Supplement:

Pay Per Return (PPR)

DrakeTax®

Drake Tax
User's Manual

Tax Year 2016

Supplement:
Pay Per Return (PPR)

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Pay Per Return (PPR)

Unlike Drake Tax's unlimited package, the Pay Per Return (PPR) tax program allows you to purchase only as many returns as you think you'll need for tax season. The PPR package comes with 15 returns ready for use. You can purchase more returns as needed.

In the following pages are the steps you can take to purchase and redeem more returns.

This document has been prepared for PPR users as a supplement to the *2016 Drake Tax User's Manual* and is not meant to replace the manual. For information on installing and using your program, see the manual.

New for 2016

Drake Software has added some new features to the tax software this year and you should familiarize yourself with those by downloading a copy of *2016 Drake Tax User's Manual*. Following are two of the changes PPR customers need to know about:

Added Security   Turn to "Initial Login" on page 8 to read about Drake Tax's new security features. These features are required before you can gain access to the tax program.

e-File Passwords   Drake Software is issuing new e-file passwords this year to help protect tax professionals from EFIN theft and taxpayer data theft. See "New e-File Passwords Required" on page 9 for more.

EFIN Confirmation   You must confirm that your EFIN has been properly validated by Drake Software. Turn to "EFIN Confirmation" on page 9 for details.

Temporary ITINs   A new feature of Drake Tax for 2016 is the ability to begin returns for taxpayer's who have only a temporary ITIN. This feature allows the preparer to work on a return while awaiting the IRS to supply the taxpayer with a permanent ITIN.

IMPORTANT

Be aware that in the PPR package, this feature will cost you another redeemed return.

The return with the invalid ITIN may be printed but not e-filed.

Click the box at the bottom of the **Open/Create a New Return** dialog box to create an individual return with a temporary ITIN. Click **OK** and then **Yes** to when prompted to open the **New Return** dialog box. Type in the taxpayer's first and last name and click **OK**.

When the valid ITIN is received, update the return in the Drake Tax program. To do so, from the **Home** window menu bar, select **Tools > File Maintenance > Change ID Number on Return**. Type in the old ITIN number in the **Incorrect ID Number** field and then the new ITIN in the **Correct ID Number** field. Click **Continue**, **Yes**, and **Exit** to update the client's ID.

Internet Required

When you purchase returns, those returns are kept on the Drake Tax servers until you "redeem" (use) them, at which point the return is stored on your system; therefore, to purchase and redeem returns, your computer *must* be connected to the Internet. Returns cannot be purchased or redeemed without an Internet connection.

The number of returns purchased and the number of returns redeemed will still be recorded on your computer.

NOTES

- If your Internet connection is broken, you can still work in redeemed returns but you cannot purchase or redeem more returns until the Internet connection is reestablished.
- Returns cannot be purchased or redeemed by phone.
- Returns can be redeemed one at a time only.

Conversion to the Unlimited Package

Owners of Drake Tax's PPR package who have purchased fewer than 85 returns will not have their PPR packages automatically converted to the unlimited version at the end of the tax season in April. This year's conversion date is late fall of 2017.

Preparers who purchase 85 returns *will* have their PPR package converted to the full version automatically as soon as they've purchased their 85th return.

Preparers who have purchased fewer than 85 returns can continue to purchase returns and file 2016 returns until:

- They have purchased the required 85 returns required for conversion to the unlimited version
- They reach the 2017 conversion date, at which time they can convert their package to the unlimited version

Getting Started with PPR

Whether you are installing the Drake Tax PPR package to a single computer or a network, installation and setup is nearly identical to installation for preparers using the full version of Drake. For information on program installation, software setup, and the new security features, see Chapter 2, "Installation and Setup," in the *2016 Drake Tax User's Manual*.

Your PPR Package

Drake Tax's program is available for download through the Drake Software Support website (*Support.DrakeSoftware.com,* and from the blue menu box select **Resources > Download Center**) and via a CD service (available at an extra cost). All federal packages (1040, 1120, 1120S, 1065, 1041, 990, 706, and 709), the Drake Documents (formerly Drake Document Manager), practice returns, banking practice files, and e-file software for transmitting test returns to Drake Software are included with the installation. The *2016 Drake Tax User's Manual* (in PDF format) is included on the CD and available for download at no cost from the website (*Support.DrakeSoftware.com* > **Training Tools > Manuals**). A printed copy of the manual is also available for purchase ($25) from the website.

