AM       11:30 AM       12:30 PM       6:00 PM       V         7:00 AM       11:30 AM       12:30 PM       6:00 PM       V         Y       Y       Y       Y       V       V         Y       Y       Y       Y       Y       Y         Y       Y       Y       Y	ail Schedule         Monday       ✓ Tuesday       ✓ Wednesday       ✓ Thursday       ✓ Friday         (1)       In (2)       Out (2)       In (3)       Out (3)       In (4)         30 AM       12:30 PM       6:00 PM       ✓       ✓       ✓         Standard Schedule         In Time(1)       Out Time(2)       Out Time(2)       In Time(3)         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓       ✓         7:00 AM       11:30 AM       12:30 PM       6:00 PM       ✓       ✓       ✓	ail Schedule Monday  Tuesday  Wednesday  Thursday  Friday  Saturday  (1) In (2) Out (2) In (3) Out (3) In (4) Out (4) Out (3) AM  12:30 PM  6:00 PM  V V V V V V V V V V V V V V V V V V V	ail Schedule         Monday       Tuesday       Wednesday       Thursday       Friday       Saturday       Sunday         (1)       In (2)       Out (2)       In (3)       Out (3)       In (4)       Out (4)         30 AM       12:30 PM       6:00 PM       Image: Cold Cold Cold Cold Cold Cold Cold Cold

- 3. From the Select Preparer drop list choose a preparer.
- 4. In the Set up Times section, mark the checkboxes for the days of the week this schedule will cover.
- 5. Select the In and Out times. For instance, the time the preparer arrives in the morning (In (1)), goes to lunch (Out (1)), returns to the office (In (2)), and leaves for the day (Out (2)) for each day selected with the checkboxes.
- 6. When you're satisfied with the weekly scheduler, click **Apply** to apply these selections to the preparer's calendar.

Use the **Detail Schedule** tab to enter planned changes or deviations from the regular schedule, such as days off and holidays. Detailed instructions are in Chapter 4 of the 2017 *Drake Tax User's Manual*.

Note

Preparer schedules can also be created in Preparer Setup. See "Preparer Schedule" on page 31.

### **PRINTING AND EXPORTING PREPARER SCHEDULES**

Drake allows you to print or export (to an Excel file) preparer schedules for a specified time range for a specific date or week.

#### Printing

The **Print** feature prints the appointments for the selected date, week, or month for any preparer selected from the **Preparer to View** list. From View Options (item #3 in Figure 6 on page 206), select **Daily View**, **Weekly View**, or **Monthly View**. From the **Scheduler** toolbar, click **Print**. Results are displayed based on the view (daily, weekly, or monthly) selected.

#### Exporting

The **Export** feature of the Scheduler sends the data for the selected view (daily, weekly, or monthly) to an Excel spreadsheet.

### **IMPORTING AND EXPORTING CALENDARS**

Drake's Scheduler can communicate with a Windows Outlook calendar, an Outlook.com calendar, or with Google Calendar, exporting appointments in Drake's Scheduler to your Outlook, Outlook.com, or Google calendar, or pulling appointments made in those calendars into your Scheduler calendar.

To import and export calendar appointments, you must first set up your Scheduler:

- 1. From the **Scheduler** toolbar, click **Setup** (or press CTRL+T) to open the **Schedule Setup** dialog box.
- 2. Select the Appointment tab (Figure 8).
- **3.** Make a selection (Google, Outlook, or Outlook.com) from the **Select external calendar** drop list.
- 4. Click OK.

Find Next	Save Delete Find Data	Entry Organizer Proforma Help	Fxit	
Date	3/15/2018	ID 500001001	Confirmed	
Start time	11:53 AM 😫	Type Individual 🗸	Client type Returning	~
End time	12:23 PM	First COFFEE	Last name BEANS	
Preparers	BB FL MM PP WC TB	Desc     Street     123 Honey Bee Street       City     Honey Grove       ST     TX     ZIP       Fmail     COFFEEBEANS@1040.COM	Phone (day)         (404)404-4040           Phone (eve)         (404)404-4040           Phone (cell)	Ext Ext Send
Comments		Add reminder Private appoint	tment 🔲 Send to external calen	dar on save Recurrence

Figure 8: Appointment tab of Schedule - Setup dialog box

To export your Drake calendar or import your Outlook, Outlook.com, or Google calendar, take the following steps:

- 1. From the Scheduler toolbar, click Push/Pull.
- 2. Select to "Pull future appointments from..." or "Send future appointments to..."
  - If you chose to *pull* appointments from your Outlook, Outlook.com, or Google calendar, the **Pull Appts** dialog box was opened. Select those appointments you wish to bring into your Scheduler calendar, and click **Import**.
  - If you chose to *send* your Scheduler appointments to your Outlook, Outlook.com, or Google calendar, all appointments were exported when you made that selection.

You can also delete all previously imported appointments by selecting **Remove everyone's imported appointments**.

Notes

The Push/Pull feature in the Scheduler works only with Windows versions of Outlook 2007 and later.

### **Scheduling Appointments**

Appointments can be scheduled for an individual preparer or a group of preparers.

Note

Preparer schedules and appointments are carried forward each year. Go to Last Year Data > Update Settings 2016 to 2017 and select Preparer Schedules and Appointments. To schedule an appointment:

1. From the **Scheduler** toolbar, click **New Appt**, press CTRL+N, or double-click an appointment time in the schedule grid. The **Appointment Detail** dialog box is displayed (Figure 9). If you accessed the dialog box by double-clicking a time in the schedule grid, it is opened to that date and time.

Find Next	Save Delete Find Data	Entry Organizer Proforma Help	-T Exit	
Date	3/15/2018	D 500001001	Confirmed	
Start time	11:53 AM	Type Individual V	Client type Returning	~
End time	12:23 PM	First COFFEE	Last name BEANS	
Preparers	BB FL MM PP WC TB	Desc Street 123 Honey Bee Street City Honey Grove ST TX ZIP 75446 Email COFFEEBEANS@1040.CO	Phone (day)         (404)404-4040           Phone (eve)         (404)404-4040           Phone (cell)	Ext Ext Send
Comments		Add reminder Private appoin	ntment Send to external cale	Recurrence

Figure 9: Appointment Detail dialog box

- 2. Select or change the appointment Date, Start Time, and End Time as needed.
- **3.** Enter the client's SSN or EIN in the **ID** field. If a client record already exists in Drake, you will be asked if you wish to autofill the rest of the information. If not, complete the applicable client-information fields manually: name, address, phone, **Client type**, **Appt type**, and **Email** fields.

If you replace data in an autofilled field in the Scheduler, this information is *not* overwritten in the client record in Drake.

You can also use the **Find** feature to access data for a client.

4. (optional) Click Send to send the appointment to the client via the email address entered.

NITES

- 5. (optional) Override selections made in Setup by selecting (or clearing) the Add reminder or Private appointment boxes.
  - If **Add reminder** is marked, the preparer will receive automatic alerts regarding the appointment when logged in.
  - If an appointment is marked **Private appointment**, the assigned preparer will be the only one allowed access to that appointment data.
  - If an appointment should be a regularly schedule meeting, click **Recurrence**, and provide information about the frequency (**Daily**, **Weekly**, or **Monthly**), the day of the week, and the end date of the recurring appointment. Click **OK**.
- **6.** (optional) Select to send this appointment to the preparer's Google, Outlook, or Outlook.com external calendar automatically when the appointment is saved.
- 7. Assign the appointment to a preparer by selecting a name under **Preparers**. (More than one preparer can be selected.) To clear a selection, click the name a second time.
- **8.** Click the **Save Appointment** icon. The appointment will now be displayed on the schedule grid.

An appointment within a preparer's calendar can be changed by "dragging and dropping" it to another section of the calendar grid, and the duration can be changed by dragging the bottom of the appointment up or down.

Appointments cannot be dragged from one preparer's schedule to another's.

NOTES To access the **Appointment Detail** dialog box from the **Data Entry Menu** within a return, right-click in the gray area and select **Add Appointment** from the right-click menu. Click **Yes** on the **Autofill** prompt to complete contact information fields of the **Appointment Detail** dialog box. Click **Save** to save the appointment information.

Because the Scheduler is outside the tax software, if you click **Data Entry**, **Organizers**, or **Proformas** from the **Appointment Detail** dialog box, you will be asked to log in.

#### **Batch Appointment Generator**

The batch appointment generator reviews client and recurring appointments from the previous tax year and creates new appointments in the current year's Scheduler. You can set workday and holiday information that will roll forward (or backward) to an available appointment date.

# Note

This feature is available only to users with administrative rights. Appointments marked "private" are excluded from the batch process.

#### **Finding the Next Available Appointment**

To locate the next available appointment time in the Scheduler:

- 1. From the **Scheduler** toolbar, click **New Appt**, press CTRL+N, or double-click an appointment time in the schedule grid.
- 2. From the Appointment Detail dialog box, select a preparer and click Find Next (or press CTRL+F) to open the Next Available Time Slots dialog box.
- **3.** The next five available time slots for that preparer are displayed. Choose a date and time or click the arrows on the right to see the next (or previous) five available time slots (date and time).
- 4. After your selection, click **OK**. The **Appointment Detail** dialog box now reflects your choice.

#### **Find Scheduled Appointments**

Find scheduled appointments by searching for names or ID numbers from the **Appointment Detail** information for all clients. To search for a client's appointment in the Scheduler:

- 1. From the Scheduler toolbar, click Search (or press CTRL+S) to open the Scheduler Search.
- 2. Select a starting date for the search.
- **3.** Enter one or more keywords (SSN, EIN, or name of the client, name of the preparer, etc.,) in the **Search Text** field.
- 4. Click Search.

The program will search all **Appointment Detail** information for these keywords. Results are displayed in the **Scheduler Search** window (Figure 10). Double-click an appointment row to open that appointment is the **Appointment Detail** dialog box.

Drake Scheduler -	Scheduler Searc	h	After 03/	>
Date	Name	ID Number	Prep Name	Start Time
3/25/2018 8:00:	SNOW PEA	500001008	BB	8:00 AM
3/28/2018 9:30:	DILL LEAF	500001007	BB	9:30 AM
		0	pen Search	Cancel

Figure 10: Scheduler search results

#### **Changing Appointment Details**

To change the details of an appointment that has already been entered into the Scheduler, double-click the appointment in the appointment grid. When the **Appointment Detail** dialog box for the selected appointment is opened, make the changes. Click **Save**.

#### **Deleting an Appointment**

To delete an appointment from the Scheduler:

- 1. Double-click the appointment in the appointment grid.
- 2. Click Delete in the Appointment Detail toolbar (or press CTRL+DELETE).
- **3.** Click **Yes** to confirm the deletion.

### **CREATING APPOINTMENT REPORTS**

The **Report** feature of the Scheduler allows you to build reports based on appointment data. The Scheduler works with the Reports feature in Drake to provide reports based on appointment data. To generate a Scheduler report:

- 1. From the Scheduler toolbar, click Reports. The Report Manager is opened.
- 2. Select one of the following four types of Scheduler Reports > Client Contact that can generated in the Report Manager:
  - **Call List for all Preparers** Lists the appointments scheduled for all preparers; data types include preparer's name, appointment time and date, client name and ID number, duration of appointment, phone numbers, client type.
  - New Client Appointments Lists new clients entered for a selected preparer; data types include appointment time, start time, client name, client SSN, and client phone numbers.

NOTE The New Client Appointments report does not pull data from other parts of Drake; it pulls data only from the Scheduler itself. To designate a client as a new client, select New from the Client Type drop list in the Appointment Detail dialog box. See Figure 9 on page 210.

- **Preparer Appointments** Lists the appointments for all preparers. Data types include preparer name, appointment date, state time, appointment time, client name and ID number, duration of appointment, client phone numbers, and client type.
- **Preparer Call List** Lists the appointments for a preparer. Data types include preparer name, appointment date, start time, client name and ID number, and client phone numbers.
- **3.** Click **View Report**. You will be asked if you want to create the report again using current data; click **Yes** to do so.
- **4.** Make any desired changes to the **Basic Search Conditions** dialog box (in the "Call List for all Preparers" and "New Client Appointment" reports only).
- **5.** Select the parameters to the report from the **Comparison** drop list (in the "Preparer Appointments" report and "Preparer Call List" report only).

- 6. Set the report's date range by typing start and end dates in the Value fields (in the "New Client Appointments" report only).
- 7. Click **Continue**. The report is displayed in the Report Viewer.

Once you are in the Report Viewer, you can print or export the report output. For more information on reports, see "Reports" on page 219.

# **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 all tax packages. Instead of accessing data entry screens from the **Data Entry Menu**, screens are accessed from an interactive tax form.

Forms-based data entry allows you to enter a previously prepared return into the tax software.

To enter a forms-based return in Drake, go to the **Home** window, select **File > Forms Based Data Entry** (or press CTRL+E), enter or select the desired return, and click **OK** (Figure 11.).

NOTE You can also enter forms-based data entry from within a return by right-clicking in the gray area of the **Data Entry Menu** or a data entry screen and selecting **Forms Based Data Entry** (or pressing CTRL+G).

