DrakeSoftware WEBINARS

Drake 101: Data Entry

Drake 101 – Data Entry

Course Overview

This is a basic course designed to familiarize Drake Tax users with navigating data entry while preparing a tax return using Drake Tax 2019

Learning Objectives

Upon completion of this course, the student will be able to use Drake Tax to:

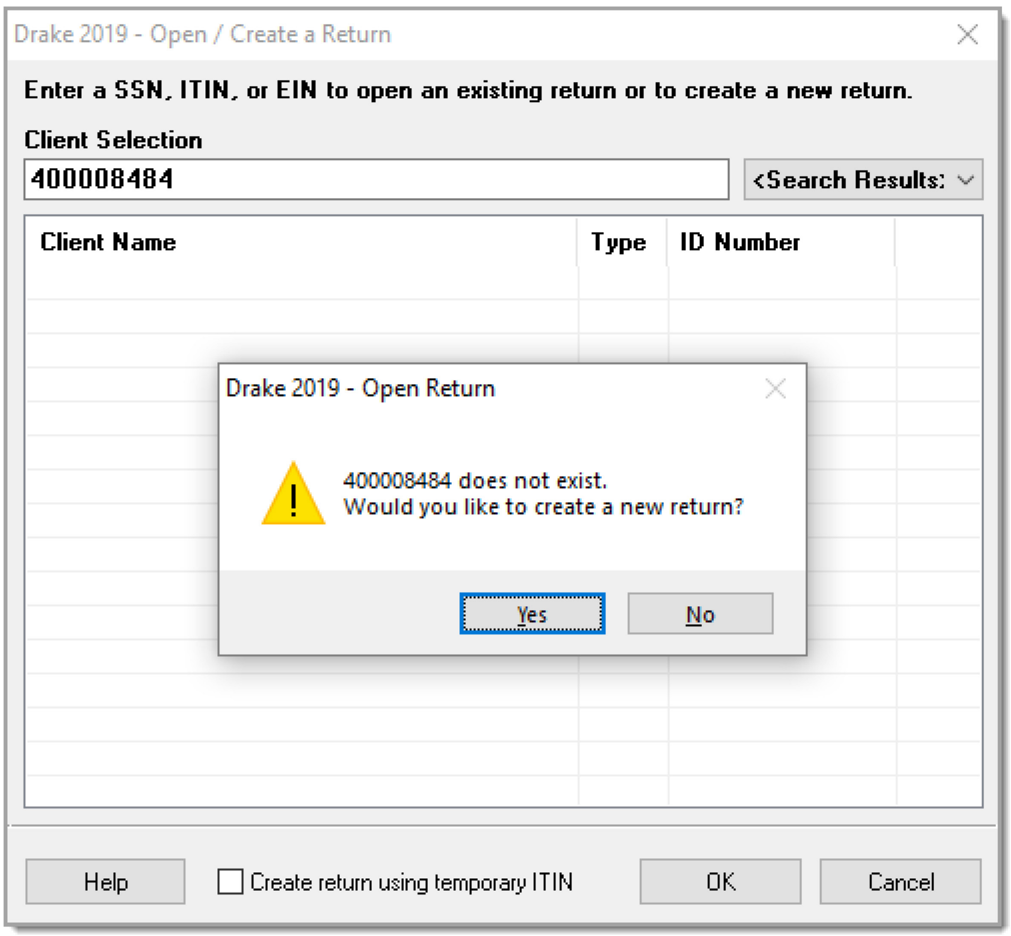
- Create or Open a return
- Navigate within Data Entry Screens
- Enter basic Tax Return Information
- View and Calculate a Tax Return

NOTES

Data Entry

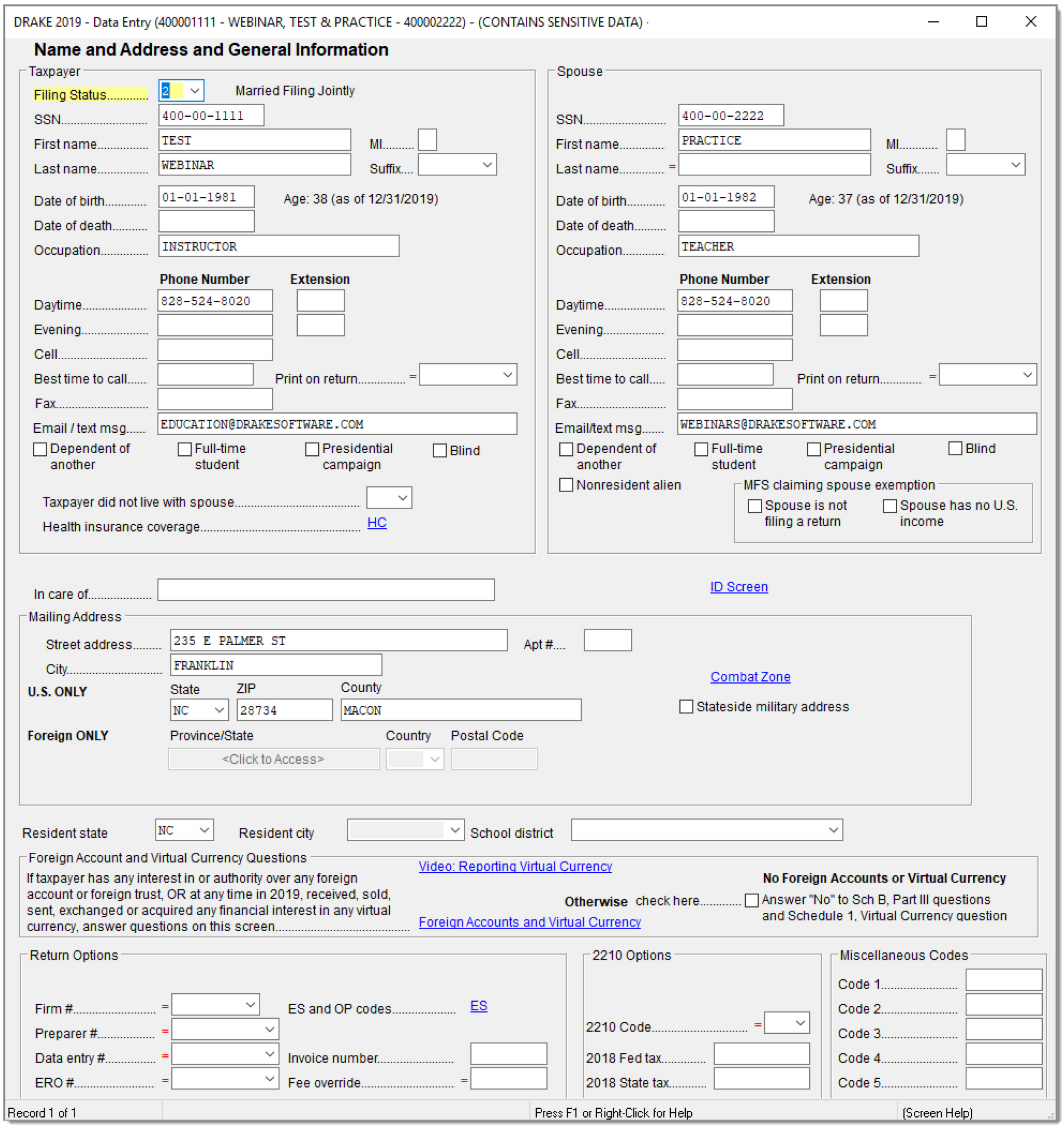
Creating and Opening Returns

When you enter an ID number (SSN or EIN), the program 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.



Screen 1 – Name and Address

Use screen **1** (**Name and Address**), accessible from the **General** tab, to enter information about the taxpayer for the top section of a Form 1040. Screen **1** is opened automatically upon creating a new return.

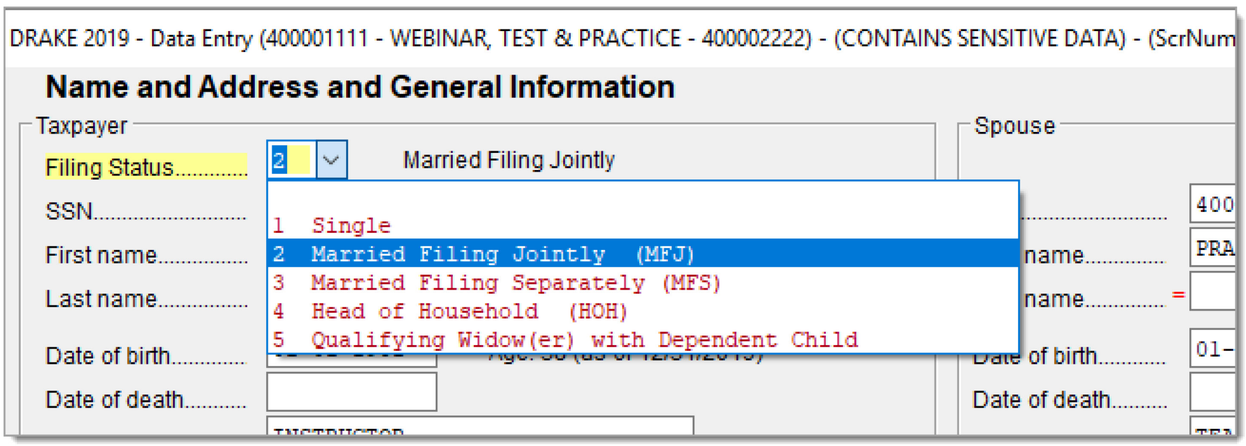


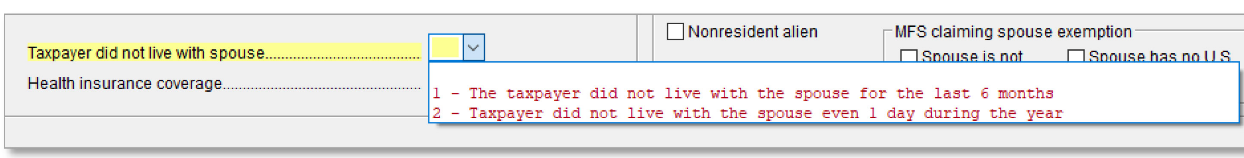
FILING STATUS

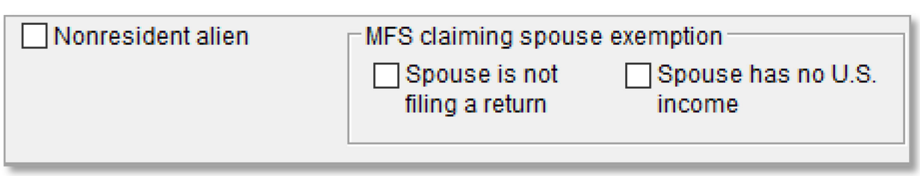
Select a filing status from the **Filing Status** drop list at the top of screen **1**. Press F1 in the **Filing Status** field to view explanations for the available codes.