Software for state programs, e-file, banking, the Tax Planner, city tax rates, and forms-based data entry, are included in a subsequent shipment in January. Federal and state programs are updated with each software release thereafter.

NOTE | Unlike the full-access version, PPR does not include Drake Software's Client Write-Up (CWU) accounting, payroll, and accounts payable program. CWU is available to PPR users for an additional fee; contact Drake Software Accounting for more information.

Test Returns

EF-Banking test returns allow you to practice e-filing returns in Drake Tax. Transmit one of the EF-Banking practice returns and the return will be either accepted or rejected. Correct the rejected returns and resend it until it is accepted. The EF-Banking practice returns also allow you to go through realistic check-writing scenarios. Practice printing checks for the returns with a bank product.

The EF-Banking practice returns SSNs are:

- 500001001
- 500001003
- 500001005
- 500001007
- 500001002
- 500001004
- 500001006
- 500001008

IMPORTANT | *Take advantage of these test returns!*
Do not create ("redeem") unnecessary returns while learning to use the tax program. Use the test returns to practice data entry. Test returns and EF-Banking test returns do not count against your total of redeemed returns.

You can view more information on test returns, including instructions for testing check printing, at the Drake Software Support site. Go to *Support.DrakeSoftware.com* > **Training Tools > Practice Returns > EF Banking**. (You must enter your EFIN and Drake Tax password to reach the Support website.)

Initial Login

New for 2016: When you open and log in to Drake Tax for the first time, you will be asked to set up a password for the administrator (admin) (Figure 1-1). This must be a "strong" password, meeting the requirements in the **Password Requirements** section of the window (blue circle in Figure 1-1).

1. Double-click the **Drake Tax** icon from your desktop (see figure at left).
2. When the **Password setup** window is opened, enter a "strong" password in the **Password** field.
3. Confirm the password by entering it again in the **Repeat password** field.

Note that the **Password requirements** on the right side of the window change from a red **X** to a green check mark as you complete the steps.

4. Click **Next** to open the **Security question** window.

Figure 1-1: New **Password Setup** window

5. Select a security question and then type in an **Answer**. (Note that the answer is case sensitive.)
6. Click **Finish**.

Each of the preparers and other personnel in your office requiring access to Drake Tax must also have a new "strong" password this year to open the tax program.

Admin will have reset capabilities for preparers who forget their passwords.

Passwords "Aging Out"   For added security, all passwords "age out" periodically, at which time preparers and ADMIN will have to enter new and different passwords.

IMPORTANT   Admin passwords entered in **Setup > Preparer(s)** should be different from the EOM password used for access to the Drake Software websites. See "Accessing Drake Software's Web-Based Site in Chapter 2 of *2016 Drake Tax User's Manual*.

Passwords "Timing Out"   Another new feature is "timing out," meaning that after 30 minutes of inactivity, the computer will lock in place, requiring the preparer to re-enter his or her password. When the 30-minute "time out" limit is reached, the preparer will be offered the chance to stay logged in; otherwise, the preparer will be logged out (with a possible loss of data) and must type in his or her password before opening the program again.

New e-File Passwords Required

Drake Software is issuing new e-file passwords this year to help protect tax professionals from EFIN theft and taxpayer data theft.

IMPORTANT   This e-file password must be entered in the 2016 Drake Tax program in order to e-file tax returns.

To retrieve your new e-file password and enter it in Drake Tax 2016:

1. Log in to *Support.DrakeSoftware.com* and from the blue menu bar, select **My Account > My Serial Numbers**. Your new e-file password is displayed on this screen.
2. Open the 2016 Drake Tax program, and from the menu bar of the **Home** window, select **Setup > ERO & Account Information**.
3. Enter your password in the **e-File Password** field. You also must enter your account number, EFIN, and transmitter information before you can e-file.
4. Click **OK** to save your changes.