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 (Figure 12).
2017 - Data Entry	/ (500001	OUT - BEANS, COFFI	EE) - (CONTAI	VS SEIVSITIN	VE DATA)					0	_
ate View	Print	Split	Documents	Tax Plann	ner Import	CS	<b>? - 1</b> ™ Err	ail i	9 e-Pay	Help	- <b>Fil</b> Exit
To Load:		Page:	1 2 States								
<sup>1</sup> 21040	Departmen U.S.	t of the Treasury - Internal Re Individual Inc	evenue Service	(99) Return	2017	ом	B No. 1545-0074	IRS Use (	Only Donat	write or staple in	this space.
	N (27)	E	dit Demographic	: Data				S	ee sepa	rate in structi	ons
Your first name and in	ibal		Last name					Y.	oursocial	security number	
COFFEE	1211-1214-17	225.9270	BEANS					5	00-00-	1001	
If a joint return, spouse	e's first name	and initial	Last name					s	pouse's so	cial security nur	nber
Home address (numb	or and street	If you have a P.O. how see i	nstructions.					01.00			
123 Honey B	ee Str								Make	sure the St	SN (s) above
City, town or post offic	e, state, and	ZIP code. If you have a foreig	n address, also comp	lete spaces belo	w (see in structions).	X			Preside	ntial Election C	ampalon
Honey Grove				TX 7	5446			с	heckhereif	you, or your spou	se if filing
Foreign country name				Foreign provi	nce/state/county		Foreign posta	f code a	intly, want S boxbelow w	3 to go to this fun ill not change you	d. Checking ar taxor
							1000	re	fund.	You	Spouse
	Single				4 X Hea	d of house	hold (with qualifying	ng person). (S	ee instructio	ns.)	opedee
Filing 2	Marrie	d filing jointly (even	if only one had	income)	child	i's name h	g person is a child iere.	but not your de	spendent, er	ter this	
Status Check only one 3	Married I	iling separately. Enter spous	e's SSN above		•						
box	and full n	ame here. 📂			5 Qu	alifying	widow(er) (s	ee instructi	ons)		
Exomptions	6a	Yourself. If some	one can claim	you asa de	pendent, do no	t check	box6a		3	Boxes cl	necked dish
Litemptions	b	Spouse · · · ·							'	No. of cl	lidren
	С	Dependents:	Edit Dependent	5	(2) Dependent's		(3) Dependent's	age	17 qualifyir	2. Blived	o: with you
(	(1) Firstnam	e Lar	stname	5.	ocial security number	6	renardiant pro Ju	(st	e instructio	did no	tilve with
If more than four	BARISTA			40	00-00-5001	SC	DN			or separ	ation ructions)
dependents, see						_				Depende	ents on 6c
instructions and						_			<u> </u>	not ente	red above
		Total aum has af au	maticasalaim							- on lines	
	a 7	Wagaa mlarica tina	ato Attach Eo	m (a) W/ 2						10000	2
Income	89	Taxable interest Att	ach Schedule I	nin (s) vv-2 Bifrequired					82	IN	<u> </u>
	b	Tax-exempt interest	Do not in clude	e on line 8a		86	IN	т	- Oa		<u> </u>
Attach Form(s)	9a	Ordinary dividends	Attach Schedu	le Bifrequi	ired				. 9a	DI	v
attach Forms	b	Qualified dividends				9b	DI	v			
W-2G and	10	Taxable refunds, cre	dits or offsets	of state and	local income ta	ixes .			• 10		
1099-R if tax	11	Alimony received .							. 11		
was withheld.	12	Business income or	(loss). Attach S	chedule C d	or C-EZ				· 12	0	
If you did not	13	Capital gain or (loss	). Attach Sched	ule Difrequ	uired. If not req	uired, c	check here		13	<u>D</u>	
get a W-2.	14	Other gains or (losse	s). Attach Form	n 4797		• • • •	· · · · · ·		• 14	47	<u>97</u>
see instructions.	15a	IRA distributions •	· · · · 15a		<u>99R</u>	b Tax	cable amount		· 15b	<u>99</u>	B
	16a	Pensions and annui	ties · · 16a		<u>99R</u>	b Tax	cable amount		· 16b	<u>99</u>	<u>R</u>
	17	Rental real estate, n	oyalties, partne	rships, S co	rporations, trust	s, etc. /	Attach Sched	lule E 🕠	· 17	<u>E E2 K1</u>	<u>K1F K1S</u>
	18	Farm income or (los	s). Attach Sche	aule F		• • • •			18	E	-
	19	unemployment com	pensation		DDD				19	99	<u>u</u>
	20a	Social security bene	nts · · 20a	<u>358</u>	nno	DIax	a pre amount		206	55	8
	21	Combine the amounts	in the far right or	olumn for lines	7 through 21. Th	nis is vo	ur total in com	10	22		
	22	Educator expenses				22					
	2.5	Contain but instal avenue			artists and	2.5					
Adjusted	24	Ce tail Dus ness expe	nses or reservis:	s, perror ming							
Adjusted Gross	24	fee-bas is government	officials. Attach	Form 2108 or	2108-EZ	24	210	3			
Adjusted Gross Income	24	fee-basis government Health savings a con	officials. Attach unt deduction	Form 2108 or Attach Form	2108-EZ	24	<u>210</u>	<u>.</u>	-		

Figure 11: Forms-Based Data Entry



Data entry screens *with* saved data are displayed on the interactive 1040 Form as *purple* links. Screens *without* saved data are displayed as *blue* links. To go back and make edits to entries on a data entry screen, click the link on the interactive 1040 Form. *Red* characters on the interactive 1040 Form represent data as it will be displayed on the actual Form 1040.

### **QUICK ESTIMATOR**

Use the Quick Estimator to quickly calculate results for an individual (1040) return.

WARNING!

Do not e-file or mail the return generated in the Quick Estimator to the IRS, or an amended return will be required.

PPR clients: A return created in the Quick Estimator counts as one PPR return.

To use the Quick Estimator:

- 1. From the Home window, select File > Quick Estimator (or press CTRL+Q).
- 2. Enter or select an SSN, and click **OK**. If an existing return is selected, the Quick Estimator will *not* override previous entries.
- **3.** Enter all applicable information on the **Quick Estimator** screen. Press F1 in an individual field for help on that field.
- 4. Press ESC to save the data, exit the screen, and calculate the return. Exit the Calculation Results window and click View (or press CTRL+V) to view the return.

Note

Remember, the Quick Estimator should be used only for *estimating* taxes. A full return should be prepared later. Data from the Quick Estimator flows to the full tax program and might need adjusting.

	Taxpayer	Spouse (if married)
S SN.	500-00-1001	Filing Status 2 💌
First Name, MI	COFFEE	Dependent of another
Last name	BEANS	ERC [
DOB or age	02-13-1970	
N-2 - Gross		Children/Dependents
N-2 - Federal wit	hheld	# Qual for EIC
N-2 - State withh	eld	# Qual for Child Tax Credit
Reserved		# Qual for child care
Unemployment		Qual child care paid
Retirement (1099	)-R)	Preparation fees withheld
Social Security		from Bank Product
nterest/Dividend:	s/Other income	
RA/Adjustments.		Daytime phone # 404-404-4040
Other withheld or	estimates	Evening phone # 404-404-4040
		Everyone on this return had minimum essential coverage for every month of 2017
n care of		
Street	123 HONEY BEE STREET	
City	HONEY GROVE	
U.S. ONLY	State ZIP	
	TX <b>•</b> 75446	
Foreign ONLY	Province/State	Country Postal Code
		▼

#### Figure 13: Quick Estimator

# Reports

To help you manage your practice, Drake Tax 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.

To access the **Report Manager**, go to the **Home** window and select **Reports > Report Manager** (Figure 1).

E Er olaus und rideking				
- 1040 Returns Accepted				
- 1040 Returns Duplicate	d			
- 1040 Returns Pending				
- 1040 Returns Rejected	(Even if Accepted Ia	ater)		
- 1040 Returns Rejected	(Never Accepted)			
- Business Returns Acce	pted			
Business Returns Dupl	icated			
- Business Returns Penc	ling			
Dusiness Detune Dais				
– Dusiriess Returns Reje	cted (Even if Accep	ted later)		
– Business Returns Reje	cted (Even if Accep cted (Never Accept	ted later) ed)		ļ
- Business Returns Reje - Business Returns Reje - Extensions Accepted	cted (Even if Accep cted (Never Accept	ted later) ed)		
Business Returns Reje     Business Returns Reje     Extensions Accepted     Extensions Pending	cted (Even it Accep cted (Never Accept	ted later) ed)		
<ul> <li>Business Returns Reje</li> <li>Business Returns Reje</li> <li>Extensions Accepted</li> <li>Extensions Pending</li> <li>Extensions Rejected</li> </ul>	cted (Even if Accep cted (Never Accept	ted later) ed)		:
	cted (Even if Accep cted (Never Accept	ted later) ed)		
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	cted (Even if Accep cted (Never Accept	ted later) (ed)		(Landscap
Ousriess Returns Reje     Ousriess Returns Reje     Ousriess Returns Reje     Ousriess Returns Reje     Outrast Retensions Rejected     Outrast information for each individual c	cted (Even if Accept cted (Never Accept lient Contact Li	ist (Individual)		(Landscap
- Business Returns Reje     - Business Returns Reje     - Extensions Accepted     - Extensions Pending     - Extensions Rejected Sample Report Contact information for each individual of Taxpayer ID Taxpayer Name	ited (Even if Accept cted (Never Accept lient Contact Li Email Address	ist (Individual)	Taxpayer Evenir	(Landscape

#### Figure 1: Report Manager

The **Report Manager** displays the list of reports in a standard tree format. Click the plus sign (+) to expand a category list and display the available reports in that category. Click the minus sign (-) to collapse the list, hiding the reports in that category.

There are multiple reports to choose from among several categories. For example, under **Client Reports**, 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 and description of all available predefined reports 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 e-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 Reports are based on data entered in the Scheduler and include reports on new clients, preparer call lists, and appointments.
- My Reports Reports that you create, either by editing one of the predefined reports or by starting with a blank report, are automatically stored in My Reports.
- 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

#### SAMPLE REPORT WINDOW

Before generating a report, you can preview the report title and column headers to see how the report will fit on the printed page. The report preview is displayed in the **Sample Report** window at the bottom of the Report Manager (see Figure 1 on page 219). Also included is a brief description (if available) of the selected report. To preview a report in the Report Manager, click the title of the report to preview. The report title and column headings are displayed in the **Sample Report** window. If you edit the report by changing the report title or columns in the report, the changes will be displayed in the **Sample Report** window.

The **Sample Report** window also indicates a report layout of **Portrait**, **Landscape**, or **Potentially too wide**. A layout of **Potentially too wide** means that some data could be cut off in the report if it is *printed* from the Report Viewer. In this case, however, such a report can still be *viewed* in its entirety in the Report Viewer by using the scroll bars, and it can be *printed* in its entirety by exporting it from the Report Viewer as a CSV file, or to Excel, where it is possible to widen columns, change font size, increase margins, and thereby print the report. You can also correct a **Potentially too wide** condition in the Report Manager by using the **Edit** function to remove one or more columns from the report.

The following buttons are available below the **Sample Report** window:

- Help Read an overview of the various Report Manager functions.
- New Report Create a new report from scratch.
- Edit Report Edit a predefined report and save it as a new report in My Reports.
- Delete Report Delete any reports listed under My Reports.
- View Report Run the selected report and view it in the Report Viewer. If you ran the report before, you are asked if you want to run the report again using current data or review the previously-run report.
- Exit Exit the Report Manager and go to the Home window.

See Chapter 12 of the 2017 Drake Tax User's Manual for detailed procedures on creating and editing reports.

#### VIEWING A REPORT FROM THE REPORT MANAGER

To view a report from the Report Manager:

- 1. Locate and select the report in the report tree.
- 2. Click View Report. If a Basic Search Conditions dialog box is displayed, make any desired changes and click Continue. If a previously-saved version of the report is detected, you are prompted to:
  - Click Yes to re-create the report using the most current data. (If a **Basic Search Condition** box is then displayed, make any desired changes and click **Continue**.)
  - Click No to open the previously saved report.
- 3. Wait for the program to search the records for data matching the report criteria.

The report is displayed in the Report Viewer.

### **REPORT VIEWER**

All reports in Drake are accessible through the Report Viewer. To view a report, go to the **Home** window and select **Reports > Report Viewer** (Figure 2).

			F	igure 2: ]	Report '	Viewer	
Drake 2017 -	Report Vie	wer - (CONTAINS S	ENSITIVE D	ATA)			×
1		0	8	0	<b>_</b> ]		
View	Print	Refresh	Delete	Help	Exit		
Standard	Reports	Bank Ack R	eports	EF Selection	Reports	Transmission Reports	Release Notes
Report Nam	e	Date	Rep	ort Description			
MEFACK, TX	Т	03/14/18 15:21	MEF	ACK files proce	essed		
MEFSTACK.	TXT	03/14/18 15:19	State	e MEF ACK files	processed		
DPFAREPT.	XML	03/14/18 15:19	DPF	AREPT Report			
XMISSION.>	ML	03/14/18 15:18	XMB	SSION Report			
EFSTATUS.	XML	03/14/18 15:12	EFS	TATUS Report			
UPDATELY.	TXT	03/14/18 15:10	Upd	ating Data Files	16 to 17 For	mat	
PROFORMA	.TXT	02/05/18 12:36	PRO	FORMA Repor	t		
L							

The Report Viewer divides reports into the following tabbed categories:

- Standard Reports Lists reports generated within the Report Manager, Scheduler, Preparer List, Firm List, etc.
- Bank Ack Reports Lists bank acknowledgements processed.
- EF Selection Reports Lists e-filing reports processed.
- Transmission Reports Lists transmission reports processed.
- **Release Notes** Lists the notes added during the update process.

Each tabbed section lists reports previously generated in that category. For each report, the following information is listed:

- **Report Name** (file name)
- **Date** (the date the report was generated)
- Report Description

NOTE If you have not generated any reports, the tabs will be blank.

Select a report and view, print, or delete it using the buttons on the toolbar. You can also view a report by double-clicking it. For some reports, you will need to use the scroll bars to view the entire report. For multi-page reports, use the arrow keys on the toolbar to move from page to page.

Click **Print** to print a report. For some reports, you can change the font size (to 8, 9, or 10) and use the **Export** tool to export it to Excel, save it as a CSV file, or open it in Notepad.

### **DEPRECIATION LIST**

The **Depreciation List** is a report that displays depreciation information for selected clients. There are two methods for creating depreciation lists in Drake: manually entering client SSNs/EINs to be listed, and filtering the client database for clients that meet specified criteria.

To create a depreciation list for one or more clients:

- 1. From the Home window, select Reports > Depreciation List. The Depreciation List Client Selection dialog box is displayed.
- 2. Choose one of the following methods:
  - Create a list Enter the SSN/EIN and click Add Client. Repeat for additional clients until all the desired clients are entered, and click Next.
  - Filter the client database Click Next to open the Basic Search Conditions dialog box. Edit settings as desired, and then click Continue.
- 3. Choose to Print the depreciation list or to Export to File.
  - Print Send the list to the printer. In the Print dialog box, click Print.
  - Export to File Depreciation lists exported to file are stored in Drake16\Reports as CSV files. Click OK.

### **FIXED ASSET MANAGER**

Use the **Fixed Asset Manager** to run reports based on client assets (from the **Home** window, go to **Reports** >**Fixed Asset Manager**). The **Fixed Asset Manager** allows over 40 column header options to customize your asset reports, and nine report types are available:

- 1. From the **Home** window, select **Reports** > **Fixed Asset Manager**. The dialog box is displayed with drop lists for choosing report types, depreciation options, and sorting styles.
- 2. Enter a number in the ID Number field.
- **3.** Select a report type
- 4. Select a **Depreciation** tracking format from the following options:

Federal - Tracks federal depreciation methods

State - Tracks state depreciation methods

Alt Min Tax - Tracks alternative depreciation methods

**Book** - Tracks depreciation using book method

- Select a sorting Style. Choose to print a Full Schedule, to sort By Department, to sort by Form/Schedule, or to sort by Asset Category. (Not all of these sorting options are available for every tracking format.
- 6. Choose the columns you want in your report from the **Available columns** drop list. Select a column heading and then click **Select** (or double-click the column heading) to move it onto the **Selected report columns** list on the right side of the Fixed Asset Manager dialog box. To

remove the column headers from the **Selected report columns** list, select them and click **Unselect**, or to remove them all, click **Unselect All**.

- 7. To keep your formatting for future reports, click Save.
- 8. Click Run Report.
- 9. Select an option for displaying the depreciation list: **Print** (to send the list to a printer) or **Export to File** (to save the report as a.CSV file).

