SUPPLEMENT:
PAY PER RETURN (PPR)

DrakeTax®

Drake Tax
Supplemental Manual

Pay Per Return (PPR)

Tax Year 2021

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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 will need for the tax season. The PPR package comes with 10 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 2021 Drake Tax Manual—it is not meant to replace that manual. For information on installing and using your program, download your own copy of the manual from **Support.DrakeSoftware.com > Support > Documents.**

New for 2021

There have been ample changes made to the IRS tax code, to individual (1040) returns, and to business (1120, 1120-S, 1065, 1041, 990) returns for tax year 2021, many of which are important and may affect you.

Review Chapter 1, "Introduction," Chapter 5, "Return Preparation," and Chapter 14, "New Features: Other Packages," in the *2021 Drake Tax Manual* for details on changes and enhancements.

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.

Regardless of Internet connectivity, the number of returns purchased and the number of returns redeemed is always available for viewing from **Setup > Pay Per Return**.

NOTES

- Even if you are not connected to the Internet, you can still work in redeemed returns, but you cannot purchase or redeem more until 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 can continue to purchase and file 2021 returns until:

- They have *purchased* 85 returns (includes initial 10 returns), upon which their PPR package is automatically converted to the full version.
- They reach the PPR conversion date (late fall 2022), at which time their PPR package is automatically converted to the full 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 Tax. For information on program installation, setup, and security features, see Chapter 2, "Installation & Setup," in the *2021 Drake Tax Manual*.

Your PPR Package

Drake Tax's program is available for download through your User Account (*Support.Drake-Software.com* > **Downloads > Drake Tax**) and via CD (available at an extra cost). All federal packages (1040, 1120, 1120S, 1065, 1041, 990, 706, and 709), Drake Documents, practice returns, test returns, and the e-file program for transmitting test returns to Drake Software are included with the initial installation. The *2021 Drake Tax Manual* (in PDF format) is included on the CD and is also available for download at no cost from the website (*Support.Drake-Software.com* > **Support** > **Documents**).

Programs for state returns, 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 program release thereafter.

Practice & Test Returns

✎ **NOTE**

Take advantage of practice and test returns!

Do not create ("redeem") unnecessary returns while learning to use the tax program; instead, use the practice and test returns to practice data entry and transmission. Practice and test returns do *not* count towards your redemption total.

EF practice and test returns allow you to gain practice with completing and e-filing returns in Drake Tax. Prepare a practice return by going to *Support.DrakeSoftware.com* > **Training > Practice Returns**. Click a practice return, enter the provided information into the software where you believe it should go, and compare your tax return with the provided solution.

The SSNs for *practice* returns are as follows:

- (*individual*)   400-00-6001 – 400-00-6010
- (*corporation*)   00-400-6011
- (*partnership*)   00-400-6012
- (*S corporation*)   00-400-6013

Use EF test returns to practice with transmitting tax returns to the IRS. From the tool bar of the Drake Tax **Home** window, click **Open/Create**, and type a test return SSN in the **Client Selection** text box. Click **OK** to open it, and from the **Data Entry Menu**, click **View/Print**. After calculating a return, from the menu bar of the **Home** window, select **EF > Transmit/ Receive** to open the **Transmit/Receive** dialog box. Mark test returns for transmission using **Review**, and "transmit" them by clicking **Send/Receive**. The return will be either accepted or rejected. Correct the rejected return and resend it until it is accepted. EF test returns also allow you to go through realistic check-writing scenarios, including printing checks for returns with a bank product.

The SSNs for EF *test* returns are 500-00-1001 – 500-00-1008.

To view more information on practice and test returns, including instructions for testing check printing, go to *Support.DrakeSoftware.com* > **Training > Practice Returns**.

When you open and log in to Drake Tax for the first time, you are asked to enter your account number and serial number again. Then you must set up a password for the primary administrator (admin) (Figure 1 on page 12). This must be a "strong" password, meeting the requirements in the **Password Requirements** section of the window (see red circle). After establishing a password, you are prompted to set up multi-factor authentication (MFA) before being able to log in to the tax program.

To log in to Drake Tax:

1.   Double-click the **Drake Tax** icon from your desktop.

2.   When the **Password setup** window is opened, enter a "strong" password in the **Password** field.

Figure 1: Password Setup window

3.   Confirm the password by entering it again in the **Repeat password** field. Note that the **Password Requirements** change from a red **X** to a green check mark as you complete the steps.

