EVALUATION GUIDE

DRAKE TAX 2018

DrakeSoftware[®]

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Welcome

Thank you for taking the time to learn about Drake Tax and the 2018 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 2018 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 271.

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* 2018 which includes:
 - All federal and state programs
 - Drake Documents
 - Drake Tax Planner
 - Drake Scheduler
- 2018 Drake Tax User's Manual
- Practice returns and solutions in PDF format
- 2018 Desk Reference Guide
- Quick Reference Guide
- A free evaluation copy of *Drake Accounting 2019*
- 2019 Drake Accounting User's Manual

Installing the Software

The 2018 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 15.

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 7
- Windows 8
- Windows 10
- Windows Server 2008 (Must be R2 version)
- Windows Server 2012
- Windows Server 2016

Minimum System Requirements:

- 1 GHz 32-bit or 64-bit processor
- 1 GB of RAM (32-bit) or 2 GB of RAM (64-bit)
- Monitor capable of 1024 x 768 screen resolution
- CD Drive (unless choosing download option)
- 1 GB of available hard drive space
- HP-compatible laser printer with support for the PCL-5e printer language and the Arial font (strongly recommended)
- Internet Explorer 11
- Internet access (required for regular updates and PPR software)
- Adobe Reader



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

Recommended System Requirements:

- Windows 7, 8, or 10 Professional 64 bit
- 2.8 GHz processor
- 4 GB RAM
- Monitor capable of 1280 x 1024 screen resolution
- High Speed Internet Access (recommended for GruntWorx, SecureFilePro, Google, and Outlook Calendar integration)
- TWAIN-compliant scanner (recommended for Drake Documents) strongly recommended

Required TLS Setting

Does your system support TLS 1.2? TLS is an industry standard security protocol designed to protect data communicated over the Internet. If your system does not support TLS 1.2, you must upgrade in order to download updates and e-file to Drake Software's systems.

To activate TLS:

- 1. From your computer's Control Panel, select Internet Options.
- 2. Select the Advanced tab.
- 3. Scroll to the bottom of the dialog box and select Use TLS 1.2.

Additional Recommended Requirements:

- Microsoft .NET Framework v4.0 or greater (necessary for scanning functions in Drake Documents and the GruntWorx service)
- 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 2018 window opens, click the Drake 2018 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. (Optional) Select to install as many states as you like or none at all.
- 4. Accept the terms of the Drake Software License Agreement.
- 5. Select to install the Evaluation Version (Demo).
- 6. Click Install to begin the installation.

- 7. 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 2018 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 2018 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 2018 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 2018 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 2018 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 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 18).

- 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.

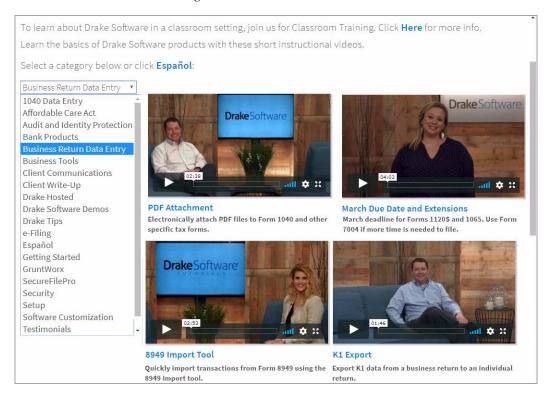


Figure 2: Drake Video Tutorials

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 37 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 2018- 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 41 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.

	s for a successi	ul e-filing. To further customize the software, to your needs, use the 'Optional Setup' section.
	iow Setup Assis	stant at program startup.
Completer		
	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.
X	Printers	Configure Drake Software's printing options to best suit your needs.
	Options	Select from numerous options to fit your tax preparation needs.
		Select from numerous options to fit your tax preparation needs. Set prices for your tax preparation business.
×	Options	
X	Options Pricing	Set prices for your tax preparation business.
X X X	Options Pricing Letters	Set prices for your tax preparation business. Customize the letters to meet your business needs.

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 click 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.

um. Firm N	me	Contact	EFIN	DCN	Bank
Smith (John Smith	111111	00022	
ou must confirm y Confirm" button. \	'our confirmation status will be displayed ns must first be completed online at eom Confirm Vou are appro	tware before you can e-file return to the right of the button. Clickin drakesoftware.com. wed to e-file.			FIN in the box provided below and click ti ill your banking and audit protection setup
in monilation	Contrage Darming Flaam Florende				
	Smith CPA		Contact name	John Sm	iith
Firm name			Contact name Telephone number	John Sm	ith
Firm name Address City	Smith CPA			John Sm	ith
Firm name Address	Smith CPA 123 Main Street Franklin		Telephone number	John Sm	ith

Figure 2: Firm Setup Window

When a firm is created, it is assigned a number. In Figure 2 Smith CPA 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 screen **1** inside a return.

ERO SETUP

An Electronic Return Originator (ERO) must be entered in **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:

- From the Home window menu bar, go to Setup > ERO & Account Information to open the ERO & Account Information dialog box (Figure 3).
- 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.

General Information Account Number:	n 000000	EFIN: e-File Pas	H	11111		
Serial Number:	🔲 Edit Serial			0010	0010	
Transmitter Name:	Smith CPA					Use Firm #1 Info
Transmitter Address:	123 Main Street					
City: Federal EIN:	Franklin	51	ate: NC	Zip: 28	3734	
Telephone Number:	8285248020					
ranchise/Network	Information (A	dmin only)				
Master EFIN:	Fee:	Name:				S.

Figure 3: ERO & Account Information Window

PREPARER SETUP

Complete **Preparer Setup** and designate security settings for each preparer in your firm (Figure 4). 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.
- 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.

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

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

<u> </u>				
Save Security	Schedule	Help Cancel		
eneral Information			Return Signature Op	otions
Preparer name	Test Preparer		PIN signature	12345
E-mail			Use PIN for:	
Self-employed			🗹 8879 PIN Sign	ature
Social Security Number			🗹 Alternative Elec	ctronic Signature
PTIN	P1111111		PDF rubberstamp	Setup Signature
Office number (optional)				
Hourly rate			- Republic Bank Infor BBIN	mation
Firm	- <none></none>	~	1.07302	
			Power of Attorney In	
Login Information			Preparer designation	- <none> ~</none>
Username	TPrep		CAF Number	
Password	Change Passwo	rd	Lic/Enrollment	
Enable Multi-Factor			Jurisdiction	
Authentication (MFA)			W-7 Acceptance Ag	ent
Disable preparer			Acceptance agent	
State Registration Num	hers		Agent title	
Registration numbers for	5013		Preferred Language	
CA, MD, NY, OR, and VA.	Registration		Language options	- Use System Default 🛛 🗸

Figure 4: Preparer 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 132.

Preparer Security Settings

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

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

Only administrative users can set security rights.

Default Security Options

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

- Custom Security See "Custom Security Setup" below.
- Set Security to Allow No Options The preparer cannot access any items in the program.
- Set Security to Allow All Options The preparer can access all areas of the program.
- Set Security Equal to Existing Preparer Select this option and choose an existing preparer from the list. This sets the current preparer's security rights to match the existing preparer.
- Add Preparer to Security Group See "Group Security" on page 23 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 214.
- 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.

le EF Tools Re	eports	Last Year Data	Setup	Help			
Open Return							
Calc							
Print View							
Forms Based Data	Entry						
Quick Estimator							
	Incheck	All					
Check All U	ecurity						
1	ecurity apply s	ecurity. A check r					rk 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.

NOTE 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 In Scheduler Setup" on page 211). 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 2018**. See "Bringing Settings Forward from the Prior Year" on page 37.

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	Billing States		ling States EF			Administrative Option		tions
)ata Entry	Calculation & View/Print Form & Schedule Options			e Options	Optional	Documents	Optional Ite	ms on Retur
Select to 1	ssible, make dat	a entry scree	n text smaller to m	inimize or	- Language Menus and	e Options — d data entry sc	reens:	
		o city/state a	nd use ZIP code o	database)	English			-
Show no	tes/reminders to	preparer whe	en opening a retur	n	Field-speci	fic help in data	a entry (1040 or	nly):
Verify SS	N when creating	new return			English			-
	Vindows standard				Error code	s (1040 only):		
ter and the second second	reparer and firm n		w returns		English			•
	data entry		THE COLORED					
	W-2 wage and w	ithholding ve	erification fields		Letter case	e for data entry	c	
	estrict minimum fo				Upper cas	se		-
🗆 Use grid	data entry format	on available			Display wa	irning for missir	ng required field	t
Enable D	ata Entry toolbar				Every time required data is missing			-
Help							ок	Cancel

Figure 6: Setup Options

The following options are available in **Setup > Options**:

	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 City and State fields and go directly to the ZIP field. City, State, County, and Resident state fields 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 NOTE and PAD screens every time you open a client file that contains notes or reminders.
Verify SSN when creating new return	Require double entry of SSN or EIN, helping eliminate erroneous entries.
Enable Windows standard keystrokes	CTRL+X = cut; CTRL+C = copy; CTRL+V = paste; SHIFT+CTRL+X = autofill amended screen; SHIFT+CTRL+C = calculate return; SHIFT+CTRL+V = view return
Autofill preparer and firm number on new returns	Automatically enter the firm number and preparer number where required on data entry screens.
Magnify data entry	Enlarge the active field for easier reading.
Activate W-2 wage and withholding verification fields	To ensure accuracy of data entry, you can require that wage and withholding amounts be entered twice on the W2 screen.

Setup Options, Data Entry					
Option	Description				
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 Dependents , INT , DIV , 8949 , D , and 4562 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 Op	tions, 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 Calculation Results screen.
Print only one overflow statement per page	Each overflow statement is printed on a separate piece of paper.
Go directly to form when accessing View or data entry mode	Go from a data entry screen to the corresponding form in View mode when you go to View mode. When the Data Entry 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 Portrait to produce the depreciation schedule vertically using 8.5 x 11 paper; select Landscape to produce it horizontally.
Pause option for calculation	Choose the circumstances under which the Calculation Results 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 INT and DIV screens are sorted when printed on Schedule B: alphabetically, numerically, or not at all.

Setup Opt	ions, 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 shareholder's adjusted basis worksheet
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.

Note

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.			

Setup Options, Optional Documents	
Option	Description
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 PRNT 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 PRNT 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.
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 Tools > Letters > Letters .
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, Optional Items on Return	
Option	Description
Date on return	The default is the current date. To change this date, enter the required date on the PRNT screen. If desired, select to print dates for taxpayer and spouse signatures (excluding 1040).
Print dates for taxpayer and spouse signatures (excludes 1040)	Select this option to print the signature dates 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:	
 Show preparer fees withheld from bank product 	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%.
– Billing statement format	 Select from among seven formatting options, including: Bill by time (preparing bill based on time spent preparing return multiplied by preparer's hourly rate as defined in Setup > Preparers) Bill by form (preparing bill based on forms necessary to complete return by price entered in Setup > Pricing); program prepares a bill summary along with the option selected here unless the Bill Summary option is cleared at Setup > Options, Optional Documents tab.
– Header on bill	Select among options for the header to be printed on the bill.
Options for only the Classic Bill:	
 Print taxpayer's phone number on the bill 	Print the taxpayer's phone number (entered on screen 1) on the bill.
 Print taxpayer's email address on the bill 	Print the taxpayer's email address (entered on screen 1) on the bill.
Custom Paragraph Options	
– Options	Choose to have a custom paragraph printed at the top or bottom of the bill.
 Paragraph Content 	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 for some states. Select the state from the drop list and select the options desired. Set up options for each state separately.	

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 Ready for EF indicator on the EF screen be selected before a return can be selected for e-filing.

Setup Options, EF	
Option	Description
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 Tools > File Maintenance > Unlock Client Files .
Print 9325 when eligible for EF	Print Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, for every eligible return.
Suppress federal EF	Prevent e-filing of all federal returns.
Print EF status page	Generate the EF Status 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.
Allow selection for EF from the 'Calcu- lations Results' screen	Allow preparer to send the currently active return directly from the Calcula- tions Results window to the e-filing queue. (The return is then transmitted automatically the next time you e-file returns.)
Enable prompting before automatic transmission of 'Check Print Records'	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 1 .) Override this section on the EF 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 EF 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, Paid Preparer , or None 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 EF > Transmit/Receive , click Send/ Receive 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.



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 21.

Setup > Options, Administrative Options	
Option	Description
Use customized data entry selection menu	Select the checkbox, click the top Customize box, and then select the pack- age to customize. Click Load Menu . When the Data Entry Menu is opened, clear the check mark from items to disable them. Click Save . The selected (unchecked) items will not be visible or accessible to any user other than those with administrative rights.
Customize user-defined data entry fields	Create option lists for the Miscellaneous Codes fields on screen 1 and the Adjustments and Payments fields on the BILL screen.
Use customized flagged fields on all Returns	Select this box, click Flag , and select a package. When the Data Entry Menu is opened, click the desired screen and click each field to flag. Click a field a second time to clear it. Press Esc to save your changes.
	Note: This option is available for federal packages only.
Lock fields	Select Use customized flagged fields on all returns , click Flag , and select a package type. When the Data Entry Menu is opened, click the desired screen, right-click a field, and select Lock Field . No one without Administra- tor access can enter data in a locked field. Click the field or right-click and select Unlock Field 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 2017 are set globally in 2018 after updating data from Last Year Data > Clients 2017 to 2018.
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 DD1 and DD2 screens be completed before the return can be e-filed.
Enable logged in preparer's Personal Client Manager	Display the Personal Client Manager on the Drake Home window for the logged-in preparer (checkbox is selected by default).
Display program update availability to:	Select which preparer groups can view update availability. Selections are Administrators (users with administrative rights) and All w/Update Rights .
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 Program Help 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 Default password drop list includes other format options. These settings can be overridden during printing from the Print Selection 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 1 , or on the ABCV screen (for ABCvoice), or on the CALL 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 2018 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**, select to 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.

The following letter templates are available:

Letter Template	Description
Comprehensive	Provides return results for the filed returns—federal, state, and city; gives info on federal, 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 Result Let- ter 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 Setup > Options > Optional Documents to change the default letter in the Letter and Bill Option drop list.
Federal Results Only	Contains the same keywords and paragraph tags as the Comprehensive Result Let- ter for federal returns (no state or city returns).
Federal, States Only	Contains the same keywords and paragraph tags as the Comprehensive Result Let- ter 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 Result Let- ter 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 Result Let- ter 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 2018 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 2017 clients that tax season is coming up; all applicable packages.
Postseason Letter*	Letter thanking 2018 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)

Letter Template	Description
e-File Status Letter*	Provides 2018 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.

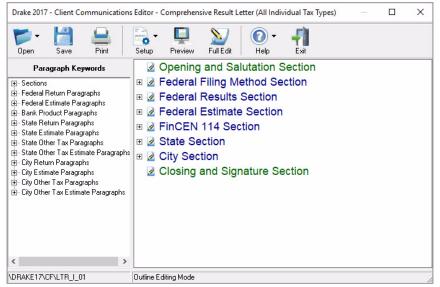


Figure 7: Client Communications Editor Window - Outline Edit Mode

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 2018 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 2018 program look different from your 2017 program. If you must open the 2017 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 254.)

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 2018, go to Last Year Data > Update Settings 2017 to 2018. 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.

	Settings	a too access at	
upd	e application has detected Drake 2017 o lated items are not preselected. Selectin ent year data.		
	Get update settings from drive:	C: [Hard Drive]	~
	 Preparer Information V Firm Information V All Appointments and Prepare V Macros V Colors V ERO Screen V Drake Documents V Reports V Client Status Manager- Custo V Setup > Options V Pricing - Federal V Form Print Order-Federal V Form Print Order-Organizers a V Email Data 	om Statuses only	
He	lo	Continue	Exit

Figure 8: Update Settings Dialog Box

Notes

- When updating the **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 40 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 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.

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 (Figure 1) and security questions for the Administrator login (Figure 2). The password must be a "strong" password, meeting the requirements in the Password Requirements section of the window.

Eisen 1. Administration Decomoud Coton Window

rigure 1. Auministrato	or rassworu se	cup wn	luow	
Password setup for	ADMINISTR	ATOR		
accessing tax software. Strong passwor uppercase letter, a lowercase letter, a n	rds must be at least 8 ch umber, and a special ch	aracters long naracter (for in	and contain an Istance, I, @, #,	\$, etc.).
Password	Pa			
		Lowercase le Uppercase le	tter	
		Special chara	G1.01 C1	(Ex: !@#\$%^)
2	now password	< Back	Next >	Cance
	Password setup for All tax preparers and office personnel a accessing tax software. Strong passwo uppercase letter, a lowercase letter, a n For more information, click the Drake Ta Password Repeat password	All tax preparers and office personnel are required to set up and accessing tax software. Strong passwords must be at least 8 ch uppercase letter, a lowercase letter, a number, and a special ch For more information, click the Drake Tax security information lim	Password setup for ADMINISTRATOR All tax preparers and office personnel are required to set up and use strong raccessing tax software. Strong passwords must be at least 8 characters long uppercase letter, a lowercase letter, a number, and a special character (for in For more information, click the Drake Tax security information link on the left- Password Password Repeat password Minimum 8 ch Show password Minimum 8 ch Show password Winimum 8 ch Show password Password Requires to special character (for in password Repeat password R	All tax preparers and office personnel are required to set up and use strong passwords when accessing tax software. Strong passwords must be at least 8 characters long and contain an uppercase letter, a lowercase letter, a number, and a special character (for instance, I, @, #, For more information, click the Drake Tax security information link on the left-hand side of the Password Password Requirements Show password X Minimum 8 characters Uppercase letter Uppercase letter Show password X Minimum 8 characters X Lowercase letter Vumber Show password X Special characters / punctuation Show password Password Requirements

Figure 2: Administrator Security Questions Window

Drake Tax Security	×
	Security question for ADMINISTRATOR
	Provide the answer to a security question in case you ever forget your password and need to reset it.
	Select a security question from the list provided or type in your own
	×
Drake Tax security information	Answer
	Show answer
Help	< Back Finish Cancel

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 2018- 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**.

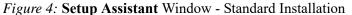
Drake 2018 - Setup Assistant	>
E-File Setup	
Enter your Drake Software account informati These items are required to E-file test returns software. To skip this screen press Cancel b	with Drake
Do not show Setup Assistant on startup.	
Don't have an account yet? Register an ac	count
Setup Information	and a second second
Account Number	
EFIN	_

e-File Password

Standard installation — Next, the standard version of the **Drake 2018 - Setup Assistant** displays. The Setup Assistant is covered in the next chapter (see "Setup Assistant" on page 15).

Cancel

Save



	for a successf	y in order to start using the software. The checkboxes will let ul e-filing. To further customize the software, to your needs, r tant at program startup.	
Required	Setup Items		
	ERO	You have completed the ERO information required for e-fili Setup > ERO.	ng, You can edit this information in
×	Firms	Firm e-filing information is complete for all existing firms. Ad Firms button.	d more firms by clicking on the
×	Preparers	You have completed the preparers information required for preparers by going to Setup > Preparers.	e-filing. You can add more
×	Printers	Configure Drake Software's printing options to best suit you	ur needs.
Completed	Contions	Select from numerous options to fit your tax preparation ne	eds
	Options	Select from numerous options to fit your tax preparation ne	eds
		Set prices for your tay preparation business	
	Pricing	Set prices for your tax preparation business.	
		Set prices for your tax preparation business. Customize the letters to meet your business needs.	
×	Pricing		
X	Pricing	Customize the letters to meet your business needs.	axpayers.
X X X	Pricing Letters Letterhead	Customize the letters to meet your business needs. Customize your letterhead to appear on bills and letters to t	axpayers.

HOME WINDOW

The main window of the *Drake* program is referred to as the **Home** window (Figure 5). 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 & Notifications 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 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 227 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.

Drake 2018 Tax Software File EF Tools Reports Last Year Data Setup 1	Help 1			>
pen/Create Calculate Print View		antWorx R	esearch Support	Fixit 2
Recent Returns: 3 Key View/Print	Enable Privacy Personal Client M Client Name	anager - (Type	Status	VE DATA) Started
S CORPORATION 2 FIDUCLARY 3 EMOJI, WAVE 4 CATAMARAN, LEEWARD & 5 GRANINYS GIFTS GADGETS 7 THE PAINT PALETTE DESIGN 8 Appointments: 3:00 PM CREED CRESCENDO	BEE, BUMBLE FIDUDARY GRANNYS GIFTS GADGETS AND GEAR PARTNERSHIP RUNNER, MILES & LANE S CORPORATION TAYPAYER, THOMAS & TASHA THE PAINT PALETTE DESIGN STUDIO	1040 1041 1065 1040 11205 1040 11205 1040 1120	Updated From 2017 In Progress In Progress Printed In Progress In Progress In Progress In Progress	01/28/2019 02/27/2019 02/27/2019 01/17/2019 01/29/2019 02/26/2019 02/26/2019
Alerts & Notifications: Feb 28 - March 1st Deadline for Farmers and Fishermen Extended Feb 27 - AZ - Reject 603 and 636 Scheduled Updates: On HOLLY-L Software up to date	< Preparer Notes Contact Rob Smith			7

Figure 5: Home Window

DRAKE TAX USER'S MANUAL

To access the 2018 Drake Tax User's Manual from the Home window, click Help > Software Manual & Online Resources on the menu bar (Figure 6).

Dpen/Create	Print	X iew	Drake Software Help Email Tutorial	Ctrl+F1
Recent Returns: PARTNERSHIP S CORPORATION FIDUCIARY EMOJI, WAVE CATAMARAN, LEEWARD &	Key 1 2 3 4 5 6	View/Print	Support Info Drake Chat Support License Agreement Show Setup <admin> Show Users Setup Assistant</admin>	
TEA, MINT GRANNYS GIFTS GADGETS	5 7		Software Manual & Online Resources	
THE PAINT PALETTE DESIG	56)		THE PAINT PALETTE DESIGN STUDIO	1040

Figure 6: Accessing Online Resources

On the **Additional Education Resources** web page, Select **2018 > Manuals** and click the PDF file labeled, "2018 Drake Tax User's Manual.pdf." The file is opened to a bookmarked PDF (Figure 7).

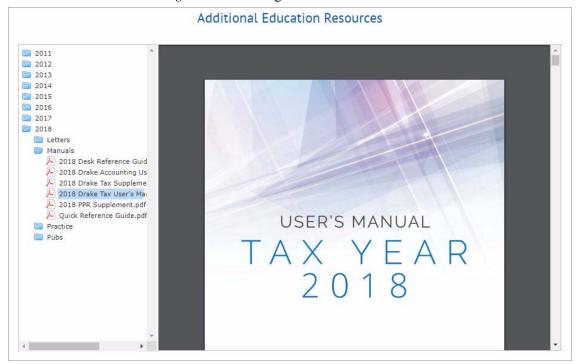


Figure 7: Accessing the Drake Tax Manual

A PDF of the 2018 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 2018 Drake Software Manual link. The same web page also provides a link you can click to order printed copies of the 2018 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 8) on the **Home** window. The **Enable Privacy** button becomes a **Disable Privacy** button. Click **Disable Privacy** (shown in Figure 9) to view all of the sections of the **Home** window again.

File EF Tools Reports L	ast Year D	ata Setup I	Help						
		2				GW		0	-
Ipen/Create Calculate	Print	View	CSM	Scheduler	Documents	GruntWorx	Research	Support	Exit
			Enable P		const Clin	at Manag		TAINS SENS	
Recent Returns:	Key	Print/View	Enable P	rivacy Per	Sonal Cile	ent Manag	er - (CON	TAINS SENS	TITVE DAT
TWO SPINSTERS GIFT SHO	OP 1		Client Na	me		Туре		Status	
BIRCH, TREE	2		BEANS, 0	COFFEE		1040		In Progress	
CUSTOM COLORS PAINTS	IN 3		BEE, BUS			1040		In Progress	
			BIRCH, T	REE		1040		In Progress	
PEA, SNOW & SNAP	4		CORNEL	DWER, LINDA		1040		Updated From 20	016
TEA, MINT	5		LEAF, DI	L & CURRY		1040		New Client	
MUSTARD, WASABI	6		DAISY, Y	ELLOW		1040		In Progress	
BEANS, COFFEE	-		GARDNE	R, MORGAN		1040		Updated From 20	016
BEANS, COFFEE	1	-	HERB, O	REGANO & RO	SEMARY	1040		EF Rejected	



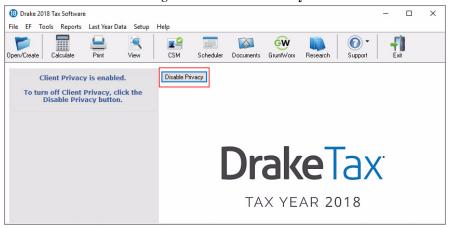


Figure 9: Disable Privacy Button

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 from the **Home** window to display the underlined keyboard shortcut and then press the desired keyboard shortcut. For example, 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 10).

Figure 10: Keyboard Shortcuts

18 Drake 201	8 Tax Software								- Ø	×
<u>File EF T</u>	ools <u>R</u> eports	<u>L</u> ast Year Data	<u>S</u> etup	<u>H</u> elp						
			2				GW		•	4
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 11).

File	EF T	ools	Reports	Last	Year Data	Setup
	Open/	Create	Returns		Ctrl+0	6
	Calcul	ate			Ctrl+C	P
	Print				Ctrl+P	ew.
	View				Ctrl+V	t/Vie
	Forms	Based	Data Entr	y	Ctrl+E	1 vie
	Quick	Estima	ator	о -	Ctrl+Q	5
	Exit				Esc	
	Logou	t Prep	arer			•

Figure 11: 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 12: Toolbar in Home Window



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 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.

Toolbar Button	Function	Key Combination
Open/Create	Opens an existing return or begins a new return.	CTRL+O
Calculate	Opens the Batch Calculation window to calculate one or more returns.	CTRL+C
Print	Opens the Return Selector , where you may select to print one or more returns.	CTRL+P
View	Opens the Return Selector , where you can view one or more returns.	CTRL+V
CSM	Opens the Client Status Manager. For details on the CSM, see "Client Status Manager" on page 240.	CTRL+L
Scheduler	Opens the Drake Scheduler. For details, see "Scheduling Appointments" on page 208.	N/A
Drake Documents	Opens Drake Documents For details, see "Drake Documents" on page 254.	N/A
GruntWorx	Opens GruntWorx. For details, see "Gruntworx" on page 261.	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 226.	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

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

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 (Figure 1). 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.

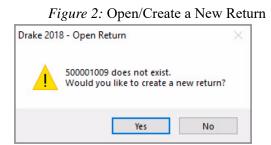
and press the Enter key or click OK. The c your search by selecting the desired return		ted aut		
500001010				
Name	SSN	^	OLast 0 ∨	
DOT, POLKA	445664546		All Clients	
ABM MOVERS LLC	465096506		1040	
TEA, MINT	500001001	500001001		
TEA, & MINT	500001002		0 1120	
CRESCENDO, CREED & DEE	500001003		O 1120S	
EMOJI, WAVE	500001004		0 1065	
TEA, MINT	500001005		0 1041	
RUNNER, MILES & LANE	500001006		0 990	
BLOGGER, MEDIA & NICHE	500001007		0 706	
CATAMARAN, LEEWARD & STARBO	500001008		-	
SNAPDRAGON, SUZIE & SNAPPY	500001009			
990 RETURN	545644655			
FIDUCIARY	654654655			
PARTNERSHIP	854651125			
S CORPORATION	879897878			
c		×		

Figure 1: Open/Create a New Return

CREATING A NEW 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. If the return does not exist you will be prompted to create a return (Figure 2).

1. To create a new return from the **Open/Create New Return** dialog box, click **Yes**.



- 2. 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. (SSN/EIN verification is required for the Pay-Per-Return version of Drake Tax. SSN/EIN verification is optional in the unlimited version of Drake Tax and may be selected by going to the Drake Home window > Setup Options > Data Entry > Verify SSN when creating new return).
- 3. In the Return Type section, select the type of return you want to create (Figure 3).

- 4. 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. See "Drake Documents" on page 254.
- 5. Click OK or press ENTER to continue, and the return is opened to the Name and Address screen (screen 1).
- 6. 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 and CANCEL. From the Data Entry Menu, press ESC to return to the Home window.

ГЦ	gure 5: New	Return D	lalog D	OX	
DRAKE 2018 - New Return			77 <u>-</u> 55		×
New Return Select the Return Type is required based on the configurations.					
Return Type: Individual - 1040 C Corp - 1120 S Corp - 1120S Partnership - 1065	-	ary - 1041 xempt - 990 : - 706			
Name Entry (For Documen First Name: SUZIE	t Manager): MI:	Last Name: SNAPDRA			
Help			OK	Car	ncel

Eleven 2. New Determ Dieles Der

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 •
- ٠ Ages
- Occupations ٠
- 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 2018. An **Individual Update Options** dialog box lists all options for updating (Figure 4).
- 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.

Figure 4: Individual (1040) Update Options Dialog Box

In addition to the standard update information, you may update the followin	g:
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	

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

- 1. From the Home window, select Last Year Data > Update Clients 2017 to 2018.
- 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.

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.

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 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.

alculate	View/Print Split E	locuments Tax Planner	Import	CSM	📉 Email	e-Pay	V Help	erit
eneral 1 2	Income Adjustments Credits	Credits Taxes Health Ca Tabs	re Other A STAX		ductions Sch	aneous Stat nedule	tes	
3 4 5 ES 2441	Income Adjustments Taxes, Credits and Payments Estimated Taxes Child Care Credit		2106 Due D 8867 DD1 DD2	iligence Due Diligen	Business Exp Ice Checklist Ice Assistanc Ice Notes			
W2 W2G 1099 DIV INT 99G 99M RRB SSA PAD NOTE		e Screen Codes	BANK IDS USE DISC DD PMT PIN EF PDF	Identification Consent to Direct Depo Electronic F 8879/8878 EF Selection PDF Attachr Protection F	ot set up in fir n for Taxpayer Use of Tax Re Disclosure of sit/Form 888 unds Withdra e-file Signatu ns ments Plus Audit Prol	r/Spouse eturn Info f Tax Return Ir 8 awal re	ıfo	
FAQ	Frequently Asked Questions	e Selector Field	BILL	Client Adjus	tments			

Figure 5: Data Entry Menu

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

			4/2 -			- 1	- 2	1	E	•	-1
Calculate	View	Print	Split	Documents	Tax Planner	Import	CSM	Email	e-Pay	Help	Exit

Tabs

Screens are organized by tabs. Each tab is labeled with a different category of screens. The tabs and categories vary depending on the tax package. Click a tab to access the 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 bottom of the **Data Entry Menu** displays the **Return Status**, the **Return Type**, and the **Current Package**.

SCREEN NAVIGATION

There are several ways to navigate 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 screens within that tab. Open a screen by clicking on the screen name or code.

Screen Codes and Selector Field

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 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.