NOTE   You can change your account password on the Drake Software Support website (*Support.DrakeSoftware.com* > **My Account > Change Password**).

EFIN Confirmation

You must confirm that your EFIN has been properly validated by Drake Software. To do so, open Drake Tax 2016, and from the **Home** window menu bar, select **Setup > Firm(s)**. Enter your EFIN in the **EFIN** field and click **Confirm**. If you have properly completed the EFIN validation process with Drake Software, you will receive a green check mark, and the words **You are approved to e-file** appear on the window.

For help EFIN validation, contact the Drake Software Compliance Department at (866) 273-9032.

How a Return is Charged to Your Account

Unlike the process used in years past, there are now only two steps you take to purchase and use PPR returns:

- **Purchase** — You purchase returns as needed (15 returns are included with the PPR program, ready to redeem and use). The program keeps a running tally of the number of returns you've purchased, the number "redeemed" (used), and the number needed for conversion to the unlimited mode.

- **Redeem** — Unlike in the old "activation" process, returns are available for use when they're purchased. A return is "redeemed" when you:
  - Start a new return
  - Update an existing return
  - Change the SSN or EIN on a return
  - Change the file type
  - Use the Quick Estimator

See "Counting PPRs" on page 13 for instructions on each of these processes.

Before a new PPR is redeemed, a PPR alert appears on your screen, informing you that proceeding will reduce your store of purchased but unredeemed PPRs by one (Figure 1-2, "An alert allows you to verify that you're ready to use one of your PPRs").
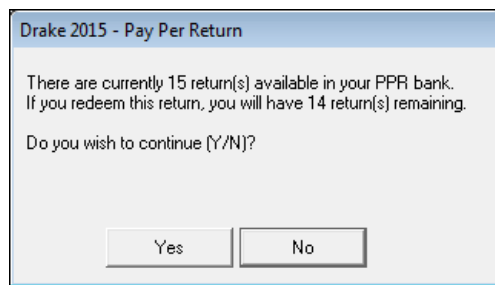
Figure 1-2: An alert allows you to verify that you're ready to use one of your PPRs

If you want to open an existing return from the previous year but aren't ready to update that return, you can open it in read-only mode (Figure 1-3). Read-only mode allows viewing of the return, but does not allow calculation or data entry. If you want to enter data or calculate the return, click **Redeem**. This reduces the number of your available unredeemed returns by one. For information on updating returns, see "Updating a Return" on page 14.
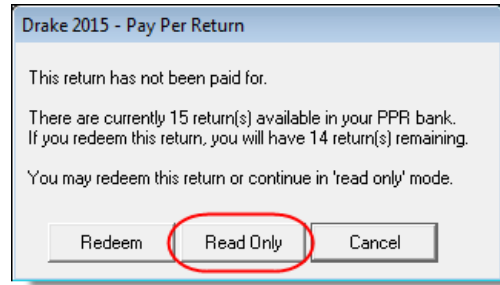
Figure 1-3: Option for opening a return in read-only mode

Restrictions and Notes

Be aware of these PPR restrictions and notes:

- **SSNs or EINs cannot be edited**: Once a return has an SSN or EIN, it counts toward your total of redeemed returns and cannot be added back to your PPR bank of unredeemed returns.

- **SSN verification can reduce errors**: The required **SSN/EIN Verification** field on the **New Return** screen helps reduce errors and avoid accidentally starting a new return.

- **Names can be changed or corrected**: Change or correct names on a return without being charged for another return.

- **Proformas and organizers can be printed**: Print proformas and organizers for gathering information from your clients without your being charged for a return. From the menu bar of the **Home** window, select **Last Year Data > Organizers** or **Last Year Data > Proformas**. For more information on proformas and organizers, see Chapter 4, "Preseason Preparation," in *2016 Drake Tax User's Manual*.

- **Redeemed returns can be moved to other computers**: A *redeemed* return can be copied and moved to another computer without counting against your total. (For details on transferring returns, see "Backing up and Restoring Files" in Chapter 11 of *2016 Drake Tax User's Manual*.