## **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:

- On the Home window menu bar, select Reports > Client Status Manager.
- On the Home window toolbar, click CSM.
- Go to the **Home** window and press CTRL+L.

When the Client Status Manager in opened, all returns existing in the 2017 program are displayed. This includes returns brought forward from previous years, new returns, and returns started but deleted from Drake. It also includes client files imported from QuickBooks. Each column displays specific information about the return (Figure 3).

Figure	3:	Client	Status	Manager
--------	----	--------	--------	---------

Drake 2017 -	- Client Status Manager - (CONTAINS	SENSITIV	E DATA)				×
Dpen -	Search Customize Refresh	Y. Filters	Quick View Reports	Export Help	<b>Fil</b> Exit		
ID Number	Client Name	Туре	Preparer	Status	Started	Completed	Ь
500001001	BEANS, COFFEE	1040	FRAN FRIENDLY	In Progress	02/05/2018		
400001035	BIRCH, TREE	1040	FRAN FRIENDLY	EF Rejected	01/23/2018		
400001044 500001006	DAISY, YELLOW HERB, OREGANO & ROSEMARY	1040 1040	MARTY MARTIAN	New Client In Progress	01/23/2018 11/08/2016		
400001032	MAGNOLIA, SUSAN	1040	OTTO LOTTO	Under Review	01/23/2018		
400001002	PETUNIA, PENNY	1040	OTTO LOTTO	EF Accepted EF Accepted	01/23/2018		
<							>

The toolbar across the top contains buttons that perform various functions (Figure 4). These buttons and their corresponding key combinations 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 a line 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 226.
- **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 228.
- **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 229.
- **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 4: Client Status Manager toolbar 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. To manually change a return's status, open the return, click the **CSM** button on the toolbar of the **Data Entry Menu**, and select a status. You can also change a return's status in the CSM by right-clicking it, selecting **Set Client Status**, and then selecting a status.

Whether a return status is automatically set or manually set, it can be changed at any time. Statuses include:

- New Client Set automatically when a new return is created
- Updated from 2016 Set automatically when a return is brought forward from Drake's 2016 tax software
- In Progress Set automatically when the first change is made to a new or updated return in data entry
- EF Pending Set automatically when a "P" acknowledgment is received
- EF Accepted Set automatically when an "A" acknowledgment is received
- EF Rejected Set automatically when an "R" acknowledgment is received
- Printed Set automatically when a return is printed through Print Sets
- **On Hold** Manual setting
- Under Review Manual setting
- Under Extension Manual setting
- Signed Manual setting
- Delivered Manual setting
- Complete Manual setting
- Custom Manually create your own statuses See "Status Settings Tab" on page 227

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, go to Setup > Options, select the Calculation & View/Print tab, select the Autocalculate tax return when exiting data entry option, and click OK.

#### **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 the **Columns** in **Current View** are listed in the right pane.

To add an available column to your view:

- 1. Select the desired column in the left pane. Click **Select** or double-click the desired column.
- 2. Click OK to save and exit.

To remove a column from your view:

- 1. In the right pane, select the column you wish to remove. Click **Remove** or double-click the desired column.
- 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 columns up or down in the list. An arrow shows the new position of a dragged column. Release the mouse button when the column is in the desired position. The new position of the column is reflected in the Columns in Current View list.
- 2. Click **OK** to save and exit.

#### **Status Settings Tab**

You can define as many as 10 custom statuses. They must be set and changed manually.

To define a custom status in the CSM:

- 1. Click Customize on the toolbar. The Customize Display dialog box is opened.
- 2. Select the Status Settings tab.
- **3.** Select a status description to rename; then click **Edit**. The **Status Description text** box is opened.
- 4. Type a new status description and click **OK**. The new status description is listed.

To restore all original statuses, click Reset.

#### **CSM Column Views**

In addition to determining which columns are displayed in the CSM, you can further customize the column display from the main screen of the CSM.

- Sort Click a column header to sort the records in ascending or descending order by that column. (You can further customize the sorting options by clicking Customize and selecting the Sort Options tab. From here, you can select three columns to sort records by in ascending or descending order.)
- Adjust column widths Drag the edge of a column header to the desired width.
- Size to fit Double-click a column header's right border.
- Change column order Click and drag a column header to the desired location.

### FILTERING CSM DATA

Use filters to further customize your CSM view. Click the **Filters** button on the toolbar. Select one filter from each of the first three sections, and any of the filters from the bottom section, to build a "complex filter." For example, in Figure 5, All Preparers, All Status Types, and All Return Types are selected. The CSM displays only client records that match those criteria.

<u> </u>	4110
~	All Preparers
	Current Preparer
	All Status Types
~	Work in Progress
	Completed Returns
	EF not Sent
	EF Pending
	EF Accepted
	EF Rejected
	Missing Files
~	All Return Types
	All Business Returns
	Individual (1040)
	Corporate (1120)
	S Corp (1120S)
	Partnership (1065)
	Fiduciary (1041)
	Estate Tax (706)
	Tax Exempt (990)
~	Hide Inactive Returns
~	Hide Completed Returns
~	Hide Deleted Returns
	Display Deleted CSM Records

Figure 5: Filters menu

#### **CSM REPORTS**

Several predefined status and financial reports are available in the CSM. To run a report, click the **Reports** button and choose a report from the drop list. A report description is displayed.

Select report options and click **Report**. The report is displayed in the Report Viewer. Click **Print** to print the report. Use the **Export** tool to export the report to Excel, save it as a CSV file, or open it in Notepad. Click **Exit** to exit the Report Viewer.

#### **MULTI-OFFICE MANAGER**

The Multi-Office Manager (MOM) is the online version of the Client Status Manager (CSM). Designed for the multi-office environment, MOM allows you to track workflow of multiple offices, providing a snapshot of your entire business. Reports and statistics on return status, return type, bank, payments, fees, and billing information are available.

For CSM data to be transferred to MOM, the software must be configured to send CSM data to Drake during the e-file process. Each Level-1 and Level-2 EFIN office in a multi-office environment must complete the following steps:

- 1. From the Home window, go to Setup > Options and select the EF tab.
- 2. In the Session Options section, select Transmit return data to Drake for multi-office web reports.
- 3. Click OK.

Any changes made in CSM will be transmitted to MOM during e-file transmissions.

To access the Multi-Office Manager, log in to your Drake Support account at Support.DrakeSoftware.com and select My Account > EF Database. Then click MOM.

### **REVIEW QUESTIONS PART 7**

Answer the following questions. See "Answers Part 7" on page 232 for answers and explanations.

- 1. Which of the following statements about the Update Manager is not true?
  - a) You may choose which program updates to install
  - b) You may set a time to install updates automatically
  - c) You may view release notes of installed updates
  - d) From the Home window, it is found at Tools > Update Manager
- 2. Where could you go to customize a preseason letter that reminds all of your 1040 clients to gather their tax information and schedule a meeting with you?
  - a) Tools > Letters > Letters
  - b) Last Year Data > Organizers
  - c) Setup > Communications Editor > Open > Individual
  - d) Setup > Options
- 3. Which statement is true about the Drake Scheduler?
  - a) Preparer work schedules can be created and edited in **Setup** > **Preparers** by opening the preparer window, and clicking on the **Schedule** button.
  - b) You can push and pull appointments to and from your external Google or Outlook calendar
  - c) Reminders are listed in the Appointments section of the Home window
  - d) All of the above
- 4. 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
- 5. Where do you go in Drake to access the tools used to backup or restore files?
  - a) Tools > File Maintenance
  - b) Help > Setup Assistant
  - c) Last Year Data > Update Settings 2016 to 2017
  - d) Setup > Data Locations

# ANSWERS PART 7

- 1. The only false statement is a) You may choose which federal and state program updates to download and install. Drake Tax installs updates for *all* federal packages and any installed states packages.
  - b) is correct. You can set up automatic updates and choose the exact time you want updates installed, however computers must be turned on for updates to be applied.
  - c) is correct. Inside the Update Manager select a **tab and double-click an update description** to view a release note.
  - d) is correct. From the **Home** window, go to **Tools > Update Manager** to install updates.
- 2. The correct answer is c) Setup > Communications Editor > Open > Individual. Make whatever changes you need here.
  - a) is incorrect. Go to Tools > Letters > Letters to generate the Individual Pre-Season Letter for Last Year Clients in a batch.
  - b) is incorrect. Go to Last Year Data and select Organizers to generate organizers for your clients.

d) is incorrect. Setup Options menu is used to customize the functionality of the software, such as data entry and calculations. Letters cannot be edited here.

- 3. The correct answer is d) All of the above.
- 4. The correct answer is c) Fixed Asset Manager. From the Home window, 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.
  - 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.
- 5. The correct answer is a) Tools > File Maintenance. You can backup and restore files from this menu.
  - b) is incorrect. The Setup Assistant guides you through the process of setting up Drake Tax.
  - c) is incorrect. The Last Year Data menu helps you bring clients and settings forward from the previous year. It is also used to print organizers and proformas for selected clients.
  - d) is incorrect. Use the **Data Locations** dialog box to 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 SOFTWARE STATUS PAGE**

The Drake Software Status page (Figure 1) at *DrakeStatus.com*, displays the status of all of Drake's services, including the e-filing and banking websites, acknowledgment processing, Support Call Center, Support Website, Online EF Database, Secure File Pro, and other online services. From the menu bar at the top of the **Home** window of the tax software, click **Help** > **Drake Status Page** to access the Status page.

Dr	ake Software Statu	s	Drake Software.com Drake Software Support Website
ELEC	TRONIC FILING & BANKING		Drake Software Broadcast Center Drake Software Download
0	CURRENT STATUS	Service is operating normally	Drake Software on Facebook     Drake Software on Twitter     Taxing Subjects Web zing
0	IRS Transmissions and Ack Processing	Service is operating normally	OTHER LINKS
0	Bank Transmissions and Ack Processing	Service is operating normally.	IRS Quick Alerts IRS MeF Status Page
0	94x Transmissions and Ack Processing	Service is operating normally	STATUS INFORMATION If you are experiencing a problem that has not been reported here,
0	State Transmissions and Ack Processing	Service is operating normally	Support Website for more information.

Figure 1: Drake Software Status Page

# **DRAKE E-TRAINING CENTER**

The Drake e-Training Center (or Drake ETC) offers training for both single and multi-site offices by providing tutorials, webinars, and interactive tax courses. With progress-tracking tools and interactive testing, Drake ETC makes it simple for individuals and group administrators to monitor their personal and collective progress through the online training center.

Earn continuing professional education (CPE) credits and track your credits earned and CPE certificates on the Drake ETC site. Be sure to review the CPE Details sheet for each course before registering to determine if the course meets the requirements for your designation. To open Drake's e-Training Center, go to *DrakeETC.com* (Figure 2 on page 235.)

### **AVAILABLE ON DRAKE ETC**

- **Tax Courses** Interactive tax courses explore IRS tax law and terminology and what these laws and terms mean in Drake Tax data entry. CPE credits are available.
- **Tutorials** Watch video tutorials featuring Drake education trainers as they teach you the basics of Drake setup, data entry, return preparation and much more. Client Write-Up and Spanish tutorials are also 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 e-filing.
- Webinars Live 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. Earn CPE credit no test required! Recorded webinars (no CPE credit) are also available for Drake 101 and Client Write-Up webinars.
- AFTR Course Complete the 2018 Annual Federal Tax Refresher (AFTR) course, which is required for unenrolled tax return preparers who want to earn the IRS's Annual Filing Season Program (AFSP) Record of Completion for the 2018 filing season (and so be included in the IRS's Directory of Tax Return Preparers with Credentials and Select Qualifications). Available June through December. For more information on AFSP requirements, go to *DrakeSoftware.com* and select **Training > AFSP**.
- Self-Study Courses Learn about software topics on your own time, at your own pace. Study the materials provided for the course and successfully complete the final exam to earn continuing education credits.
- **Report Card** Record of each course with the date started and date completed. View results of each test.
- Administration Available only when logged in with an administrator account, this tab allows you to create student accounts and view student report cards.

	Figure	2:	Drake	ETC	Welcome	page
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	Drake e-Training Center
Home	
Video Tutorials	Welcome
Practice Returns	
Webinars	Welcome to the Drake e-Training Center (ETC), your online resource for Drake-related training. To get     started choose from the menu on the left or click a link below.
AFTR Course	started, shoose norm the ment of the ferr of ellek a mink below.
Self-Study	Tax Training and CPE:
Report Card	Webinar topics range from tax topics to software, and enable you to earn CPE in a convenient and effective
Administration	format.
Sign Out	<ul> <li>Self-Study Courses allow you to learn software and tax topics on your own time, at your own pace. Study the materials provided for the course and successfully complete the final exam to earn continuing education credits.</li> <li>Drake Software's interactive Tax Courses explore IRS tax law and terminology while introducing their implication in Drake Tax data entry. Tax topic courses are available on DrakeCPE.</li> </ul>
	Drake Resources:
	<ul> <li>Step-by-step Video Tutorials teach the basics of Drake Tax.</li> <li>Practice Returns provide hands-on training in Drake Tax data entry and e-filing.</li> <li>Recorded webinars provide detailed instruction on various Drake topics.</li> </ul>
	Tracking:
	<ul> <li>Keep track of your progress by viewing your Report Card.</li> <li>Access Administration and create Drake ETC accounts for all students in your group. View student report cards.</li> </ul>
	Sign Out
	Your Student ID: Last Logged on: 3/9/2018 at 4:20 PM
	Leave Feedback Contact Us

## DRAKECPE.COM

DrakeCPE.com is an e-learning site created for the busy tax professional who needs quality CPE that is cost effective. Courses created by our experts are relevant and engaging. Choose from a variety of e-learning formats that suit your learning style and schedule (Figure 3):

#### AVAILABLE ON DRAKECPE.COM

- **On-Demand Webinars** View webinar recordings at your convenience, and take a test to earn CPE.
- Self-Study Courses Learn about a topic on your own schedule, at your own pace, and take a test to earn your CPE.
- Webinars Join a scheduled online presentation, interact with subject-matter experts, and earn continuing education for attending. (Coming Soon)

		Figure 5. Dia	KCCI E.COIII		
			Log in   Vie	w Cart   Search	6
DrakeC	PE	COURSES	WHY DRAKECPE?	WHO WE ARE	
► All Courses Self-Study On-Demand AFTR Course	Display (2) • per page Display (2) • per page	Affordable Care Act : Individual Rights &           Sanot	with y-it-all'; knowi-edge (nali) he of knowin, he of knowin, knowi-edge (nali) he of knowin, he of knowin,	Common IRS Red Flags \$15.00	
	Standards Turnes Standards Turnes Practices Associations Practices Associatio Practices Associatio	Fraction           Fraction           Standards           Practices           Standards           Practices           Standards	THE STATE STATE	Federal Income Tax Changes 2017 \$45.00 DETAILS	

#### Figure 3: DrakeCPE.com

### **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 (Figure 4). 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 username and password and go to **Training Tools > Passport to Success**.