DRAKE 201	18 - Data Entry (50000100	9 - SNAPDRAGON, SUZIE) - (CONTAINS SENSITIVE DAT	TA)	_	
Calculate	View/Print Split	Documents Tax Planner Import	<mark>⊼</mark> ≅ ⊂ ⊃ CSM Email e-Pay		Fil
General	Income Adjustments	Credits Credits Taxes Health Care Other For	ms Foreign Miscellaneous Stat	tes	
1 2	Name and Address Dependents		mized Deductions Schedule ales Tax Worksheet	•	
4 5 ES 2441	Search Results Listed below are the 'r	- Search Results for 'CHILD' nenu options/return data' matching the search phrase you en and click 'Load Screen'. To continue without loading a scree	itered. To load a screen in the list, either c en, click 'Cancel' or press Escape.	double click	×
W2 W2G	Screen/State Code	Description	Return Data		
1099	8882	Employer-Provided Child Care Credit			
DIV	8814	Parents' Election to Report Child's Income			
INT	8812	Add'l Child Tax Credit/Combat Pay			
99G	2	Dependents			
99M RRB	2441	Child Care Credit			
SSA SSA					
			Load Screen	n <u>C</u> ano	xel
	s: New Client	Return Type: Individual Tax Return	Current Package: Federal		

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 any **Data Entry Menu**, and press ENTER to locate every instance of that entry in that return.

Toolbar

All 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 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 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.

Figure 8: Data Entry Screen Toolbar



Right-Click Menu

All screens in data entry have a right-click menu, offering 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 (Figure 9).

Part I - Income				Statutory empl	
1 Gross receipts/sales			Calculate Return	Statutory emp	PC
2 Returns and allowances					on I I ta
6 Other income			View Return	Ctrl+V	"t
D-411 E			Print Return	Ctrl+P	of (
Part II - Expenses 8 Advertising		ensic	Go to EF Database	F9	alu
Car and truck expenses Right	Click	tent - 1	Forms Based Data Entry	Ctrl+G	of c
	screen	tent -	Exit Screen Without Saving	Shift+ESC	SC
to commissions and less	cess	tepair	Reset Screen	Ctrl+U	m
	n help	upplie	Delete Screen	Ctrl+D	in
13 Depreciation	in neip	axes	Split MFJ Return	Ctrl+S	s le
Depreciation adjustment (Al		ravel.	Heads Down Entry	Ctrl+N	or.
14 Employee benefits		Meals	-		and
15 Insurance	25	Utilities	Calculator	F10	s
16 Interest - mortgage Form 1098	26	Wages	Add Reminder	Ctrl+R	ent
Interest - other	27a	Other e	Preparer Notepad	Ctrl+Shift+N	
17 Legal and professional services	30	Busine	Screen Shot	>	m
18 Office expense	321	🗆 🗆 Sor	Help	Ctrl+? >	
Family health coverage Read field help	SEHI		Screen Help	Ctrl+Alt+?	sta
Income to be excluded Per Notice 2014-7			Clear Flags On This Screen	Ctrl+Shift+Spc	Na
Regula	ar Tax AM	r	Enable Foreign Only Address Fields		Mili
Prior unallowed passive operating			Highlight Prior Year Fields	F11	
Prior unallowed passive 4797 Pt 1			Show Prior Year Data	F12	
Prior unallowed passive 4797 Pt 2					
Prior unallowed at risk losses			Exit Screen and Save Changes	ESC	

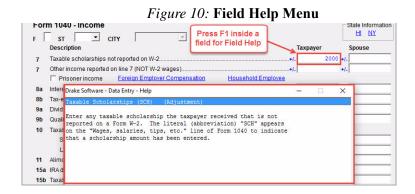
Figure 9: Screen Help Menu

Screen Help

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).

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 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 screen by clicking the state link, or click the **Form 2441** link to access the **Child and Dependent Care Expenses** screen. 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 screen is saved if you leave the screen. Exit a screen by clicking **X** in the top right corner or pressing 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 the right-click 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 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 tabs to move from one section (or page) to another.

I	Figure 11: Screen Tabs	
1065 K1 1-12 1065 K1 13-20 Additional entries Basis Wo	Norksheet Basis Worksheet continued 6198 At Risk 6198 At Risk continued	
Schedule K-1 for 1065 TS F F ST City Partnership EIN Partnership name	Video: K-1 Export Tool State Information HI ID IL MA NO NJ PA SC	MN
For state use only Street address City. U.S. ONLY State, ZIP. Foreign ONLY Province/State, Country, Postal Code	<click access="" to=""></click>	

Access States and Cities In Data Entry

Drake Tax 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 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 are available on all screens in all packages, federal and state.

With Drake Tax open to a 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 will appear stating that no prior-year data exists. Press any key to return to data entry for 2018.

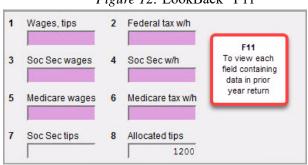


Figure 12: LookBack "F11"



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

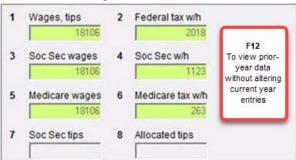


Figure 13: LookBack "F12"

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 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.

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		X	X	
3 TESSA				400-00-0345	DAUGHTER	12	09-12-2007	4750	Х		X	X	\square

Figure 14: Grid Data Entry

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 Tax indicates the record number on the status bar of the screen (Figure 15).

_	
Dependent Information	Video: Due Dili
Use <f3> to switch to grid mode</f3>	2
	name (if differe
DAISY = FLOWE	RS
Childcare Expense Information	Form 2441
Qualifying childcare expenses incurred and p	aid in 2017
Portion of qualifying expenses provided by en	nployer
State codes	
Additional Information	
Over 18 and a student	🗆 Not
Over 18 and disabled	🗖 Othe
Child lived with you	□ Not
Child did NOT live with you	□ Not
due to divorce or separation	🗆 Not
Record 1 of 3	

Figure 15: Screen Status Bar

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	come Adjustments Credits Credits
1	Name and Address
2	Dependents - (3)
3	Income
4	Adjustments
5	Taxes, Credits and Payments

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		
new	Ne					
						-
<						1

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 on page 62). To access the next tab in a screen, either click the tab using your mouse pointer or press CTRL+TAB on your keyboard.

		-	igun					
RAKE 2018 - Data Entry (5000010	09 - SNAPDRA	GON, SUZIE) - (CONTAIN	S SENSITIV	/E DATA)			- 0	×
*Use <f3> to switch to grid n</f3>		Video: Due Diligenc	<u>:e</u>	Video: EIC	Troubleshooting	State Informa		
Dependent first name	M.I. L	Last name (if different)	Suffix	SSN	Relationship	Month: in hom		_
DAISY	=			400-00-1040	DAUGHTER	~	√ 05-05-2009	
Childcare Expense Infor Qualifying childcare expense Portion of qualifying expense	es incurred ar				Age determined by date of birth	Age: 9 as of 12/31/20	18	
TSJ 🔽	State State code				Not eligible for EIC		t Credit	
NOTE: If either EIC or Child Is either of the following true dependent, and is not fili	? The depen	dent is unmarried, OR the	e depende	ent is married, can			Not Yes No Applica	56

Figure 18: Screen Links

Figure 19: Screen Tabs

DRAKE 2018 - Data Ent	try (500001009 - SNA	APDRAGON, SUZIE) - (CONTAINS SENSITIVE I	DATA)				×
1065 K1 1-12	<u>1065 K1 13-20</u>	Additional entries	Basis Worksheet	Basis Worksheet continued	6198 At Risk	6198 At Risk continued		
and received a second second	ST ST	⊻ City		<u>Video:</u>	K-1 Export Tool	State Infor	<u>L MA</u>	MN

Flag Fields

Use 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: Flagged Field
Pa	art II - Expenses
8	Advertising
9	Car and truck expenses AUTO 9 +/-
10	Commissions and fees10
11	Contract labor

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)

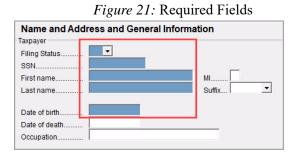
A user with administrative security rights can designate certain fields to be flagged in all returns. When flags are set globally, they apply to *all* returns. Global flags can be for *screens* or for *new returns*.

- 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. Click **OK**.

Magnifying Fields

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 on page 64).

Figure 22: Magnified Field

Job Ex	xpenses 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	States
Data Entry	Calculation & View/Print Form & Schedule Options
eliminate :	ssible, make data entry screen text smaller to minimize or scrolling
and the second second	P code field (skip city/state and use ZIP code database)
	es/reminders to preparer when opening a return
	N when creating new return
	indows standard keystrokes sparer and firm number on new returns
🔽 Magnify d	ata entry
🔲 Activate \	V-2 wage and withholding verification fields
🔲 Do not re:	strict minimum font size in 800x600
🔽 Use grid o	lata entry format on available screens
Enable D.	ata Entry toolbar

Override and Adjustment Fields

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

- Override fields Data entered in these fields replaces, or overrides, program ٠ calculations. Data entry fields that allow overrides are preceded by a red equals sign (=).
- Adjustment fields Data entered in these fields adjust program calculations by the ٠ amount entered. Data entry fields that allow adjustments are preceded by a blue plus/minus sign (+/-). Enter a negative number to subtract an amount (Figure 24).

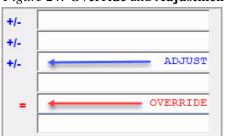


Figure 24: Override and Adjustment Fields

NNTF

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 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 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.

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.

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 Tax 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

Schee	dule (- Pro	fit or	Los	s fron	n Busin	ness	
TS T	•	F	ST	PA	-	City		•

Splitting a Joint Return

When you split a joint return in Drake Tax, 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, open the return and 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.

Figure 26: Return Selector

SN/EIN	Date/Time	desired column header.	Fed Refund	State	Refund	Туре	Status	
500001009	03/02 10:13:53	SNAPDRAGON, SUZIE (SPLIT RETURN)	-1223		0	PER	Msg	
500001010	03/02 10:13:53	SNAPDRAGON, SNAPPY (SPLIT RETURN)	-1078		0	PER	Msg	
1 500001009	03/02/10:13:54	SNAPORAGON SUZIE	-1865		n	PER	Men	
		ck 'print' or press the 'P' key to view a detailed rep ck 'save' or press the 'S' key to save the MFS retu						

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**.

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

Figure 27: Detail Worksheet

Detail Worksh	eet				
Sort Options:		F1 - Description Ascending	F2 - Description Descending		
		F3 - Amount Ascending	F4 - Amount Descending		
Title	SCHEDULE C, LINE 8	3 - ADVERTISING			
Description				Amount	
POSTCARDS				2	200
ONLINE				1	150
NEWSPAPER				1	170
RADIO				1	125
					_
TOTAL					645

Once a worksheet is added, the data entry field is shaded red to indicate a worksheet is present (Figure 28).

Figure 28: Field with Worksheet

Pa	art II - Expenses	
8	Advertising	645
9	Car and truck expenses AUTO +/-	
10	Commissions and fees	
11	Contract labor	
12	DepletionDEPL =	
13	Depreciation Form 4562+/-	

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.

All Forms Sets EF	Federal Worksheets Miscellaneous Notes/Messages	
Constant States Constant States Constant States Constant States Constant States		
EF Status Form 1040 Schedule 1 Schedule 4	1040 Overflow Statement	Page 1
Schedule 4 Schedule C Schedule EIC Form 8957	LEEWARD & STARBOARD CATAMARAN	500-00-1008
Comparison Comparison	Schedule C, Line 8 - Advertising POSTCARDS ONLINE NEWSPAPER RADIO Total:	Amount \$ 200 150 170 125 \$ 645

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 screen (Figure 30).

Form 1	040 - Income	AKE 2018 - Data Entry - Heads Down Mode	×		State Information
	Description CIT	To begin, enter desized field number and press enter.		Taxpayer	Spouse
1	Taxable scholarships not reported on W-2			-+6	•6- 8
1	Other income reported on line 1 (NOT W-2 wages)				+I. B
	Prisoner income Eoreign	Employer Compensation Household Employee			
28	Tas-exempt interest (if Sch B is required, use screens INT and D(V)				+/- 10
26	Interest income (if Sch B is required, use screen INT)		INT	·/. III	•r. 12
3a	Qualified Dividend Income (If Sch B is required, use screen DIV)			+1. 🔟	+}- 14
30	Dividend income (if Sch B is required, use screen DIV)		DIV.	·1. 15	+6- 16
48	IRAdishibutions received (if no 1099 was received)			+. W	•6. 🛄
4b	Taxable portion of IRA distributions above	Early distribution, calculate penalty		41. 80	+/. 20
43	Pension distributions received (if no 1099 was received)			+1. 22	+1. 55

Calculator

A calculator is available in every numeric field in data entry. To access the calculator, click a field and press F10. 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.

		Drake Software - Calculator				×	
Pensions/profit share	10308					F1 - Insert Result	
tent - vehicle, machinery tent - Other						View All Calculations	
tepairs/maintenance	1300					ESC - Quit	
upplies					788+	200 qui	
axes and licenses	400				9520+		
ravel							
leals and entertainment					10308	F 0 2 3	
Itilities	5275						
/ages	28000	С	1	×			
ther expenses							
usiness use of your home	Form 8829	7	8	9			
Some investment is NOT at risk	Form 6198	4	5	6	*		
Taxpayer disposed of business durin			2	3		🔲 Auto-Clear On Exit	
Carry to 8960 line 7					-		
Exempt notary income		0	5				

Figure 31: Calculator

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 Tax 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 be imported 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.

Note

To learn more about GruntWorx Trades and GruntWorx Populate Job imports, see "Gruntworx" on page 261.

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 230.)
- **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 223.)
- **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
 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 screens) have a clickable **Help** button for accessing the Drake Tax Help System (Figure 33), which opens directly into the topical section relevant to where you are in the software when you access it. For example, if you are in a pricing setup window when you 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:

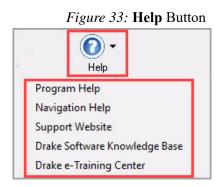
• **Program Help** — Access Help System items by using the following tabs:

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

Index — 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 (See "Drake Support Website" on page 230). 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 (See "Knowledge Base" on page 230).
- Drake e-Training Center Links to the DrakeETC website (See "Drake e-Training Center" on page 223). You need your user name and password and your ETC user name and password to log in.



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 screens so you become comfortable with Drake Tax. (To view a completed version of the evaluation return, open return **400001940**).

- 1. In the Drake Tax 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 screen 1, which is the Name and Address screen (Figure 34 on page 74).

NAME AND ADDRESS SCREEN

The information entered on screen 1 flows to each form that is generated with this client's return, and 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 on page 74).

* 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 Field	Primary Taxpayer	Secondary Taxpayer						
Filing Status	2 - MFJ							
SSN*	400-00-1901	400-00-1902						
First name	THOMAS	TASHA						
Last name	TAXPAYER	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 State and County fields).	the ZIP code to autofill the City,						
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

Name and Add	Iress and General Information	
axpayer		Spouse
Filing Status	2 V Married Filing Jointly	
SSN	400-00-1940	SSN
First name	THOMAS MI	First name TASHA MI
Last name	TAXPAYER Suffix Y	Last name = Suffix
Date of birth.	08-25-1968 Age: 50 (as of 12/31/2018)	Date of birth
Date of death		Date of death
Occupation	RESTAURANT OWNER	Occupation
	Phone Number Extension	Phone Number Extension
	602-555-1111	
Daytime	602-555-2222	
Evening		
Cell		
Best time to call	Print on return =	Best time to call
Fax		Fax
Email / text msg		Email/text msg TTAXPAYER2@2EMAIL.COM
Dependent of another	Full-time Presidential Blind student campaign	Dependent of Full-time Presidential Blind another student campaign
Health insurance o	re with spouse	filing a return income
Health insurance of n care of	e with spouse	
Health insurance of n care of	e win spoce	filing a return income
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Figure 34: Name and Address and General Information Screen

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.

General	Income	Adjustments	Credits	Credits	Taxes
1	Ν	lame and Add	ress		
2	0	Dependents			
3	l.	ncome			
4	A	djustments			
5	Т	axes, Credits	and Pay	ments	
ES	E	stimated Tax	es		
244	1 0	Child Care Cre	edit		

Note

DEPENDENT INFORMATION

Thomas and Tasha have three dependents. Open screen **2**, the **Dependent Information** screen. (Click the screen name or enter 2 in the 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 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				400-00-0234	SON	12	03-20-2004		Х		X	X	
3 TESSA				400-00-0345	DAUGHTER	12	09-12-2007	4750	Х		X	 X	
									1				
Help						Item D	etail	Delete Row(s)		Sav	e	Cance	!

Note

- If you leave the dependent's **Last name** field blank, Drake Tax uses the primary taxpayer's last name.
- If you leave the **Months in home** field blank, Drake Tax 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 first name ML Last name (if different) Suffix SSN Relationship Months TATUM =	Dependent first name M.L. Last name (if different) Suffix SSN Relationship in home TXTUM	Date of birth 07-29-1994
Childcare Expense Information Egm2443 Qualifying childcare expenses incurred and paid in 2018 Age determined Age: determined Age: determined Portion of qualifying expenses provided by employer Not eligible for EliC [TSJ State State Image: Click Cl	Childcare Expense Information Earn 2441 Qualifying childcare expenses incurred and paid in 2018. Age determined by date of birth as of 12/31/201 Portion of qualifying expenses provided by employer. Not eligible for EIC. TSJ State State State codes Eligible for Child Tax OR Other Dependent NOTE: If either EIC or Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. 8857 Is either of the following true? The dependent is unmarried. OR the dependent is married, can be claimed as the taxpayer's dependent, and is not filing a joint return (except to claim a refund). Could another person qualify to claim this dependent? If YES: Dependent's relationship to the other person	
Qualitying childcare expenses incured and paid in 2018 Age determined by a constrained by an of 12/31/2018 Portion of qualitying expenses provided by employer Not eligible for Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. State TSJ State State Bible for Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. State NOTE: If either EIC or Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. State Not Is either of the following true? The dependent is unmaried, OR the dependent is maried, can be claimed as the tazayers Image: Complete the section below and screen 8867. State Not Could another person quality to claim this dependent? Image: Complete the section below and screen 8867. State Not If this is not the tazayer's to ender why the parent was not claiming the child and document the answer? Image: Complete the quality or parts dependent who is a cluter, national, or resident of the United States Image: Complete the section below and screen 8867. Not If this is not the tazayer's dependent who is a cluter, national, or resident of the United States Image: Complete the section below and screen 8867. Not If the usparent screen is the tazayer's dependent who is a cluter, national, or resident of the work of the section can be made on screen 8867. Not Not <tr< th=""><th>Qualifying childcare expenses incurred and paid in 2018. Age determined by date of birth as of 12/31/201 Portion of qualifying expenses provided by employer. Not eligible for ElC. TSJ State Eligible for Child Tax OR Other Dependent NOTE: If either EIC or Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. 8807 Is either of the following true? The dependent is unmarried. OR the dependent is married, can be claimed as the taxpayer's dependent, and is notfiling a joint return (except to claim a refund). Could another person qualify to claim this dependent? Could another person qualify to claim this dependent be treated as the taxpayer's qualifying child? If the liebreaker rules apply, would the dependent be treated as the taxpayer's qualifying child? If the liebreaker rules apply, would the dependent be treated as the taxpayer's qualifying child? The qualifying person is the taxpayer in the U.S. for more than haif of the year? Did the dependent live with the taxpayer in the U.S. for more than haif of the year? The qualifying child or more than haif the year? Did you explain to the taxpayer the rules about claiming the CTC/ACTC/ODC for a child of divorced or separated parents? Which documents below, if any, did you rely on to determine eligibility EIC and/or CTC for this dependent? Check all that apply Additional entries for this section can be made on screen 8867. Disability of Qualifying Child Bace or worship statement <td< th=""><th>8</th></td<></th></tr<>	Qualifying childcare expenses incurred and paid in 2018. Age determined by date of birth as of 12/31/201 Portion of qualifying expenses provided by employer. Not eligible for ElC. TSJ State Eligible for Child Tax OR Other Dependent NOTE: If either EIC or Child Tax Credit is claimed for this dependent, complete the section below and screen 8867. 8807 Is either of the following true? The dependent is unmarried. OR the dependent is married, can be claimed as the taxpayer's dependent, and is notfiling a joint return (except to claim a refund). Could another person qualify to claim this dependent? Could another person qualify to claim this dependent be treated as the taxpayer's qualifying child? If the liebreaker rules apply, would the dependent be treated as the taxpayer's qualifying child? If the liebreaker rules apply, would the dependent be treated as the taxpayer's qualifying child? The qualifying person is the taxpayer in the U.S. for more than haif of the year? Did the dependent live with the taxpayer in the U.S. for more than haif of the year? The qualifying child or more than haif the year? Did you explain to the taxpayer the rules about claiming the CTC/ACTC/ODC for a child of divorced or separated parents? Which documents below, if any, did you rely on to determine eligibility EIC and/or CTC for this dependent? Check all that apply Additional entries for this section can be made on screen 8867. Disability of Qualifying Child Bace or worship statement <td< th=""><th>8</th></td<>	8
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you due to divorce or INOT a dependent - ACA household Date of dealth Date of data D	Dependent ived with you	nces
	voli due to divorce or Date of Date of	
11 of 3 Press F1 or Right-Click for Help (Screen Help)		

DRAKE 2018 - Data Entry (400001940 - TAXPAYER, THOMAS	S & TASHA - 400001902) - (CON	ITAINS SENSITIVE D	DATA)		_	
Dependent Information Video	: Due Diligence	Video: EIC Troubleshooting State Information				
Use <f3> to switch to grid mode</f3>				LA NY-EIC N	<u>Y-272 PA</u>	
Dependent first name M.I. Last name	(if different) Suffix	SSN	Relationship	Months in home		of birth
TANNER	400	-00-0234	SON	× 12 ×	03-20	0-2004
Childcare Expense Information			Age determined by date of birth	Age: 14 as of 12/31/201	8	
TSJ State	~	No	t eligible for EIC			
State codes		Eli	gible for Child Tax OR (Other Dependent	Credit	~
NOTE: If either EIC or Child Tax Credit is claimed for Is either of the following true? The dependent is unn dependent, and is not filing a joint return (except Could another person qualify to claim this depender	married, OR the dependent is r to claim a refund)	married, can be cl	aimed as the taxpayer's	\$	Yes No	Not Applicable
If YES: Dependent's relationship to the other p	person					~
If the tiebreaker rules apply, would the	dependent be treated as the ta	axpayer's qualifying	g child?			
Did the dependent live with the taxpayer in the U.S. fo 10 The qualifying person is the taxpayer's dependent wi 11 Did you explain that he/she may not claim the CTC/A 12 Did you explain to the taxpayer the rules about claim with the taxpayer the rules about claim	ho is a citizen, national, or resi ACTC if the taxpayer has not live ing the CTC/ACTC/ODC for a c	dent of the United ed with the child fo child of divorced or	States r more than half the yes separated parents?	ar?		
Which documents below, if any, did you rely on to de	a de la compañía de l	TC for this dependent	dent? Check all that ap	ply		
Additional entries for this section can be made on so Residency of Qualifying Child School records or statement Landlord or property management statement Healthcare provider statement Childcare cords Childcare provider records Placement agency statement Social services records or statement Place of worship statement Indian this of dictal statement	creen 8867.	Doctor st Other hea Social se	Qualifying Child atement althcare provider staten rvices agency or progra ely on any documents, ely on any documents	am statement	9	
Employer statement Did not rely on any documents, made notes in file Did not rely on any documents Other	questions yo	nt the information you a bu asked, you can use Notes screen. Click the	the EIC Due Dilig		<u>D2</u>	
Additional Information Over 18, under 24, and a student Other dependent Over 18 and disabled Not a dependent Over 18 and disabled Not a dependent - HOH qualifier Dependent lived with you Not a dependent - Work a dependent - MOH qualifier Dependent did NOT live with you due to divorce or Not a dependent - ACA household						
Record 2 of 3	P	ress F1 or Right-Click	c for Help		(Screen H	elp)

Figure 38: Dependent Screen With CTC

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 screen 2 and the 2441 screen. Press ESC to return to the Data Entry Menu.

E 2018 - Data Entry	(400001940 - TAXPAYER, THOMAS & TA	ASHA - 400001902) - (CONTAIN:	S SENSITIVE DATA)		-	
orm 2441 - C	hild and Dependent Care Ex	penses	Video: Entering Dependent C	Care Expenses	C State Inform	action -
F	•				AR CA E	
ovider's informa	tion					
SSN/FIN		111111111 EIN	Other IDs	Amount Pai	d	4750
	ame	HAPPYKID DAYCARE		State inform		
		111 KIDZ STREET		Phone		
		PHOENIX		Misc		
J.S.ONLY	State, ZIP.	AZ ~ 85003		Misc 2]
				TSJ	ST	
oreign ONLY	Province/state, Country, Postal Code	SCHOK TO ACCESS?				
SSN/EIN		EIN	Other IDs	Amount Pai	d	
	ame			State inform		
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oreign ONLY	Province/State, Country, Postal Code	SCHCK TO ACCESS?		100		
22N/EIN		EIN	Other IDs	Amount Pai	d	-
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J.S.ONLY	State, ZIP	01111		TSJ	× ST	
oreign ONLY	Province/State, Country, Postal Code	Chick to / 100000				
SSN/EIN		EIN	Other IDs			
Care provider n	ame			State inform	nation	
and the second sec				Phone		
				Misc		
J.S.ONLY	State, ZIP			Misc 2		
oreign ONLY	Province/state, Country, Postal Code	or LL L		TSJ	ST	
	17 expenses were paid in 2018			Hawaii Tax II) Number	
eate STM 441 to	explain computation. <u>SCH</u> First	L	ast	Provider 1		
Name of quali	fying person			Provider 2		
SSN of qualify	ing person			Provider 3		
Amount from v	vorksheet in Publication 503			Provider 4		
				Taxpayer	Sp	ouse
2 Employer-prov	vided dependent care benefits received	l in 2018		=	=	
Amount carrie	d over from 2017 and used in 2018 du	ring the grace period				
Amount forfeit	ed or carried forward to 2019, if any					
6 Amount of qua	alifying expenses incurred in 2018			=	=	
5, 18, 19	Earned income for 2441 purposes ON	ILY		+/-	+/-	
Amount of line	12 that is from taxpayer's sole proprie	torship or partnership				

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 lines **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 2018. To access the **Forms 8863 & 8917 - Education Credits & Deduction** screen, enter 8863 or 8917 in the selector field and press ENTER (Figure 40 on page 80). 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 2018 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 2018?	NO
Line 26 - Was the student convicted before the end of 2018 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 2018?	YES
Did the student receive Form 1098-T from this institution for 2017 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: Screer	8867 -	Due	Diligence	Checklist
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DRAKE	2018 - Data	Entry (400001940 - TAXPAYER, THOMAS & TASHA - 4	400001902) - (CONTAINS SENSITIVE DA	ATA)	17	10		×
Fo	orm 8867	- Due Diligence Checklist		Video: Due Diligence	Video: EIC Troubles	shootin	d	
Р	aid Prepar	er Due Diligence Requirements. Use this scr	een to complete the parts of Fo	rm 8867 that are not includ	led on screen 8863 o	r scre	en 2.	
	Screens D	D1 and DD2 can assist you with due diligence.	Due Diligence Assistance	Due Diligence Notes		Yes		
1	Did you cor	nplete the return based on information for tax year	2018 provided by the taxpayer or reas	onably obtained by you?			No	N/A
3	Did you sat	isfy the knowledge requirement? To meet the know esponses, and review information to determine that	/ledge requirement, you must intervie	ew the taxpayer, ask questions	document the			
4		ormation provided by the taxpayer, a third party, or re , or inconsistent? (If "Yes," answer questions 4a ar						
4a	Did you ma	ke reasonable inquiries to determine the correct o	r complete information?			\checkmark		
4b		cument your inquiries? (Documentation should inc the information had on your preparation of the retur						
5		isfy the record retention requirement? To meet the at you relied on to determine the eligibility for the cro						
		to your notes from the interview with the taxpayer, li n screen 8863 and screen 2.	st those documents, if any, that you r	elied on. Additional entries for t	his section can			
	be made of	n screen 6663 and screen 2.			1			
6		the taxpayer whether he or she could provide doc						
7		the taxpayer if any of these credits were disallowe a; if not, go to question 8)						
7a		nplete the required recertification forms?						
		ither the taxpayer nor spouse is reporting self-er						
8		ver is reporting self-employment income, did you as		complete and correct Schedule	C?	\square		
		"Income" tab on screen DD1 can assist you with o			Dis datas di sata			
9a	ALL EIC Claims:	Have you determined that this taxpayer is, in fact, claim EIC if the taxpayer has no qualifying child?.						
9b	EIC with child:	Did you ask the taxpayer if the child lived with the year?						
9c	EIC with child:	Did you explain to the taxpayer the rules about cla rules)?						
		Have you determined that the taxpayer was unman ify that all of the answers on this 8867 are, to the b	· · · · · · · · · · · · · · · · · · ·		and the second	1000		
15	1000			iu complete ?				
		ng four questions must be answered for all credi (payer, or spouse if filing jointly, a nonresident alier				Yes	No	
		axpayer, or spouse if filing jointly, a nonresident aller axpayer, or spouse if filing jointly, be a qualifying ch					Ø	
		payer's main home, and the main home of the spo						
		yer, or spouse if filing jointly, eligible to be claimed					\square	
- 6		on Overrides						
		Enter "No" if the taxpayer does not qualify for EIC						
6	Investme	ent income		+/-				
lf s	omeone oth	er than the signing preparer verified that this client	is eligible for a refundable credit, sel	ect a preparer or enter the prep	arer's name and PTIN t	below.		
	EIC	= 🗸 or Nam	e: =		PTIN: =			
	CTC/ACTC/	DDC = v or Nam			PTIN: =			
	AOTC	= 📉 🗸 or Nam	e: =		PTIN: =			
	нон	or Nam			PTIN: =			
Record			Press F1 or Right	Click for Help	(Scree	en Helpj		

Notes

Taxpayers may be eligible to receive education credit on the federal return; however, some states do not offer the credit and 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 Tax fills boxes **3-6** and **16**, based upon the wages entered in box **1**. Enter the following employer information (Figure 42 on page 82):

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	49039
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 41 on page 82).