After making a selection from the **Filing Status** drop list, make any other selections necessary to explain the client's filing status:

- **Taxpayer did not live with spouse** drop list
- **Nonresident alien** check box for nonresident alien spouse
- **MFS claiming spouse exemption** check boxes for Married Filing Separately returns







Taxpayer Information

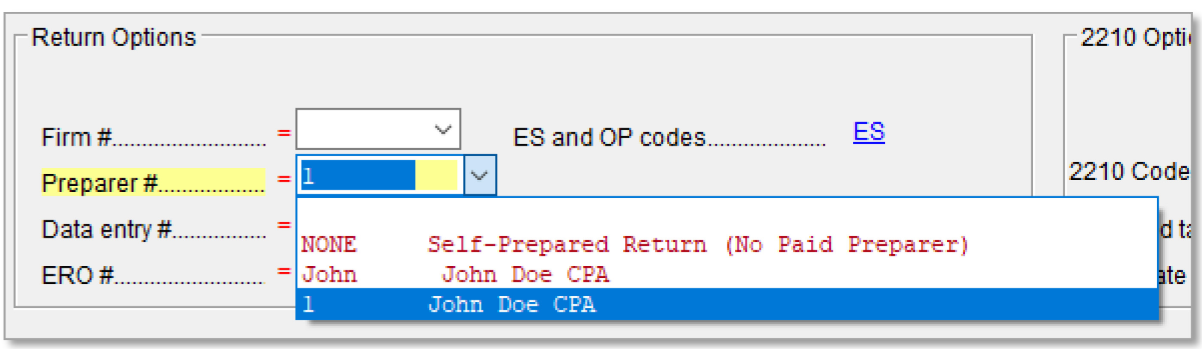
The taxpayer's name and SSN are entered as you create the return. Other important taxpayer data, such as date of birth, occupation, and contact information (phone numbers and email address) for the taxpayer (and spouse, if applicable) is entered on screen **1**. Note that not all fields in the Spouse column are activated if the filing status is something other than "Married Filing Jointly" fields that are activated should be completed.

Residency Information

The **Mailing Address** section of screen **1** includes fields for both domestic and foreign addresses. If the resident state differs from the state in the mailing address, select the appropriate state code from the **Resident state** drop list near the bottom of screen **1**. 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.

Return Options

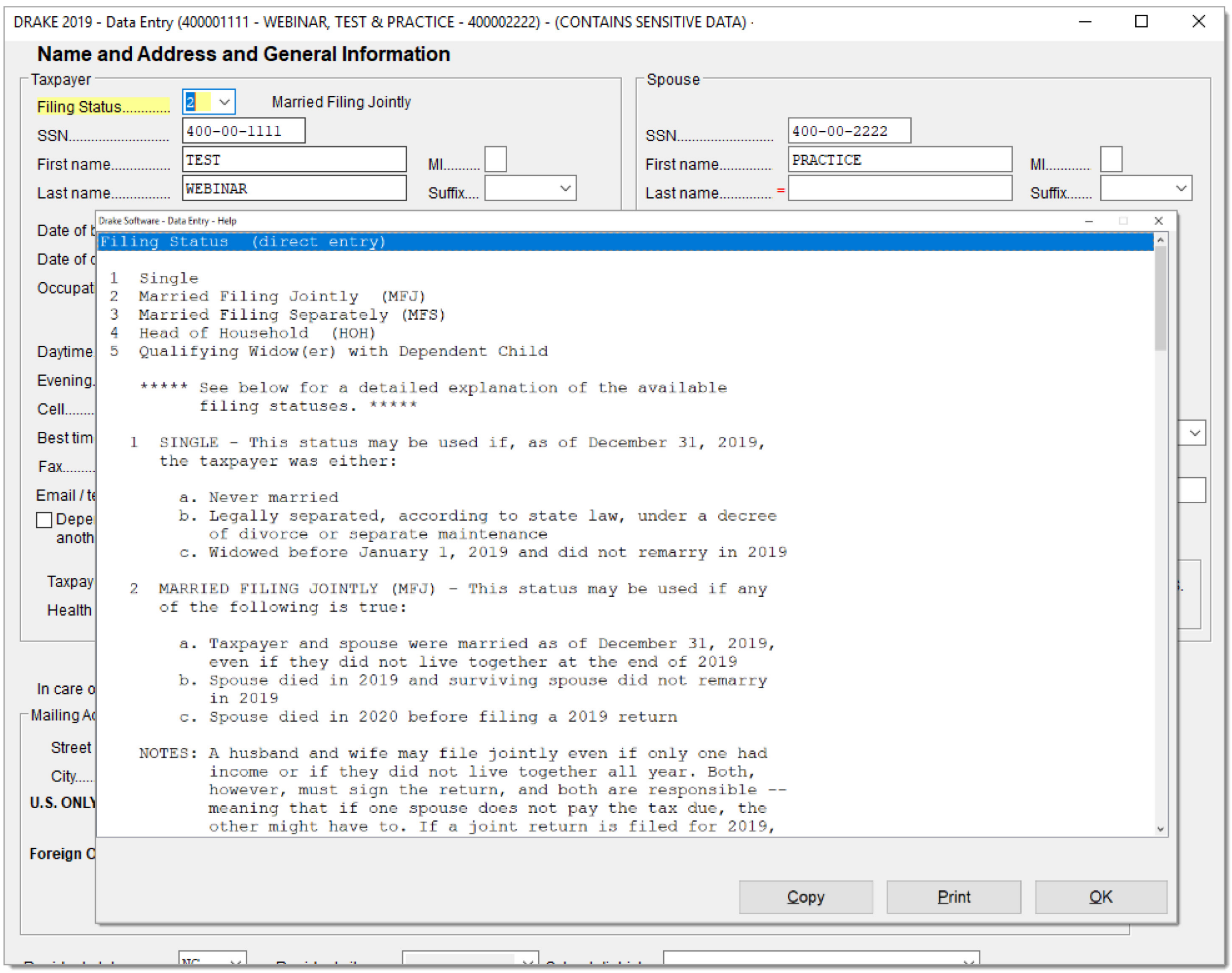
To override the firm, preparer, data entry operator, or ERO select an entry from the drop list.



Field Help

Field help provides information about a selected field. There are three ways to access field help:

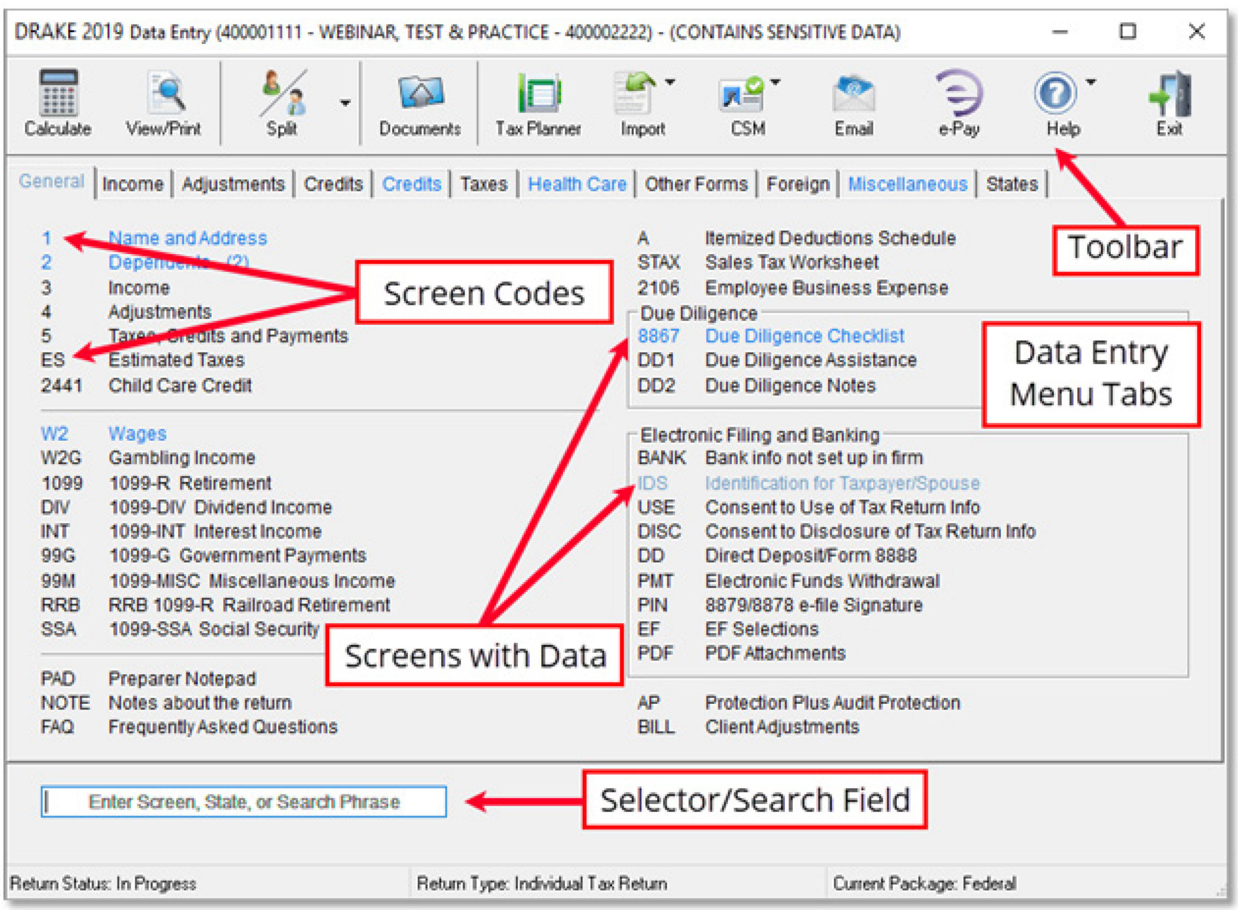
- Click inside a field and press F1
- Click inside a field and press SHIFT+?
- Right-click in a field and select **Help > Help for this Field** from the right-click menu



Data Entry Menu

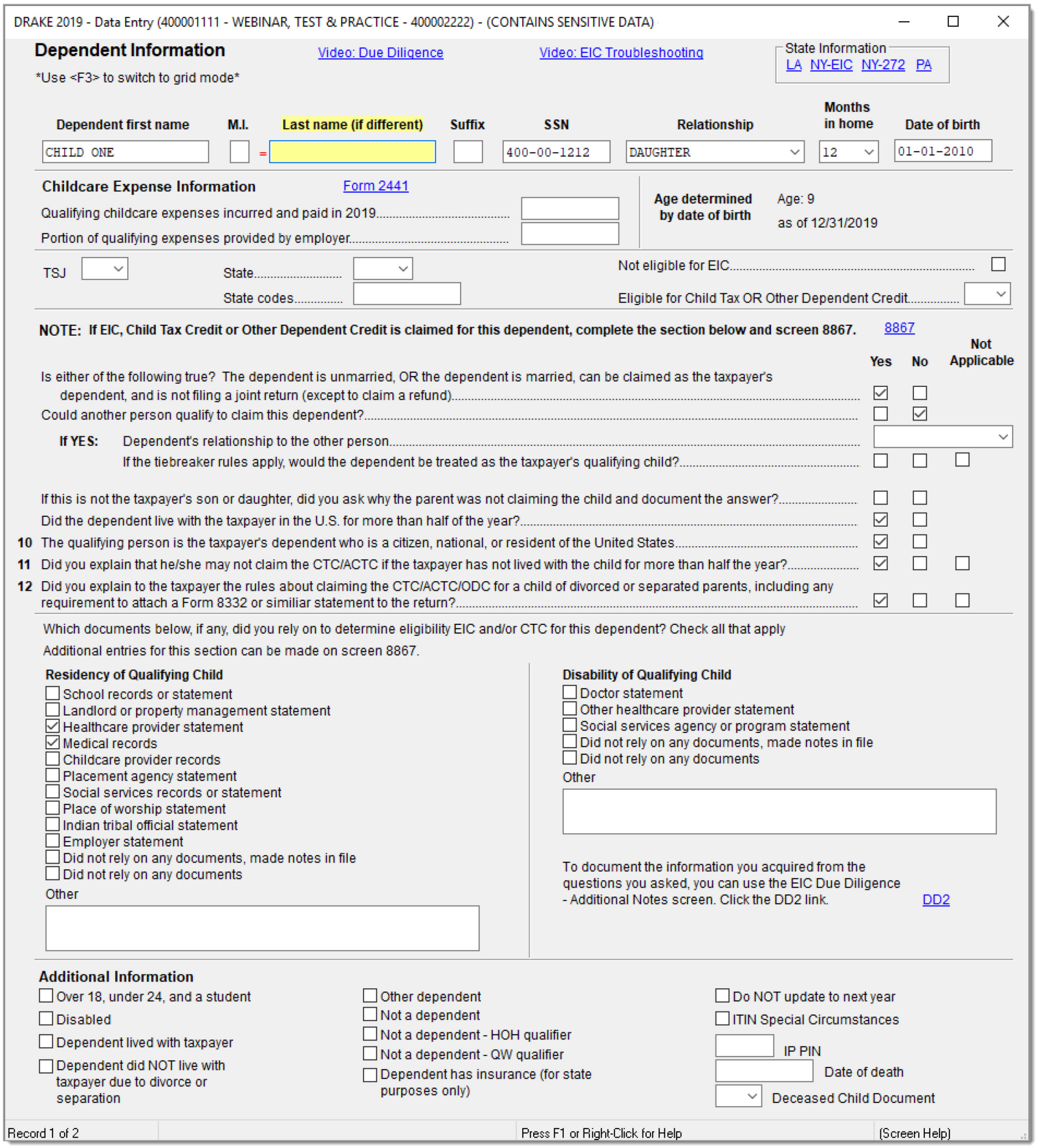
Returns are prepared in data-entry mode. Access data-entry screens from the **Data Entry Menu**. When in data entry, press ESC to save your data, exit the open screen, and return to the **Data Entry Menu**. Pressing ESC from the **Data Entry Menu** returns you to the **Home** window. While in data entry, you can use the TAB key, and the UP ARROW and DOWN ARROW keys to move from field to field, and the PAGE UP and PAGE DOWN keys to move from screen to screen.

The **Data Entry Menu** is displayed when you open a return. It consists of a toolbar, tabs, codes and names, the selector field, and the status bar.



<u>Dependents</u>

Use screen **2** (**Dependents**), accessible from the **General** tab, to complete the "Dependents" section of Form 1040. Use a separate screen for each dependent, pressing PAGE DOWN to open each new screen. Data is saved automatically upon exiting a screen. The number of active **Dependents** screens is shown on the **Data Entry Menu.**


DRAKE 2019 - Data Entry (400001111 - WEBINAR, TEST & PRACTICE - 400002222) - (CONTAINS SENSITIVE DATA)
Dependent Information
Video: Due Diligence
Video: EIC Troubleshooting
State Information
LA NY-EIC NY-272 PA
Use <F3> to switch to grid mode
Dependent first name
M.I.
Last name (if different)
Suffix
SSN
Relationship
Months in home
Date of birth
CHILD ONE
400-00-1212
DAUGHTER
12
01-01-2010
Childcare Expense Information
Form 2441
Qualifying childcare expenses incurred and paid in 2019
Portion of qualifying expenses provided by employer
Age determined by date of birth
Age: 9
as of 12/31/2019
TSJ
State
State codes
Not eligible for EIC
Eligible for Child Tax OR Other Dependent Credit
NOTE: If EIC, Child Tax Credit or Other Dependent Credit is claimed for this dependent, complete the section below and screen 8867.
8867
Yes
No
Not Applicable
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
If the tiebreaker rules apply, would the dependent be treated as the taxpayer's qualifying child?
If this is not the taxpayer's son or daughter, did you ask why the parent was not claiming the child and document the answer?
Did the dependent live with the taxpayer in the U.S. for more than half of the year?
10 The qualifying person is the taxpayer's dependent who is a citizen, national, or resident of the United States
11 Did you explain that he/she may not claim the CTC/ACTC if the taxpayer has not lived with the child for more than half the year?
12 Did you explain to the taxpayer the rules about claiming the CTC/ACTC/ODC for a child of divorced or separated parents, including any requirement to attach a Form 8332 or similiar statement to the return?
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.
Residency of Qualifying Child
School records or statement
Landlord or property management statement
Healthcare provider statement
Medical records
Childcare provider records
Placement agency statement
Social services records or statement
Place of worship statement
Indian tribal official statement
Employer statement
Did not rely on any documents, made notes in file
Did not rely on any documents
Other
Disability of Qualifying Child
Doctor statement
Other healthcare provider statement
Social services agency or program statement
Did not rely on any documents, made notes in file
Did not rely on any documents
Other
To document the information you acquired from the questions you asked, you can use the EIC Due Diligence - Additional Notes screen. Click the DD2 link.
DD2
Additional Information
Over 18, under 24, and a student
Disabled
Dependent lived with taxpayer
Dependent did NOT live with taxpayer due to divorce or separation
Other dependent
Not a dependent
Not a dependent - HOH qualifier
Not a dependent - QW qualifier
Dependent has insurance (for state purposes only)
Do NOT update to next year
ITIN Special Circumstances
IP PIN
Date of death
Deceased Child Document
Record 1 of 2
Press F1 or Right-Click for Help
(Screen Help)

Screen Hyperlinks

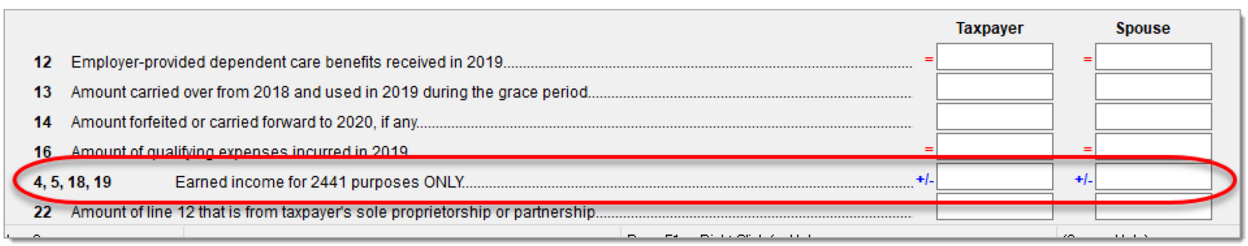
Hyperlinks in data entry allow easier, quicker data entry. Hyperlinks are available in all packages. Use links to move quickly from one screen to a related screen without having to return to the **Data Entry Menu**. Some screens have links that open quick help videos.