- **Software can be installed on peer-to-peer networks**: On networks not using a true server (networks where one computer is designated a "server" and the other computers share files through that computer), returns can be redeemed on any of the computers in the network. *Do not*, however, transmit from more than one computer.

- **Software can be installed on a server**: On networks using a true server, all returns are redeemed from the server, and all computers on the network have access to all the returns through the server.

Purchasing PPR Returns

Your software comes with 15 PPRs installed. These returns, and any additional returns you purchase, are available immediately for redemption, provided your system is connected to the Internet.

NOTE   To purchase or redeem returns, your computer must be connected to the Internet, and you must complete ERO and Firm setup. Returns *cannot* be purchased or redeemed without an Internet connection.

To purchase more returns, from the **Home** window of Drake, go to **Setup > Pay Per Return** to open the **Pay Per Return** dialog box (Figure 1-4).

Figure 1-4: Pay Per Return dialog box

About the PPR Dialog Box

The **Pay Per Return** dialog box (Figure 1-4) consists of the following components:

- **Account Summary** — Displays the number of returns purchased, the number of returns redeemed, and the number of purchased but unredeemed returns remaining for the account number entered in **Setup > ERO & Account Information**. These numbers are updated as more returns are purchased or redeemed.
- **PPR to Full Package —** Displays the number of returns that must be purchased before the PPR package can be converted to the full unlimited version of Drake, and displays how much those returns will cost, including sales tax (based on the EFIN's state). These numbers are updated as more returns are purchased.
- **Purchase Return(s) —** Provides fields for entering credit card information for purchasing more PPR returns.
- **Help** — Opens the software's Help program.

- **PPR List** — Shows a list (sorted by SSNs or EINs) of the returns redeemed and used for this ERO.
- **Exit** — Closes the **Pay Per Return** dialog box.

Purchasing Returns

To purchase more returns:

1. In the lower section of the **PPR** dialog box (Figure 1-5), complete the credit card information (all fields are required).
2. Complete address information related to the credit card you are using. (Note that the city and state must match exactly what is on file with the issuing bank.)

Figure 1-5: Purchasing more returns through the software

3. Enter the number of returns you wish to purchase.
4. Click **Purchase**.

You are asked if you are sure you are ready for purchase. Click **OK**. When your purchase transaction is complete, a message tells you, "Your purchase is successful!"

Note:

- If there is a problem during your purchase transaction, you will see a message informing you: "ERROR: Credit card purchase transaction failed." Verify your credit card and address information or try a different credit card.
- During the 2016 filing season, when you've purchased 85 returns, your software is automatically converted to the unlimited Drake package.

Counting PPRs

As stated earlier, there are several ways to use PPRs so that they are counted against your total of purchased and redeemed returns.

- Start a new return
- Update an existing return
- Change the SSN/EIN of a return
- Change the file type
- Use the Quick Estimator (to start a return)

The following section provides instructions on each of these procedures.

IMPORTANT   Remember: You must be connected to the Internet to buy and redeem returns.

Starting a New Return

When you start a new return, you are alerted that proceeding will lower your number of available returns by one (see Figure 1-2 on page 10).

To start a new return:

1. From the **Home** window toolbar, click **Open/Create**.
2. Enter an SSN or EIN in the **Open/Create a New Return** dialog box. Click **OK**.
3. In the **Open Return** window, click **Yes**.
4. Verify the SSN/EIN.
5. Select a **Return Type**.
6. Enter a name in the **Name Entry** text box. Click **OK**.
7. Click **Yes** to verify that you want this return counted against your total of PPR.

Updating a Return

To update an existing return:

1. From the **Home** window, go to **Last Year Data > Update Clients 2015 to 2016**.
2. In the **Update Client Selection** dialog box, enter an SSN/EIN and click **Add Client**.
3. Click **Next**.
4. In the **Update Options** menu, select the items to update.
5. Click the **Update 1040** button. (If you are updating business returns, the button will be labeled with the appropriate entity number — 1120, 1120s, 1065, etc.)

You will be offered the opportunity to count the newly updated return against your supply of purchased but unredeemed returns, or to open the return in read-only mode. (See Figure 1-3 on page 11.) You cannot make any new entries or calculate the return while in read-only mode.