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 Screen

Figure 42:	W2	Screen
------------	----	--------

TS S F Special tax treatment IN NM NM Employer information is required for e-file IN IN IN IN NM EIN 45-4444444 IN	Form W2 - Wa	ge and Tax Statement	
TS F Special tax treatment IN NJ NJ Employer information is required for e-file IN NJ NJ EIN 45-4444444 Name CENTRAL TUTORING CENTER Name cont IS327 Street I23 EDUCATION AVENUE City PROENIX U.S.ONLY State JAZ< Isso Street I23 EDUCATION AVENUE City PROENIX U.S.ONLY State JAZ Isso Street I23 EDUCATION AVENUE Foreign ONLY Province/State Country Postal Code 9 Verification Code 10 Dep care benefit Foreign ONLY Province/State City PROENTX U.S. ONLY State PHOENTX Issa U.S. ONLY State PHOENTX Issa U.S. ONLY State PHOENTX Issa U.S. ONLY State Province/State Country All Other State employee	W-2	Additional Entries Import W2	video. Entering Multiple-State W25
EIN 45-444444 Name CENTRAL TUTORING CENTER Name cont 123 EDUCATION AVENUE City PHOENIX U.S.ONLY State Z 55003 Foreign ONLY Province/State Country Postal Code 9 Verification Code 10 Dep care benefit Foreign ONLY Province/State Country Postal Code 9 Verification Code 11 Non-qual plan 12 Code Amount Foreign ONLY Province/State Country Postal Code 9 Verification Code 11 Non-qual plan 12 Code Amount Foreign ONLY Province/State City = [A32] = [A2] = [55003] Foreign ONLY Province/State Country Postal Code = = State mployee's state ID number 16 State wages 17 State tax 18 Local wages 19 Local tax	TS S V F	Special tax treatment	State Information
Name cont	12 D	45-444444	18327 3065
City. PHOENIX U.S.ONLY State ZIP AZ Isso Foreign ONLY Province/State Country Country Postal Code 9 Verification Code 10 Dep care benefit Form2441 Foreign ONLY Province/State Country City. Ither is the ison of the	Name cont	* • • • • • • • • • • • • • • • • • • •	
Base in the second s	City	PHOENIX	
Click to Access> Image: First. = {TASBA Last = TAXFAYER Name: First. = {TASBA Last = TAXFAYER Street		AZ 💌 85003	7 Soc Sec tips 8 Allocated tips
Employee name and address (if different from screen 1) 11 Non-qual plan 12 Code Amount 1 Name: First. = TASHA Last = TASPAYER 11 Non-qual plan 12 Code Amount 1 Street. = 123 CUL DE SAC STREET 13 Stat employee I		<click access="" to=""></click>	Form 2441
Foreign ONLY Province/State Country Postal Code 14 Unter SEHI SEHI SEHI SEHI SEHI 15 ST Employer's state ID number 16 State wages 17 State tax 18 Local wages 19 Local tax 20 Locality Az S1111111 18327 735 Total wages 19 Local tax 20 Locality	Name: First Street City	= TASHA = 123 CUL DE SAC STREET = PHOENIX	11 Non-gual plan 12 Code Amount Year 13 Stat employee X Image: State of the s
AZ V 51111111 18327 735 V		Province/State Country Postal Code	GOLINO
	AZ		

When the W2 screen is opened again, an Existing Forms List - W2: Wages is displayed (Figure 43 on page 83). 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	Employer Name	Wages, Ti	Federal T	Dep Care	SS tips
1	S	CENTRAL TUTORING CENTER	18327	3065		
2	S	OUR NEIGHBORHOOD ELEMENTARY	29039	4478		
new	Ne					
<						

Figure 43: Existing W2 Forms List

2D Barcode Scanning

Data on W-2 forms with a 2D barcode can be scanned directly into Drake Tax (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 Tax recommends the Honeywell/Metrologic MS1690 Focus.

For more information on how to use a 2D barcode scanner in Drake Tax, see Chapter 5 of the 2018 Drake Tax User's Manual. To view a short 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.

. ...

Form W2 - Wage and Tax Statement		
W-2	Additional Entries	Import W2
TS 5 💌	F Special tax treatm	ent 💌

.

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 on page 84).

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

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

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.

Schedule B - Interest Income (1099-INT)	Screen DIV for dividends	*Use <f3> to switch to grid mode*</f3>	State Information
TSJ J F ST CITY	T	Video: Form 1116 - Schedule B	Ш
Seller-financed mortgage		Foreign Account Questions	
Payer Information	SSN		
Tax ID Number		23317	
Name		BANK	
Street address			
City			
U.S.ONLY State, ZIP			
Foreign ONLY Province/State, Country, Postal Code	1		
Account number (optional)		RTN #	FATCA
1 Interest income		activity bond interest	
2 Early withdrawal penalty		liscount	
3 U.S. government interest Form 8815	11 Bond pr	emium *	·/-
4 Federal tax withheld	12 Bond pr	emium on Treasury obligations	
5 Investment expenses	13 Bond pr	emium on tax-exempt bonds	· · · · · · · · · · · · · · · · · · ·
6 Foreign tax paid	14 Tax-exer	npt and tax credit bond CUSIP number	
7 Foreign country	15 State	16 State ID number 17	State tax w/h
8 Tax-exempt interest			
		States Requiring Tax IDs	1
		oraroo rroganny ravido	

Figure 45: Screen INT, Schedule B - Interest Income

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 on page 85).

Fields	Data
TSJ	J
Other medical and dental expenses	22065
Income Taxes	2000
Real estate	5400
Home mortgage interest and points reported on Form 1098	2125
Total gifts by cash or check (<i>Press</i> CTRL+W or double-click	
to create a worksheet; then press Esc to return to screen A)	HUMANE SOCIETY - 1000
Unreimbursed Employee Expenses	TEAM SHIRTS - 400
Tax preparation fees	200

Schedule A - Itemized Deductions	Print Op	tions	State Information	
TSJ J V F ST V CITY		e itemized e standard	Pod indicator Dotailod	<u>Charitable</u> / <u>T</u> <u>WI</u>
Medical and Dental		Gifts to Charity		
Health insurance premiums		11 Gifts by cash	or check	20
Long Term Care Premiums		Hurricane co	ntributions not included above	
Number of medical miles		30% limitatio	n	
Other medical and dental expenses	22065			
Taxes You Paid Video: SALT Limitations			cash or check	
5 Income taxes	2000		ontributions Carried over from prior years	
General sales tax			table Contributions Carrvovers	
Force income tax		video. Criani	able Contributions Carryovers	
b Real estate+/.	5400	Other Miscellaned		
		16 Other not sub	oject to 2% limit:	
Taxes that qualify for State Property Tax Credit			~	
ic Personal property			~	
Other		- For states not cont	forming to new federal changes	
		T OF STATES HOT COM	forming to new rederar endinges	
nterest Taxpaver Paid			d Most Other Misc Deductions	orm 0106
	2125	Unreimburse	d employee expenses:	orm 2106
a Home mortgage interest and points reported on Form 1098 +/-			d employee expenses:	Contract Contract
Ba Home mortgage interest and points reported on Form 1098 */- Some home mortgage loans not used to buy, build, or impro		Unreimburse	d employee expenses:	Contract Contract
 Home mortgage interest and points reported on Form 1098 */- Some home mortgage loans not used to buy, build, or impro taxpayer's home 		Unreimburse	d employee expenses:	Contract Contract
Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home b Home mortgage interest not reported on Form 1098		Unreimburse	d employee expenses:	Contract Contract
 Home mortgage interest and points reported on Form 1098 */- Some home mortgage loans not used to buy, build, or impro taxpayer's home 		Unreimburse TEAM SHIRT	d employee expenses:	4
Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home b Home mortgage interest not reported on Form 1098		Unreimburse TEAM SHIRT	d employee expenses:	4
Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name SSN/EIN Street City		Unreimburse TEAM SHIRT	d employee expenses:	4
Home mortgage interest and points reported on Form 1098 +/ Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name SSN/EIN Street		Unreimburse TEAM SHIRT	d employee expenses:	4
A Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name Street City		Unreimburse TEAM SHIRT	d employee expenses:	4
Home mortgage interest and points reported on Form 1098 +/ Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name SSN/EIN Street U.S. Only State ZIP		Unreimburse TEAM SHIRT TEAM SHIRT Tax preparatio Other expens	ad employee expenses: F 'S	4
Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name SSN/EIN Street City U.S. Only State ZIP		Unreimburse TEAM SHIRT TEAM SHIRT Tax preparatio Other expens	d employee expenses: S on fees es: xpenses not entered elsewhere	4
A Home mortgage interest and points reported on Form 1098 +/ Some home mortgage loans not used to buy, build, or impro taxpayer's home be Home mortgage interest not reported on Form 1098 Name SSN/EIN Street City U.S. Only State ZIP Country Cilck to Access> Country Cilck to Access>		Unreimburse TEAM SHIRT TAX preparativ Other expens Unvestment events Home Mortgage In	d employee expenses: S on fees es: xpenses not entered elsewhere terest	4
A Home mortgage interest and points reported on Form 1098 +/ Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name SSN/EIN Street City U.S. Only State ZIP Country Foreign Province/State Country Click to Access> Amount 		Unreimburse TEAM SHIRT TAX preparativ Other expens Unvestment events Home Mortgage In	d employee expenses: S on fees es: xpenses not entered elsewhere	4
A Home mortgage interest and points reported on Form 1098 +/ Some home mortgage loans not used to buy, build, or impro taxpayer's home be Home mortgage interest not reported on Form 1098 NameSSN/EIN Street City V.S. Only State ZIP Voluce/State Country Foreign Province/State Country Amount Portion of lines 8a and 8b that is home equity interest	Postal Code	Unreimburse TEAM SHIRT	d employee expenses: S on fees es: xpenses not entered elsewhere terest	2
A Home mortgage interest and points reported on Form 1098 */ Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 NameSSN/EIN Street City V.S. Only State ZIP Country Click to Access> Country Click to Access> Amount Portion of lines 8a and 8b that is home equity interest c Points not reported on Form 1098	Postal Code	Unreimburse TEAM SHIRT TAX preparati Other expens Unvestment exp Home Mortgage In Home equity Overrides for state	d employee expenses: S on fees	2
A Home mortgage interest and points reported on Form 1098 +/- Some home mortgage loans not used to buy, build, or impro taxpayer's home Home mortgage interest not reported on Form 1098 Name B Home mortgage interest not reported on Form 1098 Name Street City U.S. Only State ZIP City Foreign Province/State Country Citic Access> Amount	Postal Code	Unreimburse TEAM SHIRT TAX preparatio Other expens Unvestment event Home Mortgage Im Home equity Overrides for state Real estate ta	d employee expenses: S S on fees es: xpenses not entered elsewhere terest interest interest not deductible on federal return	2

Figure 46: Screen A, Schedule A - Itemized Deductions

Press ESC to return to the Data Entry Menu.

NOTE 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 screen **PRNT** 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

F	orm 1040 - Adjustments			
	Description	Taxpayer	Spouse	
23	Educator expenses			250
28	SEP and/or SIMPLE contributions	+/-	+/-	
	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	+/-	+/-	

Figure 47: Adjustments Screen - Educator Expense

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 on page 88). Enter the following information in the Taxpayers' return:

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)
Taxpayer made pmts in 2018 requiring 1099	No
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

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.

Schedule C - Profit or Loss from B	usiness		Video: Car a	nd Truck Expen	ses	State Informatio		
TS T Y F ST Y	City	PAN	Suppress	Schedule C-E2	z	HI PA SC		
A Business or Profession/Product or Service	RESTAURAN	т			B Business code.	722511 ~		
C Business name		PIZZA AND PASTA PARLO	2		D Employer ID #			
E Street address		URANT AVENUE						
City					Video Tip: Business	Code Search		
U.S. ONLY State, ZIP		15033						
Foreign ONLY Province/State, Country, Postal		lick to Access>	~					
F Accounting method if not cash	_	Other:						
G Did NOT materially participate in 2018		Taxpayer made payments in	2018 that would rec	uire taxpaver to	file Forms 1099	Yes No		
H Taxpayer started or acquired this business	Second Company of Second	If "Yes," did or will taxpayer f						
Part I - Income				199900 100	ployee wages entered			
1 Gross receipts/sales			+/- 138130		lule C automatically w			
2 Returns and allowances					ox on line 13 of screen			
6 Other income					cial tax treatment" co "1" through "9."	de selected on		
Part II - Expenses			· · · · · · · · · · · · · · · · · · ·	20 Ducine	a use of your home			
8 Advertising	450 19 Pensi	ions/profit share			ss use of your home			
9 Car and truck expenses AUTO +/-			hicle, machinery		32b Some investment is NOT at risk Form 6 Part III - Cost of Goods Sold			
10 Commissions and fees		- Other			y valuation method (if	not cost)		
11 Contract labor	Contraction and the second	irs/maintenance			er of cost or market	lot costy		
12 DepletionDEPL =		lies	(C)	Othe				
13 Depreciation		and licenses.		34 Change		Yes SCH		
Depreciation adjustment (AMT)+/-		L		35 Beginni	ing inventory	346		
14 Employee benefits		s (50%)		36 Purchas	ses less personal			
15 Insurance		(80%)		37 Cost of	labor			
16 Interest - mortgage Form 1098		98		38 Material	s and supplies	. 2917		
Interest - other		15		39 Other co	osts			
17 Legal and professional services		expenses		41 Ending	inventory	. 346		
18 Office expense					formation on your v			
		Tavaavar dianaa	ed of business durir	- 2010 -	Exempt notary incom	-		
Family health coverage Read field help	SEHI	Carry to 8960 lir		1. Contraction (1997)	Paper boy excluded fi			
Income to be excluded Per Notice 2014-7		Professional ga		-	Cleray Schedu			
Passive/At-Risk carryforwards from 2017			ess Income (QBI) D	Austion	Clergy Schedu	ec		
Regula	rTax AMT							
Prior unallowed passive operating			tified service busines					
Prior unallowed passive operating								
Prior unallowed passive 4797 Part 1					after acquisition			
Prior unallowed at risk losses					aiter acquisition			
					yments			
State use ONLY								
Native American income Military Spouses Residence Relief Act		vv-z wages allocat	ne to cooperative pay	ments		L		
LLC #								
ELC #								
Adjustment to federal evolutions	+/-							

Press ESC to return to the Data Entry Menu.

DEPRECIATION

Drake Tax provides six 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 clicking the **Form 4562** link or double-clicking the field (Figure 49).

Pa	rt 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 Form 4797, Sale of Business Property, complete the **If sold** section of the **4562** screen (Figure 51 on page 90). The only required fields are **Date sold**, **Property type**, and **Sales price**. For the Taxpayers' return, there are two depreciable assets: Thomas's new 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 screen:

Fields	Asset 1 - Data	Asset 2 - Data		
Form	AUTO	С		
Multi-Form Code	1	1		
Description	DELIVERY CAR	PIZZA OVEN		
Date Acquired	01-25-2018	05-15-2018		
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	leave blank		

Note

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

Form	MFC	Description	Date Acq	Cost	% Use	Used	LPT	Method	Life	Prior Depr	Prior 17:
1 AUTO	1	DELIVERY CAR	01-25-2018	8000	100	Х	V	М	5	5	
2 C	81	PIZZA OVEN	05-15-2018	5200	100			М	7	7	
3											

Figure 50: 4562 Grid Data Entry

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

			0									
ORAKE 2018 - Data Entry (4	00001940 - TAXPAYER, THO	OMAS & TA	SHA - 40000	1902) - (CONTA	NS SENSITIVE	E DATA)						×
Form 4562	For: I Multi-form code:	UTO ~		2106, 4835, AU s assumed if le		P, K1S)		3> to swii : Group S	tch to grid mode* <u>Sales</u>	St	ate Inform	mation
Description				Date Acquired	Cost		Business % use	Used Prop	Listed Prop Type			
DELIVERY CAR				01-25-2018		8000	100	\square	v ~			
Property type		~				State			MT		Book	
	or Section 1.263(a)-3(h) el			Federal M	~	(if differ	rent)	(if di	fferent)	(if	different)) ~
Life					5							
Prior depreciation												
Salvage value												
Override regular depre	ciation			=	=			-	-			
179 expense elected th	his year			=	=				=			
179 expense allowed t	this year			=					=			
179 expense elected in	n prior years											
	in prior years											
Bonus depreciation	<u>Addi</u>	tional Depr	Elections	-	=				₹			_
Prior bonus depreciati	on. Safe Harbor		🗸 🗸									_
Basis ONLY if different	t from cost			-	=				=			
Land cost (Do NOT inc	clude in cost above)											
Date placed in service	(ONLY if different than dat	te acquired)									
Force convention	= Do not us	e MACRS	% tables		Qualifi ederally decl		sidential Prop ster area	erty	~			
Code section	✓ Elect	additional f	irst-year de	duction	Disaster as	ssistance	property	GOZ	one Extension pr	operty		

Figure 51: Item Detail for 4562 Screen

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. To elect out of 50% bonus depreciation per individual asset, enter 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** (Figure 52). 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 2018. Screen **10** is also accessible from the **Additional DeprElections** 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**.

To elect out of bonus depreciation f use the section below.	or only certain classe	s of property,	
	Compute bonus depreciation	Elect out of bonus depreciation	
3 - Year Property			
5 - Year Property			
7 - Year Property			
10 - Year Property			
15 - Year Property			
20 - Year Property			
IOTE: These elections apply only to current tax year that qualify for bonu IOTE: Alternative Minimum Tax (AM ax depreciation for any class of pro ake the special bonus depreciation	is depreciation. T) depreciation will b perty when the electi	e the same as regular ion is made to NOT	

Figure 52: Additional Depreciation Election

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 53 on page 92).

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	01-25-2018
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 Expenses For 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. Ol-25-2018 Yes No Was the business vehicle available for personal use during off-duty hours? If Yes," is the evidence to support this deduction? If Yes," is the evidence to support this deduction? If Yes," is the evidence written? Current-Year Mileage S0000 Commuting Other Expenses Garage rent. Repairs. Insurance. Trires. Insurance. Other Expenses Apply business use % Parking fees. Other Expenses Interest. Other Expenses Interest. Force expenses Interest. Interest.	.KE 2018 - Data Entry (400001940 - TAX	PAYER, THOMAS & TASHA - 400001902) - (CONT	TAINS SENSITIVE DATA) -	>
Image: Construct on the business use percentage computed for this auto on the 462 screen. The business use percentage computed for this auto will be automatically applied. Description DELIVERY CAR Date placed in service 01-25-2018 Was the business vehicle available for personal use during off-duty hours? Image: Composition Date placed in service 01-25-2018 Was the business vehicle available for personal use during off-duty hours? Image: Composition Does taxpayer (or spouse) have another vehicle available for personal use? Image: Composition Does taxpayer have evidence to support this deduction? Image: Commuting Current-Year Mileage S0000 Commuting Business 50000 Commuting Other Insurance Image: Commuting Other Image: Commuting Insurance Image: Commuting Image: Commuting Image: Commuting Interest Image: Commuting Image: Commuting Image: Commuting <td< td=""><td>Auto Expense worksheet</td><td></td><td>Video: Car and Truck Expenses</td><td></td></td<>	Auto Expense worksheet		Video: Car and Truck Expenses	
Description 01-25-2018 Yes No Date placed in service 01-25-2018 Yes No Was the business vehicle available for personal use during off-duty hours? 0 0 Does taxpayer have evidence to support this deduction? 0 0 Does taxpayer have evidence to support this deduction? 0 0 It "Yes," is the evidence written? 0 0 Current-Year Mileage 0 0 0 Business 50000 Commuting Other 0 Expenses 50000 Commuting Other 0 Gas 1rres 0 0 0 0 Insurance 10 0 <td< td=""><td>For C V MFC</td><td>the 4562 screen. The business use percer</td><td></td><td></td></td<>	For C V MFC	the 4562 screen. The business use percer		
Vas the business vehicle available for personal use during off-duty hours?	Description	DELIVERY CAR		
Nas the business vehicle available for personal use during off-duty hours? Did the taxpayer (or spouse) have another vehicle available for personal use? Does taxpayer have evidence to support this deduction? f"Yes," is the evidence written? Current-Year Mileage Business Source Business Source Carage rent Repairs Insurance Insurance Coll Other Other Parking fees Parking fees Prior Years Mileage Business	Date placed in service	01-25-2018	Vos No	
Did the taxpayer (or spouse) have another vehicle available for personal use?	•			
fr Yes," is the evidence written? Current-Year Mileage Business 50000 Commuting Other Expenses Garage rent. Gas. Insurance. Insurance. Insurance. Insurance. Oil. Other Expenses Apply business use % Parking fees. Interest. Property Tax. Force expenses Prior Years Mileage				
Current-Year Mileage Business	Does taxpayer have evidence to supp	oort this deduction?	······ 🗹 🛛	
Business 50000 Commuting Other □ Force mileage Expenses Garage rent	f "Yes," is the evidence written?			
Business 50000 Commuting Other □ Force mileage Expenses Garage rent	Current-Year Mileage			
Force mileage Expenses Garage rent Gas Tires Insurance Tolls Tolls Licenses Lease Addback Oil Other Expenses Apply business use % Oil Other Expenses Parking fees Parking fees Force expenses Force expenses Property Tax Force expenses Business	-	Commuting	Other	
Insurance		Repairs		
Licenses		Tires		
Oil	Insurance	Tolls		
Parking fees	Licenses	Lease Addback		
Rental fees Image: Constraint of the second	Oil	Other Expenses	Apply business use %	
Interest	Parking fees			
Property Tax	Rental fees			
Prior Years Mileage Business	Interest			
Business	Property Tax	Force expenses		
	-]		
	Duanicaa			
	Total			

Figure 53: AUTO Sci	een. Auto Expense	e Worksheet ((for Schedule C)

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 54 on page 94).

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.

		Entry (400001940 - TAXPAYER, THOMAS & TASHA - 40000190	2) - (CONTAINS SENSITIV	/E DATA)				>
Fo	rm 8867	- Due Diligence Checklist		Video: Due Diligence	Video: EIC Trouble:	shootir	ng	
Pa	aid Prepar	er Due Diligence Requirements. Use this screen to	complete the parts of	f Form 8867 that are not inclu	uded on screen 8863 o	or scre	en 2.	
	Screens D	D1 and DD2 can assist you with due diligence.	Diligence Assistance	Due Diligence Note:	5			
1	Didyou.com	mplete the return based on information for tax year 2018 pro	wided by the texperior or	rocconcible obtained by you?		Yes	No	N/A
3		tisfy the knowledge requirement? To meet the knowledge re				2		
		esponses, and review information to determine that the tax				\square		
4		ormation provided by the taxpayer, a third party, or reasonab , or inconsistent? (If "Yes," answer questions 4a and 4b. If						
4a	Did you ma	ke reasonable inquiries to determine the correct or comple	ete information?					
4b		cument your inquiries? (Documentation should include the the information had on your preparation of the return)						
5	taxpayer that	iisfy the record retention requirement? To meet the record r at you relied on to determine the eligibility for the credits or I	HOH filing status or to co	ompute the amount for the credits	?			
		to your notes from the interview with the taxpayer, list those n screen 8863 and screen 2.	documents, if any, that y	ou relied on. Additional entries fo	r this section can			
	De made o	and subern 2.						
6	Did you asl return?	k the taxpayer whether he or she could provide documentat						
7		k the taxpayer if any of these credits were disallowed or red					_	_
7.		a; if not, go to question 8) mplete the required recertification forms?						
/a		ither the taxpayer nor spouse is reporting self-employme			<u>F0111 8802</u>			\mathbb{Z}
8		ver is reporting self-employment income, did you ask adequ			le C2			_
		"Income" tab on screen DD1 can assist you with due dilig						-
9a	ALL EIC Claims:	Have you determined that this taxpayer is, in fact, eligible claim EIC if the taxpayer has no qualifying child?	to claim the EIC for the n					
9b	EIC with child:	Did you ask the taxpayer if the child lived with the taxpayer year?	for over half of the year,	even if the taxpayer has supporte	d the child the entire			
9c	EIC with child:	Did you explain to the taxpayer the rules about claiming E rules)?	IC when a child is the qu	ualifying child of more than one pe	erson (tie-breaker			
		Have you determined that the taxpayer was unmarried and						
15	Do you cert	ify that all of the answers on this 8867 are, to the best of yo	ur knowledge, true, corre	ect and complete?				
	The follow	ing four questions must be answered for all credits listed	above.			Yes	No	
	Was the tax	payer, or spouse if filing jointly, a nonresident alien for any	part of the year?				\checkmark	
		axpayer, or spouse if filing jointly, be a qualifying child of an				_	\leq	
		xpayer's main home, and the main home of the spouse if fil						
	Is the taxpa	iver, or spouse if filing jointly, eligible to be claimed as a de	pendent on anyone else'	's federal income tax return for the	e year?		\square	
		on Overrides					1	
		Enter "No" if the taxpayer does not qualify for EIC						
6	Investme	ent income		H				
-							_	
lf s	omeone oth	er than the signing preparer verified that this client is eligib	le for a refundable credit,	, select a preparer or enter the pr	eparer's name and PTIN	below.		
	EIC				PTIN: =	1		
	CTC/ACTC/	ODC = or Name: =			PTIN: =	1		
					PTIN: =	ī		
						1		
		or Name: =		14-	PTIN: =			
	-61		Den St. 1	Dially Clark (as 11-la	10			
cord 1	C 10		Press F1 or F	Right-Click for Help	(Scre	en Help	J	

Figure 54: Screen 8867, Form 8867 - Earned Income Credit Checklist

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 55 on page 95).

General Income Adjustments Credits Credits Taxes Health	Care Other Forms Foreign Miscellaneous States
Affordable Care Act HC General Health Coverage Information 95A 1095-AMarketplace Statement 8962 Premium Tax Credit QSE Qualified Small Employer HRA 8965 Health Coverage Exemptions PLUC Premium Lookup and Calculations	LTC Long Term Care Premiums SEHI SE Health Insurance/SE Pensions 8885 Health Coverage Tax Credit 8941 Small Employer Health Insurance Credit

Figure 55: Healthcare tab

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 2018 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 56 on page 96). 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.

KE 2018 - Data Entry (400001940 - TAXPAYER, THOMAS & TASHA - 40	0001902) - (CONTAINS SENSITIVE DATA)		- 0	>
General Health Care Coverage Information	ACA Information for Tax Professiona	ils <u>Mari</u>	etplace Website	<u>es</u>
Required health coverage information				
YES - EVERYBODY on this return either had minimum esser the "Full-year health care coverage or exempt" box on Form 1			f 2018. Check	
If YES, and the health care coverage was purchased throu	igh the Marketplace (also called the "Exchar	ge"), complete the fol	lowing:	
- The dependent AGI information in the box below (if a	pplicable)			
- Screen 95A				
- Screen 8962 only if required for special circumstar	nces			
OTHERWISE STOP HERE				
NOBODY on this tax return had healthcare coverage at any tin Individual Shared Responsibility Payment will be computed a		apply. The		
STOP HERE				
OTHERWISE complete: - The dependent AGI information in the box below (if appli	icable)			
- Screen 8965 for each person who had coverage or f	to claim an exemption from coverage			
NOTE: Forms 1095-B and 1095-C, if furnished by th coverage that may be helpful when complete		ng		
If any person listed on this return had healthcare coverage called the "Exchange") for even one month of 2018, com				
- Screen <u>95A</u>				
- Screen 8962 only if required for special circumsta	ances			
Taxpayers who received payments for the Health Insurance Mark Credit, must file Form 8962. Ask your clients about any Marketplace activity and be sure to as				
1965. Verify amounts reported from 1095-A and that Form 8962 h	as the correct monthly and annual amoun	ts from the 1095-A.		
If any dependents were REQUIRED to file a federal income tax r	eturn for 2018, provide the following totals f	rom all of those return	IS.	
NOTE: If a dependent filed only to claim a refund of all with				
AGI (total from all dependents' tax returns who were required to	file)			1
Tax-exempt interest (total from all dependents' tax returns who	were required to file)			1
Form 2555, In 45 and 50, and Form 2555-EZ, In 18 (total from a	all dependents' tax returns who were require	d to file)		ĺ
Nontaxable Social Security benefits (total from all dependents)				İ
		Taxpayer	Spouse	
Affordability Worksheet only			100 T 200 T 200	1
Affordability Worksheet only Amount of any health care premiums paid through a salary re gross income				

Figure 56: 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 the **Data Entry Menu** 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. 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 57 on page 97 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.

1 2 3 BUS INFO PASS ITDA	General Information Schedule A- Additions and Deductions Schedule of Credits Business Income Schedule Credit Certificate Information Pass-Through Entity Credit Certificate Information Nonresident Affidavit	State Tabs
NRC PTII MED JFC 529	NRC Income Allocation & Apportionment NRC Business Income Medical Worksheet Overrides Joint Filing Credit Adjustments Ohio 529 Contributions	State specific data entry screens
FAQ	Frequently Asked Questions	State FAQs
E	Enter Screen, State, or Search Phrase	Return Status Bar

Figure 57: State (Ohio) Data Entry Menu

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 2017 overpayment that was applied to 2018, estimated taxes paid for 2018, 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 (Figure 58 on page 98).

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 2018, 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.	150
2nd Qtr.	150
3rd Qtr.	150
4th Qtr.	150

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.

Offit 1040-E	S - Estimated Tax	Payments for 20
ay federal ES tax	payments with debit car	d or credit card (MC, Vi
SJ 🗸	If taxpayer filed 1040ES	for 2018 with a forme
	If taxpayer filed 1040ES	for 2018 jointly with s
	use screen <u>SCH</u> to a	create STM 30 explain
Federal Sec	tion	
2018 ESTIMATE	D TAXES AL READY PAID	FOR THIS YEAR
2018 ESTIMATE	D TAXES ALREADY PAID	FOR THIS YEAR
2018 ESTIMATE	D TAXES ALREADY PAID	FOR THIS YEAR
	D TAXES ALREADY PAID	
	plied from 2017 Date paid	
Overpayment ap	plied from 2017 Date paid rter =	Amount paid
Overpayment ap 1st Quai	plied from 2017 Date paid rter = arter =	Amount paid

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 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 111 and "E-file the Return" on page 131, continue basic 1040 return completion and e-file in Drake Tax. For more individual return practice scenarios, see "Practicing e-Filing" on page 140 and "Practice Returns" on page 230.

FAQ SCREEN

The FAQ screen is a great resource for federal-, state-, and city-specific information (Figure 59 on page 100). 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.

Fe	ederal 1040 -	- Free	quently Asked Questions			
Se	lect the topic of	intere	st			
Α	How to Pay a B	alance	Due or ES Payment	v	Using PINs and Form 8879	
в	When and Whe	ere to F	ile Return	w	Form 8453 (Transmittal for IRS e-file Return)	
С	Information on	Gettin	g Refunds	x	What's New for 2019 (next year)	
D	Contacting IRS	, Drak	e, Banks	Y	MSA - Medical Savings Accounts	
Ε	Common Error	s in R	eturn Preparation	Z	HSA - Health Savings Accounts	
F	MESSAGE and	NOTE	<u>S Pages</u>	AA	Depreciation Recapture	
G	Mileage Rates	for 20	<u>18</u>	BB	Disposal of Activity	
н	Miscellaneous	(rates	<u>, credits, etc.)</u>	CC	Passive Activities and AMT	
1	Amended Retu	AZ	- Frequently Asked Questi	ons		
J	Extensions	Sel	ect Topic of Interest			
ĸ	Literals (abbre	001				
L	Limitations an	Α	What's new		Arizona State Forms - Drake Software V	Vebsite
м	Military Person	В	Payment Options			
N	Clergy	С	Where/when to mail check/return			
0	Earned Incom	D	What to do with Form 8879			
Ρ	Schedule E Lo	E	Contacts at DOR and Web-site add	<u>iresses</u>		
Q	Alternative Min	F	Part-Year Residents and Nonresid	ents		
R	How to File for	G	Military Personnel			
s	Tax Rates	н	Pensions, Social Security, Railroad	!		
т	Using ITINs	1	<u>Extensions</u>			
U	What's New fo	J	Amended Returns			
		ĸ	What should be included with the r	<u>eturn</u>		
		L	Deceased taxpayers			
		м	How to enter dependent informatio	177877777		
		N	Suppress Signature dates for Taxp	aver/Spou	<u>se</u>	
		0	AZ140 vs. AZ140A			
		Ρ	Suppress state's note page			
		Q	AZ-309 Credit for Taxes Paid to And			
		R	How to always force the AZ residen	tschedule	e if itemizing	
		s	State Rejects			
		т	<u>Credits</u>			
		U	Reserved			

Figure 59:	Federal a	and State	FAO	Screens
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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 on page 101).

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.