Childcare Expense Information

Use Screen **2441** to enter information for Form 2441, Child and Dependent Care Expense Credit.

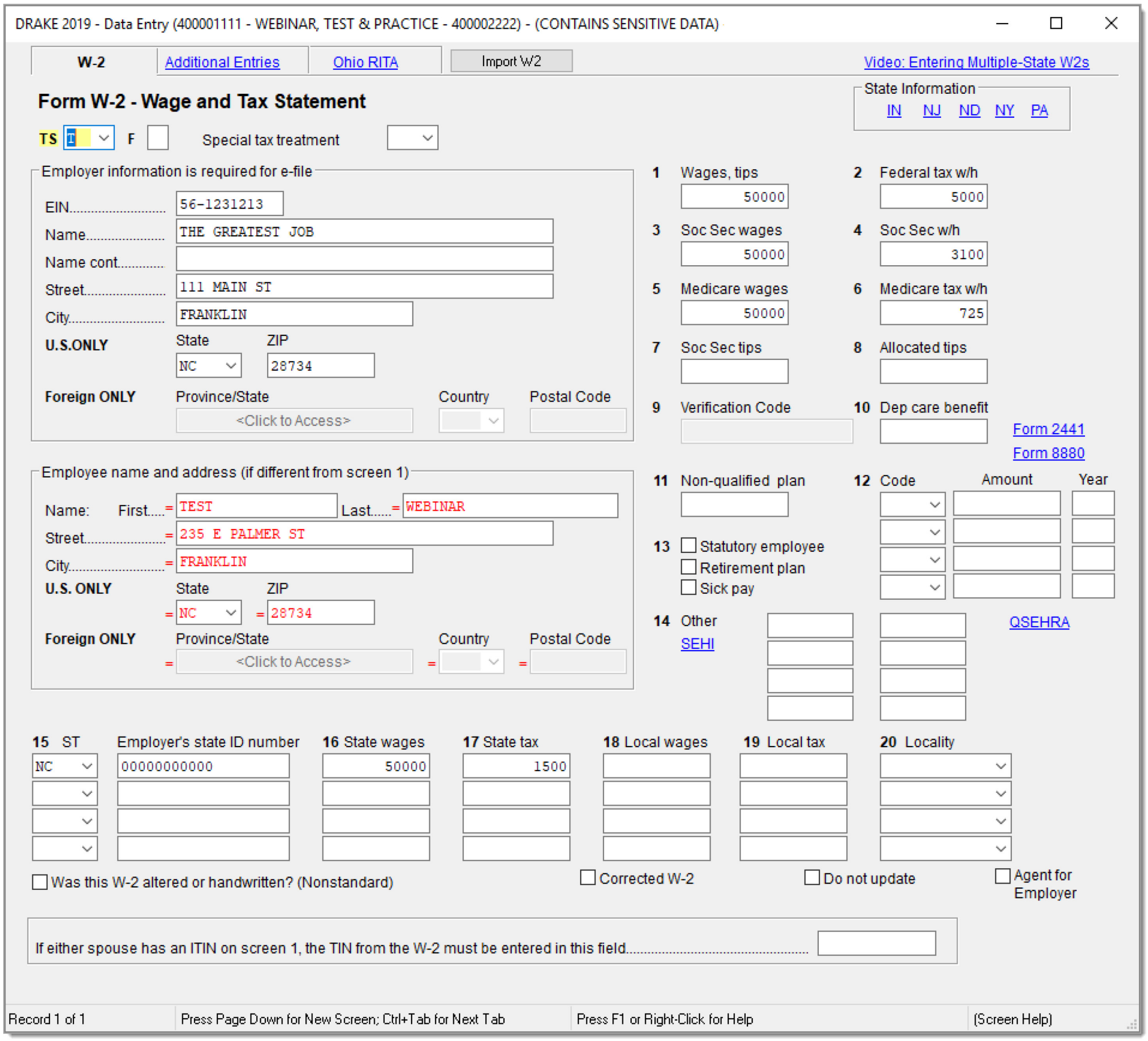
Enter data on both the 2441 screen and screen 2 for each dependent for whom expenses were incurred.

To qualify for the childcare credit, parents must have earned income, be full-time students, or be disabled. If a spouse does not have income but is disabled or a student, then enter $250 (one child) or $500 (two or more children) for each month the spouse was a student or disabled. This information is entered near the bottom of the **2441** screen in the **Earned income for 2441 purposes ONLY** field. An entry in these fields affects Form 2441 amounts only and must be at least as great as the childcare expenses.



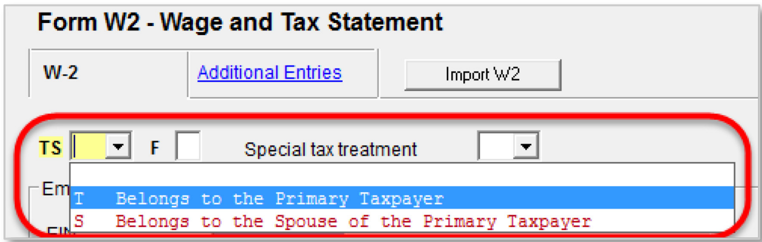
Form W-2 Entry Screen

Use screen **W2** (**Form W2 –Wage and Tax Statement**), accessible from the **General** tab, to enter W2 data.



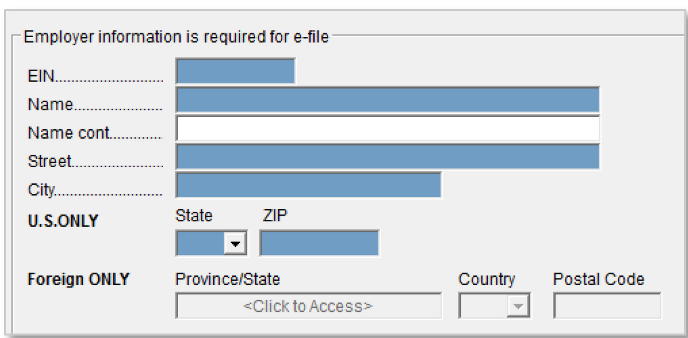
TS or TSJ Fields

The **TS** or **TSJ** fields assigns the data on a screen to the Taxpayer (T), Spouse (S), or both (J).

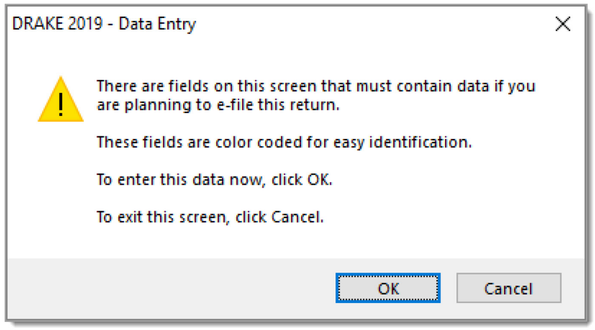


Required Fields

Fields that require completion before a return is eligible for e-file are highlighted in blue.



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, to remind you only once per data-entry session, or not at all. From the **Home** window, go to **Setup** > **Options** > **Data Entry** tab to choose these setup options. From the **Home** window, go to **Setup** > **Colors** to change the color of the required fields.


DRAKE 2019 - Data Entry
There are fields on this screen that must contain data if you are planning to e-file this return.
These fields are color coded for easy identification.
To enter this data now, click OK.
To exit this screen, click Cancel.
OK
Cancel

W-2 Wages

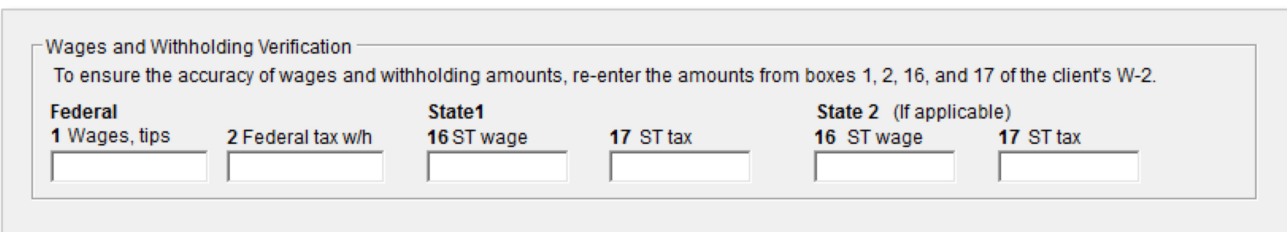
The **W2** screen is designed to reflect the IRS Form W-2, Wage and Tax Statement. Data entered here must match the client's W-2 form. The following fields can be completed automatically by the program:

- **Names and Addresses** — If the employer's EIN is in your Drake database, the employer's information is filled automatically once you enter the EIN. The employee information is filled automatically once **T** or **S** is selected at the top of the screen. Nothing needs to be typed into these fields unless the information differs from what was previously entered in the program.