NOTE   An optional method of updating a return is to click **New/Create** from the toolbar, enter the SSN or EIN of a previous year's client, and then make selections from the **Update Options** menu (Step 4 in "Updating a Return," above).

Changing an SSN/EIN

Once an SSN or EIN is displayed on screen **1**, the return is counted against your supply of returns. You can change the SSN or EIN associated with a return, *but this will cost you another PPR.*

To change the SSN/EIN:

1. From the **Home** window, go to **Tools > File Maintenance > Change SSN/EIN on Return**. An alert reminds you that changing the SSN counts against your total of PPRs. Click **Yes**.
2. In the **Incorrect SSN/EIN** text box, enter the current SSN/EIN.
3. In the **Correct SSN/EIN** text box, enter the new SSN/EIN to associate with this return.
4. Click **Continue**, and then click **Exit**.

NOTE   After changing a return's SSN or EIN, update your client list by running the Repair Index Files tool. From the **Home** window, go to **Tools > Repair Index Files**.

Changing File Type

You can change the file type of a return (1040, 1120S, etc.), *but this will cost you another PPR*.

To change the file type:

1. From the **Home** window, go to **Tools > File Maintenance > Change File Type**. to open the **Convert Client Data File Type** dialog box. An alert reminds you that changing the SSN counts against your total of PPRs. Click **Yes**.
2. Enter the SSN/EIN of the return you wish to change. Click **Continue**.
3. From the Convert this file to: section, select the type of return you wish this return to be converted to. Click **Continue**, and then click **OK**.

Quick Estimator

The Quick Estimator is used to quickly calculate results for an individual (1040) return. Please note:

- In PPR mode, each use of the Quick Estimator *starts a new return* and counts against your total of purchased and unredeemed PPRs.
- In PPR mode, use of the Quick Estimator with *already started returns* does not count against your total.
- The Quick Estimator produces only one return if **Married Filing Separately** is selected as the filing status. A separate return must be generated (using another PPR) for the spouse.

IMPORTANT   *Do not* file the return generated in the Quick Estimator with the IRS or an amended return will be required.

After Tax Season

When tax season is over, the software can be switched from PPR version to the unlimited version. See "Conversion to the Unlimited Package" on page 6 for details.

Renewing Your Drake PPR Software

After the 2016 tax season, when you want to renew your Drake Software for the 2017 season, you have two easy methods to choose from:

- Renewing online (with a credit card payment)
- Renewing by fax or mail (paying by credit card or check)

Renewing Online

To renew your Drake Tax online and make a credit card payment, follow these steps:

1. Log in to *Support.DrakeSoftware.com*.
2. From the blue sidebar menu on the left, go to **My Account > Software Renewal** and click **Renew Online**.
3. Read and accept the License Agreement.
4. Enter the requested information and click S**ave and Continue**.
5. Choose the Drake PPR (Pay Per Return) Renewal package. Make any other selections (such as the CWU program).
6. Select your delivery options (**Download Only**, **Limited CD** delivery or full CD delivery (**Receive all CDs**). Click **Continue**.
7. Enter or edit your **Customer Information**. At the bottom of the page, type your name, then click **Continue** and then **Check out**.
8. Enter your credit card information and click **Submit Order**.
9. Review your order. Click **Edit** to make changes. Click **Complete Order**.

Renewing by Mail or Fax

To renew your Drake Software by mail and pay by check or credit card, follow these steps:

1. Log in to *Support.DrakeSoftware.com.*
2. From the blue sidebar menu on the left, go to **My Account > Software Renewal**.
3. From the **To Renew by Check or Fax** section, click **Drake Pay-Per-Return Renewal**.
4. Print the renewal form, fill it out (be sure to include your credit card information unless you're paying by check).
5. To submit the form, either:
   - Enter your credit card information and fax the form to Drake Accounting at (828) 524-9549
   - Mail the form and check to:

> Drake Software
> Attn: Accounting
> 235 East Palmer Street
> Franklin, NC 28734-3049

IMPORTANT   Do *not* send your renewal form to Drake Software Accounting via email.

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