2016 D . E . (1000025					1993		-
-	25 - QUARTZ, CITRINE & ROSE - 400	005252) - (CONTAI	INS SENSITIVE DATA)		-	U	
irect Deposit Inforr	nation		U.S. Savings E	Bond Purchases			
	DEPOSITS: Tax preparers are req If the answer is YES, mark the ap			refund will be depo	osited is located		
a refund is direct-deposit	EPOSITS LIMITED. Due to new IRS led, in part or in whole, into a bank n the form of a paper check.						
ccount Information							
Account #1							_
Deposit selection:	Federal selection	•	Federal deposit amount.		=		
	State/city selection	•	State deposit amount		=	_	
Name of financial instituti	on	RTN	Account number	Type of account			
				Checking	Savings		
	Repeat account information			Checking	Savings		
Check if account is	🗖 IRA 🔲 Foreign						
	tional account information belo to multiple accounts or using a			e federal			
Deposit selection:	Federal selection	-	Federal deposit amount.		=	-	
	State/city selection	-	State deposit amount			_	
<u>.</u> 						_	
Name of financial instituti	on	RTN	Account number	Type of account			
				Checking	Savings		
	Repeat account information			Checking	Savings		
Check if account is	🗖 IRA 🔲 Foreign						
Account #3							_
Deposit selection:	Federal selection	-	Federal deposit amount.		=		
	State/city selection	•	State deposit amount		=		
Name of financial instituti	on	RTN	Account number	Type of account			
				Checking	Savings		
1	Repeat account information			Checking	Savings		
Check if account is		1			188. đ		
State Specific Information							
If this screen is for GA:							
Proof of account:	🗆 Check 🔲 Other						
If this screen is for OH:							
Acceptance of the Ohi	I and understands the terms of the i io Direct Deposit Disclosure statem ed into an account by the Ohio Depa	nent is required for	r all taxpayers having any portion of				
Ohio College 529 pla	ns						
		OWN to enter bo	nd information.				
					10		
creen			Press F1 or Right-Click for Help		(Screen	telpj	

Figure 60: DD Screen, Direct Deposit 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[®], Visa[®], American Express[®], or Discover[®]):

• 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 132 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 133.

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 2018 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.

r igure c	1. 1040A Screen	
DRAKE 2018 - Data Entry (400001940 - TAXPAYER, THOMAS & T	TASHA - 400001902) - (CONTAINS SEN —	
Form 1040X - For 2018 Returns	Video: Amending a Return	ate Information ¬
Pay balance due with debit card or credit card (MC, Vis, D	isc)	A H
Amounts as on ORIGINAL return	(2)	
1 Adjusted gross income	\smile	-
2 Itemized or standard deduction		-
4b Qualified business income deduction		-
6 Tax		-
7 Credits		-
9 Healthcare: individual responsibility		-
10 Other taxes		-
12 Federal income tax withheld		-
13 Estimated tax paid		-
14 Earned income credit		
15 Refundable credit		
16 Amount paid with original retar or 4868		
18 Overpayment)ata Entry	•
Part I - Exemptions		
Lines 24, 28 and 29 are not applicable 1 Auto Fill Scree	040X instructions)	
25 Dependent children who lived with ta		
26 Dependent children who didn't live v Yes	ion	
27 Other dependents		
Amounts and information for AMENDED return 1 AGI includes net operating loss carryback 7 Credit amount includes general business credit 15 Other refundable credit 23 Refund applied to 20 estimated tax Part II - Presidential Election Campaign Fund Other presidential Election Spouse did not want \$3 to go to Presidential Election Part III - Explanation of Changes	n Campaign Fund but does now	·
Amending to carryback NOL ONLY. Do not change ch	aritable contributions.	
New Screen	Press F1 or Right-Click for Help	

Figure 61: 1040X Screen

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 120).

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.

Extension Forms 4868 2350	Pay balance due with credit card (MC, Vis, Disc, AmEx) Video: How to File Extensions	State Information
Amount paid with extension		
Taxpayer is paying the entire amoun	t of tax due	
Extension was previously filed; read	y to file tax return	
Form 4868 Application for Automatic Exte	ension of Time to File	
Total tax liability for 2018		
Federal income tax withheld	=	
2018 estimated tax payments	=	
Other payments and credits	=	
Out of the country and a U.S. citizen	or resident	
File Form 1040NR or 1040NR-EZ ar	nd did not receive wages subject to U.S. income tax	
Previously granted an extension this		
Date qualifying period begins/ends	Begins Ends	
Foreign home address		
City		
Province/State, Country, Postal Code		
Date taxpayer expects to return to the U	nited States	
Form 2350 signature explanation		
Produce 1040-V for extension	Amount to print on 1040-V	
Extended Due Date For Taxpayers Abroa		

Figure 62: Extension Screen

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 133.

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*.

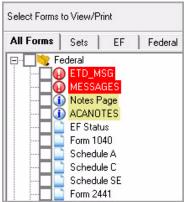


Figure 63: ETD Message

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."

	Video: How to attach a PDF		
he IRS allows taxpayers to ocument or form should b		y documents, and columnar-format information. No other	
xamples of allowed docu	ments:		
Signed copy of	of a lease or a signed appraisal statem	ent	
	for noncash charitable contributions		
263A cost cal	culations as determined under Reg. 1.2	263A-1(e)(3)	
o attach a PDF document			
1. Convert all docum	ents to be attached into PDF format. (C	lick the screen help for assistance.)	
2. Fill out the column	s below for each document.		
3. View the return an	d open the EF message page. (One wi	II be generated with the return.)	
4. Follow the attachn	nent instructions provided on the EF me	essage page.	
5 When the FF mes	sage has been cleared, the documents	s have been attached	
/hen saving the documen		name that clearly identifies the scanned document. Use a	
/hen saving the documen		name that clearly identifies the scanned document. Use a File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the	t in PDF format, give it a distinctive file r sample columns below for examples.		
/hen saving the documen PDF" extension. See the Reference Source	t in PDF format, give it a distinctive file r sample columns below for examples. Description	File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	
/hen saving the documen PDF" extension. See the Reference Source Pub. 526 Section 472(d)	t in PDF format, give it a distinctive file r sample columns below for examples. Description Goya Painting Appraisal Stmt Effect of write-up to cost	File Name (must end with .PDF) GoyaPaintingAppraisalStmt.PDF LIFOEffectOfWriteUp.PDF File Name (must end with .PDF)	

Figure 64: PDF Attachments Screen

REVIEW QUESTIONS PART 2

Answer the questions below. See "Answers Part 2" on page 110. for answers and explanations.

- 1. To create a new return, which information is required first in the **Open/Create a New Return** dialog box?
 - a) Taxpayer's ID Number (SSN/EIN)
 - **b)** Return type
 - c) Filing status
 - d) 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. The default color of data entry fields that must be completed before e-filing are colored:
 - a) green
 - b) blue
 - c) red
 - d) white
- 5. To open another instance of a 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

- 1. The correct answer is a) Taxpayer's ID Number (SSN/EIN). A return is created by first entering the taxpayer's ID number.
 - b) is incorrect. The return type is selected after entering the taxpayer's ID number.
 - c) is incorrect. The filing status can be selected in screen 1 after the return has been created.
 - d) is incorrect. The taxpayer's name is entered after first entering their ID number.
- 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 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 the return from being e-filed.
 - a) is incorrect. A field colored green indicates a "flagged" field. Press F2 to flag a field that requires review before completing the return.
 - c) is incorrect. A field colored red 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) 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 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 113.

CALCULATING 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).

	T	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
NCD400		66,912	51,912	2,811	0	664	Check or CC	8
(
F Messages	Double clic	k on anv high	lighted item in the list be	now to fix the proble	m.			
Package	Code		tion - (right-click for full					
Federal	5084		RER PIN MISSING ON	and the second	preparer PIN has	been entered		
Federal	672		G PIN: The PIN of the					
1.0		Paid Preparer and no preparer phone number entered						
NC	11							
	11							
٠				phone number enter		Fee Typ	e l	Amou
NC Return Note NC Electron	95	Paid Pr		phone number enter		Fee Typ Preparat		Amou \$120.0
<	95	Paid Pr	eparer and no preparer	phone number enter				
<	95	Paid Pr	eparer and no preparer	phone number enter		Preparat	ion Fee	\$120.(
<	95	Paid Pr	eparer and no preparer	phone number enter				
<	95	Paid Pr	eparer and no preparer	phone number enter		Preparat	ion Fee	
Return Note NC Electron	95	Paid Pr	eparer and no preparer	phone number enter		Preparat	ion Fee III	\$120.0
Return Note NC Electron	e Filing NOT	Paid Pr	eparer and no preparer	phone number enter	ed	Preparat	ion Fee III	\$120.0

Figure 1: Summary Tab in Calculation Results Window

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 EF screen or an option has been selected at Setup > Options > EF 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 EF 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 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).

5 		
Federal		
Interest		
lages		
ich C		
E Tax	2858	
GI	66912	
h care cr	600	
'AX	4309	
Refund		
Adjusted Gross Income Income Allocable to the State	51912	
Tax		
Balance Due	664	
		Print
		F106
rent Program: Calculation Complete	SEE MESSAGE PAGE	Contin

Figure 2: Details Tab in Calculation Results Window

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 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). It consists of five main components:

- 1. A toolbar with the following options (see Chapter 3 in 2018 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 120.)
 - 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 115.) 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 115.) 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 115.) 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 115.)

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 116.

				0								-	
Drake 2018 View/Print Client Ret	urn TAXPAYER, THOMAS 8	2 TAS (400001940) -	CONTAINS SENSITIN	VE DATA)				(1)					×
Data Entry Print	Setup Documer	its eSign	Email -	C) Refresh	Basic View H	elp	- Exit	\cup					
Select Forms to View/Print	5		🕥 🔍 -										-
All Forms Sets EF	Federal Worksheets M	liscellaneous No	tes/Messages Arizo	ona 2									
Portania Portania	THOMAS Your stands If joint retur TASHA Spous e standa Home addre	U.S. In is Single ame and initial ird deduction: in in, spouse's first in ird deduction: S blind S sss (number and s)	Someone can claim y Spouse itemizes on a treet).	im y ou as a d	d filing separately .ast name <u>TAXPAYER</u> ependentYou we .ast name TAXPAYER	Head ere borr Spouse tatus a	n before Janu e was born be		ing widow(er	Your soci 400-0 are blind Spouse's 400-0 K Full-y or ex President (see inst.)	al security nu 10-1940 social securit	mber y number care cov erag ampaign Spouse	ie
		ts (see instructio	ins):		(2) Socielse curity number		(3) Relationsh	ip byou		Checkifqualiies f			
Form 1040ES June	(1) Firstname		Last na	ame					Child tax	coredit	Credit for othe	ar dependients	
Form 1040ES Janu	TAYTUM		TAXPAYER		400-00-012	3	Daught	er					
ES Summary	TANNER		TAXPAYER		400-00-023	4	Son		X				
	TESSA		TAXPAYER		400-00-034	5	Daught	er	X				
Wks CRED_LMT Wks EIC B Wks EIC Investmer Wks Auto Wks Auto Wks Auto Wks Auto	Sign Here Jointreturn? See instructions.		ete. Declaration of prepa		return and accompanying s spayer) is based on all infor Date 02-26-2019	Mation o		has any knowledg		and belief, the If the IRS sent PIN, enter it here (see inst	you an Identity	Protection	
UKs 88631	Keep a copy for your records.		nature. Fajointreturn, both m	nus tsign.	Date		se's occupation	ONITIER		If the IRS sent	you an Identity	Protection	
- 🔲 🧾 QBI Explanation		28023			02-26-2019	TE	ACHER			PIN, enter it here (see inst)		
FED DEPR Sched	Paid Prepare Use Onl	Y Firm's name	reparer Test Pres Smith CP	A			PT P	IN 111111111 Phone no.	Firm's El	2		Party Designee employed	
	For Disclosu	Firm's addre ire, Privacy Act, a	125 Main		Franklin, NC otice, see separate i						Form	1040 (20 18)	
Comparison	Form 1040 (2											Page 2	
Arizona AZ Notes AZ Instructions AZ 8879 AZ 140	Attach Form(s) W-2. Also attach Form(s) W-2G a 1099-R if fax vas withheid	2a Tax-ex 3a Qualifi nd 4a IRAs, pr	s, salaries, tips, etc. tempt interest ied dividends ensions, and annuities security benefits	2a 3a . 4a	s) W-2		b Taxab b Ordina b Taxab	le interest ary div idends le amount le amount		1 2b 3b 4b 5b	1	03,330 749	
AZ 140 V AZ AGI Solit Wks	<				nt from Schedule 1 line 22			······································		6			

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.

Note

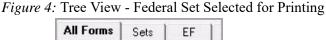
When preparing to e-file a 1040 extension, it is only necessary to clear the error messages shown on ETD_MSG pages. Because you are not sending the actual return, it is not necessary to clear the error messages shown on MESSAGES pages.

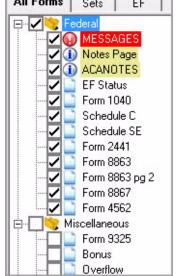
Printing Forms in View/Print Mode

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 117. (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.

	\\HardCopy.Drake.ad\Education1	~	Properties
Tray:	Main paper source 🛛 🗸		Drake Settings
Copies:	1		
Duplex			
Drake Do	ocuments/SecureFilePro™ Options	Watermark Options	
	Drake Documents	Print a custom wate	rmark
	load to SecureFilePro™		
		Print 'Client Set' wat	ermark
		Print 'Preparer Set' v	vatermark
			vaterman

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.

	Drake PDF Printer	~	Properties
Tray:	Main paper source 🛛 🗸		Drake Settings
Copies:	1		
Duplex			
Save to	Drake Documents	Print a custom wate	rmark
	oad to SecureFilePro™		
asswor	d Options	Print 'Client Set' wate	ermark
asswor Passw		Print 'Client Set' wate	

Figure 6: **Print Selection** Dialog Box with **Drake PDF Printer**

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[™] portal. For more information, see "SecureFilePro" on page 262.

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 (Figure 8). 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.

Notes

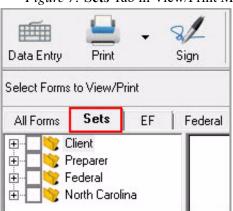


Figure 7: Sets Tab in View/Print Mode



Set	Printer	Tray	Duplex	Print This Se
		Main paper source Password:		Г
Est/Ext:	HardCopy.Drake.Education	 Main paper source 	• r	V
Client:	HardCopy.Drake.Education	 Main paper source 	• F	$\overline{\nabla}$
Preparer:	HardCopy.Drake.Education	 Main paper source 	• □	Г
Federal:	HardCopy.Drake.Education	 Main paper source 	• E	Г
State:	HardCopy.Drake.Education	 Main paper source 	- r	Г
K1:	HardCopy.Drake.Education	 Main paper source 	-	

- 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.

Figure 9: Archive Menu				
Data Entry Print Setup	Documents	eSign	Email	+ O Refresh
Select Forms to View/Print	Drake Doct Archive Cli	uments	1	1,
All Forms Sets EF Federal Wo		anager orial - Archivir orial - Printing	1.00	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**.

Figure 10: Archive Client Return Dialog Box

Archive Client Return		
	ation for the archived file. Manager and in the Arch res.	
Enter a description for t Ex: 'Original Return I		
I		
	OK	Cancel

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 2018 Archive Manager				×
Archive Description Original Return before Amending	Date 03/02/2019 11:56:26 AM	User Name	e	
1 Archives				

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.

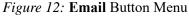
Note:

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 116).
- 2. Click the down arrow next to the Email button (Figure 12 on page 122).

3. The **Email Return** dialog box is opened showing the default password. (See Figure 13 on page 123.) Change the default password and add a watermark, if desired. Then click **Continue**.

🖄 Email	•	O Refresh	Basic View	Help ▼
		nt (using Wi nt (using Dra	indows default ei ake email)	mail)
		ce Support		
Emai	l Setup			
Video	o Tutoria	al - Emailing	a Tax Return	



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.

Note

NNTF

NULL

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 Tax.
- To learn how to set up a web-based email program in Drake Tax, 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.

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 124).

	Document Security		
	Password protect	taxp01940	
	Watermark Options		
1	Add 'Client Set' water	rmark	
	Add 'Preparer Set' wa	atermark	
	Add a custom waterr	mark	

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 124 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**.

8×	2		la										
🧭 ▼ To 4	U (2) Attach Help) 🚽	it										
Send	To From:	TTAXPAYE	11 - Acc	count Num		/ER2@2E	MAIL.C	М		chments 3 1040 (*	[AXPAY	ER THO	MAS a
	Subject:	Logged in P			2								
	Attachments:	Add	1										
he first 4 cĥa \dobe Acrob- \ttp://www.a `his e-mail (in ınd is intende	ur privacy, the att racters of your la: at Reader Version idobe.com/produ icluding any attac ed only for the use	st name (lowe 17.0 or later cts/acrobat/ hments) con 9 of the indivi	ercase v is requir readste tains PF iduals o	with no spa ed to view p2.html RIVILEGEI r entities d	aces) follow v the attach D AND COI lesignated a	ved by the led docum NFIDENTI. as recipien	last 5 di nent. You IAL INFO nts. The i	gits of yo I can dou IRMATI(Informatic	ur SSN wnload ON prot on cont	Adobe F ected by ained wi	Reader fo (federal thin this)	or free at and/or s e-mail sh	tate lav
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he first 4 cha \dobe Acrob- \ttp://www.a his e-mail (in ind is intende le construed listribution, or	racters of your la at Reader Version dobe.com/produ cluding any attac ad only for the use as tax advice. If r action taken in r	st name (lowe 17.0 or later i cts/acrobat/ hments) con 2 of the indivi you are not a eliance on th	ercase v is requir readster tains PF iduals or an intenv ne conte	with no spa ed to view p2.html RIVILEGEI r entities d ded recipie ents of this	aces) follow v the attach D AND COI lesignated a ent of the e : e-mail is st	ved by the red docum NFIDENTI. as recipien mail, you a	last 5 dig nent. You IAL INFO nts. The i are herel	gits of yo I can dou IRMATIO Informatic by notifie	wnload ON prot on cont d that a	Adobe F ected by ained wi	Reader fo (federal thin this (osure, co	or free at and/or s e-mail sh opying,	tate lav ould no
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Figure 14: Emailing Client Return from View/Print

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

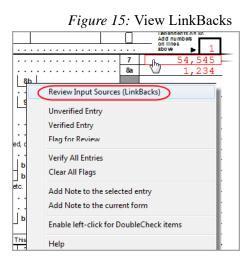
LinkBacks help you locate the source of data on a tax return—in other words, the screens on which the information was entered—and the forms, schedules, and worksheets to which the information flows. They can also help you find the proper screens for entering data from unfamiliar forms or sources.

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.



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 (Figure 16). If an amount was entered or calculated, that amount is also shown. Below that note are three tabs:

- All Sources All items that appear on the other two tabs.
- **Data Entry** The 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.
- **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.

Copyrighted Material

Ì	LinkBacks provide a useful way to locate the sources for line items on a tax re 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 calc 1040 - Wages, Salaries, Tips, Etc. Current Value: 55,044	
Available LinkBac	ta Entry Tax Forms. Schedules and Worksheets	
00	try Screen or Tax Form)	Source Entry
- W2 - Wages		Juice Lindy
- Wages		
HERB JOL	JRNAL	48500
+ Dependent		
+ Non-Qualifi	ed Plan	
+ Allocated T	ips	
🛨 Special Tax	: Treatment (Codes H, I, or W)	
🛨 Screen W2	- Box 12 (Codes P and/or T)	
- W2 - Wages -	second tab	
	Additional Entries - Box 12 (Codes P and/or T)	
3 - Income		
	ner Income Indicator	
	- TP Taxable Scholarships	6544
	- TP Other Income, Not W-2 Wages	
· ·	- SP Taxable Scholarships	
HSH -	- SP Other Income, Not W-2 Wages	
	ehold Employee Wages Screen	
- 2441 - Child C		
	1 - Child and Dependent Care Expenses	
	P Employer-Provided Dependent Care Benefits in CY	
and the second s	P Employer-Provided Dependent Care Benefits in CY	

Figure 16: LinkBacks Window

To view a screen in data entry, select a screen from one of the tabs (All Sources or Data Entry) and click the View Sources button at the bottom of the window (or double-click the screen name). 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

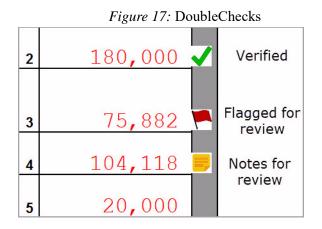
Active LinkBacks are available for following forms, schedules, and tax packages:

- 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 more to remove the flag and replace it with a green "Verified" checkmark.



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 130. 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) LinkBacks are active for most forms and Schedules A through F in the Federal 1040 package
 - c) LinkBacks are available in individual resident and nonresident main forms in all state 1040 packages
 - **d)** All of the above

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 d). All of the above. Items a) through c) are each 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 2018 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 Tax, 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 or online, but not by email.

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 18 and "Firm Setup" on page 17.)

Before transmitting live returns, review the **Setup > Options**, **EF** tab. These options allow you to customize your EF process. (See "Setup Options" on page 23.)

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 21.

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

signature	Page for Paper	less P	IN Returns	ideo: Using	a PIN in	Drake			
PIN signature o	late	6-2019	ERO's PIN signate	ıre	•••••				
			ave examined this retur le ERO) are stating that						
faxpayer's PIN	l signature	90249	Taxpayer entered:		Ident	ity Protectio	n PIN		
Spouse's PIN s	signature	28023	Spouse entered:		Ident	ity Protectio	n PIN		
	eld. By entering your		ave examined this retur (the taxpayer/spouse)						
	1040 (default	0	4868 with payment	□2	250	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 *2018 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.

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**.

Note

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.

Contract Ready for EF	PROGRAM DEFAI	JLT: ALL federal and state forms that are ELIGIBLE will be e-filed
I Keady for Er	PROORAMIDEIAC	
FEDERAL E-FILE OVER		STATE E-FILE OVERRIDE:
Select one of the option		Select the states/cities to e-file:
1040 (includes 946	5 if present)	· · · · · ·
4868		
2350		
9465 only		
FinCEN 114 only		
56		Do NOT send any states
Do NOT send Fede		Tip: If you do not make a state selection above,
	al form and NO state forms, OT send any states' box in the	all eligible states will be e-filed.
State E-File Ove	rride section to the right.	
State E-File Ove	rride section to the right. E: te EF and all bank products : r a bank product	e-Signature NOT required on this return Email 9325 notice to taxpayer
State E-File Ove	rride section to the right. : te EF and all bank products : r a bank product lion	Email 9325 notice to taxpayer
State E-File Ove	rride section to the right. : te EF and all bank products : r a bank product lion	
State E-File Ove	rride section to the right. E: te EF and all bank products r a bank product tion ent Indicators	Email 9325 notice to taxpayer NOTE: Do not make an entry on PDF screen for selected PDI Items.
State E-File Ove	rride section to the right.	Email 9325 notice to taxpayer NOTE: Do not make an entry on PDF screen for
State E-File Ove SUPPRESS ALL E-FILI Suppress federalste ADDITIONAL OPTIONS Return not eligible fo Imperfect return elec Form 8453 Paper Docum Form 1098-C Form 3115	rride section to the right.	Email 9325 notice to taxpayer NOTE: Do not make an entry on PDF screen for selected PDI items. Select all paper document indicators that apply. For
State E-File Ove SUPPRESS ALL E-FILI Suppress federal/sta ADDITIONAL OPTIONS Return not eligible fo Imperfect return elece Form 8453 Paper Docum 6-form 1098-C Form 3115 Form 3468	rride section to the right.	Email 9325 notice to taxpayer NOTE: Do not make an entry on PDF screen for selected PDI items. Select all paper document indicators that apply. For more information on the paper document indicators,

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 115. 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).

	Total 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
•			m				
F Messages D	ouble click on any hig	hlighted item in the list b	elow to fix the proble	m:			
Package	Code Desci	ption - (right-click for full	description)				
		NG PIN: The PIN of the			n PIN		
		NG PIN: The PIN of the reparer and no preparer			1 PIN		
NC			phone number enter				Ama
NC < Return Notes:		reparer and no preparer	phone number enter		Fee Typ Preparat		Amou \$120.
NC < Return Notes:	11 Paid F	reparer and no preparer	phone number enter		Fee Typ		

Figure 3: Calculation Results Window - Returns Eligible for e-Filing

E-FILING RETURNS

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

- 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	ake 2018 - EF	Return Selector - (CONT	AINS SENSITIVE	E DATA)				770		×
EF	Number, Do	ector urn Selector allows you to se uble-clicking on a client will ue' to complete the process	allow you to mod							
	ID Number	Client Name	Status	EF Documents	Fed. Bal	Fed. Refu	Method	Last Calc		
	400001940	TAXPAYER, THOMAS	Ready For EF	1040, AZ140	\$178			03/02/20	19 11:41:	46
\square	400007745	RUNNER, MILES & L	Ready For EF	1040		\$6,203		02/25/20	19 13:53:	04
<										>
	Help	Select All U	nselect 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.

rake 2016 - Transmit/Receive	>
T ransmit / Receive Files This screen is used to e-file returns and receive Federal and State ac Software. The Files for EF list contains a summary of files that will be button for a detailed list. To receive acknowledgements without tran	transmitted. Use the Review
Files for EF	Review
Communications Checking for acknowledgements No acknowledgements available. Transmitting files to Drake Software Success.	Send/Receive Acks Only
Checking for acknowledgements 2 acks retrieved. Session Complete	-

.....

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.

ontents of Federal Individual(1)			
Name:] MILES & LANE RUNNER	SSN 400007745	Туре 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.	Send/Receiv
Transmitting files to Drake Software Success.	Acks Only
Checking for acknowledgements No acknowledgements available.	
Session 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.

Note

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.

<i>Figure</i> 9: IKS Acknowledgmen	: IRS Acknowledgment	igure 9: IF
------------------------------------	----------------------	-------------

Dumbor	Thrme	100	Date	Name		
DNumber	Туре					
500001008	1040	A	03-02-2019	CATAMARAN ,	LEEWARD	& STARBOARI

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: Acknowledgement Notification - Home Window



When you process acknowledgments, they are posted to your EF database for future reference. See "Searching the EF Database" on page 141 for details. You can run EF/Bank reports using information from this database. (See "Report Manager" on page 235.)

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.

ake 2018 - Sear	ch EF Databas	e - (CONTA	AINS SENSIT	IVE DATA)						
N/EIN/Name to	Search for: <u>G</u> o		SSN: bayer: 5000 buse: 4000	01008 CA	ame: .TAMARAN	, LEEW	ARD & S	TARBOA	RD	<u>O</u> K F10 - Online DE
1 - General Inforr	mation F2 - Ba	ank/Direct D	eposit Info	F3 - Fees/M	iscellaneou	ıs Info F4	1 - Reject I	Code Loo	kup	F5 - Data Entry
In Care of: Address:		1120 SPINNAKER WAY					Daytime Phone: 8285248020 Evening Phone:			
City St Zip: On Behalf of:	ТАМРА		State	L 33602			orm	orm # S	ea #	<u>H</u> elp
Federal ACK Code: ACK Date: Transmitted: Filing Status: Refund Amount: Balance Due:	2	ccepted 2:38		_						
Where is my refu Check Informatic		Payment Re DOB Validity		Bank RT/L	Code: pan Status:					
Ck Status A	Amount Numb	er Prior #	Print Date	Clear Date	Ck Info	Ck Clear	Ck Type	Prod T	уре	
cord: 1 of 1	4 4	ACK Date:	03/02 - ACK	Code - A	· CAT/	AMARAN ,	LEEWAF	ID & STA	RBOARD	

Figure 11: Search EF Database Window

There are four tabs available for viewing with the following information available (Figure 11):

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 Tax remains open. For more information on the online EF database, see "Viewing Your Online EF Database" on page 143.
- 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 13). 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** (Figure 12).

00001008	to Search	for: <u>G</u> o		SSN: bayer: 5000 buse: 4000	01008 CA	ame: ITAMARAI	N , LEE	WARD &	STARE	OARD	<u>0</u> K	
1 - General In	formation	F2 - Bank	/Direct D	eposit Info	F3 - Fees/M	iscellaneo	us Info F	4 - Rejec	t Code I	Lookup	F10 - O <u>n</u> lin F5 - <u>D</u> ata	
In Care of: Address:	112	0 SPINN	AKER WZ	ΑY			aytime Ph vening Ph	one:	52480	20	Exit	
City St Zip: On Behalf of:	TAM	PA		F	L 33602			one: Form I.D. I			Help	8
Filing Status: Refund Amou Balance Due: <u>Where is my r</u>	nt: 2 107 efund?		yment Re IB Validity		Bank RT/Li	Code: pan Statu:	8:					
Check Inform Ck Status	Amount	Number	Prior #	Print Date	Clear Date	Ck Info	Ck Clear	Ck Typ	e Pro	d Type		

Figure 12: Online EF Database Shortcut

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.

eturn to Drake Supp	ort Home	
Overview	Online EF Database Overview	
Returns	Returns – Allows you to list pending, accepted, and	Fees – Reports on all of the fees (prep fees, bank
Bank Products	rejected state and federal returns, as well as	fees, etc.) that are charged throughout a transaction.
Thecks	extensions. Queries can be limited to a date range,	Reports may be filtered by fee type and by date.
Fees	data can be sorted, and filters can be saved for future reference	
Summary	Telefence.	Summary – Summary reports are available by EFIN, Preparer, and Zip Code to give you a snapshot view of
Options •	Bank Products – Queries can be limited to a date	a tax year. Reports may be filtered by date.
Fools 🕨	range, data can be sorted, and filters can be saved for	
мом	future reference.	Options - Allows you to control access to the
Sian Out	Checks – Allows reporting on checks by check status	reporting tools with a secured password, and to configure your EFIN reporting hierarchy.
-	(printable, pending, and cleared). Queries can be	configure your er ny reporting merureny.
ient Search	limited to a date range, data can be sorted, and	Tools – Additional tools, data feeds, and reports (such
FIN:	filters can be saved for future reference.	as the Download 'A' Acks file, and the ABC Voice file).
ax Year 2018 🔻		NON A HE OFFICE NEW YORK IN THE
5N/Last Name		MOM – Access Multi-Office Manager reports, if your software has been configured to transmit them.

Figure 13: Online EF Database Window

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 146 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 171) Profit Loss Statement (Figure 23 on page 172), 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
lf 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 PALETTE DESIGN STUDIO
DBA (Doing business as)	
In care of	
Address, Suite #	te Info 235 EAST PALMER
City	FRANKLIN
U.S. ONLY State, ZIP, County	NC 28734 MACON
Foreign ONLY Province/State, Country, Postal Code	
Phone number	Enter zero to Suppress State Return
General Information	Other Information
A 1a Consolidated return 851	Resident state
1b 🖵 Life/nonlife consolidated return	Resident city
2 Personal holding company PH	Misc code 1
3 Fersonal service corporation	Misc code 2
Qualified personal service corporation	Invoice #
C Date incorporated 03-10-1999	Preparer fee =
E State of incorporation NC -	Firm #
Mark applicable boxes:	Preparer # =
Initial return Name change	Data entry # =
Final return Change in address	ERO # =
	t information
Fiscal year begins Email	
	PAINTPALLETTE@EMAIL.COM
52-53 week tax year Cell	828-524-8020 Filing Security Information
52-53 or Short Year Year Fax	

Figure 1: Screen 1, Corporation General Information

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

NOTE Entries made in 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.

+/-	15645 een A 695 30000
+/-	<u>een C</u> 695
+/-	<u>een C</u> 695
+/-	695
	30000
<u>K1P</u>	P Screen
Ded	ductions Scree
LOS	SS Screen
Scre	een J
20-C, pa	ige <mark>1</mark> , line
	LO: Scr

Figure 2: Income Screen

Press ESC to return to the Data Entry Menu.