- **Wages and Withholding** — When wages are entered in box **1**, boxes 3–6 are filled automatically. These amounts should match those on the taxpayer's W-2.

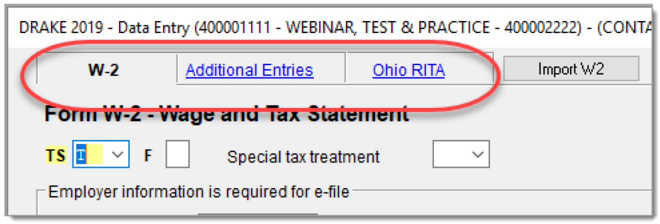
W-2 Verification (Optional)

Verification fields (activated from **Setup** > **Options** > **Data Entry** tab) help ensure that wage and withholding amounts are correct by requiring re-entry of federal and state wage and withholding amounts at the bottom of screen **W2**.



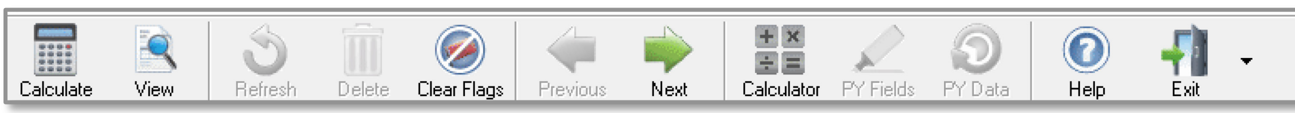
Additional Entries Tab

If the taxpayer has W-2 information from more than four states, it is no longer necessary to open a new **W2** screen. 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. There are also four more lines of data-entry fields for boxes 12 and 14, and for four lines of **School District** fields.



Data Entry Toolbar

The Data Entry Toolbar, available on all data entry screens in all packages, federal and state, allows you to perform several functions without the need to leave the screen, use a macro or keyboard combination, or select from a right-click menu.



To view the toolbar, move your mouse pointer to the top of any data entry screen. Click the buttons on the toolbar to perform the various functions. Certain buttons are activated depending on previous-year's return or current-year entries. To close the toolbar, click elsewhere on the screen.

To calculate the return or open it in View mode from the data entry screen, click the respective button on the left side of the toolbar. Click **Delete** to delete the open screen. If the **Clear Flags** button is active, that means reminder "flags" were generated for the open screen. One click clears all flags on the screen.

The **Previous** and **Next** buttons operate just as do the PAGE UP, PAGE DOWN, CTRL+PAGE UP, and CTRL+PAGE DOWN keys on your keyboard. When a return contains multiple instances of such screens as **W2**, pressing PAGE UP and PAGE DOWN moves you through the various instances of that screen. If there are no other instances of a screen—when only one screen has been entered—then pressing PAGE UP or PAGE DOWN moves you to the next connected screen; for instance, if you open screen **3 (Income),** and click the Next button, the program opens screen **4 (Adjustments)**. Click **Next** again and move to screen **5 (Taxes, Credits, and Payments**). Click **Previous** to move back to the previous linked screen.

If there are no connected screens available and multiples of the open screen, the **Previous** and **Next** buttons are inactive.

The Calculator button opens a calculator function in the program.

The **PY Fields** and **PY Data** buttons activate the LookBack feature, displaying which fields on the open screen had data entered in the prior year's return (if that return was done in Drake Software's tax program) and what that data was. Click **PY Fields** to see which fields contained data in 2015; click **PY Data** to see the data.

Click **Help** to open a screen help for this screen. (An inactive **Help** button means no screen help exists for this screen.)
The **Exit** button give you the option of closing the screen while saving the entered data, or (by clicking the arrow to the right of the **Exit** button), closing the screen without saving the data.

To disable the new data entry toolbar, from the menu bar of the **Home** window of Drake Software, go to **Setup > Options**, **Data Entry** tab, and on the lower left corner of the window, clear the **Enable Data Entry toolbar** check box.

SCHEDULE C

Screen **C**, **Self-Employed Income**, covers Schedule C, Profit or Loss from Business (Sole Proprietorship). Access screen **C** from the **Income** tab. Several screens in Drake (such as the **99M**, **AUTO**, and **4562** screens) can be associated with a Schedule C using the **For** and **Multi-form Code** boxes of those screens.

Schedule C - Profit or Loss from Business

Income/Expenses | Carryovers/State Info

TS 1 **F** **ST** **City** **PAN** Video: Car and Truck Expenses

State Information: HI PA SC

A	Business or Profession/Product or Service	CATERER
C	Business name	CATERING SERVICES OF AMERICA
E	Street address	1111 MAIN STREET
	City	FRANKLIN
	U.S. ONLY State, ZIP	NC 28734
	Foreign ONLY Province/State, Country, Postal Code	<Click to Access>
F	Accounting method if not cash	☐ Accrual ☐ Other:
B	Business code	722300
D	Employer ID #	

Video Tip: Business Code Search

G ☐ Did NOT materially participate in 2019

H ☐ Taxpayer started or acquired this business during 2019

I Taxpayer made payments in 2019 that would require taxpayer to file Forms 1099 ☐ Yes ☑ No

J If "Yes," did or will taxpayer file all required Forms 1099? ☐ Yes ☐ No

Part I - Income

1	Gross receipts/sales +/-	50000
2	Returns and allowances	
6	Other income	

Statutory employee wages entered on screen W2 flow to Schedule C automatically when the "Stat employee" box on line 13 of screen W2 is marked and the "Special tax treatment" code selected on screen W2 is "1" through "9."

Part II - Expenses

8	Advertising	1250	**19**	Pensions/profit share	
9	Car and truck expenses AUTO +/-		**20**	Rent - vehicle, machinery	
10	Commissions and fees	100		Rent - Other	
11	Contract labor	1500	**21**	Repairs/maintenance	
12	Depletion DEPL =		**22**	Supplies	2900
13	Depreciation Form 4562 +/-		**23**	Taxes and licenses	
	Depreciation adjustment (AMT) +/-		**24**	Travel	
14	Employee benefits			Meals (50%)	
15	Insurance	2500		Meals (80%)	
16	Interest - mortgage Form 1098		**25**	Utilities	12000
	Interest - other		**26**	Wages	
17	Legal and professional services	4000	**27a**	Other expenses	
18	Office expense	1250			

30 Business use of your home — Form 8829

32b ☐ Some investment is NOT at risk — Form 6198

Part III - Cost of Goods Sold

33 Inventory valuation method (if not cost)
☐ Lower of cost or market
☐ Other SCH

34 Change in method: ☐ Yes SCH

35	Beginning inventory	
36	Purchases less personal	
37	Cost of labor	
38	Materials and supplies	
39	Other costs	
41	Ending inventory	

Part IV - Information on your vehicle AUTO

Family health coverage **Read field help** SEHI

Income to be excluded per Notice 2014-7

☐ Taxpayer disposed of business during 2019
☐ Carry to Form 8960, line 7
☐ Professional gambler
☐ Exempt notary income
☐ Paper boy excluded from SE
Clergy Schedule C

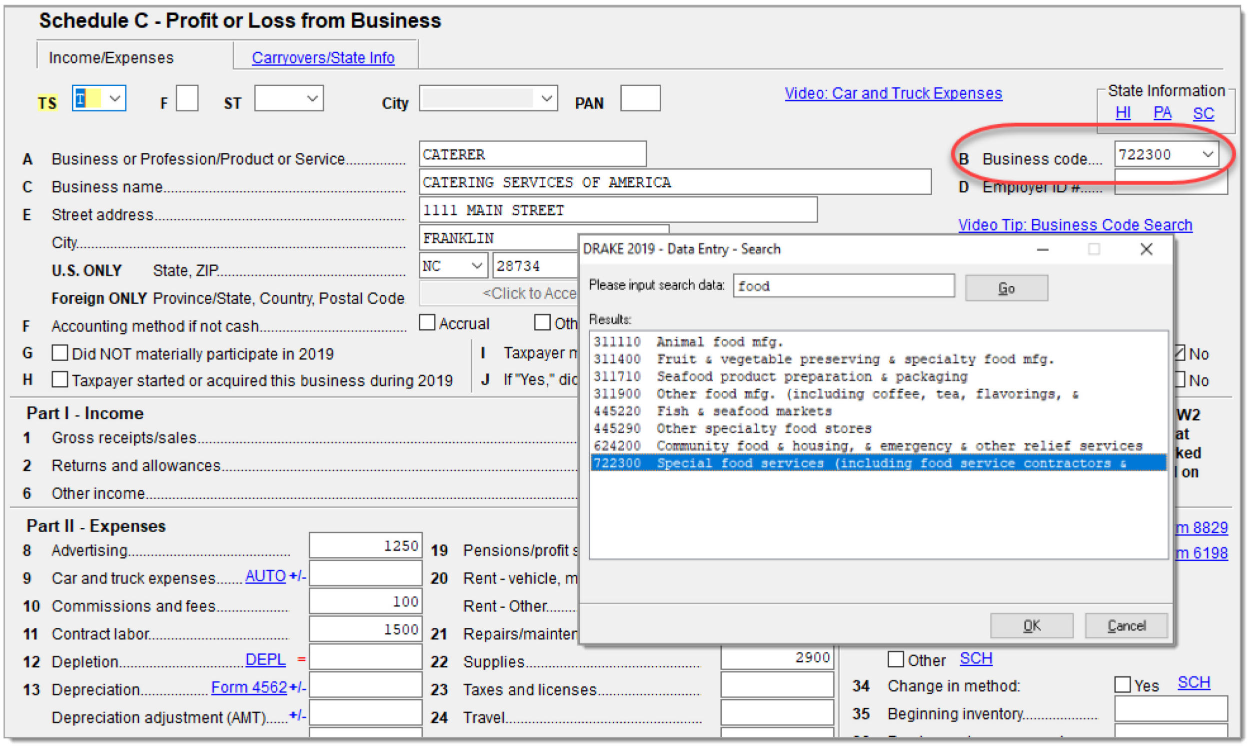
Qualified Business Income (QBI) Deduction