#### Figure 4: Passport to Success Home Page

# **TAX RESEARCH**

Drake's tax research tool provides a way of searching the Internet for answers to most tax questions. Search several websites at once, including any site you wish to add. The default list of research sites includes Drake Software, Taxing Subjects, along with the IRS website. Internet access is required.

To begin a search for tax information, click the Research button on the Drake **Home** window toolbar (Figure 5)

en/Create Calculate	Print	View	CSM	Scheduler	Documents	<b>GW</b> GruntWorx	Research	O • Support	<b>F</b> it		
ecent Returns:	Кеу	Print/View	Drake Softwar	e Custom V	/eb Search						>
AISY, MARK	1		Drake Custo	m Web Ta	x Search						
USTARD, WASABI	2		Begin by e	entering se	arch keywo	rds. The site	es listed belo	w will be sea	rched. Sites m	ay be changed	d, added
EANS, COFFEE	з	<u> </u>	or deleted	below. To	exclude a	site from bei	ng searched	l, remove its c	heckmark.		
EA, SNOW & SNAP	4	-	Enter searci	h kevword	s:						
FAE DILL & CURRY	5	-			-						
ORNFLOWER, LINDA	7		<b>0</b> 11		Search	Sites					1
EA, MINT	8		Sites to se	arcn	V irs an	v					
AGNOLIA, SUSAN	9				🗹 drake	software.com	n				
opointments: No upcoming appointr	nents today		Add/Edit S	lite	rexing Se	ve	n Delete	]			
ouncations:			Help							Search	Exit

Figure 5: Custom Web Tax Search

In the **Drake Software Custom Web Search** window (Figure 5), enter a keyword (for instance, "Schedule A, line 21") and click **Search**. Any websites selected in the **Search Sites** field are searched and the results are displayed in a browser window.

## **HELP RESOURCES**

Drake Tax offers many ways for you to get the help you need. When you click the **Support** button from the **Home** window, you are given several options:

- Drake Software Knowledge Base, an online reference source containing answers to common tax and software questions. See "Knowledge Base" on page 242.
- Drake Software Program Help, a searchable list of topics sorted by categories, and an index. The Help System answers many of the most commonly asked questions about the software. (See the following paragraphs for more information.)
- Drake Software Support website, a website with links to all of our online help resources, including the Knowledge Base, Drake ETC, and many other helpful webpages. See "Drake Support Website" on page 241.
- Drake Software Remote Assistance is a feature used by Drake Software personnel in certain support situations.
- Drake Software Video Tutorials are a compilation of more than 200 how-to videos demonstrating how to use Drake Software programs.
- Drake Software Chat Support is a convenient method of having a live online discussion with a member of Drake Software's Support staff.
- Drake Software Manual and Online Resources provide a link to Drake Tax manuals, practice returns, IRS pubs, and Drake Software shipment letters, all in a PDF format.

All other Drake windows have a clickable **Help** icon or button for accessing the Drake Help System (with the exception of the data entry screens where a right mouse-click will produce a help menu). Accessing the Help system inside a Drake window will produce topics relevant to that window. For example, if you are in pricing setup (**Setup > Pricing**) and click **Help**, you are shown the Help information for pricing setup. To print a topic, click the **Print** icon in the toolbar.

Access Help System items by using the Contents, Index, and Search tabs (Figure 6).

Figure 6:	Help	System	Contents, ]	Index,	and	Search	tabs
-----------	------	--------	-------------	--------	-----	--------	------



### DATA ENTRY HELP

Drake Tax offers you lots of "helps" in data entry: screen-level helps, field-level helps, instructional "how-to" video clips, and links to other helpful resources. For more information, see "Help Resources" on page 70.

# 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, enter 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 or the **Support** button. Manuals are also included as PDF files on the installation discs.

	Figure 7: Software Manuals	
	Additional Education Resources	
<ul> <li>2011</li> <li>2012</li> <li>2013</li> <li>2014</li> <li>2015</li> <li>2016</li> <li>2017</li> <li>Letters</li> <li>CWU Addendum</li> <li>2017 Client Write-Up User</li> <li>2017 Dask Reference Guid</li> <li>2017 Drake Tax Suppleme</li> <li>2018 Client Write-Up User</li> <li>Client Write-Up Network Ir</li> <li>Data Entry Screen Referer</li> <li>Drake Software Tax Year 2</li> <li>Manual Addendum.pdf</li> <li>Quick Reference Guide.pdf</li> <li>Practice</li> <li>Pubs</li> </ul>	Tax Year 2017 User's Manual	

2017 Drake Tax User's Manual — This is a complete resource for all your software questions. With more than 400 pages of information, it includes details on installation, setup, navigation, return preparation, states, e-filing, banking, and reports.

2018 Drake Client Write-Up Manual — A guide for using Drake's Client Write-Up accounting program to prepare and print both live and after-the-fact payroll, vendor checks, W-2s, 1099s, 940s, 941s, 943s, 944s, 941SSs, and 944SSs.

2018 Drake Accounting Manual — A guide for using Drake Accounting software to manage client financial records, prepare and print both live and after-the-fact payroll, vendor checks, W-2/W-3, 1099-MISC/1096, 940, 941, 941SS, 943, 944 and 945 forms.

**NOTE** All Drake user manuals are available in PDF format for print or download at *DrakeSoftware.com* > **Training Tools** > **Manuals**.

### **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 School 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 *Training.DrakeSoftware.com*.

### **PRACTICE RETURNS**

Become more familiar with the program's data entry screens and e-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, *Support.DrakeSoftware.com*, and the Drake e-Training Center website, *DrakeETC.com*. 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 e-filing and banking practice scenarios on the Drake Support website. These scenarios are designed to familiarize beginning e-filers with the process of e-filing and check printing in Drake Tax. These returns have SSNs from 500001001 through 500001005. Calculate the returns in the software and e-file them. These particular returns are set up to be either accepted or rejected. Correct the rejected ones and resend to receive acknowledgments. Practice printing checks for the returns with bank products

### Note

Test transmissions do not receive an additional IRS acknowledgment. The "T" acknowledgment indicates the transmission was successful.

## **DRAKE SUPPORT WEBSITE**

All Drake Software 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 by selecting the **Support** button in the home window of Drake 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, from the **Resources** page, click **Knowledge Bases**, and select from among several Knowledge Bases.



Figure 8: Knowledge Base

### **BROADCAST CENTER**

Drake Software keeps you informed of important information about the software and tax industry via broadcast email. All broadcast emails are posted on the Broadcast Center. To access the Broadcast Center for the Drake Support website, from the **Resources** page, click **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 **Display** drop list (Figure 9).

#### Figure 9: Broadcast Center



### FEDERAL/STATE FACTS

The Federal/State Facts database allows you to quickly access important federal and state-specific information, such as e-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 Federal/State Facts database from the Drake Support website, go to Resources > Federal/State Facts.

#### **ONLINE EF DATABASE**

The Online EF Database displays information about your e-filed returns in real time and offers various online reporting features. Because the e-filed information is stored at Drake, the information is always current. Run reports on returns, loans, and checks, or search for e-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.

#### Figure 10: Online EF Database

ONLINE EF I	DATABASE	
Return to Drake Supp	port Home	
Overview	Online EF Database Overview	
Returns Bank Products Checks Fees Summary Options Tools MOM	Returns – Allows you to list pending, accepted, and rejected state and federal returns, as well as extensions. Queries can be limited to a date range, data can be sorted, and filters can be saved for future reference. Bank Products – Queries can be limited to a date range, data can be sorted, and filters can be saved for future reference.	<ul> <li>Fees – Reports on all of the fees (prep fees, bank fees, etc.) that are charged throughout a transaction. Reports may be filtered by fee type and by date.</li> <li>Summary – Summary reports are available by EFIN, Preparer, and Zip Code to give you a snapshot view of a tax year. Reports may be filtered by date.</li> <li>Options – Allows you to control access to the reporting tools with a secured password, and to</li> </ul>
Client Search EFIN: Tax Year 2017 • SSN/Last Name CONTAINS SENSITIVE DATA	Checks – Allows reporting on checks by check status (printable, pending, and cleared). Queries can be limited to a date range, data can be sorted, and filters can be saved for future reference.	configure your EFIN reporting hierarchy. <b>Tools</b> – Additional tools, data feeds, and reports (such as the Download 'A' Acks file, and the ABC Voice file). <b>MOM</b> – Access Multi-Office Manager reports, if your software has been configured to transmit them.

#### 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 SUPPORT**

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.) For Spanish-speaking Support, call (828) 349-5500.

#### **CHAT SUPPORT**

Have a quick question? To chat with a customer service representative, go to **Support** > **Drake Software Chat Support** in Drake Tax. Chat support is available 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.)

#### **EMAIL SUPPORT**

For those non-urgent questions, or for more difficult questions that may not be resolved over one phone call, you can send us your questions via email. Ask more specific Support questions through the Drake email program.

Our general support email address is *Support@DrakeSoftware.com*. To access additional Drake Software addresses, go to **Help** > **Email**. In the **Compose Message** window, click the **To** button. The default **Address Book** is the **Drake Software Support Address Book**. Double-click to select a specific address; then click **OK**.

# 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.

### **DRAKE EMAIL PROGRAM**

You can use the email provider of your choice to send and receive emails in Drake. This incudes any of the free email providers such as Gmail.com and Outlook.com. You can also use Drake's email program to send questions or files to Drake Support.

To access Drake's email program, you can:

- From the menu bar of the **Home** window, select **Help** > **Email**.
- From data entry, click the **Email** icon from the **Data Entry Menu** toolbar. Use this method to send the data entry file to Support.
- From the View mode toolbar, click the Email button
- From Drake Documents toolbar, click the **Email** button to send PDF copies of the return to your clients.



Drake recommends using **SecureFilePro**, a secure client file exchange web portal, to conveniently exchange confidential documents with your clients. To learn more and receive a free 14-day trial, visit *DrakeSoftware.com*.

# **Suite Products**

In addition to providing our comprehensive tax software, Drake offers these additional applications to enhance your practice:

- "Tax Planner"• "SecureFilePro"
- "Drake Accounting"•"Drake Accounting"
- "Gruntworx"

# **TAX PLANNER**

The Tax Planner is installed when you install Drake to help you assist your clients in planning for the future. By comparing the client's current tax situation to different scenarios that could occur—such as marriage, the birth of a child, buying or selling a house, change in income—clients can see how these changes can affect their finances and tax liability. Because the different scenarios are set up using the same **Data Entry Menu** and data entry screens you're already familiar with, building different scenarios is quick and easy.

### **OPENING THE TAX PLANNER WINDOW**

Open the Tax Planner from data entry:

1. Open a client's return and click the **Tax Planner** icon from the **Data Entry Menu** toolbar. The **Tax Planner** window displays a toolbar, the original return, and any planners (or "scenarios") you create (Figure 1).

Drake 2017 -	irake 2017 - Tax Planner									
New Vet	Dpen	Remove	Compare	🕜 Help Vi	D deo Tutorial	- <b>Fi</b> Exit				
Scenario Name         Year         Income         AGI         Tax. Income         To           <0riginal Return>         2017         80232         80232         51332		Total Tax	Refund	BalDue						
		2017	80232	80232	51332	4766	2557	0		
2018 Scen	nario	2018	90232	90232	66232	2566	4757	0		

Figure 1: Tax Planner Window

The items on the toolbar are explained in the following table.

Tool button	Function				
New	Click <b>New</b> to begin new scenarios for different tax years, or to plan a new scenario based on a previous scenario.				
Open	Click <b>Open</b> to open data entry screens to set up various scenarios, or to open the client's original return.				

Tool button	Function
Remove	Select a scenario from the scenario pane and click <b>Remove</b> to delete the scenario.
Compare	Click <b>Compare</b> , select up to three scenarios, and click <b>Compare</b> again to compare the chosen scenarios to the client's current tax situation based on the original return.
Help	Click <b>Help</b> to get explanations and direction for using the planner.
Video Tutorial	Click the play button to launch a short video tutorial on the basics of using the Tax Planner.
Exit	Click Exit to close the planner and return to data entry.

#### **CREATING SCENARIOS IN THE TAX PLANNER**

The first step in working with the Tax Planner is to create one or more scenarios. After you've created the scenarios, you make changes to the scenarios (such as in marital status, number of dependents, amount of income, etc.), then compare them to taxpayer's original return to see what effect the projected changes would make to the taxpayer's current financial and tax situation. To begin creating tax scenarios to compare with the original return:

- **1.** Open a client's return in Drake.
- 2. Click the Tax Planner button on the Data Entry Menu toolbar to open the Tax Planner dialog box.
- **3.** Click **New** from the **Tax Planner** toolbar and choose a tax year from one of the options: the current tax year 2017, or the next tax year, 2018.
- **4.** In the **Tax Planner Creation** window, enter a name for the scenario and click **OK**. Create as many scenarios as you wish (Figure 2).

Drake 2017 - Ta	x Planner								×
New	Dpen (	Remo	ive	Compare	O Help Vi	ideo Tutorial	<b>Fil</b>		
Scenario Name	<u> </u>		Year	Income	AGI	Tax. Income	Total Tax	Refund	BalDue
<original re<="" td=""><td>turn&gt;</td><td></td><td>2017</td><td>82194</td><td>79536</td><td>45006</td><td>6536</td><td>2007</td><td>0</td></original>	turn>		2017	82194	79536	45006	6536	2007	0
New Baby			2018	81164	78579	47969	4670	7097	0
				Drake 2017 - Please er J	Scenario Plar	nner Creation or the 2018 scena Of	ario	×	

Figure 2: Tax Planner Scenario

# NOTE 2018 scenarios incorporate known tax changes for the coming year, once available.

You can create different versions of an existing scenario. For instance, you might make a scenario in which the taxpayer has a child, buys a home, or has a change in income. To make multiple versions of scenarios you have already created:

- 1. Click the scenario you want to duplicate (it will be highlighted in blue):
- 2. Click the New button.
- 3. In the droplist, click Selected Scenario.
- 4. Enter a name for the new scenario and click **OK**.

To make changes inside a tax scenario, double-click a scenario in the **Tax Planner** window to open the **Data Entry Menu**. A reminder appears in the lower-right corner of the **Data Entry Menu** (Figure 3), that you are in a Tax Planner scenario and not the original return.

To change, add, or remove information in data entry of the tax scenario as you would in a regular tax return in Drake. For example, you may add a **Dependents** screen for the birth of a child, and possibly a **2441** (**Child Care Credit**) screen.

- 1. From the **Data Entry Menu**, choose the fields and screens you want to add, change or remove.
- 2. When you are finished setting up the scenario, click **Calculate** or **View** to see the results.
- 3. Return to the Tax Planner window again by clicking the Tax Planner button.

NOTE If you are in a scenario and want to go to the original return, click **Tax Planner**, select **Original Return** from the **Tax Planner** window, and click **Open**.