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	ctions	All line	es wit	hout numbers flow to Form 1120, line 26		Income Screen
	Accounting		1764		Internet		
22	Advertising		4500		Janitorial		8800
	Automobile and truck expense				Laundry and cleaning		
15	Bad debts				Legal and professional		2300
	Bank charges				Marketing		
	Bond repurchase premium				Meals 50% limited		
	Cash short/over				Meals 80% limited		
	Cell phone				Meals 100% allowed		
	Clean fuel vehicle deductions				Meetings		
	Commissions				Miscellaneous		
	Computer		16280	12	Officer compensation E Screen	=	
	Consulting				Office expense		
19	Contributions	+/-			Outside services and contractors		
19	Qualified conservation contributions	+/-			Parking fees and tolls		
	Credit and collection costs				Payroll processing expenses		
	Delivery			23		+/-	6500
20	Depreciation	Eor	m 4562	25	Permits and fees		
	nen • menenenen en e		1114502		Postage/shipping		
21	Depletion				Printing		
	Discounts				Recruiting		
	Dues and subscriptions	_		16	Rents	+/-	
	Education and training	_		14	Repairs and maintenance	+/-	5650
24	Employee benefit programs	+/-		14	Salaries and wages	+/-	86400
	Entertainment - deductible			15			
	Entertainment - nondeductible				Sales		
	Equipment rental/lease				Security		
	Freight				Software		
	Fuel			47	Supplies	+/-	
	Gifts			17	Taxes and Licenses Detail	+1-	850
	Independent contractor				Telephone		050
			3200		Tools		
	General		0200		Travel		
	Building and equipment	-	1100		Uniforms		6700
	Liability		2100		Utilities		6700
	Workers' compensation	-	2100		Waste removal		
	Other insurance		23		Other deductions (itemize)		
18	Interest expense	+/-			Ordinary Loss from Partnerships		K1P Screen
					Deductions, credits, and exclusions from Forms 4562 flow automatically to Form 1120, page 1, li		

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

Figure 4:	Screen A.	Form	1125-A	Cost of	Goods Sold
1 151110 11		,		0000 01	Goods Sola

che	dule A - Cost of Goods Sold					
1	Inventory at beginning of year			+/-		1835
2	Purchases less cost of items withdra	wn for personal use		+/-		16500
3	Cost of labor					763
4	Additional section 263A costs					
5	Other costs - excluding depreciation					
5	Depreciation			=		
	Inventory at end of year			+/-		4500
a	Methods used for valuing inventory:					
	I Cost □ Lowe	r of cost or market	Other			
b	There was a write-down of subnor	mal goods.				
С	LIFO was adopted this tax year.			_		
d	If LIFO was used, enter amount of en	ding inventory computed ur	nder LIFO		Yes	No
е	Do the rules of section 263A apply to t	his corporation?				◄
f	Was there any change in determining	inventories?				$\overline{\mathbf{v}}$

Press Esc to return to the Data Entry Menu.

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
ID Number	400005999
Title	CEO
Signs return	YES
Street address	235 EAST PALMER STREET
City, State, Zip	FRANKLIN, NC 28734
Email	THEPAINTPALETTE@EMAIL.COM
Telephone number	828-524-8020
Date Employed	03-10-1999
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.

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.

Note

Form 1125-E Officer	Information					
Officer Information	First Name	MI	Last Name		Suffix	Professional
Officer name	PERRY		PALLETTE		-	
D number	400-00-5999			_		
Title	CEO			Signs return		
Street address	235 EAST PALMER	STREET		Books in care of		
City	FRANKLIN					
U.S. ONLY	State ZIP co NC ▼ 28734 Province/State, Cour		de			
Foreign ONLY	<click ac<="" td="" to=""><td>cess></td><td></td><td></td><td></td><td></td></click>	cess>				
Email	THEPAINTPALLETE	EMAIL.COM				
Telephone number	828-524-8020					
Date employed in the posit Date employed in the posit Ownership and Particip	on to (data entered here v				10-1999	
Total Common	Preferred	Time				
100 % 100	% 100 %	100 %	i i			
Compensation						
Officer's deductible compe	nsation				65000	
3 Compensation of offic	ers claimed on Form 1125	A and elsewl	here on return			
_	nount (DC only)					

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 (see note below)	*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**.

· ·	120	K - Other Information					
1		Accounting method: Cash Accrual Other					
	2a	Business activity code number					
	2b	Business activity					
	2c	Product or service PAINT					
3		If the corporation is a subsidiary in an affiliated group or a parent-subsidiary controlled group, enter the EIN	l and name o	fthe			
		parent corporation.					
		EIN Parent Name		7			
	la	G1 Screen Foreign or domestic corporation partnership trust or tax-exempt organization owns directly	200% or more				
1	ta	IS1 Screen: Foreign or domestic corporation, partnership, trust, or tax-exempt organization owns directly indirectly, 50% or more of the corporation's stock total voting power	20% of more	e, or owns, directly of			
4	4b	<u>G2 Screen</u> Individual or estate owns directly 20% or more, or owns, directly or indirectly, 50% or more o stock total voting power	f the corporat	ion's			
5	ā	K5AScreen Corporation owned 20% or more of another foreign or domestic corporation not included on	Form 851				
	ōb	K5B Screen Corporation owned 20% or more of another foreign or domestic partnership					
A 6	5	Select this box if, during the year, the corporation paid dividends (other than stock dividends and distribut stock) in excess of the corporation's current and accumulated earnings and profits.	itions in exch	ange for			
7	7	Enter the following information if, at any time during the year, one foreign person owned, directly or indirectl the total voting power of all classes of the corporation's stock entitled to vote; or (b) the total value of all class corporation's stock. Percentage Owner's Owned Country		% of: (a)			
8	3	Select this box if the corporation issued publicly offered debt instruments with original issue discount.					
9)	Tax-exempt interest received or accrued during the tax year	=				
1	10	Number of shareholders at end of tax year, if 100 or fewer	1				
1	11	Select this box if the corporation has an NOL for the tax year and is electing to forgo the carryback.					
1	13	Are the corporation's total gross receipts for the tax year less than \$250,000 and its total assets at the end of the tax year less than \$250,000?	Yes	No			
0 V		If "Yes," total amount of cash distributions and book value of property distributions	+/-				
		<u>UTP1 Screen</u> <u>UTP2 Screen</u> Is the corporation required to file Schedule UTP? (Use Links)					
1				N/INO			
1	15a	Did the corporation make any payments in 2018 that would require it to file Forms 1099?	Ves				
1	15a 15b	If "Yes," did or will the corporation file all required Forms 1099?	🗌 Yes 🗌 Yes	□ No			
1	15a 15b	AND REAL DRAW IN A REAL REAL REAL					
1 1 1	15a 15b 16	If "Yes," did or will the corporation file all required Forms 1099? During this tax year, did the corporation have an 80% or more change in ownership, including a change	Ves	□ No			
1 1 1 1	15a 15b 16 17	If "Yes," did or will the corporation file all required Forms 1099? 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? During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of	☐ Yes ☐ Yes	No ☑ No			
1 1 1 1	15a 15b 16 17	If "Yes," did or will the corporation file all required Forms 1099? 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? 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? Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a	Yes				

Figure 6: Screen K, Schedule K - Other Information



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 es total voting power of all classes of the corporation		more, or owned, dir	ectly or indirectly,	50% or more of the
	Name of the individual or estate	ID #	Country of citizenship	Percentage voting stoc	
	PERRY PALLETTE	400005999	US 💌	100	🗇 Select if an estate
					🔲 Select if an estate
			_		🔲 Select if an estate
			_		🔲 Select if an estate
			_		🔲 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 estat
					🔲 Select if an estat
			<u> </u>		🔲 Select if an estat
			<u> </u>		🔲 Select if an estat
					🔲 Select if an estat

Figure 7: Screen G2, Schedule G - Part II

Press ESC to return to the Data Entry Menu.

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	11-22-2018	07-13-2018	02-14-2018	08-22-2018	09-22-2018
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

*In full-screen mode, select the depreciation method from the Method drop list.

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 ‡
1120	1	PAINT MIXER	11-22-2018	12080				М		5				
1120	1	DELIVERY TRUCK	07-13-2018	52565			T	М		5				
1120	1	COMPUTER	02-14-2018	3450				М		5				
1120	1	SECURITY SYSTEM	08-22-2018	13590				М	12.	7				
1120	1	FORKLIFT	09-22-2018	34570				M		7				

Press ESC to return to the Data Entry Menu.

Form 4562	For: 1120 V	1120, COG S,F					h to grid mode	*
	Multi-form code: 1	(1-999; 1 is assume	d if left blank)			Group Sa	ales	
D		Date Acquire	ad out			Used Prop	Listed Prop Type	
Description								
DELIVERY TRUCK		07-13-	2018	52565			T v	
Property type		Fod	eral	State (if different)			MT (erent)	Book (if different
-	or Section 1.263(a)-3(h) election			(in university)	7	(ii uiii	creity	(in university)
			5		-			
			_					
	eciation							=
	his year							
	this year			·				-
179 expense elected in	n prior years				-			
	in prior years				-			
Bonus depreciation	Additional Depr	Elections =		·	-			
	on. Safe Harbor							
Basis ONLY if different	t from cost	=		•				-
Land cost (Do NOT inc	clude in cost above)							
Date placed in service	(ONLY if different than date acquired	i)						
Force convention	= Do not use MACRS	% tables=	Qua	lified Nonreside	ntial Proper	ty		
Amortization				clared disaster		_		
Code section	Elect additional	first-year deduction	Disaster	assistance prop	erty L	GO Zo	ne Extension p	roperty
Additional Asset Infor	mation		If sold:	E S	-	7		
Date taken out of servi	ice IF NOT SOLD				ê (j.	_		
Do Not Update to n								
	ext year	Abandoned	***********					
	ext year e business use dropped to 50% or le	200	Sale price.					
Recapture because	e business use dropped to 50% or le	200	Sale price. Expense of	fsale				
Recapture because	e business use dropped to 50% or le	ess	Sale price. Expense of Form 4797	fsale , line 26d depred	ciation			
Recapture because	e business use dropped to 50% or le	ess	Sale price. Expense of Form 4797 Form 4797	f sale. , line 26d depred , other Part III de	ciation			
Recapture because Investment credit code Fixed Asset Manager Asset number	business use dropped to 50% or le	ess	Sale price. Expense of Form 4797 Form 4797 Installment	f sale , line 26d depred , other Part III de t Sale MFC	ciation preciation			
Recapture because Investment credit code Fixed Asset Manager Asset number Department number	business use dropped to 50% or le	ess	Sale price. Expense of Form 4797 Form 4797 Installment Like Kind E	f sale , line 26d depred , other Part III de t Sale MFC Exchange MFC	ciation preciation			
Recapture because Investment credit code Fixed Asset Manager Asset number Department number	business use dropped to 50% or le	ess	Sale price. Expense of Form 4797 Form 4797 Installment Like Kind E	f sale, line 26d depred , other Part III de t Sale MFC Exchange MFC	ciation preciation			
Recapture because Investment credit code Fixed Asset Manager Asset number Department number	business use dropped to 50% or le	ess	Sale price. Expense of Form 4797 Form 4797 Installment Like Kind E 1099-S	f sale , line 26d depred , other Part III de t Sale MFC Exchange MFC	ciation preciation Sold to a re	elated pa		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category	business use dropped to 50% or le		Sale price. Expense of Form 4797 Form 4797 Installment Like Kind E 1099-S Involunt Qualifyii	f sale , line 26d depred , other Part III de t Sale MFC Exchange MFC ary conversion	ciation preciation Sold to a re	elated pa		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category State-Specific Information State	ation Asset type		Sale price. Expense of Form 4797 Form 4797 Installmeni Like Kind E D 109-S Involunt Qualifyii Group Sale	f sale, , line 26d deprec , other Part III de I Sale MFC ixchange MFC ary conversion ng State Only Lik e Information	ciation preciation Sold to a re e Kind Excl	elated pa		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category State Specific Inform State For FL, IN, KY, NY, 4	ation Asset type Asset type Asset of the type Asset typ	ess	Sale price. Expense of Form 4797 Form 4797 Installmeni Like Kind E 1099-S Involunt Qualifyii Group Sale Group sale	f sale, , line 26d deprece , other Part III de I Sale MFC ary conversion ng State Only Lik e Information number	ciation preciation Sold to a re e Kind Exct	elated pa nange		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category State-Specific Inform State For FL, IN, KY, NY, 4 Occurrence of Schedu	ation Asset type TTC co. Asset of the text of tex of text of text of text of tex of tex of text of text of	255	Sale price. Expense of Form 4797 Form 4797 Installmeni Like Kind E 1099-S Involunt Qualifyii Group Sale Group sale	f sale. , line 26d deprec , other Part III de I Sale MFC. ary conversion ng State Only Lik e Information number s price	ciation preciation Sold to a re	elated pa		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category State-Specific Inform State For FL, IN, KY, NY, a Occurrence of Schedu Schedule form data fixe	ation Asset type TTC co. and PA only UR (1-99, default is '1' if left blank) DW.	255	Sale price. Expense of Form 4797 Form 4797 Installmeni Like Kind E 1099-S Involunt Qualifyii Group Sale Group sale Group sale	f sale, , line 26d deprece , other Part III de I Sale MFC ary conversion ng State Only Lik e Information number is price ense of sale	ciation preciation Sold to a re	elated pa		
Recapture because Investment credit code Fixed Asset Manager Asset number Department number Asset Category State-Specific Inform State For FL, IN, KY, NY, a Occurrence of Schedu Schedule form data fic Removal Method	ation Asset type TTC co. Asset of the text of tex of text of text of text of tex of tex of text of text of	255	Sale price. Expense of Form 4797 Form 4797 Installmeni Like Kind E 1099-S Involunt Qualifyii Group Sale Group Sale Group sale Group sale	f sale. , line 26d deprec , other Part III de I Sale MFC. ary conversion ng State Only Lik e Information number s price	Sold to a residue to the second	elated pa nange		

Figure 9: 4562 Screen - Full Screen Mode

The Paint Palette will be electing out of bonus depreciation for assets placed in service in 2018 by selecting the first checkbox in screen **10** (Additional Depreciation Elections), which will elect out of bonus depreciation for all assets (Figure 10).

To elect out of bonus deprecing the section below.	ation for only certain classe:	s of property,	
\sim	Compute bonus depreciation	Elect out of bonus depreciation	
3 - Year Property			
5 - Year Property			
' - Year Property			
0 - Year Property			
5 - Year Property			
20 - Year Property	and the second		
TE: These elections apply o year that qualify for bonus		ice during the current	
		Elect out of bonus depreciation for Al classes of proper	L

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

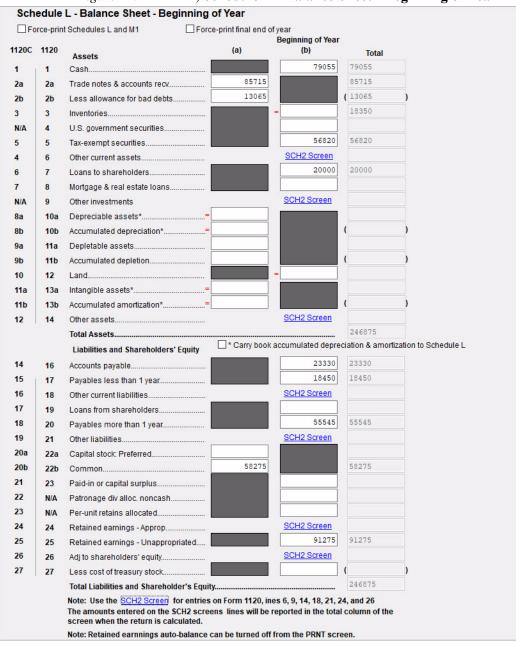


Figure 11: Screen L, Schedule L - Balance Sheet - Beginning of Year

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		346,279

Press ESC to return to the Data Entry Menu.

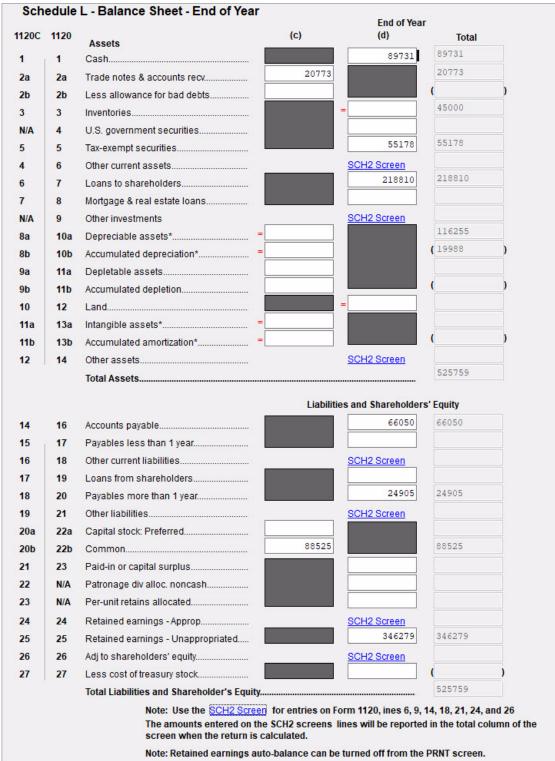
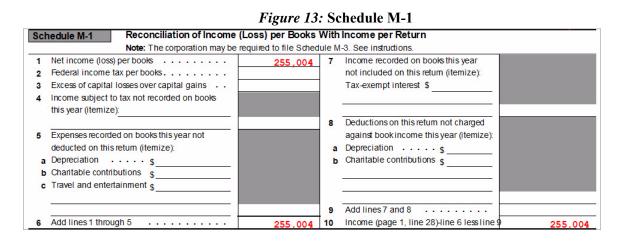


Figure 12: Screen L2, Schedule L - Balance Sheet - End of Year

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 \$255,004. 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.

		1 igure 14.				
Sc	Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)					
1	Balance at beginning of year	91,275	5 Distributions: a Cash			
2	Net income (loss) per books	255,004	b Stock			
3	Other increases (itemize):		c Property			
			6 Other decreases (itemize):			
			7 Add lines 5 and 6			
4	Add lines 1, 2, and 3	346,279	8 Balance at end of year (line 4 less line 7) 346,279			

Figure 14: Schedule M-2

AUTOBALANCE

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.

Election		
Description	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))	~

Figure 15: Election Options Screen

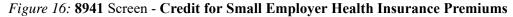
When you have more than one election in a return, a new **ELEC** (**Election Options**) screen can be created by pressing PAGE DOWN.

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.

Press ESC to return to the Data Entry Menu.

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.



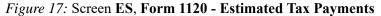
8941 instructions f	yees include b more-than-2% See Screen He or more inform	lp and Form	each employee who health insurance cov under a qualifying ar 2018 Average Pr	verage provided rangement.	
Employee	Hours of Service	Wages Paid	Employer Premiums Paid	Average Premiums	
Identifier	Service	Wages Falu	Fremuns Fulu	Fremunis	
<u> </u>					
	ums during you Options Prograr ID (if any)	r tax year for employe n (SHOP) Marketplac	screen entered. The health insurance coverage e (or do you qualify for an exc		
		sed to report employr	nent taxes for above individua	als=	
Does a tax return y	ou filed for a ta	year beginning in 20	014, 2015, or 2016 include a	Form 8941	Yes No
			any state tax credit available	and the second	

Press ESC to return to the Data Entry Menu.

ESTIMATED TAX PAYMENTS

The Paint Palette made estimated tax payments in 2018 (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:

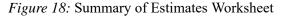
Quarter	Amount	Payment Method
1st Qtr.	13,388	3 - Check
2nd Qtr.	13,388	3 - Check
3rd Qtr.	13,388	3 - Check
4th Qtr.	13,388	3 - Check



Form	1120 - Estim	ated Tax Pay	ments fo	or TY 201	8 and Overrides	for TY 201	9			
Fede	al Section									
2018 E ST	IMATED TAXES A	LREADY PAID FOR	THIS YEAR	i.						
Federal:									BE PAID FOR NEX	
Overpay	ment applied fror	n 2017				NOTE: Go to applied.	screen W to ent	er federal esti	mated payments	s and overpayments
Estimate	Taxes Paid in 20	018								
Quarter	Date paid	Amount paid	method	Account # (last 4)	EFTPS confirmation #		Scree	<u>n W</u>		
1st	-	13388					al estimated tax p		g EFTPS.	
2nd	-	13388	~			Regulations	eliminated the 8	109 coupon.		
3rd	-	13388	~				There are NO es	timated tax vo	ouchers for 1120	returns!
4th	-	13388	~							
State	and City Sec	tion								
2018 E ST	MATED TAXES A	LREADY PAID FOR	THIS YEAR			2019 E STIM	ATED TAXES TO	BE PAID FOR N	IEXT YEAR	
St/City:	✓ Type:					St/City:	Y Type:	✓ E	S Code	OP Code
Overpay	ment applied fror	n 2017				Amount of	overpayment to a	pply to 2019		/Electronic Funds
			Davana		ST website				e-me	Withdrawal
Quarter	Date paid	Amount paid	method	Account # (last 4)	confirmation #		Estimate amount	Overpaym	e-file	Direct debit date
1st	-		~			Voucher 1		=		=
2nd	-					Voucher 2		=		=
3rd	-					Voucher 3		-		-
4th	-		~			Voucher 4				=
							ecrease calculat	ed estimates b	w.	+/-
	meet new indus	stry-wide standard	le oetablie	had by the li	S Socurity		ile ES vouchers,			lo" chock
Summit	process, all busi	ness entities are	requested	to provide Fi	ling Security		and provide acc			IC CHECK
		ns to protect the g to "Payment me				Use acco	unt #1 information	n from the Fed	eral Electronic Fu	inds Withdrawal
number,	" and "EFTPS/ST	website confirma	tion number	er" is used a	as part of this	(PMT) scr	een			
		opriate method of ber used to make				OR	ancial institution			
paymen	is made using th	e EFTPS or State	Website pa			Name of lina	ancial institution			
15 chara	icters of the assi	gned confirmation	n number.			DTH			Type of accour	nt
						RTN	Account num	ber	Checking	Savings
										Savings
										Cloavings

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	ummary of Est	imates		-	2019
Name(s) as shown on return THE PAINT PALETTE DESIGN STUDIO 40-0001515						
Federal Form: 1120W						
		Payment Schedule	•			
Due Date	04-15-2019	06-17-2019	09-16-2019	12-16	-2019	Total
Total Installment Amount	13,388	13,388	13,388	13	, 388	53,552
Overpayment Applied	÷.	and a second				
Net Installment Due	13,388	13,388	13,388	13	, 388	53,552
		Taxpayer Records				
Amount Actually Paid						
Date Paid						
Check#/Confirm ation						



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.

Fo	orm 1120W - Corporation Estimated Tax	-	_	
1	Taxable income expected for the tax year			=
3	Tax credits			
5	Other taxes			
7	Credit for federal tax paid on fuels			
6	Tax shown on current-year tax return			=
	Large corporation			
11	Required installment amounts Make federal estimated t Regulations eliminated t <u>There are NO estin</u>			
	1st	2nd	3rd	4th
	RI Code 🛛 👻 =	=	=	=
	Overpayment applied			
	OP Code 🛛 👻 =	=	=	=
	Mark this box to cap the amount of overpayment to apply to next year's taxes at 25% of the amount of this year's tax.	unless 2019 estimate is re	s will not be automat estimates are being equired, enter the app using the override fie	calculated. If no lication of the

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

Press ESC to return to the Data Entry Menu.

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).

Electroni	ic Funds Withdrawal Information		
	STATE ELECTRONIC WITHDRAWALS: Tax prepa e United States. If the answer is YES, see the Fo		ount the funds will be withdrawn from is located
Account In		login Account Section Below.	
Account #1			
	Account and State (if same as Federal)	State/city selection	1
withdraw	a selection: Federal selection		
Name of fi	inancial institution	RTN Account number	Type of account Checking Savings
1	Repeat Account Information		Checking Savings
Federal:	Federal payment amount =	Requested payment date =	Daytime phone number =
	Payment is for	7004 🕅 1120X	
State:	State payment amount =	Requested payment date =	Daytime phone number =

Figure 20: Electronic Funds Withdrawal Information Screen - PMT Screen

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.PG6.
- 2. The 1120.PG6 is used to determine if the return is in balance (Figure 21 on page 170). 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

om 1120 (201				40-0001	
Schedule L	Balance Sheets per Books	Beginning o	ftaxyear	Endoftaxy	
	Assets	(a)	(b)	(C)	(d)
1 Cash .			79,055	2010-00-00 	89,73
2a Trade no	es and a ccounts receivable	85,715		20,773	
b Less allo	vance for bad debts	13,065)	72,650)	20,77
3 Inventorie	s		18,350		45,00
4 U.S. gove	mment obligations • • • • • • • • • •		10,000		10,00
	pt securities (see in structions)		56,820		55.17
The second second	ren tassets (attach statement) · · · ·		30,020		55,17
	shareholders				
		-	20,000		218,81
	and real estate loans · · · · · ·				
	estments (attach statement) · · · ·				
	and other depreciable assets • • • •			116,255	
	mulated depreciation ()	(19,988)	96,26
	e assets				
b Less accu	mulated depletion)	()	
2 Land (net	ofanyamortization)				
3a Intangible	e assets (amortizable only) • • • • •				
	mulated amortization)	()	
	ets (attach statement) • • • • • • • • •		1		
	ets	-	246.875		525.75
	es and Shareholders' Equity	-	240,073		523,73
	payable				
A deader and a	notes, bonds payable in less than 1 year		23,330	_	66,05
1	Service and the service of the servi	-	18,450		
	rent liabilities (attach statement)				
	m shareholders				
0 Mortgages	notes, bonds payable in 1 year or more		55,545		24,90
1 Otherlial	oilities (attach statement)				
2 Capital st	ock a Preferred stock				
	b Common stock	58,275	58,275	88,525	88,52
3 Additiona	Ipaid-in capital · · · · · · · · · · · · ·	507275	507215	00,020	00,52
4 Retained e	arnings-Appropriated (attach statement)				
NO HORESON TRANSPORT	es minor Un ann mariated		91,275	_	
6 Adjustmen	eamings-Un appropriated ts to shareholders' equity (attach statement)	-	91,275		346,27
0	and a second sec				
	of treasury stock	<u>(</u>)	<u>(</u>	
	ilities and shareholders' equity.		246,875		525,75
Schedule M				1	
	Note: The corporation may be req	uired to file Schedule	e M - 3. See instructions		
1 Netincon	ne (loss) per books	255,004	7 Income recorded on	books this year	
2 Federal in	ncome tax per books		not included on this	retum (itemize):	
3 Excess of	capital losses over capital gains		Tax-exempt interest	s	
	ubject to tax not recorded on books			·	
thisyear					
unsysui			8 Deductions on this re	turn not charged	
	an analysis and the starting of the second start				
	recorded on books this year not		against book income		
	on this return (itemize):		a Depreciation • • •		
	ion • • • • • \$		b Charitable contributi	ons s	
b Charitabl	e contributions s				
c Travel an	d entertainment s				
	Surger and Surger				
53. 			9 Add lines 7 and 8		
6 Add lines	1 through 5	255,004 1	0 Income (page 1, line	TORONO MORE AND A	255,00
Schedule M					200,00
	at beginning of year		5 Distributions a C		
		31,213			
	ne (loss) per books	255,004		tock · · · · · ·	
	reases (itemize):			roperty	
3 Othering			6 Other decreases (iter		
3 Otherinc					
3 Otherinc			7 Add lines 5 and 6		
1	1, 2, and 3		7 Add lines 5 and 6 8 Balance at end of ye		346,27

Figure 21: Form 1120.PG6

Note

To force the **1120.PG6** 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).

	The Paint Palette Des Balance Shee As of 12/31/2017 & 1	et		
l		2	12/31/2017	12/31/2018
ASSETS		-		
Current Assets				
Checking/Sa		\$	79,055	\$89,731
	ce for bad debts		(\$13,065)	
Loans to sha		\$	20,000	\$218,810
Tax exempt		\$	56,820	\$55,178
Accounts Re	eceivable	\$	85,715	\$20,773
Inventories		\$	18,350	\$45,000
Total Current A	ssets	\$	246,875	\$429,492
	other depreciable assets ulated Depreciation			\$116,255 (\$19,988)
Total Fixed Ass		\$		\$96,267
Total Fixed Ass	ets	9		\$90,207
TOTAL ASSETS		\$	246,875	\$ 525,759
LIABILITIES & EQU Current Liabilit				
Accounts Pa	yables	\$	23,330	\$66,050
Payables les	s than 1 year	\$	18,450	
Payables mo	ore than 1 year	\$	55,545	\$24,905
Total Current L	abilities	\$	97,325	\$90,955
Equity				
	nings Unappropriated	\$	91,275	\$346,279
Common sto	ick	\$ \$	58,275	\$88,525
Total Equity			149,550	\$434,804
TOTAL LIABILITIES	& EQUITY	\$	246,875	\$ 525,759
Retained ear	nings - Beginning			\$91,275
Income	3 33			\$ 255,004
Retained ear	nings - Ending			\$346,279
	nated tax payments			\$53,552

Figure 22: Balance Sheet

The Paint Palette Design Stu Profit and Loss Statement For the Year Ended December 3	t	
INCOME		
Gross receipts	S	617,074
Less Returns and allowances	S	(15,645)
Interest income	S	695
Gross rental Income	S	30,000
TOTAL GROSS INCOME	\$	632,124
COST OF GOODS SOLD		
Beginning Inventory	S	18,350
Purchases	S	165,000
Labor	S	7,638
Ending Inventory	S	45,000
TOTAL COST OF GOODS SOLD	S	145,988
TOTAL INCOME	S	486,136
EXPENSES		
Accounting	S	1,764
Advertising	S	4,500
Computer	S	16,280
Depreciation	S	19,988
Insurance	S	6,400
Janitorial	S	8,800
Legal & professional	S	2,300
Officer compensation	S	65,000
Pension plans	S	6,500
Repairs and Maintenance	S	5,650
Salaries and wages	S	86,400
Telephone	S	850
Utilities	S	6,700
SUBTOTAL EXPENSES	S	231,132
Federal Income Tax	S	53,551
TOTAL EXPENSES	\$	284,683
NET PROFIT/LOSS	S	201,453

Figure 23: Profit Loss Statement

REVIEW QUESTIONS PART 5

Answer the questions below. See "Answers Part 5" on page 174 for answers and explanations.

- 1. Which of the following statements is *incorrect* concerning the 4562 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 400006012.

PREPARING THE 1065 EVALUATION RETURN

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: Two Brothers, 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
Partnership Name	TWO BROTHERS
Address	120 BROTHERS ST
ZIP code	31405
Phone number	828-524-8020
Principal business activity	LANDSCAPING
Principal product or service	SHRUBBERY
Business code number	*561730 (see note below)
Business start date	01-07-05
Accounting Method	ACCRUAL
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	2BROTHERS@1040.COM
Cell	828-524-8020



* To locate the **Business activity code** number, place your mouse pointer in the **Business Code Number** field, press CTRL+SHIFT+S to open a field search, enter Landscaping in the **Please input search data** field, and click **Go**. Select **561730** (Landscaping Services), and click **OK**.