☐ Treat as a "specified service business"

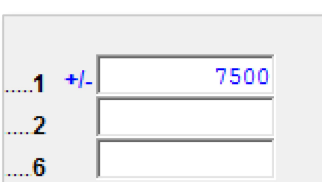
Business aggregation number (BAN)	
W-2 wages paid =	
Unadjusted basis of all qualified property immediately after acquisition =	
Override calculated qualified business income (or loss) =	
Qualified business income allocable to cooperative payments	
W-2 wages allocable to cooperative payments	
Section 179 =	
Section 1231 Gain/Loss =	
Deduction for one-half of SE tax =	
Self-employed Health Insurance Deduction =	
Self-employed Pension Deduction =	

Business Codes

To locate a specific business code, place the cursor in the **Business Code** box (field **B**) and press CTRL+SHIFT+S (or right-click in the field and select **Search**). Enter a search term and click **Go**. All codes that include the search term are displayed. Double-click the desired code or select one and click **OK** or press ENTER.



Adjustment Fields



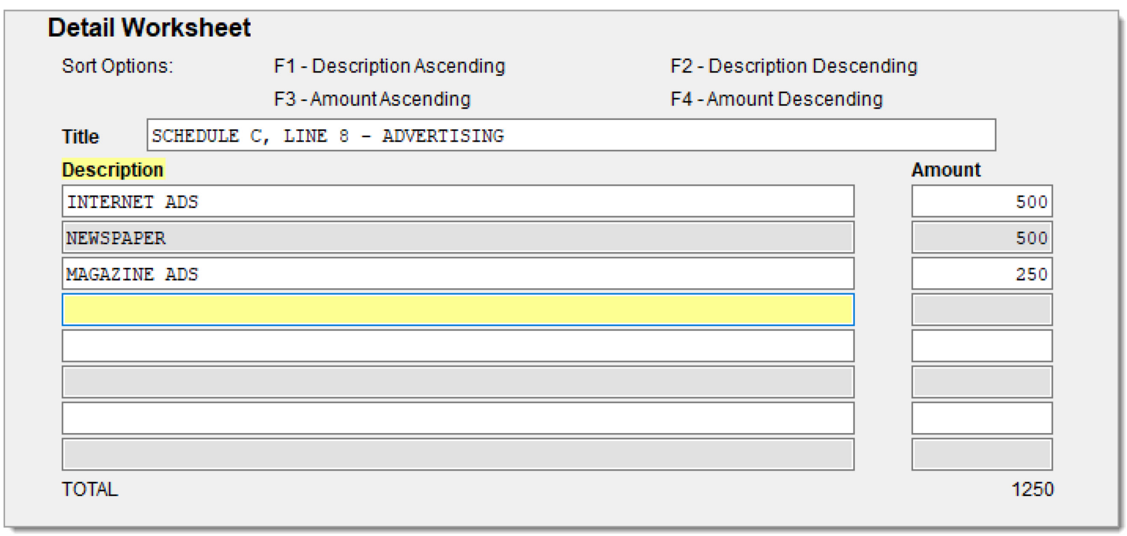
Fields that allow adjustments are preceded by a plus/minus sign (**+/-**) and display blue text by default. Data in these fields adjust program calculations by the amount entered. A positive number increases the calculated amount; a negative number decreases it.

Detail Worksheet

Use detail worksheets to enter up to 30 items for a numeric field. Totals are calculated automatically.

To use a detail worksheet:

1. Select the numeric field to which the worksheet will apply and take one of the following steps to open a **Detail Worksheet**:
   -Double-click the field
   -Press Ctrl+W
   -Right-click and select **Add Worksheet**
2. Enter or edit the worksheet **Title**.
3. Enter a **Description** and **Amount** for each item. Do not skip lines. As needed, use F1, F2, F3, and F4 to sort items in the list.
4. Press Esc. Drake saves your work and displays the total in data entry. Note that the field is shaded red to indicate a worksheet is present.



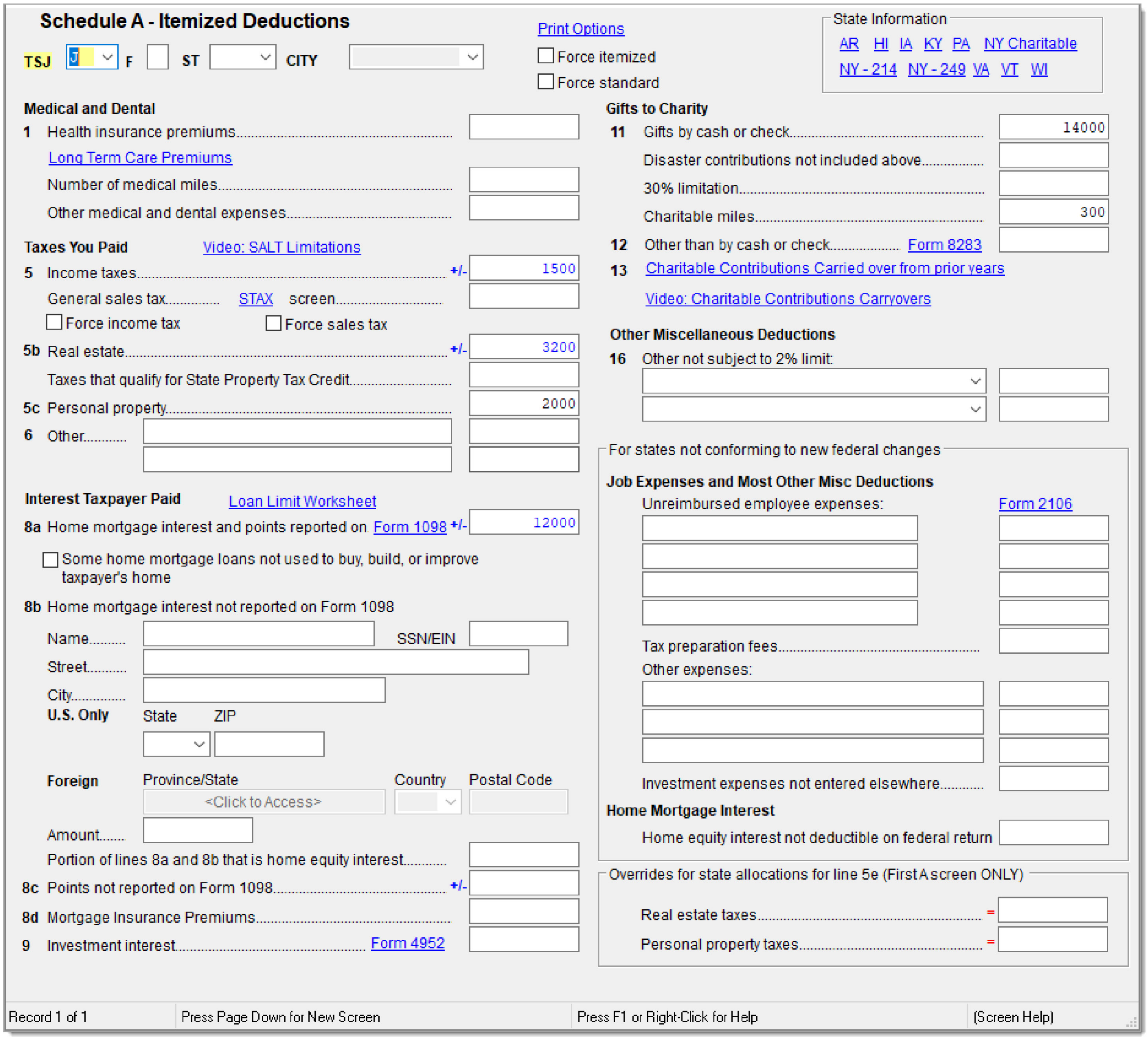
Schedule C, Line 48 – Other Expenses
An entry in the “other expense “fields on screens **C** and **F** opens a CTRL+W worksheet automatically where you have more rooms to list these other expenses.

Schedule A

Use screen **A** to enter data for Schedule A, Itemized Deductions.