AKE 201	17 - Tax Planner (400001940 - TAXPAYER, THOMAS & TASH	HA - 400001902) - (CONTAINS SENSITIVE DATA) — □
lculate	View Print Documents Tax Planner E	imail e-Pay Help Exit
neral	Income Adjustments Credits Credits Taxes He	ealth Care   Other Forms   Foreign   Miscellaneous   States
1	Name and Address	A Itemized Deductions Schedule
2	Dependents - (4)	STAX Sales Tax Worksheet
3	Income	2106 Employee Business Expense
4	Adjustments	Due Diligence
5	Taxes, Credits and Payments	8867 Due Diligence Checklist
ES	Estimated Taxes	DD1 Due Diligence Assistance
2441	Child Care Credit	DD2 Due Diligence Notes
W2	Wages - (2)	Electronic Filing and Banking
W2G	Gambling Income	BANK Bank info not set up in firm
1099	1099-R Retirement	IDS Identification for Taxpayer/Spouse
DIV	1099-DIV Dividend Income	USE Consent to Use of Tax Return Info
INT	1099-INT Interest Income	DISC Consent to Disclosure of Tax Return Info
99G	1099-G Government Payments	DD Direct Deposit/Form 8888
99M	1099-MISC Miscellaneous Income	PMT Electronic Funds Withdrawal
RRB	RRB 1099-R Railroad Retirement	PIN 8879/8878 e-file Signature
SSA	1099-SSA Social Security	EF EF Selections
Second .		PDF PDF Attachments
PAD	Preparer Notepad	
NOTE	Notes about the return	AP Protection Plus Audit Protection
FAQ	Frequently Asked Questions	BILL Client Adjustments
E	nter Screen, State, or Search Phrase	Tax Planner
Tay Pla	nner New Babu	Current Package: Federal

Figure	3:	Data	Entry	Menu	in a	Tax	Planner	Scenario
			-1					

#### **COMPARING SCENARIOS IN THE TAX PLANNER**

You can create multiple tax scenarios using the Tax Planner. To compare tax scenarios with the original return, use the Tax Scenario Planning Comparison worksheet, which allows you to to compare the original return with up to three tax scenarios (Figure 4). To generate the Tax Scenario Planning Comparison worksheet:

- 1. Click the Compare button in the Tax Planner toolbar.
- 2. In the Scenario Comparison Selector, choose up to three scenarios to be compared to the original return.
- **3.** Click the **Compare** button to open View/Print mode displaying the Tax Scenario Planning Comparison worksheet. You can choose to print or email the worksheet, save it to Drake Documents ("Drake Documents"), and upload to SecureFilePro ("SecureFilePro").
|   | Tax Scenario | Planning Comp | arison |         |
|---|--------------|---------------|--------|---------|
| Name(s) as shown on relum<br>THOMAS & TASHA TAXPAYE | R            |               |        |         |
|   | _            |               |        |         |
| Org   | . Return     | Cur. Return   |        |         |
| Filing Status                                       | 2            | 2             |        |         |
| Number of Exemptions                                | 5            | 6             |        | _       |
| ncome:  |              |               |        |         |
| Wages, salaries, tips, etc                          | 47,366       | 47,366        | 10     | <i></i> |
| Taxable interest and dividends                      | 749          | 749           |        |         |
| Business Income (loss)<br>Gains (losses)            | 34,079       | 33,049        |        |         |
| Pension and IRA distributions                       |              |               | ~      |         |
| Rental & Pass-through Income (loss)                 |              |               |        |         |
| Farm Income (loss)                                  |              |               |        |         |
| Taxable Social Security Income                      |              |               |        |         |
| Other Income  |              |               |        | - 12    |
| Total Income  | 82,194       | 81,164        |        |         |
| djustments to income:                               |              |               | ·      |         |
| Self-Employment Tax Adjustment                      | 2,408        | 2,335         | 121    | IC      |
| IRA deduction                                       |              |               |        |         |
| Other Adjustments                                   | 250          | 250           |        |         |
| Adjusted Gross Income                               | 79.536       | 78.579        |        |         |
| temized or Standard Deduction                       | 14,280       | 24,000        |        |         |
| Personal Exemption or QBI Deduction                 | 20,250       | 6,610         |        |         |
| faxable income                                      | 45,006       | 47,969        |        |         |
| fax and Credits:                                    |              |               |        |         |
| Tax   | 5,821        | 5,376         | 21     |         |
| Credits   | 4,100        | 5,376         |        |         |
| Self-employment tax                                 | 4,815        | 4,670         |        |         |
| Other taxes   |              |               |        |         |
| Total Tax   | 6,536        | 4,670         | 10     |         |
| Payments:   |              |               |        |         |
| Withholdings  | 7,543        | 7,543         | 2      | - 22    |
| Estimated Tax Payments                              |              |               | -      |         |
| Refundable credits & other payments                 | 1,000        | 4,224         |        |         |
| Total Payments                                      | 8,543        | 11,767        | 2      |         |
| Refund  | 2,007        | 7,097         |        |         |
| salance Due   |              |               | 2      |         |
| (aminal Tax Pate                                    | 15 00        | 12 00         |        |         |
| Effective Tax Rate                                  | 13.00        | 12.00         |        |         |
| states  |              |               |        |         |
| Resident Tax  |              |               |        |         |
| Total Tax   | 1,569        | 1,569         |        |         |

## Figure 4: Tax Scenario Planning Comparison

## **DRAKE DOCUMENTS**

Drake Documents is an electronic storage solution for client source documents and returns. Use Drake Documents to streamline and organize your workflow and greatly reduce your paper handling tasks. Easily organize and find documents, such as PDF copies of tax returns, scanned Forms (such as 8879 and 1099-B), scanned copies of driver's licenses and Social Security cards, without ever needing a paper copy. Think of Drake Documents's file structure as a virtual filing cabinet where files are saved within folders.

Use Drake Documents to:

- Store your clients' documents Scanned documents and copies of your clients' returns are stored in electronic "folders."
- Copy files to CD Copy Drake Documents files directly to a CD.
- **Password protect** Protect your clients' documents with passwords.
- Assemble documents sent to GruntWorx See "Gruntworx" on page 259 for more information on this product.
- Access SecureFilePro See "SecureFilePro" on page 260 for more information of this product.

Drake Documents makes storing and moving documents easy:

- When you create a new return in Drake Tax, a corresponding folder is automatically created in Drake Documents. When you archive a return from View/Print mode of the tax program, a copy of the archived return is automatically saved in Drake Documents.
- You can click the **Documents** button from the toolbar of the **Data Entry Menu** in any package to open Drake Documents directly to the client's folder.
- Files saved in Drake Documents can easily be attached to email messages or e-filed with a return as a PDF attachment.

## SELECTING A DRAKE DOCUMENTS CABINET

Drake Documents users have two storage options or "sources" to choose from: the "Archive Cabinet" and the "Working Cabinet." Which Drake Documents cabinet you choose depends on how you want to handle your document storage.

Archive Cabinet: The Archive Cabinet files are stored outside of the tax program and are backed up and restored separately from the tax program. All documents from all years for all clients are stored in the Archive Cabinet in alphabetically arranged "cabinets," "drawers," and "folders." If you choose the Archive Cabinet, see "Setting up the Archive Cabinet" on page 467 in the 2017 Drake Tax User's Manual.



Figure 5: Archive Cabinet

**Working Cabinet**: Choose the Working Cabinet if you prefer more integration with the tax program. Working Cabinet files are stored inside the tax program and are backed up or restored whenever the tax program is backed or restored. You access Working Cabinet documents from within Drake Tax for whichever year you are interested in: 2016 documents in the 2016 program, 2017 documents in the 2017 program, etc. If you choose the Working Cabinet as your source, see "Working Cabinet Window" on page 464 in the 2017 Drake Tax User's Manual.



File Setup Documents Help Menu bar Menu bar Vew Folder Archive GruntWorx File Copy Cut Paste	Sign Portal Import Link File Scar	E-mail	)	Toolbar
Working Cabinet Tree	Document Name	Type Last M	odified	Description
Hide	nter William a	Signed .p 10/27/20	15 8:19:39 AM	Right click and go to Properties
🗄 🥪 Carbunkle, Catfish Matilda (1111)	💆 2016 8879 (CARTER WILLIAM AN	Signed .P 10/21/20	15 1:16:19 PM	Right click and go to Properties
🗄 🥪 Carter, Appolonia (5432)	nter William and A	.pdf File 10/21/20	15 1:14:59 PM	Right click and go to Properties
Carter, Curley (////)     Carter, G. William, Smith, Amelia (CCCE)	2016 EC_7216D (CARTER WILLI	Signed .P 11/20/20	15 2:42:31 PM	Right click and go to Properties
Employee Email	n 2016 Tax Organizer	.pdf File 12/17/20	15 12:56:55 P	Right click and go to Properties
	2016 Tax Return Documents (Car	.pdf File 10/27/20	15 1:28:20 PM	Right click and go to Properties
Catish, Melodius (5913)	Archive - 20161015154632	ocument panes les in the select	showing ed folder	Original return before amendin

When you've decided which cabinet in Drake Documents you want to use—Working Cabinet or Archive Cabinet—make your selection in the Setup Options:

- 1. From the **Home** window of Drake Tax, go to **Setup** > **Printing** > **Drake Documents** to open the **Drake Document Integration Options** dialog box.
- 2. In the General Options section, select Use Working Cabinet or Use Archive Cabinet.

- **3.** (*Optional*) Select **Allow Drake to set up Drake Documents client folders**. If this box is not marked, you must specify the location each time a scanned document is saved or a return is printed through the PDF "printer" to the Working Cabinet.
- 4. Click Save.

## FILE STRUCTURE

Both the Working Cabinet and the Archive Cabinet display stored files alphabetically in a folder "tree." You can use the default Drake Documents file structure or customize it as needed. To customize your file structure:

- 1. From the **Home** window of Drake Tax, go to **Setup > Printing > Drake Documents** to open the **Drake Document Integration Options** dialog box.
- **2.** In the middle section of the dialog box is the option to add folders to the default Drake Documents file structure. To do so:
  - Click Add.
  - Enter a custom folder name and click **OK**. A new folder is inserted one level below the selected folder.
  - Mark the **Apply this layout...** check box if you want to insert the new folder into existing *and* new client files; otherwise, the new folder will be inserted only into new client files.
  - To change the name of a folder, select the folder and click **Edit**. To delete a folder, select the folder and click **Remove**.
- 3. Click Save, and then click OK.
- To avoid later restructuring, determine the type of file structure you want to use before you begin storing items in Drake Documents.
- To set up any additional security settings, from the Home window of Drake Tax, go to Setup > Preparer(s).
- In the Archive Cabinet, you can set up your customized file structure from the menu bar. Select Setup > Custom Folders, then follow the steps above.

## **WORKING WITH DRAKE DOCUMENTS**

Once Drake Documents (Working Cabinet or Archive Cabinet) folders and any subfolders are established, you can begin adding files. Drake Documents supports many file types and allows you to import or scan files into Drake Documents or link to a file outside of Drake Documents. Once added to a folder, files are listed in the right pane of the Drake Documents window (Figure 5).

#### **Printing Returns**

When you print a completed tax form or tax return in Drake, you have the option of also saving an electronic copy of the form or return in Drake Documents, and sending it to the SecureFilePro portal. For details, see "Printing Selected Forms to PDF" on page 115.

NNTF

#### Importing a File

You can import a PDF copy or scanned image from another application or program located elsewhere in your computer or network into the client's Drake Documents folder. To import a file into Drake Documents:

- 1. Select the folder where the document will be stored.
- 2. From the toolbar, click **Import** to open the **Import File** dialog box.
- **3.** Browse to and select the desired document.
- 4. Click Open. Drake Documents copies the document into the selected folder.

#### Scanning a File

Scan documents into Drake Documents using a flat-bed or document-feed scanner. A flat-bed scanner scans one page at a time, creating a separate PDF for each page. A document-feed scanner scans multiple pages and makes one document of many pages.

When you scan a document using Drake Documents, the program automatically locates and uses your system's default scanner. A **Scanner Cannot be Located** message implies that the scanner is not TWAIN compliant or has been improperly installed.

To scan a document into Drake Documents:

- 1. From the Drake Documents toolbar, click Scan.
- 2. From the Scan Input dialog box, type in a name for the scanned document or choose one of the common document names previously entered.
- 3. Select Use Scanner Bed or Use Document Feeder.
- 4. (optional) Click Add name to common documents list is desired.
- 5. (*optional*) Select Enable duplex scanning if available (if appropriate and if that option exists).
- 6. Click Scan.

#### Figure 7: Scan input dialog boxes for Drake Documents

😑 Scan Input	×
Enter a name for this docum	ent.
[	✓ .PDF ✓
Use Scanner Bed	Add name to common documents list.
○ Use Document Feeder	Enable duplex scanning if available.
	Scan Cancel

7. Enter a name for the scanned document or choose a default name from the drop list by clicking the arrow at the right end of the name input field and click **Scan**.

NOTE Most TWAIN compliant scanners will work with Drake Documents. Details on supported scanners are provided in Drake's online knowledge base. From the Drake Home window toolbar, click **Help** > **Drake Software Knowledge Base** and search for "DDM compatible scanners."

\*Always review scanner specifications before purchasing a scanner.

#### Linking a File

Create a link between a Drake Documents file and a document outside Drake Documents. Drake Documents maintains the link to the external document so that if the document is updated, the link remains and you do not have to replace the document in Drake Documents. To create a link to a file in Drake Documents:

- 1. Select a folder in which to store the link.
- 2. Browse to and select the document to be linked and click **Open**. The link is indicated in the column of Drake Documents (Figure 8).

Cut Paste Sign Import Link File	Scan E-mai	I Help Ex	it
Document Name	Туре	File Size	Last Modified
n 2017 7216_USE (Carter William	Signed .p	4.89 KB	11/11/2017 11:06:07 AM
📆 2017 8879 (Carter William W and	Signed .p	7.55 KB	11/10/2017 1:43:22 PM
2017 Tax Organizer-Fillable.pdf	Linked - p	69 B	11/17/2017 10:59:11 AM
🛃 2017 C (CARTER WILLIAM W AN	.PDF File	7.91 KB	8/24/2017 2:15:16 PM
2017 TAX RETURN DOCUMENT	.PDF File	5.95 KB	9/7/2017 8:39:07 AM
📆 2017 1040 (Carter William W and	.pdf File	15.51 KB	11/10/2017 3:08:11 PM
👎 2017 1040 (Carter William W and	.pdf File	15.39 KB	11/10/2017 3:56:32 PM
nter William W and A	.pdf File	5.45 KB	8/30/2017 8:29:27 AM
nterimate Extension Docum	.pdf File	29.69 KB	11/10/2017 3:44:27 PM
👎 2017 Proforma-Fillable	.pdf File	2.49 MB	9/27/2017 12:51:22 PM

#### *Figure 8:* Linked files identified in Type column

Double-click the line in the document pane to open and review the linked file.

#### **Using the Audit Log**

Each time an action occurs to a file, Drake Documents makes note of it in an audit log. An *action* includes importing, linking, exporting, copying, moving, opening, and renaming. The audit log records the action, the date the action was taken, and the user who performed the action. It also shows the document name and path and has a field for entering a document description.