Figure 1: Screen 1, Partnership General Information

Employer ID number	40-0006012			
Legal Name of Entity	TWO BROTHERS			
DBA (Doing business as)				
In care of				
Address, Suite #State Info	120 BROTHERS STREET			
City	SAVANNAH			
U.S. ONLY State, ZIP, County	GA ~ 31405	CHATHAM		
Foreign ONLY Province/State, Country, Postal Code	<click access="" to=""></click>	~		
	828-524-8020			
Phone number	020-324-0020			
Seneral Information		Conter Information		
A Principal business activity	LANDSCAPING	Resident state		
B Principal product or service	SHRUBBERY	Misc code 1		
C Business code number	561730 ~			
	01-07-2005			
E Business start date				
G Mark applicable boxes:		Preparer fee		
Initial return Final return	Amended return	Firm #		
Address change	Name change	Preparer # =		
H Accounting method:		Data entry operator # =		
Cash Accrual Other		ERO # =		
f not a calendar year:		Entity Name Control Override		
Fiscal year beginning		Entity Name Control =		
		Use this field only if Name Control is		
Fiscal year ending		obtained from IRS by contacting Business		
52-53-week tax year		Specialty Help Line at 1-800-829-4933.		
Client information				
Email				
Cell		Filing Security Information		
Fax				
QBI				
Specified Service Trade or Business (SSTB)	Potenti	al Business Aggregation Number (PBAN)		

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	880,500
Returns and allowances	30,270

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

allowances Is sold other partnerships, estates, me come on receivables s of bad debts deducted in ea 11 adjustmente	and trusts K1F	<u>Screen</u> or	30270 2 <u>5-A</u> K1F Screen		
other partnerships, estates, ne come on receivables s of bad debts deducted in ea	and trusts K1F	<u>Screen</u> or		- [
ne come on receivables s of bad debts deducted in ea			K1F Screen	i 1	
come on receivables s of bad debts deducted in ea				1	
efund (cash basis) come from insurance procee me (itemize)	ds		1065, page 1]]]]	
tnership Electing 3.5% Tax -					
	ncome from insurance procee ome (itemize) Credits from Forms 6478 and I	ncome from insurance proceeds ome (itemize) Credits from Forms 6478 and 8864 automatical	ncome from insurance proceeds ome (itemize) Credits from Forms 6478 and 8864 automatically flow to Form	ncome from insurance proceedsome (itemize)	ncome from insurance proceedsome (itemize)

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
Salaries & Wages	54,000
Repairs & Maintenance	11,000
Rents	36,000
Retirement Plans	4,000
Advertising	2,500
Accounting	2,700
Building Insurance	6,500
Liability Insurance	4,000
Utilities	8,400
Telephone	1,000
Supplies	6,500
Postage/Shipping	2,000
Office Expense	1,300
Workers' Compensation Insurance	7,200
Janitorial	11,250
Legal Services	6,000
TAXES & LICENSES	
- Local Property Taxes	7,000
- Payroll Taxes	8,000
- Licenses	2,000

Dec	ductions - Form 1065, Page 1 Deducti	ons	All lines	witho	out numbers flow to Form 1065, line 20.	Incom	<u>e Screen</u>
	Accounting		2700		Internet	[
	Advertising		2500		Janitorial		11250
	Automobile and truck expense				Laundry and cleaning		
12	Bad debts				Legal and professional		6000
	Bank charges				Marketing		
	Cash short/over				Meals 50% limit		
	Cell phone				Meals 80% limit		
	Clean fuel vehicle deductions				Meals 100% allowed		
	Commissions				Meetings		
	Computer				Miscellaneous		
	Consulting				Office expense		1300
	Credit and collection costs				Outside services and contractors		
	Delivery				Parking fees and tolls		
17	Depletion (do not deduct oil and gas depletion)				Payroll processing expenses		
16a	Depreciation	+/-			Permits and fees		
16b	Depreciation claimed elsewhere on return	+/-			Postage/shipping		2000
	Discounts				Printing		
	Dues and subscriptions				Recruiting		
	Education and training			13	Rents		36000
19	Employee benefit programs			11	Repairs and maintenance		11000
	Entertainment - Deductible			18	Retirement plans, etc		4000
	Entertainment - Nondeductible			9	Salaries and wages (other than to partners)		54000
	Equipment rental/lease				Sales		
	Freight				Security		
	Fuel				Software		
	Gifts				Supplies		6500
10	Guaranteed payments to partners			14	Taxes and Licenses	+/-	
10	Partner's health insurance				Telephone		1000
	Independent contractor				Tools		
[Insurance				Travel		
	General	Ļ		3	Uniforms		
	Building and equipment	L	6500	5	Utilities		8400
	Liability	L	4000		Waste removal		
	Workers' compensation	Ļ	7200	20	Other deductions (itemize)		
	Other insurance				Deductions, credits, and exclusions from For	1000	
15	Interest expense <u>ELEC Screen</u>				Amortization, and credits from Forms 6765, 8 flow to Form 1065, page 1, line 20, "Other ded	820, and	

Figure 3.	DED	Screen
-----------	-----	--------

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

TRADE AND BUSINESS INFORMATION

The Two Brothers partnership is comprised of two businesses, a landscape consulting business and a retail store. The Two Brothers partnership is eligible to take the Qualified Business Income deduction for these businesses. The trade and business information is recorded on the **199A** screen, **Qualified Business Deduction by Activity**. To open the screen, type 199A in the selector field and press ENTER. Use the table below and the **199A** screen to enter the information for the first businesses. Press PAGE DOWN to create another **199A** screen and enter the information for the second business (Figure 4).

Fields	Data
BUSINESS 1	ALLOCATIONS
Name	BROTHERS LANDSCAPE CONSULTING
Income	42,359
W-2 Wages	54,000
UBIA	17,000

Fields	Data
BUSINESS 2	ALLOCATIONS
Name	BROTHERS PLANT SHOP
Income	100,000
W-2 Wages	143,000
UBIA	300,000

NOTE: For partnerships that operate multiple businesses, select "1065"	from the "For" dron	list: otherwise, select the
screen this activity pertains to.	from the rot trop	inst, other mae, select the
Information entered on this screen flows to Schedules K and K-1 only.		
· · · · · · · · · · · · · · · · · · ·		
For: 1065 Y (1065, K1P, K1F, 8825, RENT, F)		
Multi-form code: (1-999; 1 is assumed if left blank)		
EIN		
Potential Business Aggregation Number (PBAN)		
Trade or business name BROS LANDSCAPING CO	NSULTING	
Treat as a "specified service business"		
		SA
Section 199A Income (or loss) from this activity		
Section 199AW-2 wages allocated to this activity		670
Section 199A Unadjusted basis of assets allocated to this activity	17000	
Section 199A REIT dividends allocated to this activity		<u>SA</u>
Section 199APTP income allocated to this activity		<u>SA</u>
Separately stated Schedule K items that could affect QBI de	duction at 1040/1	041 level
Section 1231 Gain (Loss)		<u>SA</u>
Section 179 Deduction		SA

Figure 4: 199A Screen, Qualified Business Deduction by Activity

Press ESC to return to the Data Entry Menu.

FORM 1125-A COST OF GOODS SOLD

Open the Form 1125-A Cost of Goods Sold screen (Figure 5) by typing A in the selector field and pressing ENTER. Use the following table to enter information in screen A.

Fields	Data
Beginning Inventory	147,600
Purchases	347,800
W-2 wages paid	143,000
 the field to create a worksheet for the following 4 items) Miscellaneous	Total of 4 items is 34,000 (Figure 6)
 Professional Fees	
Ending Inventory	150,200

1	Inventory at beginning of year		1476
2	Purchases less cost of items withdrawn for personal use		3478
3	Non-W-2 labor hired	Press CTRL + W in	
	W-2 wages paid	the field to create a	1430
4	Additional section 263A costs	Worksheet	
5	Other costs - depreciation	=	
5	Other costs - excluding depreciation		340
7	Inventory at end of year		1502
9a	Methods used for valuing inventory:		
	□ Cost	Other	
b	Select this box if there was a write-down of subnormal ge	oods.	
С	Select this box if LIFO was adopted this tax year.		
d	If LIFO inventory method was used, enter amount of closing	g inventory computed under LIFO	
		Ye	
е	Do the rules of section 263A apply to this partnership?		
f	Was there any change in determining inventories?		
	If "Yes," explain		

Figure 5: Screen A, Form 1125-A Cost of Goods Sold

Figure 6: Detail Worksheet

Detail Wor	ksheet - IRS requires this field to h	nave a worksheet
Sort Options:	F1 - Description Ascending	F2 - Description Descending
	F3 - Amount Ascending	F4 - Amount Descending
Title SCH	EDULE A, LINE 5 - OTHER COS	
Description		Amount
MISC		5000
PROFESSIONA	L FEES	6000
UTILITIES		16000
WAREHOUSING	1	7000
TOTAL		34000

Mark the check boxes indicating method used to valuing inventory is lover of cost or market, and there was no change in determining inventory.

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**.

On the second 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 line 2b (Figure 7).

Fields	Partner 1	Partner 2
ID Number	400001910	400001911
Name of Individual or Estate	BIG BROTHER	LITTLE BROTHER
Select if an estate	leave blank	leave blank
Country of Citizenship	US	US
Max% Owned in Profit, Loss, or Capital	50	50

Figure 7: Schedule B1 - Other Information Screen, Line 2b

	ation below if any foreign or domestic corpo	antine and a sector (in studies and antih) to stad as a		
			partnership), or trust or	wns, directly or
ndirectly, an inte	erest of 50% or more in profit, loss, or capita	al of the partnership.		
			Country of Org.	Max. % Owned in Profit Loss, or Capital
D Number	Name of Entity	Type of Entity		2000, or ouplin
			<u> </u>	
			~ ~	
			<u> </u>	
			~ ~	
ine 2b			~ ~	
Enter the inforn partnership.	nation below if any individual or estate owns Name of Individual or Estate	s, directly or indirectly, an interest of 50% or more in I		al of the Max. % Owned in Profit Loss, or Capital
Enter the inform partnership. D Number		s, directly or indirectly, an interest of 50% or more in I	the profit, loss, or capita	Max. % Owned in Profit
Enter the inform partnership. D Number 400–00–0590	Name of Individual or Estate		the profit, loss, or capita Country of Citizenship	Max. % Owned in Profit Loss, or Capital
Enter the inform partnership. D Number 400–00–0590	Name of Individual or Estate	Select if an estate	the profit, loss, or capita Country of Citizenship	Max. % Owned in Profit Loss, or Capital
ine 2b Enter the inform partnership. D Number 400-00-0590 400-00-0580	Name of Individual or Estate	Select if an estate	the profit, loss, or capita Country of Citizenship	Max. % Owned in Profit Loss, or Capital

Press ESC to return to the **B** screen. Use the following table to enter partnership information in the **B** screen (Figure 8).

Line	Data
4 through 16a	NO
16b through 18	leave blank

19	and	20

Figure 8: Schedule B - Other Information Screen

NO

	edule B - Other Information			
	Domestic general partnership	Domestic limited partnership		
	Domestic LLC	Domestic limited liability partnership		
	Foreign partnership	Other:		
2	Schedule B1 Information on partners owning 50% or more of the partners	tnership	Yes	No
3	Attachment 3a and 3b Information on the partnership owning a corp	oration, trust, or partnership interest		
1	Does partnership meet all requirements listed for question 4 of Form	1065?		\checkmark
1c	Forms K-1 were NOT furnished to the partners on or before the due	e date		
5	Is partnership a publicly traded partnership?			\checkmark
6	Did partnership have any debt that was cancelled, forgiven, or had terr	ns modified so as to reduce principal amount of debt?		\leq
7	Has partnership filed, or is it required to file, Form 8918?			\square
3	Did partnership have an interest in a foreign account?			\checkmark
	If "Yes," select a foreign country			~
9	Was partnership grantor of, or transferor to, a foreign trust? If "Yes" see	e instructions		\checkmark
10a	Is partnership making, or had it previously made (and not revoked), a	Section 754 election?		\leq
10b	Did partnership make for this tax year an optional basis adjustment ur	nder Section 743(b) or 734(b)?		\checkmark
10c	Is the partnership required to adjust the basis of partnership assets b	ecause of substantial built-in loss or substantial basis reduction?		\leq
11	During the current or prior tax year, did the partnership distribute any p	roperty received in a like-kind exchange or contributed to another entity?		
2	Did partnership distribute to any partner a tenacy-in-common or other	undivided interest in partnership property?		\square
13	If partnership is required to file Form 8858, enter the number of Forms	8858 attached		
4	Does partnership have any foreign partners?			\checkmark
	If "Yes," enter number of Forms 8805 filed for partnership		=	
15	Number of Forms 8865 attached to this return			
16a	Did you make any payments in 2018 that would require you to file Form	ns 1099?		\square
16b	If "Yes," did you or will you file all required Forms 1099?			
17	Number of Forms 5471 attached to this return			
18	Enter the number of partners that are foreign governments under sect	ion 892		
19		nts that would require it to file Form 1042 and 1042-S under chapter 3 74)?		
20	Was the partnership a specified domestic entity required to file Form 8	938 for the tax year? (See the instructions for Form 8938)		\checkmark

Press PAGE DOWN to continue to screen B(2) - Schedule B continued (Figure 9).

Line	Data
21	NO
22	leave blank
23	YES
24	NO
25	leave blank

Scl	hedule B - Other Information (continued)		Yes	No
21	Is the partnership a section 721(c) partnership, as defined in Treasury Regulation	ns section 1 721(c)-1T(b)(14)		
22				
2	During the tax year, did the partnership pay or accrue any interest or royalty for wi	Ich the deduction is not allowed under section 267A?		
	If "Yes," enter the total amount of the disallowed deductions			
3	Did the partnership have an election under section 163(j) for any real property tra effect during the tax year? See instructions.			
4	Does the partnership satisfy one of the following conditions and the partnership	does not own a pass-through entity with current-year or		
	prior-year carryover excess business interest expense? See instructions			
	(a) The partnership's aggregate average annual gross receipts do not exceed \$	25 million, and the partnership is not a tax shelter.		
	(b) The partnership has business interest expense from only (1) an electing rea	property trade or business, (2) an electing farming		
	business, or (3) certain utility businesses under section 163(j)(7).			
	If "No," complete and attach Form 8990			B
5	Is the partnership electing out of the centralized partnership audit regime under	section 6221(b)?		
	If "Yes," Form B-2 will be generated based on data entered on the K-1 screens.	S corp partners require additional data to be entered on the B-2 link.	Sc	h B
	If "No," complete Designation of Partnership Representative on K-1 screen or us	e overrides below. See B-2 instructions for eligible partnership.		
De	esignation of Partnership Representative			
	Partner (U.S. address only)	dicate on K1 Screen 8979 - PR Revocation		
	SSN/EIN of PR			
	PR name			
	U.S. Address of PR			
	U.S. City of PR			
	U.S. State, ZIP of PR	<u> </u>		
	U.S. Phone number of PR			
	If PR is an entity, enter name of designated individual			
	SSN of designated individual			
	U.S. Address of designated individual			
	U.S. City of designated individual			
	U.S. State, ZIP of designated individual	×		
	U.S. Phone number of designated individual			
	Email address			

Figure 9: Schedule B - Other Information Screen Continued

Press ESC to return to the Data Entry Menu.

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 10). 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 (SA)" below). Tabs in the K screen include: Income (Loss), Deductions, Credits, AMT and Basis, Other Information, and Analysis of Net Income.

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**.

	ncome (Loss) Deductions Credits AMT and Other Information Other Information cont'd	Analysis of Net Inco	me
	artners Distributive Share of Income (Loss) and Self-Employment		
	A link to complete special allocations by partner using dollar amounts or percentages. Special allocations for rent ca ty on the 8825 and RENT screens.	in be completed per	Video: Special Allocat
	Ordinary business income (loss)		SA
2	Net rental real estate income (loss)	Form 8825	-
	Disposition of property from rental real estate activities (8825, Line 19)		SA
	Net rental real estate income (loss) from pass-through entities (8825, Line 20a)		SA
с	Other net rental income (loss)	RENT Screen	
la	Guaranteed payments	+/-	SA
b	Portion of 4a allocated for other than services and not subject to SE tax	+/-	SA
	Interest income	+/-	SA
a	Ordinary dividends	+/-	SA
b	Qualified dividends	+/-	SA
	Royalties	+/-	SA
	Net short-term capital gain (loss)	Schedule D	SA
a	Net long-term capital gain (loss)	Schedule D	SA
b	Collectibles (28%) gain (loss)	+/-	<u>SA</u>
с	Unrecaptured section 1250 gain	1250 Screen	SA
0	Net section 1231 gain (loss)	Form 4797	SA
1	Other Income (Loss)		
	A Other portfolio income (loss)	+/-	<u>SA</u>
	B Involuntary conversions	+/-	SA
	C Section 1256 contracts and straddles	Form 6781	<u>SA</u>
	D Mining exploration costs recapture	+/_	<u>SA</u>
	E Cancellation of debt	+/-	SA
	F Other Income		
	Recoveries of tax benefit items (Section 111)	+/-	<u>SA</u>
	Gambling winnings(losses), not engaged in trade of gambling	+/-	<u>SA</u>
	Gambling winnings(losses), engaged in trade of gambling	+/_	SA
	Section 751(b) gain (loss)	+/-	SA
	Specially allocate ordinary gain (loss)	+/-	SA
	Net short-term capital gain(loss), Schedule D, line 7	+/-	<u>SA</u>
	Net long-term capital gain(loss), Schedule D, line 15	+/-	<u>SA</u>
	Gain from sale of QSB stock eligible for Sec. 1202 exclusion		<u>SA</u>
	All other income items from partnerships		SA
	All other income items	Other	
Emp	ployment		
4a	Net earnings from self-employment	=	SA
4b	Gross farming/fishing income	=	SA
4c	Gross non-farm income	=	SA
	Note: If alternative calculation is preferred, click the KSE link.	KSE screen	

Figure 10: Screen K, Partners Distributive Share

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 11.

distributed to remaining partners based on a pro-rata calculation of partner's percentage entered on the K- Allocation Type: Dollar Amount Percentage Dollar Amount Percentage 	
SSN/EIN Partner Name Dollar Amount Percen	
	ntage
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	

Figure 11: Special Allocations (SA)

DISTRIBUTIONS

Enter K in the selector field to open the K screen (Schedule K - Partners Distributive Share), click the AMT and Other Information tab (Figure 12), and enter the following information:

Fields	Data
Distributions of cash and marketable securities	300,000

- Partner's Distributive Share of AMT and Other Information		
Jse SA link to complete special allocations by partner using dollar amounts or percent	ages.	
Alternative Minimum Tax Items		
17a Post-1986 depreciation adjustment	+/-	<u>SA</u>
17b Adjusted gain or loss	+/-	SA
17c Depletion (other than oil and gas)	+/-	SA
17d Oil, gas, geothermal properties - gross income	+/-	SA
17e Oil, gas, geothermal properties - deductions	+/-	<u>SA</u>
17f Other AMT items		
Pre-1987 accelerated depreciation of real property		SA
Pre-1987 accelerated depreciation of leased personal property		SA
Long-term contracts entered into after 2-28-1986		<u>SA</u>
Losses from tax shelter farm activities		SA
Other AMT items from passthroughs		<u>SA</u>
Other AMT items	<u>Other</u>	
Other Information		
18a Federal tax-exempt interest	+/-	SA
State tax-exempt interest	+/-	SA
Other tax-exempt interest	+/-	<u>SA</u>
18b Other tax-exempt income	+/-	SA
18c Nondeductible expenses		
Penalties and fines	+/-	SA
Meals (general)	+/-	SA
Meals (rental)	+/-	SA
Meals (Schedule F)	+/-	SA
Life insurance premiums	+/-	SA
Entertainment - Nondeductible	+/-	SA
Other nondeductible expenses	+/-	SA
Description		SA
Description		SA
19a Distributions of cash and marketable securities		300000 <u>SA</u>
19b Distributions of other property		
B Distributions subject to sec 737	Property	Distributions
C Distributions of other property	Property	Distributions
20a Investment income	+/-	SA
20b Investment expenses	+/-	SA

Figure 12: Schedule K Screen, AMT and Other Information Tab

Press ESC to return to the Data Entry Menu.

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
ID Number	400001910	400001911
Partner Name	BIG BROTHER	LITTLE BROTHER
Signs Return	YES	NO
Address	841 FIRST BORN LN	314 SIBLING CIRCLE
City, State, Zip	SAVANNAH, GA 31404	SAVANNAH, GA 31404
Phone	828-524-8020	828-524-8020
Email	BB@1040.com	LB@1040.com
Type of Partner	GENERAL, INDIVIDUAL (select "Individual" from drop list on item I1)	GENERAL, INDIVIDUAL (select "Individual" from drop list on item I1)
Partner %: Profit	50	50
Partner %: Loss	50	50
Partner %: Capital	50	50
Beginning Capital Account	304,572	304,571
Did Partner Contribute Property with built-in gain/loss?*	NO	NO

- Click the **PRNT** Screen link to open the **Print Options** screen and mark the **Tax basis** checkbox below **Item L on Schedule K-1** in the **Print Options** screen.
- *To mark this box for all partners at once, click the **PRNT Screen** link to open the **Print Options** screen and mark the **No** checkbox beside **All Partners contrib. prop. w**/ **build-in gain or loss**.

Press ESC to return from the **Print Options** screen to the Schedule K-1 Screen and press ESC a second time to return to the **Data Entry Menu**.

K1	Basis Wks	Supplemental Info	<u>8805 / It</u>	em M				
chedule	K-1 - Partner's	Share of Incom	e, Credits,	Deductions,	etc. Video: K-	-1 Export Tool V	/ideo: Speci	al Allocations
Other Informa			Schedule B-1				Select Appl	
	Control number	Signs Return	Country of Inc	corporation/Organ	nization	<u>~</u> [Final K-1	
Round	ling Partner	PTR REP	Max Percenta	ge Owned			Amende	d K-1
Partner's Nan	ne and Address Infor	mation						
E ID number	r	400000590	Title for Pin Si	ignature				
		First Name	MI Las	st Name		s	uffix	Professional
F Name		BIG	BR	OTHER			~	
Entity nan	ne (if not individual)							
Care of/F	BO/DBA							
Address.		841 FIRST BOR	N LN					
City		SAVANNAH						
		State ZIP						
U.S. ONL	Υ	GA ∨ 31404	Resid	dent state	~			
French C		Province/State <click td="" to<=""><td>Access></td><td>Country Po:</td><td>stal Code</td><td></td><td></td><td></td></click>	Access>	Country Po:	stal Code			
100	INLY.							
							Deliver b	y SecureFilePro
EmailAdd	Iress							y becardination
	R type (not the partne partner a retirement		INDIVI	DUAL	~	🗌 B2 - Eligit	ole foreign e	ntity
J. Partner's %								
	Be	ginning Of Year			or Income, Dedu			OWN Override
Profit								
		50			ine basis are ent sing the SA link.			-
Loss		50	the Schedu	le K screens us		See FAQ "P"		=
			the Schedu for informa	le K screens us ition on enterin	sing the SA link.	See FAQ "P" inges.		= =
Capital		50	the Schedu for informa	le K screens us ition on enterin	sing the SA link. g ownership cha	See FAQ "P" inges.		
Capital Analysis of C	Capital Account	50	the Schedu for informa Partner Ow	ile K screens us ition on enterin mership Chang	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" inges.		= =
Capital Analysis of C . Beginning c Capital co	Capital Account	50 50	the Schedu for informa Partner Ow	ile K screens us ition on enterin vnership Chang	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" inges. een		= = 304572
Capital Analysis of C Beginning c Capital co	Capital Account	50	the Schedu for informa Partner Ow	ile K screens us ition on enterin vnership Chang	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" inges. een		304572
Capital Analysis of C Beginning c Capital con Gain r	Capital Account capital account	50 50	the Schedu for informa Partner Ow	ile K screens us	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" inges. een		304572
Capital Analysis of C Beginning c Capital con Gain r Cash	Capital Account capital account ntributed during the recognized on contributed.	50 50	the Schedu for informa Partner Ow	ile K screens us	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" inges. een		304572
Capital Analysis of C Beginning o Capital con Gain r Cash Adjus Other adjus	apital Account apital account ntributed during th recognized on contrib contributed	50 50 buted property	the Schedu for informa Partner Ow	ile K screens ut tition on enterin mership Chang	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" Inges. een	•	304572
Capital Analysis of C Beginning o Capital con Gain r Cash Adjus Other adjus	apital Account apital account ntributed during th recognized on contrib contributed	50 50 he year: puted property	the Schedu for informa Partner Ow	ile K screens ut tition on enterin mership Chang	sing the SA link. g ownership cha es <u>OWN Scr</u>	See FAQ "P" Inges. een		8 304572
Capital Analysis of C Beginning o Capital con Gain r Cash Adjus Other adjus Current yea Withdrawal	Capital Account capital account intributed during th recognized on contrib contributed 	so so re year: v contributed	the Schedu for informa Partner Ow	ile K screens us ition on enterin mership Chang	sing the SA link. g ownership cha es <u>OVVI Scr</u>	See FAQ "P" Inges. een	
Capital Analysis of C Beginning c Capital con Gain r Cash Adjus Other adjus Current yea Withdrawal	Capital Account capital account intributed during th recognized on contrib contributed 	so so buted property / contributed distribution of capital) e).	the Schedu for informa Partner Ow	ile K screens us ition on enterin mership Chang	sing the SA link. g ownership cha es <u>OVVI Scr</u>	See FAQ "P" Inges. een	
Capital Analysis of C Beginning c Capital con Gain r Cash Adjus Other adjus Current yea Withdrawal	Espilal Account capital account intributed during th recognized on contribu- ted basis of property iteration including red ar increase (decrease is/Distributions iner contribute property iteration in the second second second second iteration in the second second second second iteration is a second second second second second iteration is a second second second second second second iteration is a second sec	so so re year: v contributed	the Schedu for informa Partner Ow	ile K screens us ition on enterin mership Chang	sing the SA link. g ownership cha es <u>OVVI Scr</u>	See FAQ "P" Inges. een	
Capital Analysis of C Beginning c Capital con Gain r Cash Adjus Other adjus Current yee Withdrawal U di the part Part III: K-1 Di 4 Guarante	Capital Account apital account antributed during th ecognized on contributed contributed ted basis of property stments (including red ar increase (decrease is/Distributions mer contribute proper rect Entries ed Payments for Ser	so so re year: v contributed	the Schedu for informa Partner Ow	le K screens us tion on enterin mership Chang	sing the SA link. g ownership cha ees <u>OWN Ser</u>	See FAQ "P" inges.	

Figure 13: Partners' K-1 Screen

DEPRECIATION

Drake provides six 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 five depreciable assets. Open the **4562** screen by typing 4562 in the **Data Entry Menu** selector field and pressing ENTER. Use information from the following table to enter the assets.

Fields	Data	Data	Data	Data	Data
Description	Asset 1	Asset 2	Asset 3	Asset 4	Asset 5
Date Acquired	6/15/09	05/15/12	11/22/09	05/15/05	09/15/12
Cost	67,000	35,000	65,000	125,000	25,000
Method	MACRS	MACRS	MACRS	ARP	MACRS
Life	5	5	7	39	7
Prior Deprec.	67,000	35,000	65,000	41,665	7,515
Prior Bonus					12,500

Figure 14: 4562 Screen Item Detail

	For:			S, F,8825, RENT, 75			: Group	itch to grid mode*	
	Multi-form code:	(1	1-999; 1 is	assumed if left bl Date	lank)	Business %	Used	Listed Prop	
Description				Acquired	Cost	use	Prop	Туре	
ASSET 1				06-15-2009	67	000		~	
Property type		~				State		AMT	Book
Building qualifies for S	ection 1.263(a)-3(h) el	ection		Federal	(if e	lifferent)	(if d	ifferent)	(if different)
Method				M ~		~		~	~
Life				5					
Prior depreciation				67000					
Salvage value									
Override regular depreciat	tion				=		-	-	
179 expense elected this	year			:	=			=	-
179 expense allowed this	year				-			-	-
179 expense elected in pr	ior years								
179 expense allowed in p									
Bonus depreciation	Addit	ional Depr Ele	ections =		=			-	-
Prior bonus depreciation.									
Basis ONLY if different from	m cost		-		-			-	-
Land cost (Do NOT includ	le in cost above)								
Date placed in service (Of	NLY if different than da	e acquired)			Qualified N	anna aidential Bran			
Date placed in service (Of	NLY if different than dat = Do not us		ables	= Y	Qualified N erally declared isaster assista		2003 2004	🔽	roperty
Date placed in service (Of Force convention Amortization Code section	NLY if different than dat Do not us Elect	e acquired) e MACRS % t	ables	uction	erally declared isaster assista	disaster area	2003 2004		roperty
Date placed in service (Of orce convention Amortization Code section	NLY if different than da = Do not us Elect tion	e acquired) e MACRS % t additional first	ables -year dedi	uction If so	erally declared isaster assista old: F	disaster area ince property		Zone Extension p	roperty
Date placed in service (OF Force convention	NLY if different than dat = Do not us Elect tion IF NOT SOLD	e acquired) e MACRS % t additional first	ables	uction Fede	erally declared isaster assista old: F e sold	disaster area	GO 2	Zone Extension pr	roperty
Date placed in service (OF Force convention	NLY if different than dat = Do not us Elect tion IF NOT SOLD	e acquired) e MACRS % t additional first	ables -year dedi	uction Fede Intion If so If so Dat Sale	erally declared isaster assista old: F e sold es price	disaster area		Zone Extension pr	roperty
Date placed in service (Of orce convention Amortization Code section Additional Asset Informal Date taken out of service I	VLY if different than dat Do not us Do not us Content Lion IF NOT SOLD year usiness use dropped to	e acquired) ie MACRS % t additional first	ables -year dedi	ettion Fede uction Di d Salu Exp	erally declared isaster assists old: F e sold es price ense of sale	disaster area	 	Zone Extension pr	roperty
Date placed in service (Of orce convention	VLY if different than dat Do not us Do not us Content Lion IF NOT SOLD year usiness use dropped to	e acquired) ie MACRS % t additional first	ables I-year dedi Abandone	d Dep	erally declared isaster assista old: F e sold es price ense of sale oreciation allov	disaster area ince property ST ST	□ GO Z	Zone Extension pr	roperty
Date placed in service (OP Force convention	VLY if different than dat Do not us Do not us Content Lion IF NOT SOLD year usiness use dropped to	e acquired)	ables I-year dedi Abandone	d Fede	erally declared isaster assista old: F e sold es price ense of sale oreciation allov m 4797, line 2	disaster area ince property ST ST ved or allowable 3d depreciation	□ GO 2	Zone Extension pr	roperty
Date placed in service (OP orce convention	VLY if different than dat Do not us Do not us Content Defect tion IF NOT SOLD year usiness use dropped to	e acquired) ie MACRS % t additional first 0 50% or less 	ables I-year dedi Abandone	d Sale	erally declared isaster assistant old: F e sold ense of sale oreciation allow m 4797, line 2 m 4797, other	disaster area ince property ST ved or allowable Sd depreciation Part III depreciation	- GO 2	Zone Extension pr	roperty
Date placed in service (OP orce convention	VLY if different than dat Do not us Do not us Control Denotes	e acquired) e MACRS % t additional first 	ables I-year dedi Abandone	d Fede	erally declared isaster assists old: F e sold ense of sale oreciation allov m 4797, line 2 m 4797, other allment Sale Iu	disaster area ince property ST ved or allowable Sd depreciation Part III depreciation IFC	- GO 2	Zone Extension pr	roperty
Date placed in service (Of orce convention	VLY If different than dat Do not us Do not us Content Lient	e acquired) e MACRS % t additional first 	ables I-year dedi Abandone	d For	erally declared isaster assists old: F e sold ense of sale oreciation allov m 4797, line 2 m 4797, other allment Sale Iu	disaster area ince property ST ved or allowable Sd depreciation Part III depreciation	- GO 2		roperty
Date placed in service (OP Force convention	VLY if different than dat Do not us Do not	e acquired) ie MACRS % t additional first 	ables I-year dedi Abandone	d If so	erally declared isaster assista old: F e sold ense of sale oreciation allov m 4797, line 2 m 4797, other allment Sale Iv e Kind Exchang	disaster area ince property ST ved or allowable Sd depreciation Part III depreciation FC le MFC	- GO 2		roperty
Date placed in service (OP orce convention	VLY If different than dat Do not us Do not us Content Lient	e acquired) e MACRS % t additional first 	ables I-year dedi Abandone	d Salu	erally declared isaster assist old: F e sold	disaster area ince property ST ved or allowable Sd depreciation Part III depreciation FC le MFC	n		roperty
Date placed in service (OP orce convention	NLY If different than date of the second sec	e acquired) ie MACRS % t additional first 	ables I-year dedi Abandone	d	vally declared saster assists bid: F e sold	disaster area ince property ST ST ved or allowable Sd depreciation Part III depreciation FC te MFC Sold to a r version e Only Like Kind Ey ation	n	Zone Extension pr	roperty
Date placed in service (OP orce convention	VLY If different than dat Do not us Do not	e acquired) ie MACRS % t additional first 	ables	d	vally declared saster assists bid: F e sold	disaster area ince property ST ST ved or allowable Sd depreciation Part III depreciation FC ie MFC Sold to a r version 0 Only Like Kind Eb	n	Zone Extension pr	roperty
Date placed in service (OP Force convention	VLY if different than dat Do not us Do not	e acquired) ie MACRS % t additional first 	ables	d	vally declared saster assist def resister assist esprice ense of sale reciation allow m 4797, tine 2 m 4797, other allment Sale IA K Kind Exchang 1099-S K Kind Exchang 1099-S Qualifying Stat up Sale Inform up sale numb	disaster area ince property ST ST ved or allowable Sd depreciation Part III depreciation FC te MFC Sold to a r version e Only Like Kind Ey ation	n		roperty
Date placed in service (OP Force convention	VLY if different than dat Do not us Do not	e acquired) ie MACRS % t additional first 	ables	d Control Cont	erally declared isaster assist assister assist bid: F e sold	disaster area ince property ST ST ved or allowable Sd depreciation Part III depreciation FC te MFC Sold to a i version e Only Like Kind Ey ation ar	n		roperty
Date placed in service (OP orce convention. Amortization Code section Additional Asset Informat Date taken out of service I Do Not Update to next y Recapture because bu Investment credit code Fixed Asset Manager Asset Number Department number Asset Category. State State A For FL, IN, KY, and PA Occurrence of Schedule (o Schedule form data flow.	NLY If different than dat Do not us Do not us PLOT SOLD	e acquired) ie MACRS % t additional first b 50% or less 	ables	d Salu base of the second seco	erally declared isaster assist old: F e sold	disaster area nee property ST ST ST Sd depreciation Part III depreciation FC Sold to a r Sold to a r Sold to a r Sold to a r ation ation	n		

Note

The Use% field would be used to indicate a percentage other than 100%. All five 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 15), view the individual details of each depreciable asset and make adjustments by clicking Item Detail at the bottom of the grid screen. The 4562 screen will open in full screen mode (Figure 14). In full screen mode, press PAGE DOWN to get to another 4562 screen. Press ESC to return to the Data Entry Menu.