If screen **A** has been completed for a return, the software determines which is more advantageous for the taxpayer—itemizing *or* taking the standard deduction. To select one or the other, mark the applicable **Force** box at the top of screen **A.**

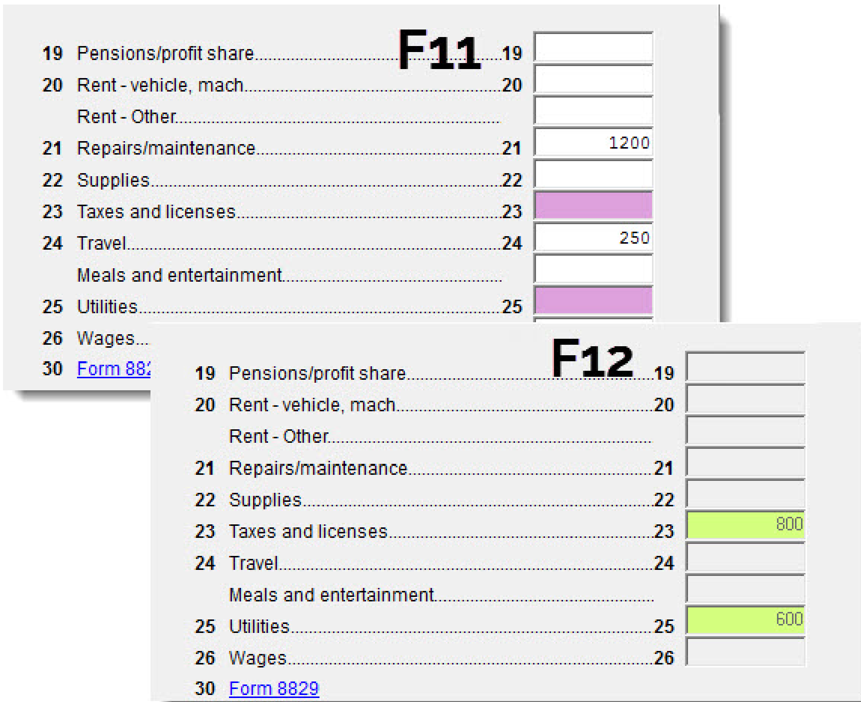
If screen **A** has been completed for a return, Schedule A will be generated—even if the standard deduction is being taken. You can set up the option to have the software generate Schedule A only when it is required. To do so, go to **Setup > Options** > **Form & Schedule Options** tab and select **Print Schedule A only when required**.



LookBack

The LookBack feature allows you to see prior year's data entry on current year Drake screens.

With Drake open to a data-entry screen, press the F11 key and any field on the open screen that contained data last year will be highlighted in a contrasting color. To see what the actual entry was in the previous year, press F12 to open a read-only version of the open screen. Press any key to return to data entry for 2016. You can also right-click anywhere on an open screen and select **Highlight prior year fields** or **Show prior year data**.

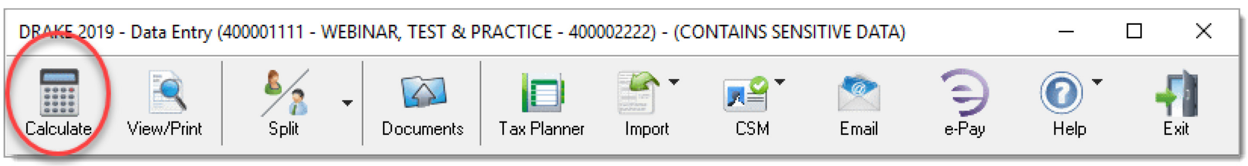


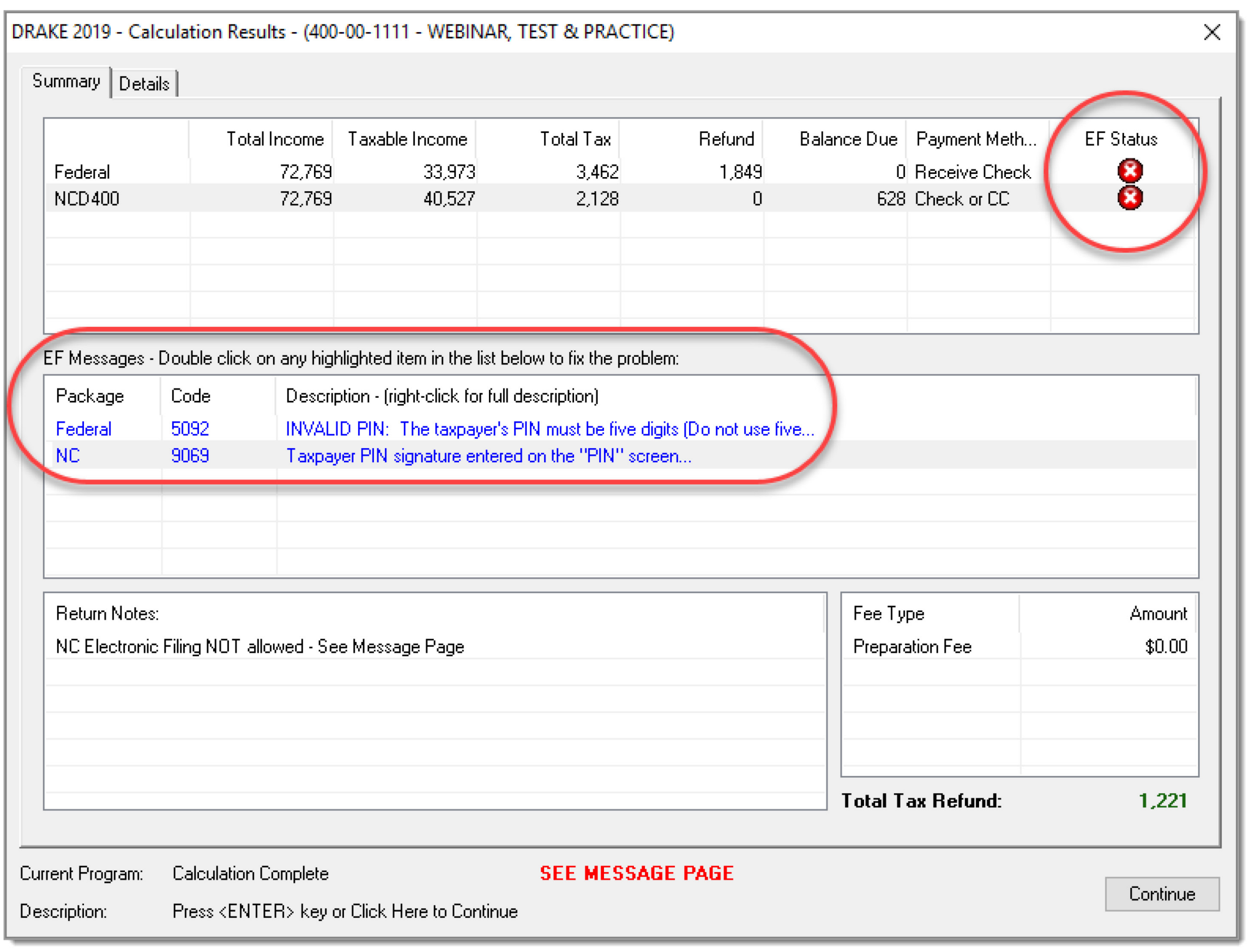
Additionally, you can access the Lookback feature from the data entry toolbar.

Return Results

Calculating a Return

To calculate a return from data entry, press CTRL + C or click **Calculate**. By default, results are displayed in the **Calculation Results** window.





EF Status Column

The **EF Status** column of the **Calculation Results** window displays the e-file eligibility of any federal and state forms calculated for the selected return. A green check mark is displayed when the return is eligible for e-file—that is, when there are no EF Messages and no other products have been selected on the **EF** screen. A red **X** indicates that a prepared product is not eligible, having received an EF Message.

Any of the other federal products that are eligible to be e-filed (for instance, extension requests, amended returns, Forms 4868, 2350, 9465, or 56) and that will be a part of the e-file transmission also receive green check marks when they have been selected for e-file on the **EF** screen and they have no EF Messages.

Indicator	EF eligibility
Green check mark	Default product is eligible and has no EF Messages; other eligible products have been selected for e-file and have no EF messages
Red **X**	Product not eligible for e-file due to EF Messages
Accepted	Product has already been transmitted and has received "A" acknowledgment. (Product appears on **ESUM** screen with "A" ack)
Suppressed	Occurs with any product included in the return that is ready for e-file (no EF Message) but a **Do NOT send Federal**, **Do not send any states**, **Suppress federal/ state EF** check box has been selected on the **EF** screen or at **Setup > Options > EF** tab
Not Selected	Occurs on any product included in the return that is ready for e-file (no EF Message) but has not been selected on the **EF** screen.
Not Available	Indicates that e-file is not available for a specific state product. Can be used in a federal product for forms that are part of the federal product but will not be e-filed with the return. (For instance, Form 5227 in the 1041 package. Even though you can complete the form in Drake, the 5227 will receive a "Not Available" indicator because the IRS accepts the 5227 in paper form only.)