To access the Drake Documents Audit Log, select a file from the Drake Documents document list and choose **Properties** from the right-click menu (or press F9). If desired, enter a description of the document in the Audit Log's **Description** field.

#### **Setting Document Status**

You can choose a status for any document in your filing system. The status will be listed in the **Status** column in the Drake Documents window.

To change the status of a document:

- 1. Select a document from the document list and choose **Properties** from the right-click menu (or click a document and press F9.) The **Audit Log** is displayed.
- 2. From the Status drop list, choose Final, Review, or Draft (Figure 9).
- 3. Click OK.

Drake Doc	uments Audit Log		
Audit log for:	2017 Tax Return Doo COLORS PAINTS I).		
Path:	C:\DrakeDDM\CLIEI	Final Review Draft	
Description:	Right click and go to	Properties to enter Description	On Hold
Actions taken Action	on this document:	Date	By Whom
New File		4-9-2018 03:21:42	bollyl
	)nened	4.9.2019 02:21:42	hollyl
Document (	pened.	4-5-2010 05.21.42	
Document C	pened.	4-5-2010 05.21.42	
Document C	peried.	4-3-2010 03:21:42	

#### Figure 9: Choosing a Document

#### .txt,.doc,.xlsx

Your computer must have Word and Excel installed in order to use Drake Documents to create new text (.txt), Word (.doc), and Excel (.xlsx) files. To create a new text, Word, or Excel file:

- 1. From the Drake Documents toolbar, click File.
- 2. In the menu that is displayed, select New Text File, New Word Document, or New Excel Spreadsheet.
- 3. Enter a name for the new document or spreadsheet.
- 4. Click OK.

The applicable program is opened when you click a selection. You can open, rename, or delete folders from the **File** button.

#### **Document Security**

When a DDM document is password-protected, a password must be entered before the document can be accessed. Drake Documents passwords are case sensitive. Other security options allow you to:

- Assign a password to a document: from the Drake Documents menu bar, select Documents > Password Protection (or right-click a file and select Password Protection). In the Password Protection window, enter the password twice and click Save.
- *Open a password-protected document*: double-click the file (or select the file and click **Open**). Enter the password and click **OK**.
- *Remove a password*: right-click the file, select **Password Protection**, and in the **Password Protection** window, enter the password in the **Enter OLD Password** field and click **Save**. (Leave both **NEW Password** fields blank.)
- *Change a password*: right-click the file, select **Password Protection**, and in the **Password Protection** window, enter the old password in the **Enter OLD Password** field. Enter a new password twice. Click **Save**.

#### **Sharing Documents**

To share files stored in a client's folder, from the Drake Documents menu bar, select **Documents > Share Document**. From the menu, choose any of the functions:

- Copy to Location
  - Select a document in the document pane to share.
  - From the menu bar, go to **Documents > Share Document > Copy to Location**.
  - From the drop list at the top of the **Select Location to Copy Files To** window, browse to the location where you wish to save the file.
  - Click Save.
- Attach to Email
  - In the document pane, select the document you want to send by email.
  - From the menu bar, go to **Documents > Share Document > Attach to Email**.
  - In the Untitled Message window, enter the addressee and subject. Then enter the text you want in the email body. (You can also select a document and click the Email button from the toolbar).
  - Click Send.
- Upload to Portal
  - Select a document in the document pane to upload to SecureFilePro.
  - From the menu bar, go to **Documents > Share Document > Upload to Portal**.
  - In the **Portal Login** window, enter the **Portal username** and **Portal password**.
  - Click OK. You can also select a document and then click the Portal button from the toolbar (For details on using SecureFilePro, see "SecureFilePro" on page 260).

# GRUNTWORX

GruntWorx is a secure, Web-based application that automates the time-consuming tasks of organizing and populating tax data. GruntWorx works within Drake Tax and Drake Documents on 1040 returns. Use GruntWorx to organize your clients' supporting documents in a single bookmarked PDF file. You can also import data from certain federal forms directly into Drake Tax.





GruntWorx offers three products to handle these tasks: Organize, Populate, and Trades.

- **Organize** With *Organize*, a stack of scanned-in client source documents can be automatically organized for you. No organizing the documents pre-scan, no leafing through the pages to make sure they're all facing the same direction, and no pulling out documents that are irrelevant to the tax return. Scan the documents, send them to GruntWorx, and receive a PDF document with your documents classified, organized, and bookmarked. For clients with multiple federal tax forms (such as W-2s, W-2-Gs, 1099s, K-1s), this feature can save time shuffling papers and organizing these documents yourself. You can also scan receipts, logs, and handwritten notes in the GruntWorx PDF file.
- **Populate** With *Populate*, the data contained in thousands of tax forms— including Form1095-A, Health Insurance Marketplace Statement—can be extracted from the forms and imported directly into Drake Tax, saving you data entry time and expense. Populate extracts data from scanned source documents and from your proformas so you can import the data into Drake Tax with a few key strokes.
- Trades With *Trades*, you can quickly and easily manipulate trade data, perform calculations within the spreadsheet, and import the data into Drake Tax. Stock sales from consolidated 1099s and stand-alone 1099-Bs can be extracted, put into an Excel file, and imported into Drake Tax through a process similar to Drake Tax's Form 8949 Import function. (From the Data Entry Menu toolbar in Drake Tax, click Import > Form 8949 Import/GruntWorx Trades.)

**Organize LITE** Organize LITE allows you to take advantage of the Organize product with two key differences: turn-around time and price. Organize LITE provides all the features and benefits of original Organize product, minus the human data validation. With acceptable scan quality, you receive an organized, searchable PDF document in minutes, and it is stored directly in your client's folder within Drake. Organize LITE is available for individual returns only.

## **GRUNTWORX PAYMENTS**

For information on GruntWorx pricing, or to purchase GruntWorx, log on to: *Support.DrakeSoftware.com*. For a free trial, contact Drake Software at 828-349-5505 or email GruntWorxSupport@DrakeSoftware. To purchase compatible scanners at discount prices, go to GruntWorx.com/support/scanning.

_	-8	8
Grunt	Worx Prici	Validated by US based GruntWorx staff
Organize LITE	5¢ per page	Page Processing Converts documents into bookmarked. searchable PDFs.
Organize 🗹	15¢ per page	Page Validation Organize data is verified by US based GruntWorx staff.
Populate 🗹	15¢ per page + 50¢ per form	Form Population Organize all pages and extract data from supported forms and insert into your tax software.
Trades 🗹	15¢ per trade (can add to Organize or Populate)	Tractes Processing Extract detailed trade data from consolidated brokerage statements and forms 10998 and import into your tax software. Optional add-on to Organize or Populate.

Figure 11: Gruntworx Pricing

## **SECUREFILEPRO**

SecureFilePro<sup>TM</sup> is a secure HTTPS file-sharing site that allows you to send and receive documents on your own secure Web portal. Think of it as a document exchange site for you and your clients. You can upload to SecureFilePro any documents that you have saved, imported, scanned, and stored in your Drake Tax files, and your clients can go to the SecureFilePro website to view or download those documents. Your clients can also upload files to the portal for you to retrieve. SecureFilePro is available for use with either the Working Cabinet or the Archive Cabinet.



#### Figure 12: SecureFilePro

## SECUREFILEPRO/DRAKE DOCUMENTS INTEGRATION

SecureFilePro provides secure client file exchange portals for your practice, so you and your clients can exchange confidential tax documents securely and conveniently. You can send signature documents, finished tax returns, or any other important files. Upload and download documents from any computer with Internet access at any time. Once your SecureFilePro account has been set up, you and your clients can access your portal from your custom SecureFilePro website link (URL).

SecureFilePro integrates with Drake Documents, to make it easy for you and your staff to move files between SecureFilePro and Drake Documents (Figure 13).

Drake Software customers who want to store their Drake files and at a secure, off-site, Internet-based location can back their files up to SecureFilePro (SFP). In Drake Tax, this option is available in the Backup and Restore dialog box. See page 483 in Chapter 13 of the 2017 Drake Tax User's Manual for more information.)

## FEATURES OF SECUREFILEPRO 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 emailed 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.
- Email customization allows clients to:
  - Change certain text within the automatic emails
  - Add/remove a logo
  - Customize instructional paragraph for new and existing clients
  - Add additional paragraphs, and add footer information to emails
- Users with access can rename and delete added folders. The default folders cannot be changed or deleted.
- Site Branding: Logos can be placed left or right of the Firm Name.
- File expiration settings allow our clients to set a date to expire all files.
- Option to brand your site with your company logo and name.
- A custom URL (website address) for your site.
- Unlimited client and staff accounts.
- Automatic email alerts for uploaded files.
- Integration with Drake Tax and Drake Documents.
- Industry-standard security with 256-bit SSL encryption.

## ACCESSING SECUREFILEPRO FROM DRAKE TAX AND DRAKE DOCUMENTS

1 181110 1	5. Othize Securer				ouniones.		
Drake Documents 2017 - (CONTAINS SENSITIVE)	DATA)						×
File Setup Documents Help							
Add Client New Folder Backup GruntWorx File	Copy Cut Paste Sign Imp	ort Link File	Scan E-mail	Help Exit			
Archive Tree	Document Name	Туре	File Size	Last Modified	Description	Status	
Show							_
⊡							
E-TAXPAYER, THOMAS (1940)							
tax							
2017							
							_
	SecureFilePro™				_ # 0		1
	📥 S	Secur	eFile <b>F</b>	Pro™			^
	Username						
	Password						
		<u> </u>	Login	1			
	Forgo	usemame or pa	issword?				
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Archive Iree Search Archive Tree							<b>.</b> .

Figure 13: Utilize SecureFilePro inside Drake Documents.

### New for 2018: SecureFilePro Connect

SecureFilePro Connect can help you better serve clients who don't come into the office.

- A mobile-friendly interface lets clients take photos of tax documents and upload them to the SecureFilePro portal
- Messaging allows communicating back and forth with clients within SecureFilePro
- A prior-year summary can help clients gather what they need to send you for the new tax year
- A remote electronic signature option lets you get signatures from clients on their mobile device or PC\*
- Online payments make it easy to collect payment electronically\*\*

(\* Additional fee required for the SFP Connect feature; e-payments must be received through EPS E-Pay Merchant Services).

Add Client New Folder Backup GruntWork File_ Copy	- of 📋 🖋 🙋 📝 💊 🖄 Cut Paste Sign Import LinkFile Scan E-m	ail Help D	a.			
Archive Tree	Document Name	Type	File Size	Last Modified	Description	
CUENTS 	<ul> <li>2017 Proforma-Fillable</li> <li>2017 Tax Organizer-Fillable</li> <li>2017 Tax Organizer</li> </ul>	odf File pdf File pdf File pdf File	572.78 KB 48.58 KB 483.94 KB 146.55 KB	10032001734843 PM 1002320173484 2 PM 100220017120345 P 10222017120345 P	Right click and go to Properties to enter Descr	ription
÷ ⊕ 1						
12:	Secure File Pro					
	New Notifications					
H-COD M	Current Client: HERB, OREGANO	1006)				
0 0 N	Files Connect Mess	enger S	gnatures			
	HERB. OREGANO (1006) \					
B CON R	Name			Type		Size
⊕-∰ \$	Documents from Preparer			Folder		0
<b>₽-000</b>	Documents to Preparer			Folder		0
	Office Use Only			Folder		0

Figure 14: SecureFilePro Connect

### SECUREFILEPRO PLANS AND PRICING

Sign up for SecureFilePro from the Drake Support website (*Support.DrakeSoftware.com*) or SecureFilePro.com. Start a free 14-day free trial to see everything that SecureFilePro has to offer or sign up for one of the following plans (Figure 15).



#### Figure 15: SecureFilePro Plans and Pricing

# **DRAKE ACCOUNTING**

Drake Accounting provides the ability to manage basic client financial records through the use of double-entry accounting. 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. Use Drake Accounting to enter vendor invoices, print (and reprint) live vendor checks, and enter after-the-fact vendor invoice information for accounting 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.

## PAYROLL MODULE

- Provides live and after-the-fact employee payroll with additional portal access available on the Internet. Also included are MICR check printing, direct deposit, e-filing quarterly and yearly employment tax forms, and e-filing Forms W-2 and 1099MISC.
- Employee Payroll supports direct and indirect tips, and unlimited payroll benefits and deductions per check.
- Forms 940, 941, 941SS, 941X, 943, 943X, 944, 944X, 944SS and W-2 are supported, as well as most state quarterly unemployment forms. Payroll journal entries can be created from payroll checks entered, to save keystrokes.

Deter 9 Harris				1000	Hen check Enploy	CC Status. Alberto The	July		
Rates & Hours				Ean	nings		With	holdings	
Description	Rate	Hours	OT		Regular Pay	600.00		Federal WH	53.77
Barber	15.00 4	0	3		Overtime Premium	67.50		Social Security	40.77
					Vacation Pay	30.00		Medicare	9.53
					Holiday Pay	0.00		State WH	23.00
					Sick Pay	0.00			
Pay Period Endin	ig 04/	10/20	18 🔲 🔻	#	Benefit	Amount	#	Deduction	Amount
Check Date				1	Bonus	0.00	1	401K Employe	27.90
Check Number							2	Group Life	6.00
Total Regular Ho	urs		40.00				3	HSA	40.00
Hours Worked			43.00				4	Shirt Cleani	5.00
Salary			0.00						
Overtime Hours			3.00						
Vacation Hours			2.00						
Vacation Hours Holiday Hours			2.00						
Vacation Hours Holiday Hours Sick Hours			2.00 0.00 0.00						
Vacation Hours Holiday Hours Sick Hours Direct Tips			2.00 0.00 0.00		Non-Gross Faminos	0.00		Total Deductions	205.97
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips			2.00 0.00 0.00 0.00		Non-Gross Earnings	0.00		Total Deductions	205.97
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips Allocated Tips			2.00 0.00 0.00 0.00 0.00 0.00		Non-Gross Earnings Gross Earnings	0.00		Total Deductions Additional Net Pay	205.97
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips Allocated Tips Commissions			2.00 0.00 0.00 0.00 0.00 0.00 0.00		Non-Gross Earnings Gross Earnings Additional Gross Pay	0.00 697.50 0.00		Total Deductions Additional Net Pay	205.97
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips Allocated Tips Commissions 3rd Party Sick Pa	IV C		2.00 0.00 0.00 0.00 0.00 0.00 0.00		Non-Gross Earnings Gross Earnings Additional Gross Pay	0.00 697.50 0.00		Total Deductions Additional Net Pay Net Pay	205.97 0.00 491.53
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips Allocated Tips Commissions 3rd Party Sick Pa No. of Pieces	I		2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00		Non-Gross Earnings Gross Earnings Additional Gross Pay Gross Pay	0.00 697.50 0.00 697.50	Dire	Total Deductions Additional Net Pay Net Pay Inct Deposit Applied to Savings	205.97 0.00 491.53 0.00
Vacation Hours Holiday Hours Sick Hours Direct Tips Indirect Tips Allocated Tips Commissions 3rd Party Sick Pa No. of Pieces NAICS / Class Co	ay		2.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00		Non-Gross Earnings Gross Earnings Additional Gross Pay Gross Pay	0.00 697.50 0.00 697.50	Dire	Total Deductions Additional Net Pay Net Pay Inct Depost Applied to Savings	205.97 0.00 491.53 0.00

Figure 16: Live Payrollo

## **ACCOUNTING MODULE**

- Set up a custom chart of accounts, import from an existing client or use a template.
- During setup, change account information as needed, add account levels, enter current budget, starting balances, and export to Drake Tax Software.
- Make journal entries to one of the five separate journals general, cash receipts, cash disbursements, payroll, or budget or save time and have Drake Accounting do it automatically.
- Reconcile cash amounts, post monthly transactions and close at year-end, and format financial reports using custom headers, footnotes, and logo.
- View or further customize any of the financial reports using most word processors.