Figure 15: The 4562 Screen in	Grid Data	Entry Mode
-------------------------------	-----------	------------

	Form	MFC	Description	Date Acq	Cost	%Use	Used	LPT	Method	Life	Prior Depr	Prior 179	Prior Bonus	Prop type	GrpSale
1			ASSET 1	06-15-2009	67000				м	5	67000				
2			ASSET 2	05-15-2012	35000				М	5	35000				
3			ASSET 3	11-22-2009	65000				М	7	65000				
4			ASSET 4	05-15-2005	125000				A	- 39	41665				
5			ASSET 5	09-15-2012	25000				м	7	7515		12500		

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 16). Use the following table to enter the beginning of year and end of year totals.

Fields	Beginning of Year	End of Year
ASSETS		
Cash	290,023	119,403
Accounts Receivable	205,500	201,000
Allowances for Bad Debt	1,500	1,500
Tax-exempt Securities	100,000	100,000
LIABILITIES		
Accounts Payable	121,000	109,800
Payables less than 1 year	8,000	8,000
Nonrecourse Loans	5,800	5,800
Payables more than 1 year	86,000	78,000
Partners' Capital Accounts	609,143	451,502

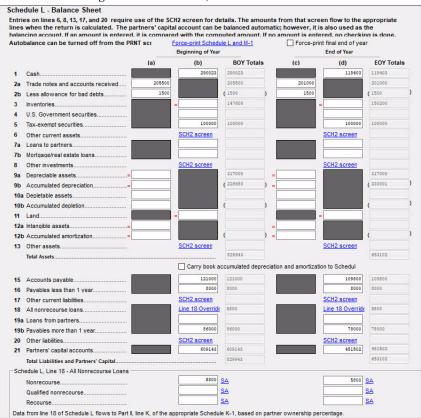


Figure 16: Screen L, Schedule L - Balance Sheet

Press ESC to return to the Data Entry Menu

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 17). 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.

Sc	hedule M-1 Reconciliation of Income (L Note. The partnership may be re		With Income (Loss) per Return lule M-3. See instructions	
1 2	Net income (loss) per books In come included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on booksthis vear (itemize):	142,359	6 Income recorded on books this year not included on Schedule K, lines1 through 11 (itemize): a Tax-exempt interest \$	
3 4	Guaranteed payments (other than health in surance) Expenses recorded on books this year not in duded on Schedule K, lines 1 through 13d, and 16p (itemize);		7 Deductions included on Schedule K, lines 1 through 13d, and 16p, not charged against book income thisyear (itemize): a Depreciation \$	
	Depreciation \$ Travel and entertainment \$		8 Add lines 6 and 7	
5	Add lines1 through 4	142,359	(Loss), line 1). Subtract line 8 from line 5	142,35

Figure	17:	Schedule	M-1	Reconciliation	of Income
I I LUIC		Selledale	171 I	recommentation	or meonie

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 18: Screen M2, Schedule M-2 - Analysis of Partners' Capital

Sc	hedule M-2 Analysis of Partners' Capit	al Accounts			
1	Balance at beginning of year	609,143	6	Distributions: a Cash	300,000
2	Capital contributed: a Cash			b Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	142,359		1288. 2007	
4	Other in creases (itemize):]		
	22		8	Add lines 6 and 7	300,000
5	Add lines1 through 4 · · · · · · · · · · · · · · · · · ·	751,502	9	Balance at end of year. Subtract line 8 from line 5	451,502

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 19). 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.

Scl	edule L Balance Sheets per Books	Beginning	of tax year	Endot	ftax year
	Assets	(a)	(b)	(c)	(d)
1	Cash		290,023		119,403
2a	Trade notes and accounts receivable	205,500		201,000	
b	Less allo wance for bad debts	1,500	204,000	1,500	199,500
3	Inventories		147,600		150,200
4	U.S. government obligations				
5	Tax-exempt securities		100,000		100,000
6	Other current assets (attach statement)				
7 a	Loan stopartners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9 a	Buildings and other depreciable assets	317,000		317,000	
b	Less accumulated depreciation	228,680	88,320	233,001	83,999
10a	Depletable assets	Y			
b	Less accumulated depletion	N			V
11	Land (net of any amortization) • • • • • • • • • • • • • • • • • • •				
12a	Intangible assets (a mortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement)				
14	Total assets		829,943		653,102
	Liabilities and Capital				
15	Accountspayable		121,000		109,800
16	Mortgages, notes, bonds payable in lessthan 1 year		8,000		8,000
17	Other current liabilities (attach statement)				
18	All nonre course loans		5,800		5,800
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more •••		86,000		78,000
20	Other liabilities (attach statement)				
21	Partners' capital accounts		609,143		451,502
22	Total liabilities and capital		829,943		653,102

Figure 19: Form 1065, page 5

REVIEW QUESTIONS PART 6

Answer the following questions. See "Answers Part 6" on page 198 for answers and explanations.

- 1. In a 1065 return, which 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 S 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 d) Are entered on the K screen. Partner special allocations can be entered using the SA links in the K screen, and can include ordinary dividends, interest income, and guaranteed payments.
 - a) is incorrect. Ther is not an **S** screen in data entry.
 - 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.
- 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

Downloading regular updates is critical to ensure that your tax program is performing efficiently. The Update Manager obtains and installs files automatically. Updates include modifications to both the federal and state packages to reflect the most recent changes in the tax law.

NOTIFICATION OF UPDATES

The **Updates** section of the **Home** window, shows when program updates are available and ready for download (Figure 1), even if the automatic update feature is activated. This notification appears if all of the following conditions are met:

- The software detects the computer is connected to the Internet.
- The user has security rights to install updates.
- The user has permission to see the message regarding the updates ready for download. (The user must be an administrator or have the **Display program update availability** drop box at **Setup > Options > Administrative Options** tab set to **All w/ Update Rights**.
- The software needs updates.

If no updates are needed, an "Up to Date" message is displayed in the **Updates** section of the **Home** window; otherwise, you are instructed to install needed updates.

Recent Returns:	Key	View/Print
TAXPAYER, THOMAS & TASHA	1000	
THE PAINT PALETTE DESIGN	2	-
TWO BROTHERS	3	
GRANNYS GIFTS GADGETS	4	-
RUNNER, MILES & LANE	5	-
MAGNOLIA, SUSAN	6	
TEA, MINT	7	-
CRESCENDO, CREED & DEE	8	-
990 RETURN	9	
Alerts & Notifications:		
Alerts & Notifications: Mar 5 – <u>Return Due Date</u> :	s and	I Deadlines
Mar 5 – <u>Return Due Date</u> :		
Mar 5 – <u>Return Due Date</u> Scheduled Updates: On H	OLLY	

Figure 1: Notification of Updates

SCHEDULED UPDATES

The Update Manager can be configured to obtain and install files automatically at a set time. To schedule software updates:

- 1. From the Home window toolbar, select Tools > Update Manager. The Drake Update Manager dialog box is displayed (Figure 2).
- 2. Enable the Schedule software updates option. An alert pop-up indicates Scheduled Updates is now active. Click OK.
- **3.** Set the time to run updates: Click the hour, minute, second, and/or AM/PM fields. Update by clicking the up or down arrows or type the value for each.
- 4. Click Exit.
- Figure 2: Update Manager

Us	se your co	imputer's l	ock feat	ure to sec	cure your	compute	er without h	naving to lo	og off.			
Sche	duled Up	dates is a	ctive on	computer	HOLLY-	L			The las	it update was o	n: 03-02-2019 10	0:03:04
ouble-	click on a	ın item bel	ow for in	formation	about up	odates cu	urrently ins	stalled:				
040	1120	1120-S	1065	1041	990	706	Gift	States	Program	Fed Shared	State Shared	Tools
Desc	ription							Upd	late No.	Released		^
1040	Program	Updates						32		03/01/2019		
1040	Program	Updates						31		02/27/2019		
1040	1040 Program Updates							30		02/26/2019		
1040	Program	Updates						29		02/22/2019		
1040	Program	Update						28		02/21/2019		
1040	Program	Updates						27		02/20/2019		
1040	Program	Updates						26		02/18/2019		
1040	Program	Updates						25		02/14/2019		
1040	Program	Updates						24		02/13/2019		
1040	Program	Updates						23		02/12/2019		
1040	Program	Update						22		02/08/2019		~

Note

To receive scheduled updates the computer designated to receive updates must be left on and an authorized user must remain logged in.

DOWNLOAD UPDATES MANUALLY

To download and install updates when logging into the tax program:

- 1. From the Home window toolbar, select Tools > Update Manager. The Update Manager dialog box is displayed (Figure 2).
- 2. Disable the Schedule software updates option check box.

- 3. An alert window will open. Click OK.
- 4. Click Exit.
- NOTE When Scheduled Updates is turned off, the tax program will not be available for use until the latest updates have been downloaded and installed.

To download and install updates as they are released, from the **Updates** section in the lower left of the Drake Tax **Home** window, click **Install Updates**.

VIEW RELEASE NOTES

When updates are installed, the program creates an installation log of the updates. This log is displayed in the bottom pane **Drake Update Manager** window tabbed format, by file name, release date, and number of the update (Figure 3). The tabs divide updates into categories, one for each package (1040, 1120, 1065, etc.), individual state updates, program updates, updates shared across two or more federal packages, updates shared across two or more state packages, and one for updates to Drake tools. Click column headers to sort data in ascending or descending order. Double-click the desired row in the **Drake Update Manager** window to view a release note. Print or export notes from the Report Viewer.

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Desci	ription							Upd	ate No.	Released		^	
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	Program ¹							39		03/18/2019			
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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 4). Select the desired form category (Federal, Organizers, Proformas, state, or city) on the left; then select the return (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.

)rake 2018 - Blank Forms			- 0
Blank Forms			
Select the desired form cate	gory on le	eft. Single left-click on th	ne desired form to highlight. Click "View" or "Print".
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Tip: To select multiple forms	, hold dov	vn the "Control" key wh	ile selecting.
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Summary Organizers		Official Name	Description
New Client/Blank Organizers			
Proformas Jaska		1040	U.S. Individual Income Tax Return
Jabama		1040NR	U.S. Individual Nonresident Income Tax Return
ukansas		1040NR Page 2	U.S. Individual Nonresident Income Tax Return
rizona		1040NR Page 3	U.S. Individual Nonresident Income Tax Return
alifornia		1040NR Page 5	U.S. Individual Nonresident Income Tax Beturn
Colorado		1040NR~ Page 4	II S Individual Nonresident Income Tax Beturn
onnecticut			
)istrict of Columbia)elaware		1040V	Individual Payment Voucher
velaware Wilmington		1040×	Individual Amended Income Tax Return
lorida		1040X Page 2	Individual Amended Income Tax Return
ieorgia		1042S	Foreign Person's U.S. Source Income Subject to Withholding
lawaii		1045	Application for Tentative Refund
owa		1045 Page 2	Application for Tentative Refund
jaho		1045 Page 3	Application for Tentative Refund
llinois ndiana			
ansas		1045 Page 4	Application for Tentative Refund
Centucky		1045 Page 5	Application for Tentative Refund
ouisiana		1098_C	Contributions of Motor Vehicles, Boats, and Airplanes
fassachusetts		1099G	Certain Government Payments
laryland		1099R	Distributions from Pensions
laine		1116	Foreign Tax Credit
fichigan Detroit	~	1110 Dago 2	Foreign Tou Credit
Detroit			

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.)

Dpen/Creal	Up	Reports Last Year Da date Manager tall State Programs		Help	Scheduler	Documents	GruntWorx	Research	O - Support
		nk Forms Dair Index Files	Ctrl+R						
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FIDUC EMOJI GRANN	Dra Ins Cit	Repair Index Files This function will re index from the list b			the EF, EIN, I	CSM, and Name	databases. Se	lect the desired	is is
		Repair All EF Index EIN Index CSM Index							
		O Name Index	(Drake 2018 -	Repair Inde	x Files			×
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Figure 5: Repairing Index Files

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 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**. File maintenance tools include:

- **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 potential 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 we recommend you create a backup of 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 for 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** tool 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/ email notifications	Send appointment reminder letters to selected 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 33.

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

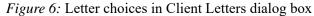
To print one or more letters:

- 1. From the Home window, go to Tools > Letters > Letters. The Client Letters dialog box is displayed (Figure 6).
- **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. For more information, see "Letters" on page 33.



Select	letter to print f	or clients			
P	ost-season for 201	3 clients			
	e-season for 2017		2010		
	dividual estimate p opointment letter/e				
	status for 2018 c			3	
() E	ngagement letter				

AMORTIZING

The Amortization tool prepares loan repayment schedules for various loan scenarios (Figure 7). To access this tool from the menu bar, select **Tools > Amortization**. The **Amortization Schedule** dialog box selections include:

- Schedule Title Enter a title to be displayed at the top of the amortization schedule.
- Loan Amount Enter the original amount of the loan. ٠
- 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 238).

ake 2018 - Amor	ization Schedule				- 🗆	>
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Loan Amount:		_		Show only p	ayments in this rar	nge:
Amortization Perio		Payment	Type: Fixed Paymer	ıt → Begin with:	03-15-2019	~
Payments Per Ye	ar: 12	Date of F	irst Payment: 03-15-2019	End with:	4-15-2029	~
Annual Interest:	3.9			End with:	4-10-2023	~
Payment Amount	200.00	Hov	v do I do a balloon payment?		Apply	
Pmt No.	Date	Payment	AL AUTO LOAN Principal	Interest	Balance	
Beginning	Loan Amount				20,000.00	
1 3-1	5-2019 []	200.00	135.00	65.00	19,865.00	
2 4-1	5-2019 []	200.00	135.44	64.56	19,729.56	
	5-2019 []	200.00	135.88	64.12	19,593.68	
4 6-1	5-2019 []	200.00	136.32	63.68	19,457.36	
	5-2019 []	200.00	136.76	63.24	19,320.60	
5 7-1			137.21	62.79	19,183.39	
5 7-1 6 8-1	5-2019 []	200.00				
5 7-1 6 8-1 7 9-1	5-2019 []	200.00	137.65	62.35	19,045.74	
5 7-1 6 8-1 7 9-1 8 10-1	5-2019 [] 5-2019 []	200.00	137.65 138.10	61.90	18,907.64	
5 7-1 6 8-1 7 9-1 8 10-1	5-2019 []	200.00	137.65			

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. To edit, click Edit and 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. To add, click New and type the business information.
- 4. Modify or complete the fields in the Edit EIN/Employer Listing dialog box.
- 5. Click Save.

SCHEDULING **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
- send email reminders to clients

The are tools for customizing, printing, and exporting schedules. You can import your Windows Outlook, *Outlook.com* or Google Calendar appointments into the Drake Scheduler, and also export appointments from the Drake Scheduler into these calendars.

ACCESSING THE SCHEDULER

There are several ways to access Scheduler:

- through a desktop icon (that is added to your desktop when Drake is installed),
- from the Tools menu in the Home window of Drake,
- from the **Toolbar** in the **Home** window of Drake.
- in a client's return by right-clicking in a screen and selecting Add Appointment from the right-click menu.

SCHEDULER ACESS LEVELS

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.
- 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 in the Scheduler. 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.

SCHEDULER LAYOUT

The Scheduler window has five main sections (Figure 8):

- A Toolbar (Item #1)
- A Calendar Overview (Item #2)
- View Options (Item #3) daily, weekly, monthly, and by logged-in preparer
- A Preparer View drop list (Item #4) to view a selected preparer's calendar
- A Schedule Grid (Item #5) shows scheduled appointments, depending on the view options selected.

B Drake Scheduler			1	1	– 🗆 X
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New Appt Search Print ✓ March 2019	Sa 2 Mor Sa 2 9 16 23 30 6 10 10	Ionday , March 4, 2013		MPrep 4	MTPrep ^
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Figure	8.	An	nointm	ent S	chedi	ıler -	Pre	narer	Μ	[0d	le
rigure	ο.	AP	Johnun		ciicui	uici -	IIC	parti	IVI	luu	IC

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 10 on page 213). 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
 - set up your email account (if necessary) so you can send out appointment reminders automatically.
- 2. Make your selections and click OK.

See Chapter 2 of the 2018 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.

Establishing Preparer Schedules In Scheduler Setup

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 9).
- 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 2018 Drake Tax User's Manual.

Select Preparer	: MM				~		Sch	ed	ule for: MM					
andard Schedule	Detail Schedule	в												
Set up Times														
Check All D	ays													
Select day(s):	✓ Monday	\checkmark	Tuesday	\checkmark	Wednesday		Thursday		Friday		Saturday	Sunday		
ln (1)	Out (1)	n (2)	Ou	t (2)	In (3)		Out (3)		In (4)		Out (4)			
7:00 AM 🗸	11:30 AM 🗸	12:3) PM ~ 6:0	0 PI	M ~		~		~	~	×	Ap	oly	
							- 10 10/07/00							
		_				nda	ard Sche	_	-	_		10 2 101		_
Day of Week	In Time(1)	-	Out Time(1	_	In Time(2)		Out Time(2	_	In Time(3)		Out Time(3)	In Time(4)	Out Time(4)	-
Monday	7:00 AM	•		-		-	Denter College States	-		-	-		-	
Tuesday	7:00 AM	•		•	12.00111	•	0.00111	•		•	•		•	
Wednesday	7:00 AM	•		•		•		•		•	•	-	•	
Thursday	7:00 AM	-	11:30 AM	•		-		•		•	•		•	
Friday	7:00 AM	•	11:30 AM	•	12:30 PM	-	6:00 PM	•		•	•		•	
Saturday		•		•		•		•		•	-	-	•	•
Sunday		•		•		•		•		•	•		•	
Clear Schedules														
Save Option	ns - For curre	nt v	iew (save	bot	n Standard	and	d Detail Sc	hed	lules).					
Save for Pr	enarer:													
O Save for A	1. S.	outs	chedules		O Save	for	ALL Preparer							
O Save loi /	in reparets man	oure	onedales.		O save		tee mopulon							

Figure 9: Setup Preparer Schedule dialog box

NNTF

NOTE Preparer schedules can also be created in Preparer Setup. See "Preparer Schedule" on page 23.

PRINTING AND EXPORTING PREPARER SCHEDULES

Print or export preparer schedules to an excel file for a specified time range for a specific date or week. 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**, 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. The **Export** feature of the Scheduler sends the data for the selected view (daily, weekly, or monthly) to an Excel spreadsheet.

Preparer schedules and appointments can be carried forward each year. Go to Last Year Data > Update Settings 2017 to 2018 and select Preparer Schedules and Appointments.

IMPORTING AND EXPORTING CALENDARS

Drake Tax can export appointments in Scheduler to your Outlook, *Outlook.com*, or Google Calendar, or pull 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. From the **Appointment** tab of the **Schedule Setup** dialog box make a selection (Google, Outlook, or *Outlook.com*) from the Select external calendar drop list (Figure 10).
- **3.** Make a selection (Google, Outlook, or *Outlook.com*) from the **Select external calendar** drop list.
- 4. Click OK.

alendar	Appointment	Email		
Appointm	ent Settings			
Default a	opointment du	aration to	15 ~	minutes
✓ Use Z	ZIP autofill for	City & Sta	te	
 Mark	all appointme	nts Privat	e	
	eminders set f		10	minutes
	Export - Block	cout mee		Innacco
	82	Courmee		
Display n	ame as		First Last	t ~
Working	with External	Calendar	s	
Select ex	temal calend	ar	Outlook	~
			Google	Sign out
Preparer	Schedule			
Edit prepa	arer's schedul	e		Edit
Drag/Dro	p			
	on drag and o	drop		
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⊻ ium				

Figure 10: Appointment tab of Schedule - Setup dialog box

To export your Drake Tax calendar or import your Outlook 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 select to pull appointments from our Outlook, *Outlook.com*, or Google calendar, when the Pull Appointments dialog box is opened, select those appointments you wish to bring into your Scheduler calendar and click Import. If you choose to send your Scheduler appointments to your Outlook calendar, all appointments are exported when you made that selection.

You can also delete all previously imported appointments by selecting **Remove everyone's** imported appointments.

NOTE 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. There are a few ways to schedule an appointment:

- From the Scheduler toolbar, click New Appt, press CTRL+N, or double-click an appointment time in the schedule grid, or
- From the Data Entry Menu within a return, right-click in the gray area and select Add Appointment from the right-click menu.
- 1. The Appointment Detail dialog box is displayed (Figure 11). 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		Entry Or	ganizer Proforma Help	Exit		
Date	3/ 4/2019	ID	500001004	Color	Default 🗸	
Start time	11:00 AM	Туре	Individual \sim	Client type	Returning	~
End time	11:15 AM	First	WAVE	Last name	EMOJI	
Preparers	TPrep MPrep MTPrep	Desc Street City ST Email	1234 FRIENDLY LANE Franklin NC ZIP 28734 WAVEEMOJI@1040.COM reminder Private appoint	Phone (day) Phone (eve) Phone (cell)	(828)524-8020 (828)524-8020	Ext Ext Send
Comments			Created B	y: tprep		Recurrence

Figure 11: 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, or use the **Find** button in the **toolbar** to search for an exisiting client. 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.

NOTE If you replace data in an autofilled field in the Scheduler, this information is *not* overwritten in the client record in Drake.

4. (optional) Click Send to send the appointment to the client via the email address entered.

- 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.

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 12). Double-click an appointment row to open that appointment. The **Appointment Detail** dialog box is displayed.

Search text suz	zie		After 03/	04/2019 🔲 🔻
Date 3/4/2019 10:00:	Name SUZIE SNAPD	ID Number 500001009	Prep Name MPrep	Start Time 10:00 AM

Figure 12: 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**. An appointment within a preparer's calendar can also 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.

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.

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

The batch appointment generator is available only to users with administrative rights. Appointments marked "private" are excluded from the batch process.

CREATING APPOINTMENT REPORTS

The **Reports** 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.



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 11 on page 214.

- **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. For more information on reports, see "Reports" on page 235.

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 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 13.).

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 screen and selecting **Forms Based Data Entry** (or pressing CTRL+G).

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0										-	Η
Sign	Under pe	nalties of perjur	y, I declare that I have exam eclaration of preparer (othe	nined this return and	accompanying s	chedules and statemen	ts, and to the best o	f my knowledge	e and beli	of, they are true,	
Joint return? See instructions Keep a copy for your records.	- 3 00		fa jointreturn, Dolthmust sign.	Date		Your occupation SAILBOAT CI Spouse's occupation SAILBOAT CI	APTAIN		PIN, ent here (se If the IR PIN, ent here (se	reinst) Ssentyou an Ider terit reinst)	16 ty Pr atection
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For Disclose Form 1040 (2			aperwork Reductio					a tartar a f	1	Fo	Page 2
	2a		interest	2a	INT		ble interest		2b	IN	
Attach Form(s) W-2. Also attach		Qualified div	idends	3a	DIV		nary dividends		3b	DI	
Form(s) W-2G a 1099-R if taxwa	nd 4a	IRAs, pensions	, and annuities	4a	<u>998</u>		ible amount .		4b	99	
withheld.	5a		ity benefits	5a <u>SS</u> A		b Taxa	ible amount ,		5b	<u>SSA</u>	<u>BRB</u>
	6	Total income. /	dd lines 1 through 5. Add :	any amount from Sch	edule 1, line 22 4797 E	E2 · K1P K1	C- K19 C	99G	6	Screet	<u>n 3</u>
standard	7	Adjusted gro subtract Sc	as income. If you have had use 1, line 36, from	and an a date too a	inte to income	anter the amount	t troop line 8: of	herwise,	7	Screet	<u>n 4</u>
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any box under Standard	15	Total tax. A	dd lines 13 and 14	<u>SE 413</u>	<u>7 8919</u> 5	<u>329 H 5</u>	<u>405 8959</u>	8960	15	<u>acree</u>	11.3
deduction, see instruction	16	Federal inco	me tax withheld from	Forms W-2 and	d 1099		Enem 8883	00000	16	<u>W2</u>	1099

Figure 13: Forms-Based Data Entry

Click a form line to access the screen associated with the line. Screens may also be accessed by entering the screen code in the **Screen To Load** field (Figure 14).

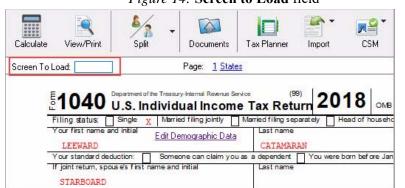


Figure 14: Screen to Load field

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 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 (Figure 15)

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 will likely need adjusting.

S.	-				
	Taxpayer	Spouse (if	<u></u>		
S SN	500-00-1001		Filing State	ıs 2 ▼	
First Name, MI	COFFEE		Dependent	t of another	
Last name				ERC 🗆	
DOB or age	02-13-1970	1			
W-2 - Gross			Children/Dependents		
W-2 - Federal wit	hheld		# Qual for EIC		
W-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		
Interest/Dividend	s/Other income				
IRA/Adjustments.			Daytime phone #	404-404-4040	
Other withheld or	estimates		Evening phone #	404-404-4040	
			Everyone on this return ha coverage for every month of	d minimum essential	
In care of					
Street	123 HONEY BEE STREET				
City	HONEY GROVE				
U.S. ONLY	State ZIP				
	TX 🔽 75446				
Foreign ONLY	Province/State	Country	Postal Code		
		-			
			filing returns.		

Figure 15: Ouick Estimator

Review QUESTIONS PART 7

Answer the following questions. See "Answers Part 7" on page 222 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 2017 to 2018
 - 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.

זט	ake Software Statu	15	DrakeSoftware.com Drake Software Support Websi Drake Software Broadcast
ELEC	TRONIC FILING & BANKING		Center Drake Software Download
	CURRENT STATUS	DETAILS	Center Drake Software on Facebook
0	Electronic Filing Servers	Service is operating normally	Drake Software on Twitter Taxing Subjects Web-zine
0	IRS Transmissions and Ack	Service is operating normally	
	Processing		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, check the Drake Software
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 professional designation. To open Drake's e-Training Center, go to *DrakeETC.com* (Figure 2 on page 224.)

AVAILABLE ON DRAKE ETC

- **Tax Courses** Interactive tax courses explore IRS tax law and terminology as well as 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 the basics of Drake setup, data entry, return preparation and much more. 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 Drake Accounting webinars.
- 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.

	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					
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. Self-Study Courses allow you to learn software and tax topics on your own time, at your own pace. Study the 				
Sign Out	 materials provided for the course and successfully complete the final exam to earn continuing education credits. 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. 				
	Drake Resources:				
	 Step-by-step Video Tutorials teach the basics of Drake Tax. Practice Returns provide hands-on training in Drake Tax data entry and e-filing. Recorded webinars provide detailed instruction on various Drake topics. 				
	Tracking:				
	 Keep track of your progress by viewing your Report Card. Access Administration and create Drake ETC accounts for all students in your group. View student report cards. 				
	Sign Out				
	Your Student ID: Last Logged on: 3/9/2018 at 4:20 PM				
	Leave Feedback Contact Us				

Figure 2: Drake ETC Welcome page

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)

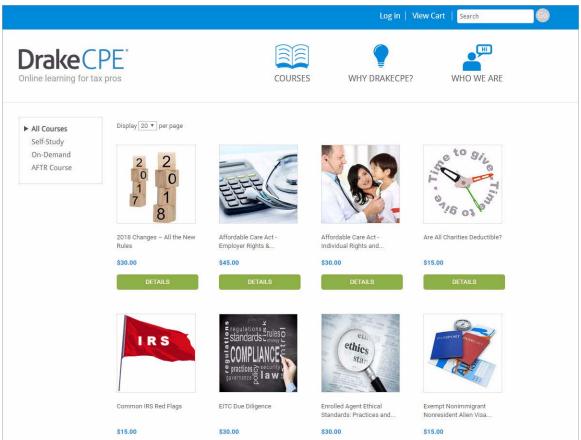


Figure 3: DrakeCPE.com

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	Print	View	CSM Scheduler	r Documents GruntWorx Research Support
Recent Returns:	Кеу	Print/View	Drake Software Custom	n Web Search X
DAISY, MARK	1		Drake Custom Web T	Tax Search
MUSTARD, WASABI	2		Begin by entering s	search keywords. The sites listed below will be searched. Sites may be changed, added
BEANS, COFFEE	3	<u> </u>	or deleted below. T	To exclude a site from being searched, remove its checkmark.
PEA, SNOW & SNAP BIRCH, JOANNE	4	<u> </u>	Enter search keywor	ords:
LEAF, DILL & CURRY		-		
CORNFLOWER, LIND		000000	200 0 0	Search Sites
TEA, MINT	8		Sites to search	✓ irs.gov
MAGNOLIA, SUSAN	9			☑ drakesoftware.com
Appointments: No upcoming appo	ntments toda	6	Add/Edit Site	Z taxingsubjects.com Save Delete
Notifications:			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 230.
- 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 230.
- 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 screens where a right mouse-click will display a help menu). Accessing the Help system inside a Drake window will display 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).