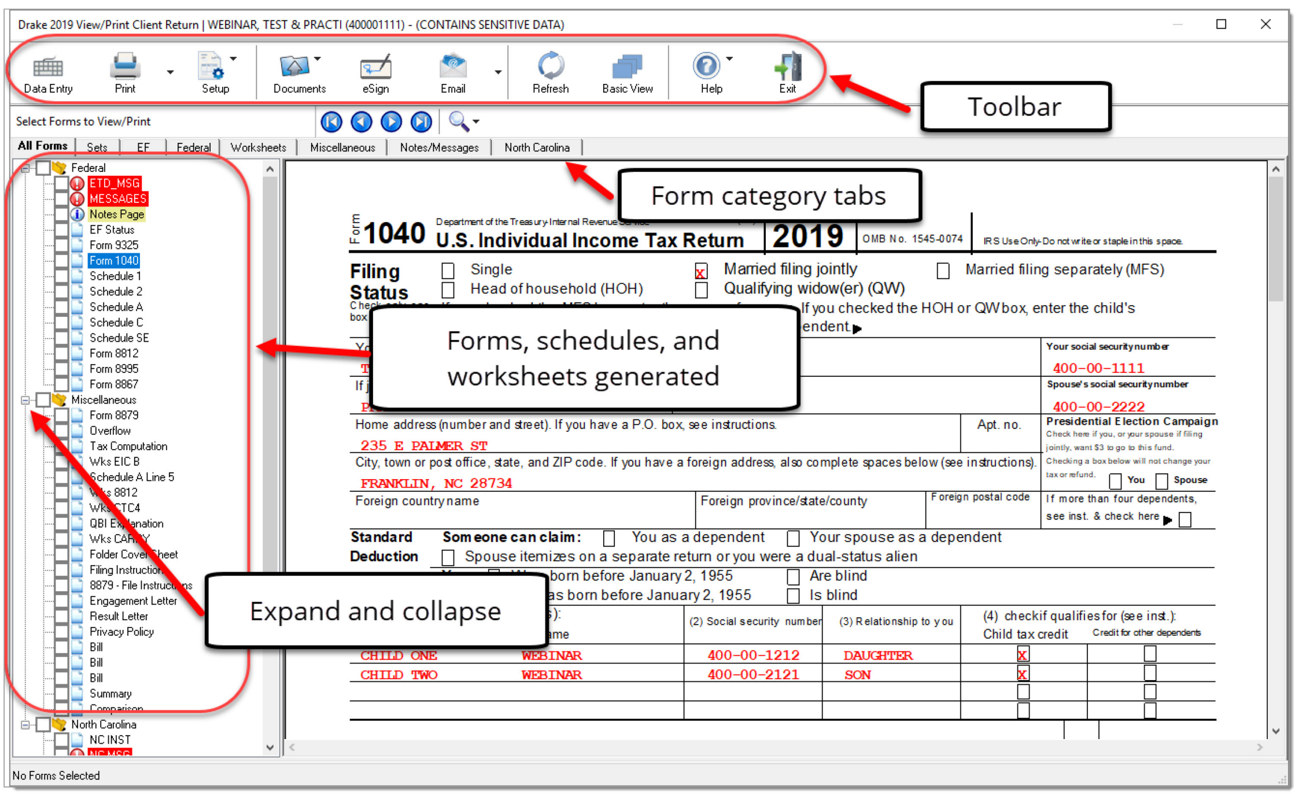
The **Return Notes** section in the **Calculation Results** window displays informational notes about the return. These notes provide details about the return, but they do not require that changes be made, and they do not prevent e-file. They also appear on the NOTES page in View mode.

Viewing and Printing a Return

VIEW/PRINT MODE

To View a return from data entry, press CTRL + V or click **View** from the data entry toolbar.

Viewing a return displays all the forms generated for the return. You can toggle from data entry to View mode by pressing CTRL + V to jump to view mode, and then CTRL + E to go back to data entry.

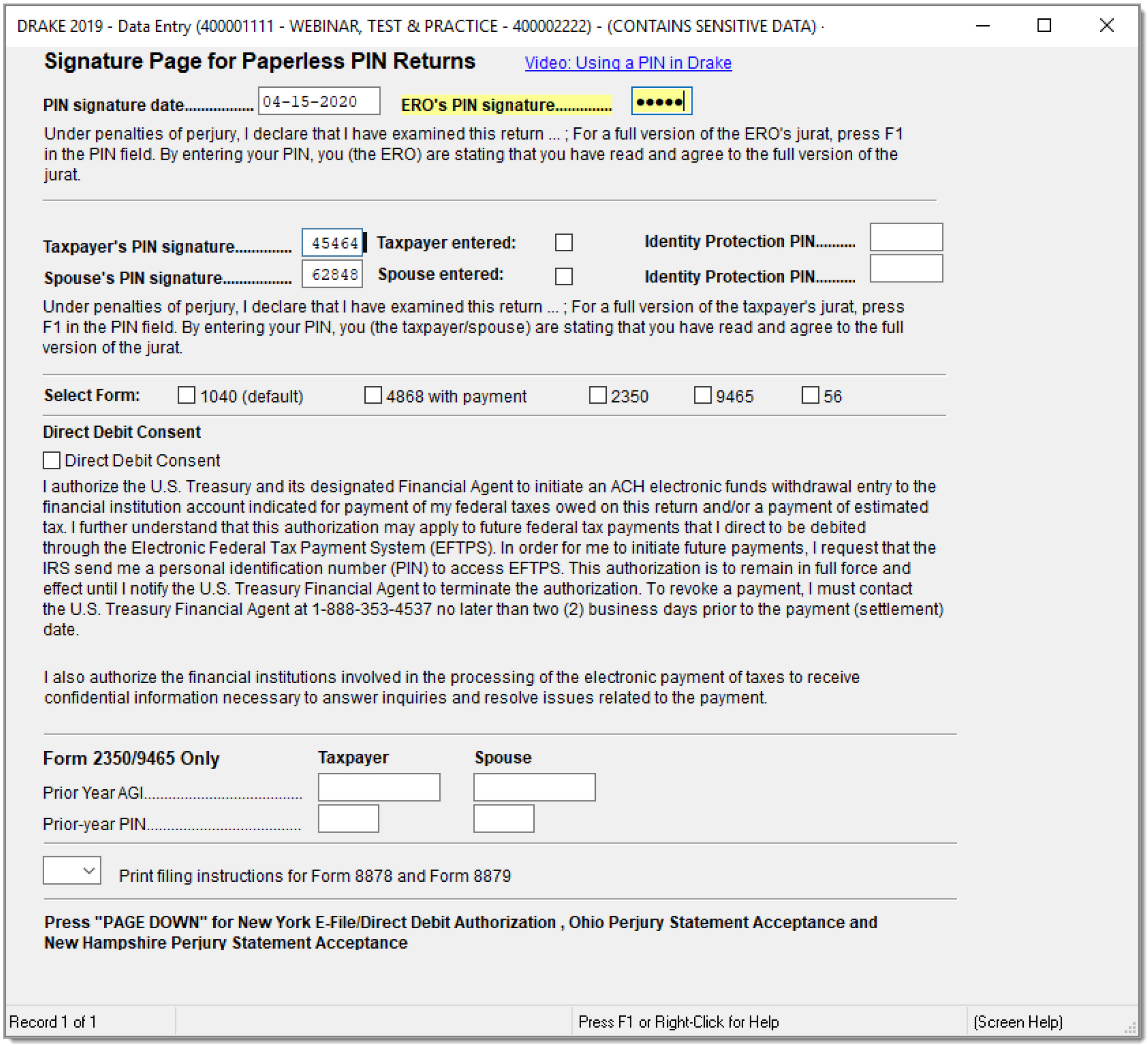


Signing the Return

8879

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

Use the **PIN** screen, accessible from the **General** tab, to complete Form 8879. The generated return uses both the taxpayer's PIN and the ERO's Practitioner PIN. The PIN entered must match either the PIN of the **Default ERO** (selected at **Setup > Options > EF** tab) or the PIN of the preparer specified in the **Preparer #** override field on screen 1.



DRAKE 2019 - Data Entry (400001111 - WEBINAR, TEST & PRACTICE - 400002222) - (CONTAINS SENSITIVE DATA) -

Signature Page for Paperless PIN Returns Video: Using a PIN in Drake

PIN signature date................ 04-15-2020 **ERO's PIN signature.............** •••••

Under penalties of perjury, I declare that I have examined this return ... ; For a full version of the ERO's jurat, press F1 in the PIN field. By entering your PIN, you (the ERO) are stating that you have read and agree to the full version of the jurat.

Taxpayer's PIN signature............. 45464 **Taxpayer entered:** ☐ **Identity Protection PIN.........**

Spouse's PIN signature................ 62848 **Spouse entered:** ☐ **Identity Protection PIN.........**

Under penalties of perjury, I declare that I have examined this return ... ; For a full version of the taxpayer's jurat, press F1 in the PIN field. By entering your PIN, you (the taxpayer/spouse) are stating that you have read and agree to the full version of the jurat.

Select Form: ☐ 1040 (default) ☐ 4868 with payment ☐ 2350 ☐ 9465 ☐ 56

Direct Debit Consent

☐ Direct Debit Consent

I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated for payment of my federal taxes owed on this return and/or a payment of estimated tax. I further understand that this authorization may apply to future federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). In order for me to initiate future payments, I request that the IRS send me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than two (2) business days prior to the payment (settlement) date.

I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

Form 2350/9465 Only	**Taxpayer**	**Spouse**
Prior Year AGI......................................		
Prior-year PIN....................................		

Print filing instructions for Form 8878 and Form 8879

Press "PAGE DOWN" for New York E-File/Direct Debit Authorization , Ohio Perjury Statement Acceptance and New Hampshire Perjury Statement Acceptance

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

Presenter Bio

Amanda Watson EA
Education Tax Team Lead
Drake Software

Amanda Watson EA joined Drake Software in June 2003. For over 10 years, she worked in customer service spending many years as a member of the Client Relationship Management Team where she provided top-level account management to multi-site customers and handled advanced escalations. In September 2013, Amanda joined the Education Department at Drake Software where she serves as the Education Tax Team Lead. In this role, she develops and executes tax software training and serves as the project manager for Drake Tax customer training.