Number	Level	Name	Туре	Sub-Type	Export	Cash Flow	Budget	(Current) Debit	(Current) Credit
100	1	Cash	Current Asset				0.00	0.00	0.00
100.01	0	Petty Cash	Current Asset				0.00	0.00	0.00
100.02	0	Checking Account	Current Asset	Bank Account/Ca	sh		0.00	31,500.00	0.00
100.03	0	Savings Account	Current Asset				0.00	0.00	0.00
100.99	1	Total Cash Available	Current Asset				0.00	0.00	0.00
130	0	Accounts Receivable	Current Asset				0.00	0.00	0.00
160	0	Inventory	Current Asset				0.00	0.00	0.00
205	0	Land	Fixed Asset				0.00	0.00	0.00
210	0	Buildings	Fixed Asset				0.00	0.00	0.00
220	0	Furniture & Fotures	Fixed Asset				0.00	0.00	0.00
221	0	Equipment	Fixed Asset				0.00	0.00	0.00
240	0	Autos & Trucks	Fixed Asset				0.00	0.00	0.00
245	0	Less Accumulated Depreciation	Fixed Asset				0.00	0.00	0.00
255	0	Goodwill	Other Asset				0.00	0.00	0.00
260	0	Deposits	Other Asset				0.00	0.00	0.00
265	0	Other Assets	Other Asset				0.00	0.00	0.00
320	0	Accounts Payable	Current Liability				0.00	0.00	0.00
330	0	Accrued Expenses	Current Liability				0.00	0.00	0.00
330.01	0	FICA - Employer's Part	Current Liability				0.00	0.00	0.00
330.02	0	Withheld FICA	Current Liability				0.00	0.00	0.00
330.03	0	Withheld Federal Tax	Current Liability				0.00	0.00	0.00
330.04	0	Withheld State Tax	Current Liability				0.00	0.00	0.00
330.05	0	State Unemployment Tax	Current Liability				0.00	0.00	0.00
330.06	0	Federal Unemployment Tax	Current Liability				0.00	0.00	0.00
330.2	0	Sales & Use Tax Payable	Current Liability				0.00	0.00	0.00
330.3	0	Back Taxes	Current Liability				0.00	0.00	0.00

Figure 17: Chart of Accounts

## **VENDOR PAYMENTS & ACCOUNTS PAYABLE**

- Print and track payments (live or after-the-fact) to vendors (1099-MISC) and other payees.
- Pay vendors by direct deposit, and, for payees, pay by invoice or simply use the check writer with little or no setup involved. At year-end, create Forms 1099-MISC and print or e-file when needed.

## **ACCOUNTS RECEIVABLE**

- Send invoices and customer statements and post customer payments, penalties, and service charges.
- Track past-due monies and monitor sales tax liabilities (state, county, and local).
- Define individual customer credit limits, discounts, and applying a single payment to multiple invoices.

## **ON-THE-FLY FORMS**

Create these federal forms for printing or e-filing:

- Forms 940, 941, 941SS, 941X, 943, 943X, 944, 944SS, 944X
- Forms W-2, W-2G, W-3, W-2C/W-3C
- Form 1098 Mortgage Statements
- Forms 1099A, B, C, DIV, INT, MISC, PATR, R, and S

## **MORE FEATURES**

- Secure client information by job function: admin, office manager, or data-entry.
- Use spreadsheets to import initial client data: employees, vendors, customers, chart of accounts, and journal entries.
- Print all forms and documents in PDF format.
- Print mailing labels for employees, vendors, and customers, using 3 1/2" x 1 1/8" roll or sheet labels.
- Override the default Payroll General Ledger accounts for an employee or vendor
- Post payroll journal transactions automatically
- Optionally print other information on paystubs
- Enter as many payroll deductions and benefits as needed
- Customize federal, state, and local withholdings and rates
- Indicate vendor default accounts for cumulative entries to the journal and by 1099-MISC box categories
- Allow clients to initiate and track employee payroll through the web portal
- Provide batch reports for clients through the web portal

For more information about Drake Accounting visit: Accounting.DrakeSoftware.com.

## **REVIEW QUESTIONS PART 8**

Answer the questions below. See "Answers Part 8" on page 268 for answers and explanations.

- 1. Which of the following statements are *true* regarding the Tax Planner?
  - a) The Tax Planner is a separate application that must be downloaded from the Drake Support website after purchasing.
  - **b)** After creating one or more tax scenarios for the taxpayer, you can print and share a comparison worksheet.
  - c) The Tax Planner only creates scenarios for the current year.
  - d) The Tax Planner Scenario Comparison worksheet is limited to two scenarios.
- 2. Which of the following statements is *true* about Drake Documents?
  - a) When you create a new return in Drake, a corresponding folder is automatically created in Drake Documents.
  - **b)** When you print a return in Drake, you can also choose to save a PDF copy of that return in the client's Drake Documents folder.
  - c) The Working Cabinet stores files for the current tax year and the Archive Cabinet stores files for both current and prior tax years.
  - **d)** All of the above.
- **3.** This Drake Software product enables you to exchange confidential tax documents securely and store files at an off-site, Internet-based location:
  - a) GruntWorx
  - b) SecureFilePro
  - c) Client Write-Up
  - d) Tax Planner
- 4. Which of the following statements are *untrue* about GruntWorx?
  - a) GruntWorx offers three products: Organize, Populate and Trades.
  - **b)** GruntWorx is a secure, Web-based application that automates organizing and populating tax data.
  - c) GruntWorx integrates with Drake Tax.
  - d) Purchasing GruntWorx is required with the purchase of Drake Tax.

# ANSWERS PART 8

- 1. The correct answer is b)After creating one or more tax scenarios for the taxpayer, you can print and share a comparison worksheet. This worksheet enables you to compare the scenarios to the original return and with each other.
  - a) is incorrect. The Drake Tax Planner is included in the Drake tax software package. A separate fee is not required. Access the Tax Planner from the **Data Entry menu** of a return.
  - c) is incorrect. You can create scenarios for the current year and the following year. For 2017 scenarios, the calculations are based on 2017 inflation-indexed numbers.

d) is incorrect. The Tax Scenarion Planning Comparison worksheet allows up to four scenarios including the original return.

2. The correct answer is d)All of the above.

### a), b) and c) are all true statements about Drake Documents.

- 3. The correct answer is b)SecureFilePro.
  - a) is incorrect. GruntWorx is used to organize clients' supporting documents, extract and populate tax data, and import trade data into Drake Tax.
  - c) is incorrect. Drake's Client Write-Up is an extensive payroll, bookkeeping, accounts payable, and accounts receivable package that integrates with financial reporting and live and after-the-fact payroll for filing of federal and state forms.
  - d) is incorrect. The Drake Tax Planner is used to create and compare tax scenarios to assist clients with financial planning.
- 4. The only *untrue* statement about GruntWorx is d) Purchasing GruntWorx is required with the purchase of Drake Tax. Drake Tax users are not obligated to purchase GruntWorx. Products are charged on a per-page, per-form, and per-trade basis depending on which service is chosen. Log into Drake-Software.com, then go to My Account > GruntWorx Integration for details.

a), c), and d) are all correct statements about GruntWorx.

# **CPE Information**

#### 2017 Drake Tax Evaluation Guide

**Course Description:** The 2017 Drake Software Evaluation Guide provides an overview of Drake Tax 2017 tax preparation software. Upon completion of this self-study course, you will be able to:

- Navigate Drake Tax
- Prepare basic 1040, 1120, and 1065 returns in Drake
- e-File returns
- Utilize the online EF database, Tax Planner, Drake Documents, and more
- Understand the functions and benefits of Drake tools and other resources
- Report on client and EF data
- Perform software and file maintenance

**Course Fee:** There is no charge to take this course; pay only if you want CPE after completing the final exam. The cost for CPE is **\$50** 

Accessing the course and the CPE Exam: This self-study course consists of the 2017 Drake Software Evaluation Guide in PDF format, exercises, review questions, and a final exam. Choose one of the following locations to access the course:

- 2017 Drake Tax Demo CD
- Drake e-Training Center sign into *DrakeETC.com* (new users, create an ETC account) and click **Self-Study > Software Topics**.
- Drake Support Website -go to *DrakeSoftware.com* and click Service and Learning > Get Started with Drake > Document Downloads.

CPE is awarded for a final exam score of 70% or higher. **Non-Drake clients**: To receive a copy of the Evaluation Guide and Demo CD, call (800) 890-9500.

Affiliation*	CPE Awarded	Delivery Method / Course Format	Field of Study	Course ID #	Sponsor ID #
NASBA	6	Self-Study	Specialized Knowledge and Applications	N/A	103137
CTEC**	0/0	N/A	N/A	N/A	3038
IRS	6	Self-Study	Federal Tax	FQTGU-T-00251- 18-S	FQTGU
TX State Board of Accountancy	6	Self-Study	Specialized Knowledge and Applications	100230	002921
OR State Board of Tax Practitioners	6	Self-Study	Federal Tax	N/A	N/A
PA State Board of Public Accountancy	3	Self-Study (Non- Interactive)	Specialized Knowledge and Applications	N/A	N/A

\* Individuals with other professional credentials should check with their state licensing board or accrediting organization to determine if this program meets their continuing education requirements.

\*\* CTEC will no longer accept software-training programs for CPE credit.

#### Course Level: Overview

#### Last Revision: April 2018

Course Expiration: The CPE portion of this course expires one year from the date of purchase.

**Prerequisites/Advance Preparation:** There are no prerequisites to participate in this course and no advance preparation is needed.

**Course Policies:** Refund requests must be sent in writing to the Drake Software Education Department via mail, fax, or email. Refunds will not be granted by phone. Students must complete the course on or before the expiration date to receive CPE credit. No refunds will be issued after the course expiration date. For more information regarding the refund policy or to address concerns/complaints regarding this course please contact the Drake Education Department at (828) 524-8020 or *Education@DrakeSoftware.com*.



Drake Software is an IRS qualified sponsor of continuing professional education.

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.



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.

# **CPE Exam**

**To earn CPE:** Take the final exam online at *DrakeETC.com*. A free account is required to access the online exam. Once logged in, select **Self Study on the blue sidebar menu, click the link in the Status column of the** *2017 Drake Tax Evaluation Guide*, and click the **Launch Exam** link. **No CPE:** If you are not interested in earning CPE, you can still take the test online at *DrakeETC.com* and view your score. Other options are to send a copy of your exam (with your answers circled), along with your name, EFIN, and email address to *Education@DrakeSoftware.com*, or fax a copy to 828-349-5713. We will grade your test and send your score to you by email.

- 1. Which of the following program settings can be configured in Setup > Options on the 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. What field on screen 1 would be used to select a preparer to be associated with a tax return?
  - a) Login ID
  - **b)** Business Code
  - c) Preparer #
  - d) Setup Numeral
- **3.** A field flag can be cleared by:
  - a) Right-clicking in a field and selecting View Return (CTRL+V)
  - b) Right-clicking in a field and selecting Remove Flag (F4)
  - c) Right-clicking in a field and selecting **Reset Field**
  - d) Deleting the field from the screen
- **4.** Which of the following is *not* true when downloading Drake programs from the Drake Support website?
  - a) Only federal programs can be selected for download from the Download center.
  - b) Federal, state, and city programs can all be downloaded together from the Download center.
  - c) When installing the licensed version of Drake Tax, an account number and serial number must be entered and the license agreement must be signed before the installation can be completed.
  - d) To get to the Download Center, go to *Support.DrakeSoftware.com*, log into **Support** with your username and password, and select **Download Center**.
- 5. How can the Multi-Office Manager serve you in your business?
  - 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.

- 6. What is the purpose of a MESSAGES page in a return?
  - a) It alerts you to broadcast emails stored in the Drake Message Center
  - **b)** To display issues within a return that cause it to be ineligible for e-file (includes error codes, descriptions of the issues, and identification of fields that must be verified or corrected)
  - c) To display informational details about the return, but it does not prevent e-file or require that changes be made
  - d) It is opened to the EF Options Override screen with federal and state error messages listed
- 7. Where would you go to suppress e-filing of state returns for a particular client?
  - a) EF screen
  - **b) PIN** screen
  - c) ESUM screen
  - d) Screen 2
- 8. Many of the settings on the Form & Schedule Options tab in Setup > Options can be overridden on a per-return basis from which data entry screen?
  - a) ADMN screen
  - b) Screen 1
  - c) PRNT screen
  - d) EF screen
- 9. By default, Drake Tax automatically designates for e-filing:
  - a) Eligible federal returns and selected state returns
  - **b)** All federal, state, and local returns that are eligible for e-filing
  - c) Eligible federal returns only; state returns must be transmitted separately
  - d) No returns. The preparer must manually designate returns for e-filing on the EF screen.
- 10. Which of the following is *not* a valid way to open an existing return from the Home window?
  - a) Click the client name in the Recent Returns list or press the associated key
  - b) Right-click the file on the Personal Client Manager and choose Open Selected Client
  - c) Click **Open/Create** return on the toolbar and double-click the return on the list
  - d) Press CTRL+C, enter the SSN in the text box, and click OK.
- 11. Which screen is used for *calculating* automobile expenses related to self-employed business income?
  - a) AUTO
  - b) 4562
  - c) 4797
  - d) C
- **12.** Once a 1099 has been entered in Drake Tax, how can you quickly save your data entry 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 data entry screens from which of the following?
  - a) The Data Entry Menu
  - b) A tax form (such as a 1040) in View mode with clickable links
  - c) A list of tax form line numbers
  - d) A pre-formatted PDF
- 15. From screen C, 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 (or right-click and select **Search**)
  - c) In the **Business code** field, press ESC
  - d) Click Business code
- 16. Where can you go to access real-time information and run reports about e-filed returns?
  - a) Online EF Database (or Drake App for mobile devices)
  - **b)** Visit IRS.gov
  - c) EF Return Selector
  - d) Search EF Database
- 17. How do you file an amended 1040 return in Drake Tax?
  - a) Print a blank Form 1040X, complete it, and mail it to the IRS.
  - **b**) e-File the original return again with a PDF attachment containing a list of changes.
  - c) Re-enter all information into the return and reprint it. Mail it to the IRS.
  - d) Type X in the selector field and press ENTER. Click Yes to autofill the screen. Make needed changes to the data entry screens to amend the return. Print, sign, and mail it to the IRS.
- 18. How can a part-year return be generated in Drake Tax?
  - a) Create two separate returns
  - b) Type PY in the selector field, press ENTER, and fill out the screen
  - c) Select PY in the **Resident state** field on data entry screen 1
  - d) From the States tab, select PY, and make entries on the applicable screens
- 19. In Drake Tax, how do you associate a depreciable asset on the 4562 with a particular schedule or form?
  - a) On the 4562 screen, use the For drop list to select the form or schedule.
  - **b)** Re-enter the total depreciation amount from the 4562 on the screen for that particular schedule or form.
  - c) Create a worksheet 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.