😵 Drake 2018 – Help × Hide Back Forward Home Print Options nts Igdex Search F • • Welcome to Drake 2018 Welcome to Drake 2018 nking Contacua Data Entry Menu Data Entry Menu Drake Documents File Help Last Year Data Welcome to the 2018 Tax Season! We are looking forward to another tax season and we are excited about the new functions and enhancements this year's tax program has to offer. Support Resources Main Screen Dialog Recent Returns – displays the last nine returns viewed by the logged in preparer. Appointments – lists any appointments for the current date, for the logged in preparer. Notifications – lists any emails or notifications to you from Drake Software. Alerts – list any alerts and provide links to additional information. The alerts can be from Drake Software directly or reported by us, from the Update Statusz – Displays Due to Date or Needs Updates accordingly. Only preparers with security access to the Update Manager see the s The Drake Tax User's Manual, Drake Software Help Help - is available in the Drake Tax User's Manual. The manual provides an overview of the functionality of the program and is now available from within the software by clicking Help > Software Manual & Online Resources in the Drake Home window. Drake Software Help (CTR) + F1) - is available from most every screen in Drake Software by clicking the Help button or key combination. Many of the most commonly asked questions and topics are covered in the Help system. Data Entry Menu Help - is available form most every fields. You can access this information via right-click Help > Help for this field (F1), or a screen Help button where available. This information is in-line with what is expected to see for the selected field's completion and is different from the Drake Software Help Information. Tutorial videos – provide step-by-step lessons for the most common areas of Drake Software. The tutorials are easy to use and can speed the training time of both veterans and new employees. Internet Support – is available at Drake Software support websile, <u>support drakesoftware com</u> Drake Software Knowledge Base – When issues with Drake Software program and tax laws arise, immediate updates are posted to the Drake Software Knowledge Base. Access the Drake Software Knowledge Base form <u>khr dwaresoftware com</u>. The Drake Software Knowledge Base advises on how to fix problems and specific data entry solutions. Many of the most commonly asked questions and most common problems are addressed in the Drake Software Knowledge Base. ne and Email Help General Drake Support – 020.524.0020 General Email <u>-support@drakesoftware.com</u> State and Department Specific Email - click <u>Contacting Drake Support</u> for a list of email addresses

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 "Support Button" on page 70.

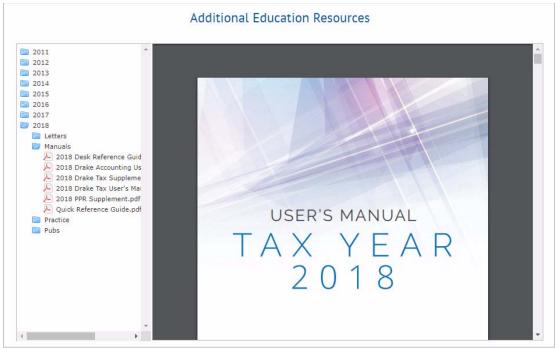
FAQs

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.

2018 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



2018 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 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. For more details on the Drake Update Schools, visit *Training.DrakeSoftware.com*.

PRACTICE RETURNS

Become more familiar with the program's 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.

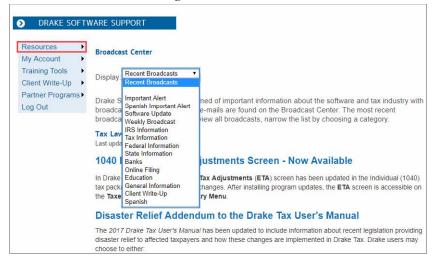
Drake Software Knowledge Base Quick Search: Search by keywords or phrase Home Search Browse Help Help	٩
Latest Articles Bopular Tags	
TITLEW2 x173Intex 16099: Net Operating Loss (NOL) - ChangesK1 x140Intex 10863: 1040 - Net Operating Loss FAQs1099R x46Intex 11840: 1045 & NOL - Application for Tentative Refund FactsScheduleC x34Intex 16101: 2019.03.02 - Drake 18 Update1099M x34Intex 16101: 2019.03.01 - Drake 18 UpdatesScheduleA x33Intex 16100: 2019.03.01 - Drake18 UpdatesW3 x27Intex 16097: QBI Deduction - Section 199A Trade or Business Safe Harbor: Rental Real EstateScheduleC x26Intex 16067: EF Return Selector - Expired ReturnsM2 x26Intex 16098: 2019.03.01 Broadcast - Tax Reform ResourcesX21	
Popular Articles	
TITLE M1 x19 wew 13325: Return Due Dates and Deadlines ScheduleF x17	

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, log into *Support.DrakeSoftware.com* and 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 *Support.DrakeSoftware.com*, 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

eturn to Drake Supp	ort Home	
Dverview Returns	Online EF Database Overview	
Generations Bank Products Checks Fees Summary Options Fools	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	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. 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.
MOM Sign Out	future reference. Checks – Allows reporting on checks by check status (printable, pending, and cleared). Queries can be	Options – Allows you to control access to the reporting tools with a secured password, and to configure your EFIN reporting hierarchy.
ient Search FIN: 904071 ax Year 2018 • 5N/Last Name	limited to a date range, data can be sorted, and filters can be saved for future reference.	Tools – Additional tools, data feeds, and reports (such as the Download 'A' Acks file, and the ABC Voice file). MOM – 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.

Note

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*.

Reports

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).

EF - Status and Tracking		
- 1040 Returns Accepted		
- 1040 Returns Duplicated		
1040 Returns Pending		
- 1040 Returns Rejected (Even if Accepted later)		
- 1040 Returns Rejected (Never Accepted)		
- Business Returns Accepted		
- Business Returns Duplicated		
Business Returns Pending		
Business Returns Rejected (Even if Accepted later)		E
Business Returns Rejected (Never Accepted)		
Extensions Accepted		
Extensions Pending		
- Extensions Rejected		-
Sample Report Contact information for each individual client		(Landscape)
Contact List (Individual)		
Taxpayer ID Taxpayer Name Email Address Taxpayer Daytime P	hone Taxpayer Evenin	g Phone
	-	

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 235). 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 2018 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. 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).

Drake 2018 - Report View	ver - (CONTAINS SENS	TIVE DATA)	×	
Q 🖬 🌔				
View Print Refre	sh Delete Help	Exit		
Standard Reports Ba	ank Ack Reports EF	Selection Reports Transmission Reports Release Notes		
Report Name	Date	Report Description		
DPFAREPT.XML	03/02/19 12:42	DPFAREPT Report		
MEFACK.TXT	03/02/19 12:39	MEF ACK files processed		
XMISSION.XML	03/02/19 12:38	XMISSION Report		
EFSTATUS.XML 03/02/19 12:38		EFSTATUS Report		
UPDATELY.TXT	03/01/19 12:40	Updating Data Files 17 to 18 Format		
DSIMPORT.TXT	01/30/19 16:24	Import Error Log		
ORGANIZERXML.XML	01/30/19 12:30	ORGANIZERXML Report		
SFPUPLOADRPT(100	01/30/19 12:30	SFPUPLOADRPT(1005) Report		

The Report Viewer divides reports into the following 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 Drake18\Reports as CSV files. Click OK.

FIXED ASSET MANAGER

Use the **Fixed Asset Manager** to run reports based on client assets. 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 2018 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
-----------	--------	--------	---------

Open -	Search Customize Refresh	† Filt	ers Quick View Repo	rts Export		nit xit
ID (Last 4)	Client Name	Туре	Preparer	Status	Started	Completed
XXXX7745	RUNNER, MILES & LANE	1040	Test Preparer	Printed	01/17/2019	
XXXX4655	FIDUCIARY	1041	Test Preparer	In Progress	01/28/2019	
XXXX7878	S CORPORATION	1120S	Test Preparer	In Progress	01/29/2019	
XXXX1940	TAXPAYER, THOMAS & TASHA	1040	Test Preparer	In Progress	02/26/2019	
XXXX1515	THE PAINT PALETTE DESIGN STU	1120	Test Preparer	In Progress	02/26/2019	
XXXX1125	PARTNERSHIP	1065	Test Preparer	In Progress	02/27/2019	
XXXXX1615	GRANNYS GIFTS GADGETS AND G	1065	Test Preparer	In Progress	02/27/2019	
XXXX6002	BEE, BUMBLE	1040		Updated From 2017		
c						

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 242.
- **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 246.
- **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 247.
- **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 2017 Set automatically when a return is brought forward from Drake's 2017 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 243

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. However, the CSM can be customized (Figure 5).

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.

Column Layout	Status Settings Co	lor Settings So	rt Options
Available Colur	nns		Columns in Current View
ID Number Days Old Last Calc	^	Select >	ID (Last 4) Client Name Type
Due Date Filing Status Extension		Select All >>	Preparer Status Status
Bank Deposits (P Bank Deposit Da	te	< Remove	Completed Last Change
Client Payments (Client Payment D Cash Receipts		<< Remove All	Changed By Refund BalDue
Receipt Payment Flag Bill Date Bill Adjustment De	ascription 1	Reset	Total Bill Bank Deposits Client Payments Amount Owed
Bill Adjustment Ar Bill Adjustment Do Bill Adjustment Ar Bill Adjustment Do	nount 1 escription 2 nount 2		

Figure 5: Column Layout Tab

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 (Figure 6):

- 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.

```
Figure 6: Status Settings Tab
```

Status Settings Color Settings Sort Options 1-Writing on Documents 2- On Hold 3- Under Review 4- Signed 5- Delivered 6- Custom Status 6> 7- (Custom Status 8> 9- (Custom Status 9> 10- <custom 10="" status=""></custom>	Status Settings The Status Se		to modify the Status Descriptions that are available in Data a Status Description, select the Status, from the dropdown	
1 - Walking on Documents 2 - On Hold 3 - Under Review 4 - Signed 5 - Delivered 6 - Coustom Status 8> 9 - Coustom Status 8>	Column Layout	Status Settings	Color Settings Sort Options	
	2 - On Hold 3 - Under Review 4 - Signed 5 - Delivered 6 - <custom stal<br="">7 - <custom stal<br="">9 - <custom stal<="" td=""><td>w tus 6> tus 7> tus 8> tus 9></td><td></td><td></td></custom></custom></custom>	w tus 6> tus 7> tus 8> tus 9>		

Color Settings Tab

Customize the look of your CSM by changing the color of the items as they appear in the CSM grid (Figure 7). A quick glance can then tell you which clients are new and which returns are "In Progress," "EF Pending," "On Hold," etc. You can also color code any of the custom statuses.

- 1. From the CSM Custom Display window, click the Color Settings tab.
- 2. Select an item from the Status Selection list, then click the Status Color color bar (or click Edit) to open a color selector.
- **3.** From the color selector, choose a color for that item and click **OK**. (Alternately, click **Define Custom Colors** to develop a special color for that item.)
- 4. Choose another item from the **Status Selection** list and follow the same steps to choose a color for that item.
- 5. When finished, click **OK**. The color of items in the CSM grid will automatically change when the status of the return changes.

		0		-	
rake 2018 CSM -	Customize Displa	y			>
color Settings The color setti	ngs tab allows you t	o modify the color tha	t is associated with e	ach status.	
Column Layout	Status Settings	Color Settings	Sort Options		
Status Selectio	on	Status Col	or (click to edit)		
In Progress EF Pending EF Accepted EF Rejected Printed Complete EF Ext Accepted Waiting on Docu On Hold Under Review Signed Delivered <custom status<br=""><custom status<br=""><custom status<br=""><custom status<="" td=""><td>ments 5> 7> 3> 3></td><td>E dit Reset</td><td></td><td></td><td></td></custom></custom></custom></custom>	ments 5> 7> 3> 3>	E dit Reset			
Help	Restore Default			OK	Cancel

Figure 7: Color Settings Tab

Sort Options Tab

Use the **Sort Options** tab to select multiple columns to sort records by from the **Column** and **Sort Order** drop lists (Figure 8).

olumn La	ayout Status Settings	Color Settings	Sort Options	
	Column	Sort Order		
ort By	~	A to Z	~	
nen By	v	A to Z	~	
nen By	~	A to Z	~	

Figure 8: Sort Options Tab

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 9, All Preparers, All Status Types, and All Return Types are selected. The CSM displays only client records that match those criteria.

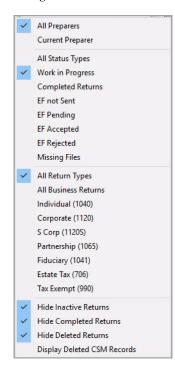


Figure 9: Filters menu

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.

Suite Products

In addition to providing our comprehensive tax software, Drake offers these additional applications to enhance your practice:

- "Tax Planner"
- "Drake Documents"
- "Gruntworx"
- "SecureFilePro"
- "Drake Accounting"

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 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 2018 - Tax Planner				-			
New Open	Remove	Compare	O Help Vi	D deo Tutorial	- Exit		
Scenario Name	Year	Income	AGI	Tax. Income	Total Tax	Refund	BalDue
<original return=""></original>	2018	46200	46200	22200	2024	1076	0

Figure 1: Tax Planner Window	Figure	1:	Tax	Planner	Window
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The items on the toolbar are explained in the following table:.

Tool button	Function
New	Click New to begin new scenarios for different tax years, or to plan a new scenario based on a previous scenario.
Open	Click Open to open 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 Remove to delete the scenario.
Compare	Click Compare , select up to three scenarios, and click Compare again to compare the chosen scenarios to the client's current tax situation based on the original return.
Help	Click Help 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 the 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 2018, or the next tax year, 2019.
- **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 2018 - Tax Planne	r			17/-			3
New Open	Remove	Compare	Help Vi	deo Tutorial	- Exit		
Scenario Name	Year	Income	AGI	Tax. Income	Total Tax	Refund	BalDue
<original return=""></original>	2018	46200	46200	22200	2024	1076	0
New Baby	2019	46200	46200	21800	1940	2538	0
	Plea	ase enter the name fo] Cancel				

Figure 2: Tax Planner Scenario

NOTE 2019 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.

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**.

alculate	View/Print Documents Tax Planner Email	e-Pay Help Exit
eneral	Income Adjustments Credits Credits Taxes Heal	Ith Care Other Forms Foreign Miscellaneous States
1	Name and Address	A Itemized Deductions Schedule
2	Dependents	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
-		PDF PDF Attachments
PAD	Preparer Notepad	
	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
-	New Baby	Current Package: Federal

T ! 0			T D1	a .
HIGURO X.	Data Entry	7 Menii in 9	Tay Planner	Scenario
rigure J.	Data Litti	y ivicilu ill a	Tax Planner	Sechario

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 Compariso	n	
Name(s) as shown on return			. 13	
CATAMARAN, LEEWARD				
Orig	inal Return 1	New Baby		
Filing Status	2	2		
Number of Exemptions	2	4		
Income:				
Wages, salaries, tips, etc	46,200	46,200		
Taxable Interest and dividends				
Business Income (loss) Gains (losses)				76 200
Pension and IRA distributions	<u></u>			
Rental & Pass-through Income (loss)				
Farm Income (loss)				
Taxable Social Security Income				
Other Income				
Total Income	46,200	46,200		- 74 - 24
Adjustments to Income:				
Self-Employment Tax Adjustment				
IRA deduction		·		
Other Adjustments	5. 5			
Adjusted Gross Income	46,200	46,200		
Itemized or Standard Deduction	24,000	24,400		12
Personal Exemption or QBI Deduction				
Taxable Income	22,200	21,800		
Tax and Credits:				
Тах	2,286	2,231		<u>.</u> 9. 7 <u>0</u>
Credits	2,000	2,231		-
Self-employment tax	an contractor			
Other taxes	1,738	2,056		
Total Tax	2,024	2,056		
Payments:				
Withholdings	3,100	3,100		
Estimated Tax Payments		1.000		
Refundable credits & other payments		1,378		
Total Payments	3,100	4,478		
Refund	1,076	2,422		
Balance Due				
Marginal Tax Rate	12	12		
Effective Tax Rate	10.3	10.23		
States				
Resident Tax				19 72
Total Tax				

Figura 1.	Tov	Samaria	Dlanning	Comparing	'n
Figure 4:	тал	Scenario	rianning	Comparise	ш

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" for more information on this product.
- Access SecureFilePro See "SecureFilePro" 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 2018 Drake Tax User's Manual.

		0				
Drake Documents 2018 - (CONTAINS SENS File Setup Documents Help	Menu Ba				-	
Add Client New Folder Backup GruntWorx	File	Import Link File	Scan E-mail	Help Exit	Toolbar	
Archive Tree	Document Name	Туре	File Size	Last Modified	Description	Status
Hide Collapse	2018 8879 (MAGNOLIA SUSAN)	Signed .PDF File	16.13 KB	3/4/2019 12:53:43 PM		
	2018 Tax Return Documents (MA		12.74 KB	3/4/2019 12:47:55 PM	Right click and go to Properties to ente	
CLIENTS	Drivers License	.png File	233.23 KB	1/9/2019 3:21:42 PM	Right click and go to Properties to ente	
i 🗊 1	Form 8949 Import	.xlsx File	8.15 KB	3/4/2019 12:54:41 PM	Right click and go to Properties to ente	
	Supporting Documents	.docx File	82.73 KB	1/18/2019 3:47:41 PM	Right click and go to Properties to ente	
			+			
			1			
			nt pane sh			
		files in th	e selected	folder		
🚋 🗃 G						
🚛 👘 К						
MAGNOLIA, SUSAN (1032)						
🛓 🔚 Tax						
2014						
2018	Selected folder					
MUNK, CHIP (8787)						
MUSTARD, WASABI (1002						
N V						
< >	SecureFilePro™					_ 0 0
	Notifications				- 🖬 🔅 🕯	Logout
Archive Tree Search Archive Tree						
C:\DRAKEDDM\ CLIE	NTS\M\MAGNOLIA, SUSAN (1032)\Tax\20	18			Prep: TPREP	

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 up or restored. You access Working Cabinet documents from within Drake Tax for whichever year you are interested in: 2017 documents in the 2017 program, 2018 documents in the 2018 program, etc. If you choose the Working Cabinet as your source, see "Working Cabinet Window" on page 464 in the 2018 Drake Tax User's Manual.

Figure	6:	Working	Cabinet
1 15000	••	,, orming	caomer

le Setup Documents Help	Copy Cut Paste Sign Import Li	nk File Scan	E-mail Hel	p Exit	Toolbar		
rking Cabinet Tree	Document Name	Туре	File Size	Last Modified	Description	Status	
Hide	1 2018 8879 (MAGNOLIA SUSAN)	Signed .P	16.13 KB	3/4/2019 12:53:43 PM			ī
	2018 Tax Return Documents (MA	.pdf File	12.74 KB	3/4/2019 12:47:55 PM	Right click and go to Properties to enter Desc		
BEE, BUMBLE (6002)	Drivers License	.png File	233.23 KB	1/9/2019 3:21:42 PM	Right click and go to Properties to enter Desc		
	Form 8949 Import	.xlsx File	8.15 KB	3/4/2019 12:54:41 PM	Right click and go to Properties to enter Desc		
BLOGGER, MEDIA NICHE (1007)	Supporting Documents	.docx File	82.73 KB	1/18/2019 3:47:41 PM	Right click and go to Properties to enter Desc		
CATAMARAN, LEEWARD STARBO (10							
CRESCENDO, CREED DEE (1003)				1			
EMOJI, WAVE (1004)				/			
FIDUCIARY (4655)							
FRAGRANCE, FRANCIS (1002)				100 N P			
GRANNYS GIFTS GADGETS AND G (10	Selected folder			nent pane showing			
MAGNOLIA, SUSAN (1032)			files in	the selected folder			
PARTNERSHIP (1125)							
RUNNER, MILES LANE (1006)							
RUNNER, MILES LANE (7745)							
S CORPORATION (7878)							
SNAPDRAGON, SUZIE SNAPPY (1009							
TAXPAYER, THOMAS TASHA (1940)							
TEA, MINT (1001)							
	1						
	L						į
>	SecureFilePro™					d	Ē
	-				- 1900		0

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.

NNTF

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 117.

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.
1	✓ .PDF ✓
Use Scanner Bed	Add name to common documents list.
O 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).
- 3. Double-click the line in the document pane to open and review the linked file.

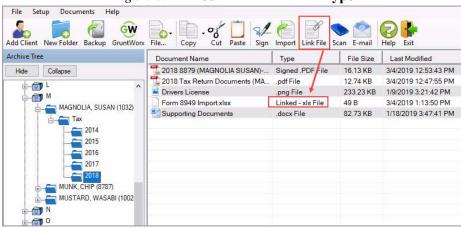


Figure 8: Linked files identified in Type column

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 Do	cuments Audit Log	re 9: Audit	8			
Audit log for:	2018 8879 (MAGNOLIA SUSAN)-SIGNED.dat	Status:	Final			
Path: Description:	C:\DrakeDDM\CLIENTS\M\MAGNOLIA, SUSAN (Final Review Draft Right click and go to Properties to enter Description (On Hold					
Actions taken Action New File	on this document:	Date 3-4-2019 01:20:00	By Whom hollyl			

Figure 9: Audit Log

.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.

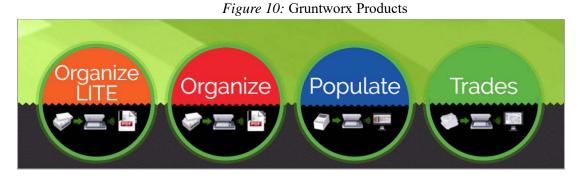
• Upload to Portal

- 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 more details on using SecureFilePro, see "SecureFilePro").

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 client's 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.



Figure 11: Gruntworx Pricing

SECUREFILEPRO

SecureFileProTM 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.

SmithCPA	Hello Drake Education! Using 360.4 MB of 4.9 GB
Clients	A Client Home » MAGNOLIA, SUSAN (1032) » Documents from Preparer
Q	🖬 Upload Folder Actions 🧹 Client Actions 👽 📾 Add New Client Sort By Date 🔻
View All Clients *	🖸 Batch: 🚺 Download 🗰 Delete 💠 Move 📸 Copy 🏛 Expire 🛛 File uploads and new sub-folders allowed.
ACUTE ANGLES (1232) AMBROSIA, JANE (1060) ANDER, CORY (5002) ANGLE, RIGHT (6007) BAGADONUTS, JOEY (2222) BARBELL, BOBBY (1005) BATMAN, BRUCE (1234) BEANS, COFFEE (1001) BEANS, COFFEE (1001) BED, FRED (0000) BEER, BUMBLE (6002) BEER, ICE (6006) Berry, Straw (6004)	2018 Organizer.pdf 13.0 KB Added: 3/4/2019 1:35:40 PM Expires: 03/11/2019
Public	
Private	

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 2018 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 Drake Documents 2018 - (CONTAINS	SENSITIVE DATA)						X
File Setup Documents Help							
Add Client New Folder Backup Grunt		ink File Scan E-mail Help E	Exit				
Archive Tree	Document Name	Туре	File Size	Last Modified	Description	Status	
Show Collapse							
Clients							
☐@ D 							
Tax							
2018							
	SecureFilePro™					- 6	
	Notifications				- 🗹 🗘 🤅	Logout	t
	Client Selected:						
		E Secure	eFile Pı	°O™			
	Find			new SFP client			
	Find		Create				
	Find	existing client	Create	new SFP client			
Archive Tree Search Archive Tree	Find Clients/D/D0T, POLKA (4546)/Tax/2018	existing client	Create	new SFP client			

Figure 13: Utilize SecureFilePro inside Drake Documents.

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 payments electronically**

(* Additional fee required for the SFP Connect feature; **e-payments must be received through EPS E-Pay Merchant Services).

File Setup Documents Help	File Copy Cut Paste Sign	Import Link	File Scan E	e-mail Help Exit				
Archive Tree	Document Name	Туре	File Size	Last Modified	Descript	ion		Status
Archive Tree Show Collapse Clients MAGNOLIA, SUSAN (1032) Tax 2015 2016 2017 2018	Cocument Name 2018 8879 (MAGNOLIA SUSAN) 2018 0rganizer Drivers License Form 8949 Import.xlsx Supporting Documents		16.13 KB 12.74 KB 233.23 KB	Last Modified 3/4/2019 12:53:43 PM 3/4/2019 12:47:55 PM 1/9/2019 3:21:42 PM 3/4/2019 1:13:50 PM 1/18/2019 3:47:41 PM	Right click Right click Right click	and go to Pro and go to Pro and go to Pro and go to Pro	operties to enter [operties to enter [operties to enter [Desc Desc Desc
	SecureFilePro™							- 80
	Notifications						- 🖬 🕯	Cogout
	Client Selected: MAGNOLIA, SUSAN		natures					Change
	HAGNOLIA, SUSAN (1032)							
	Name				Туре	Size (KB)	Upload Date	Download Date
	Documents from Preparer				Folder			
	Documents to Preparer				Folder			
	Office Use Only				Folder			
Archive Tree Search Archive Tree								

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).

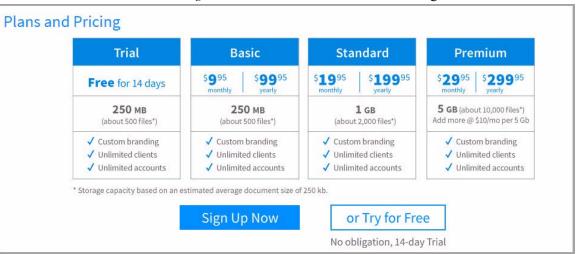


Figure 15: SecureFilePro Plans and Pricing

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.
- When multiple locations have been established, set up multiple benefits, deductions, and pay rates per location. Print payroll on one check for all locations or one check per location.
- 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.

					New Check - Employ	ee Status: Active - Hou	urty		
Rates & Hours Earnings						Withholdings			
Description	Rate	Hours	OT		Regular Pay	600.00	Federal WH		53.77
Barber	rber 15.00		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 Ending	, 0	4/10/20	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 Hou	JIS		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						
Holiday Hours			0.00						
Sick Hours			0.00						
Direct Tips			0.00		Non-Gross Earnings	0.00		Total Deductions	205.97
Indirect Tips			0.00			697.50		Additional Net Pay	
Allocated Tips			0.00		Gross Earnings Additional Gross Pay	0.00			0.00
Commissions	Γ		0.00		Auditional Gross Pay	0.00			
	v [0.00		Gross Pav	697.50	Net Pay		491.53
3rd Party Sick Pag			0.00		Circles i by		Dire	ct Deposit Applied to Savings	0.00
Contraction of the second second									
3rd Party Sick Pay No. of Pieces NAICS / Class Co	de								

Figure 16: Live Payroll

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 six 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 labels.
- 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
			Current Asset						
100.01	0	Petty Cash	Current Asset				0.00	0.00	0.0
100.02	0	Checking Account	Current Asset	Bank Account/Cas	1		0.00	31,500.00	0.0
100.03	0	Savings Account	Current Asset				0.00	0.00	0.0
100.99	1	Total Cash Available	Current Asset				0.00	0.00	0.0
130	0	Accounts Receivable	Current Asset				0.00	0.00	0.0
160	0	Inventory	Current Asset				0.00	0.00	0.0
205	0	Land	Fixed Asset				0.00	0.00	0.0
210	0	Buildings	Fixed Asset				0.00	0.00	0.0
220	0	Furniture & Fixtures	Fixed Asset				0.00	0.00	0.0
221	0	Equipment	Fixed Asset				0.00	0.00	0.0
240	0	Autos & Trucks	Fixed Asset				0.00	0.00	0.0
245	0	Less Accumulated Depreciation	Fixed Asset				0.00	0.00	0.0
255	0	Goodwill	Other Asset				0.00	0.00	0.0
260	0	Deposits	Other Asset				0.00	0.00	0.0
265	0	Other Assets	Other Asset				0.00	0.00	0.0
320	0	Accounts Payable	Current Liability				0.00	0.00	0.0
330	0	Accrued Expenses	Current Liability				0.00	0.00	0.0
330.01	0	FICA - Employer's Part	Current Liability				0.00	0.00	0.0
330.02	0	Withheld FICA	Current Liability				0.00	0.00	0.0
330.03	0	Withheld Federal Tax	Current Liability				0.00	0.00	0.0
330.04	0	Withheld State Tax	Current Liability				0.00	0.00	0.0
330.05	0	State Unemployment Tax	Current Liability				0.00	0.00	0.0
330.06	0	Federal Unemployment Tax	Current Liability				0.00	0.00	0.0
330.2	0	Sales & Use Tax Payable	Current Liability				0.00	0.00	0.0
330.3	0	Back Taxes	Current Liability				0.00	0.00	0.0

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

- Customize access to client information through user setup levels: owner, administrator, or user.
- 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" 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) Drake Accounting
 - 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 2019 scenarios, the calculations are based on 2018 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 client's supporting documents, extract and populate tax data, and import trade data into Drake Tax.
 - c) is incorrect. Drake Accounting 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

2018 Drake Tax Evaluation Guide

Course Description: The 2018 Drake Software Evaluation Guide provides an overview of Drake Tax 2018 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 2018 Drake Software Evaluation Guide in PDF format, exercises, review questions, and a final exam. Choose one of the following locations to access the course:

- 2018 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	7	Self-Study	Specialized Knowledge and Applications	N/A	103137
CTEC	0/0	N/A	N/A	N/A	3038
IRS	7	Self-Study	Federal Tax	FQTGU-T- 00297-19-S	FQTGU
TX State Board of Accountancy	7	Self-Study	Specialized Knowledge and Applications	100261	002921
OR State Board of Tax Practitioners	7	Self-Study	Federal Tax	N/A	N/A
PA State Board of Public Accountancy	3.5	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: Spring 2019

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** *2018 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 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 true when downloading Drake Tax programs from the Drake Support website?
 - a) Federal, state, and city programs can all be downloaded together from the **Download center**.
 - **b)** 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.
 - c) To get to the Download Center, go to *Support.DrakeSoftware.com*, log into **Support** with your username and password, and select **Download Center**.
 - d) All of the above.
- 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 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 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) All of the above.
- 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 display an additional screen?
 - a) Press INSERT
 - b) Press PAGE DOWN
 - c) Press F3
 - d) Press Esc

- 13. Which of the following is NOT a feature of the Client Status Manager (CSM)?
 - a) Filters
 - **b)** Reports
 - c) Custom Statuses
 - d) Depreciation Lists
- 14. Forms-based Data Entry allows a preparer to access screens from which of the following?
 - a) The Data Entry Menu
 - b) 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 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 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)** Standard
 - c) Archive
 - d) Complex
- 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 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 not generated automatically with the return unless required; total receipts for the corporation must be \$500,000 or more.
 - 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.PG6)
 - **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 & Alerts section of the Home window in Drake Tax
 - d) An alert appears in the Appointments 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 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 and access 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 Drake18, 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[™] 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 screens. Type a keyword in the selector field and press ENTER to search for related 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 client's 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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