- **20.** In Drake Tax, where in the **Setup** menu can the administrator choose settings requiring that all due diligence assistance screens be completed and all due diligence assistance documents be printed?
  - a) Setup > Options > Administrative Options
  - b) Setup > Options > Data Entry
  - c) Setup > Preparers
  - d) Setup > Options > Calculation & View/Print
- 21. Which of the following setup windows must be completed before you can prepare and e-file returns?
  - a) Firm, ERO, and EF setup
  - b) Firm, ERO, and Preparer setup
  - c) Firm and ERO setup
  - d) Firm and Preparer setup
- 22. Use this tool to import Schedule D transactions directly into a tax return.
  - a) Form 8949 /Gruntworx Trades
  - b) Tools > Import Client File
  - c) Tools > Import Transactions
  - d) SecureFilePro
- **23.** When setting up Drake Documents, choose the \_\_\_\_\_ cabinet if you prefer to view and store files for *only* the current tax year in one location.
  - a) Working
  - **b)** Archive
- 24. 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's return is calculated
  - d) Before processing e-file acknowledgments
- **25.** On which data entry screen is the filing status selected?
  - a) Screen 1, Name and Address
  - b) Screen 2, Dependents
  - c) MISC, Miscellaneous Codes/Notes
  - d) TAX, Taxpayer Information
- **26.** To print a blank federal or state tax form in Drake Tax:
  - a) Click Support from the Home window toolbar, log in, and choose Blank Forms from the list.
  - b) Open a new return, click View, choose from the Forms list, and press CTRL+P.
  - c) Click IRS Tax Forms from the menu bar, choose from the forms list, and click Print.
  - d) Go to Tools > Blank Forms, select a form category, tax package, and form; then click Print.

- 27. 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 designated 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.
- 28. Which of the following is true of Form 1125-E for a corporate (1120) return in Drake Tax?
  - a) Only one officer may be listed using Form 1125-E for a corporate return.
  - **b)** Form 1125-E is required only if total receipts for the corporation are \$500,000 or more and the corporation deducts compensation for officers.
  - c) It is not necessary to indicate ownership percentages when there are less than four officers in the corporation.
  - d) Form 1125-E data is entered in Drake Tax on screen 1 (Name, Address, General Info) for an 1120 return.
- **29.** Select one way to set the status of a return:
  - a) In the Client Status Manager, click Customize.
  - b) On the Data Entry Menu inside a return, click the CSM button and select a status.
  - c) In the Client Status Manager, click **Status**, then select from the list.
  - d) From the Home window, go to Tools > Set Client Status.
- **30.** If a screen name is colored on the **Data Entry Menu** but contains no data, it must be deleted to prevent e-filing errors. To delete a screen, open the screen to be deleted and press:
  - a) SHIFT+D (or right-click and select SHIFT+D)
  - **b)** ALT+D (or right-click and select ALT+D)
  - c) CTRL+D (or right-click and select CTRL+D)
  - **d)** CTRL+SHIFT+D (or right-click and select CTRL+SHIFT+D)
- **31.** Where do you go to opt out of bonus depreciation for *all* assets in a 1065 return?
  - a) On the Data Entry Menu, click BD or enter BD in the selector field and press ENTER.
  - b) On the Data Entry Menu, select the 4562 tab and click Grid Data Entry.
  - c) On the Depreciable Assets tab, click either Sales or Assets.
  - d) From the Assets-Sales-Recapture tab, go to the Depreciable Assets section, open screen 10 (Additional Depreciation Elections) and check the first box.
- **32.** You've installed a new printer and connected it to your computer or network. How do you connect the printer to Drake Tax for printing returns?
  - a) Create a new printer profile at **Setup > Update Profile**.
  - **b)** Type in the printer model number by going to **Setup > Printing > Printer Setup**.
  - c) Drake Tax automatically detects printers that are installed on your system, but you will need to test the printer by going to Setup > Printing > Printer Setup > (F8) Edit Printer Settings.
  - d) Reinstall Drake Tax after adding a new printer to your computer or network.

33. Once a return is ready to be e-filed, what is the first step in the e-filing process in Drake Tax?

- a) Go to EF > Transmit/Receive
- **b)** Go to **EF** > **Process Acks**
- c) Go to EF > Select Returns for EF
- d) Go to EF > Search the EF database

34. Which screen is used to electronically sign a return for e-file?

- a) EF screen
- b) PIN screen
- c) CONS screen
- d) SIGN screen
- 35. The Archive Cabinet of Drake Documents stores files in which three-level filing structure?
  - 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

**36.** The Drake PDF Printer:

- a) Must be installed in Setup > Printing > Default Printer
- b) Prints returns and other documents in PDF format
- c) Prints e-filed returns from the Drake EF database
- d) Prints e-filed returns directly from the IRS website
- **37.** Which screen is used to electronically sign the *Consent to Use of Tax Return Information Form* required by Internal Revenue Code section 7216?
  - a) USE screen
  - b) PIN screen
  - c) IFP screen
  - d) BANK screen

38. Which support resource includes an "itinerary" of stops designed to guide new Drake Tax users?

- a) Drake Knowledge Base
- **b)** Drake Forums
- c) Drake ETC
- d) Passport to Success
- **39.** In a 1065 return, which screen is used to calculate a partner's new basis after increases or decreases to basis?
  - a) SA (Partner Special Allocations) screen
  - b) Basis Wks tab of K1 screen
  - c) M2 (Partners' Capital) screen
  - d) L (Assets, Liabilities, and Capital) screen

- **40.** In an 1120 return, where can you make entries to reconcile income (or loss) per *books* with income (or loss) per *return*?
  - a) M1 screen
  - b) View Forms and print an income statement
  - c) Income tab and click Reconcile
  - d) Reconciliation of Income tab and click Schedule M
- 41. In a 1065 return, where can you enter special allocations to partners' income using a percentage?
  - a) On to go to the Ownership Information screen, enter an allocation percentage for each partner in the Max% Owned in Profit, Loss, or Capital field for each partner.
  - b) On the M1 Reconciliation of Income screen, enter a percentage in each override field.
  - c) Go to the Schedule K Other Information screen, select the SA link for the applicable income line, select Percentage as Allocation Type, and enter the decimal amount needed in the Percentage field to the right of each partner listed.
  - d) Special allocations cannot be made to partners' income in a 1065 return.
- **42.** How can you generate a loan repayment schedule in Drake Tax?
  - a) In data entry, use the AMT screen.
  - **b)** From the **Home** window, go to **Tools** > **Amortization**.
  - c) Right-click the Data Entry Menu and select Amortization.
  - d) Click the Support icon on the Home window and select Amortization.
- **43.** This data entry feature enables you to see last year data on your current year screens without having to open both versions of the software.
  - a) LookBack
  - b) LinkBacks
  - c) Double-check
  - d) Tax Planner
- **44.** When reviewing a corporate (1120) return in Drake Tax, check for balanced assets and liabilities on which form?
  - **a)** Form 1120, page 5 (1120.PG5)
  - **b)** Form 1120, page 1 (1120)
  - **c)** Form 1120-W (WK 1120W)
  - **d)** Form 1120, Schedule G (1120G)
- 45. Which of the following methods can be used to navigate Drake Tax?
  - a) Mouse
  - **b)** Keyboard Shortcuts (Hot Keys)
  - c) Toolbar
  - d) All of the above

- 46. What method in Drake Tax is used to notify a preparer when software updates are needed?
  - a) The preparer will receive an email
  - b) The preparer will receive a text message
  - c) A message appears in the Notifications section of the Home window in Drake Tax
  - d) An alert appears in the Alerts section of the Home window in Drake Tax
- **47.** Where can a preparer go to create multiple scenarios that show how changes (such as adopting a child or selling property) could affect a taxpayer's financial and tax situation.
  - a) Drake Documents
  - b) Client Status Manager
  - c) Drake does not offer this feature
  - d) Tax Planner
- **48.** What Drake product can be used by tax professionals and taxpayers to securely exchange sensitive documents and tax information?
  - a) Gruntworx
  - b) Drake Documents
  - c) Tax Planner
  - d) SecureFilePro
- 49. Which of the following predefined reports are available in Drake Tax?
  - a) Client Reports
  - b) EF/Bank Reports
  - c) Scheduler Reports
  - d) All of the above
- **50.** Which Drake resource provides software training with progress-tracking tools and interactive testing for individuals and group administrators to monitor their personal and collective progress?
  - **a)** 1040.com
  - **b)** *DrakeETC.com* (Drake e-Training Center)
  - c) Support.DrakeSoftware.com (Drake Support Website)
  - d) EOM.DrakeSoftware.com (Enterprise Officer Manager)

# Glossary

#### Acknowledgments (acks)

All e-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 and preparer fee collection options for taxpayers and work seamlessly with Drake Tax.

#### **Blank Forms**

Many forms that are not required and are not automatically filled out by Drake Tax can still be found and printed from the software from **Tools > Blank Forms.** 

#### **Calculation Results Window**

Press CTRL+C to view this window. The **Summary** tab displays a calculation summary, EF messages, and notes for federal and state returns. It also lists the preparation fees and, when bank products are present, the bank fees and net amount of any refund check (or the total of all fees charged if there is a balance due). The **Details** tab displays return amounts in a printable format.

#### **Client Status Manager**

A program used to track workflow in an office.

#### **Data Entry**

The term used to describe the screens and process used when preparing tax returns in Drake.

#### 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.

#### **Drake Documents**

A program included with Drake Tax designed to help you set up, organize, and maintain a "paperless" office.

#### DoubleCheck

Check, flag, or add notes to data fields as you review them in Enhanced View Mode. DoubleCheck is available for all packages.

#### EFIN

Electronic Filing Identification Number or EFIN. Preparers new to e-filing must apply for an EFIN on the IRS website *www.irs.gov*.

#### ERO

Electronic Return Originator. To become an ERO, preparers must apply for an EFIN.

#### 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.

#### **FAQ Screen**

Frequently Asked Questions. Type FAQ in the selector field and press ENTER 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 e-filing. Flagged fields are shaded green 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.

#### GruntWorx

Transfer data from paper-based forms and PDF files, into Drake Tax. This technology reduces the paperwork, data entry and wait time associated with tax preparation.

#### **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.

#### **Key Combinations**

Allow you to perform specific actions quickly and easily using the keyboard. They are written as two or more key names connected by a plus (+) sign. Press and hold down one key, and then press a second key. Key combinations are shown to the right of each menu item. For example, press CTRL+C to calculate a return.

#### **Keyboard Shortcuts**

Allow you to perform tasks from the **Home** window without using the mouse. Press ALT to display the underlined keyboard shortcut and then press the desired keyboard shortcut. For example, from the **Home** window, press ALT, F, O (F for File, O for Open) to open the **Open/Create a New Return** dialog box.

#### **Knowledge Base**

A comprehensive searchable database consisting of support solutions and articles of interest, providing support around the clock.

#### LinkBacks

When viewing a return in Enhanced View in Drake16, you can use LinkBacks to help you locate the source of data on the return. LinkBacks are available for main forms (federal 1040, 1041, 1120, 1120S, 1065 packages), Schedules A through F (federal 1040 package), and individual resident and nonresident main forms (all state 1040 packages).

#### LookBack

The LookBack feature allows you to see last year data on your current year screens without having to open both versions of the software. LookBack is available on most forms in the federal packages.

#### Macros

Macros are a series of commands and functions that allow a combination of keys to accomplish tasks. Also called keyboard shortcuts, some macros are already available in the program; for example, CTRL+V opens View mode. You can edit existing macros or create new ones to meet your office's needs. You can also use macros for data that is used often by your office.

#### Menu Bar

The horizontal list of menus at the top of a Drake window, such as the **Home** window. Click a menu to view menu options.

#### **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 e-filing with a red MESSAGES page. Correct the issue and view the return. If the MESSAGES page is gone, the return can be e-filed.

#### Multi-Office Manager (MOM)

An online version of the Client Status Manager, designed to track the work flow in a multi-office environment.

#### Name and Address and General Information Screen

Also known as screen 1, it's where the personal information of the client is entered when preparing a return.

#### **NOTES Page**

The yellow NOTES page provides reminders or tips about a tax return but does not prevent e-filing.

#### **Online EF Database**

Displays information about your e-filed returns in real time and offers various online reporting features.

#### **Overrides and Adjustments**

Fields labeled with a red equal sign (=) or blue plus/minus sign (+/-). Entries in these fields change the amount calculated by the program.

#### 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.

#### PIN

Personal Identification Number (for tax return preparers, taxpayers, and spouses).

#### **PIN Signature**

A PIN that takes the place of a signature on e-filed returns. All e-filed returns must be signed by the taxpayer, spouse, (if filing a joint return), and preparer with PINs.

#### **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.

#### **SecureFilePro**

SecureFilePro<sup>™</sup> provides secure client file exchange portals for your practice, so you and your clients can exchange confidential tax documents securely and conveniently. Send and receive client documents on your own secure site.

#### **Selector Field**

The text box at the bottom of the **Data Entry Menu**. Type corresponding screen codes into the selector field and press ENTER to access data entry screens. Type a keyword in the selector field and press ENTER to search for related data entry screens.

#### Setup Assistant

A feature designed to guide you through the process of setting up important parts of the program.

#### 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**

Software tool that enables you to forecast your clients' tax future and how changes in their lives – marriage, children, retirement, divorce – can change their tax liabilities for the current and following tax year. Create tax planning "scenarios" using return data entry.

#### **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

A horizontal list of buttons (icons) located at the top of a Drake window, sometimes beneath the menu bar. Click these buttons to quickly navigate the program.

#### **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 daily.

#### **Video Tutorials**

Links to short video tutorials are scattered throughout the software to help you with setup, data entry, return preparation, and much more. For a complete listing, go to the Drake **Home** window and select **Support > Drake Software Video Tutorials**. An Internet connection is required.

#### **View Mode**

Allows you to view the actual forms that print with a return. Press CTRL+V to enter View mode.

#### **View/Print 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.

#### 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 e-filed with a return

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