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

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

6.   The **Multi-Factor Authentication (MFA)** window is opened. From here, the admin may either proceed with MFA by scanning the QR code with his or her phone and following the on-screen directions or opt out of MFA by selecting the corresponding box. (See "Multi-Factor Authentication" on page 14 for more.) Click **Finish**.

NOTES

- Each preparer and other personnel in your office requiring access to Drake Tax must also have a strong password to open the tax program.

- For added security, all passwords expire after 180 days, at which time all Drake Tax users must enter a new password.

"Timing Out"

After 10 minutes of inactivity (15 for admin), Drake Tax "times out"—the program locks in place, requiring the user to re-enter his or her password. Before the timeout limit is reached, the program offers the user a chance to stay logged in; otherwise, the user is logged out (with a possible loss of data) and must type in his or her password before opening the program again.

Administrative Login

To complete all setup screens and functions, log in to the tax program as "admin." The primary administrator can access all tools, functions, and setup routines in Drake Tax, including firm, preparer, and security setup, network setup, the **Administrative Options** tab at **Setup > Options**, and tracking information on the **ADMN** screen in data entry.

The following sections contain set up and user maintenance procedures that either must be— or should be—performed by the primary admin only.

Forgotten Passwords

If a user forgets his or her password for Drake Tax and clicks **Password help** only to discover he or she cannot remember the answers to the security questions, there is relief.

ADMIN

Under the security question text box on the **Drake Tax Security** window, click the **On-line password recovery** link. You are directed to the Drake Software's "Software Admin Password Recovery" website. Sign in, answer three security questions, and click **Submit** to receive an email message containing a recovery code. Enter that code in the **Password** field of the tax program's login window.

The recovery code expires after one hour.

Preparer

A preparer's password be reset only by the primary administrator. When logged in as ADMIN, from the **Home** menu of Drake Tax, click **Setup > Preparer(s)**, and select the preparer whose password needs to be reset. Click **Reset Password** and the preparer will be prompted to enter a new password upon his or her next login.

Other Office Personnel

If you are resetting a password for an employee who does not have a PTIN (such as a data entry clerk), click **Reset Password**—a reset code is generated below the "Reset successful" message. Be sure to record this code, as it will be needed when the user attempts to log in. (See Figure 2, below.)

Figure 2: Reset code for preparers without a PTIN
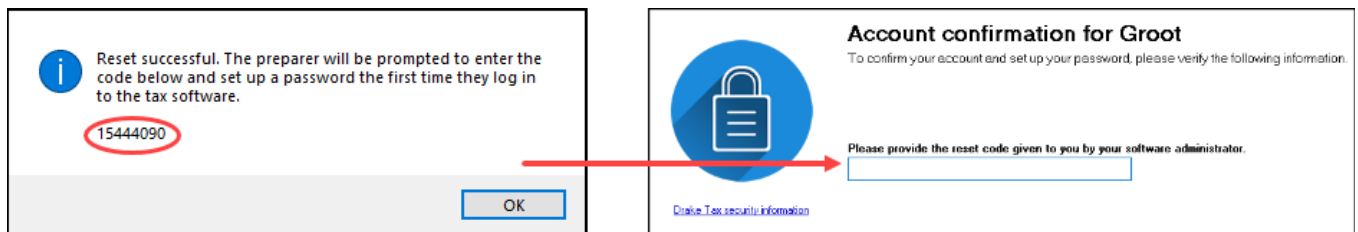
Multi-Factor Authentication

Multi-factor authentication (MFA) is a security measure that requires users to complete a two-step process before being allowed access to Drake Tax. Beginning with Drake Tax 2021, MFA is active by default for admin and preparer accounts.

When logging in for the first time, if the primary admin does not opt out of MFA, he or she must complete all processes below before being granted access to the tax program.

Using MFA

There are several steps involved in setting up MFA, but once established, the security login process only consists of two easy steps.

— Setting Up MFA —

To get started, first visit your MFA's website and set up an authentication account. You (or your office administrator) might also have to set up accounts for each of your employees.

At the end of the setup process, follow the steps to download the needed app onto your phone. For more information, see [Knowledge Base article 15895: "Multi-Factor Authentication for Drake Tax (Drake18 and Future)."](#)

— Logging in to Drake Tax with MFA —

When attempting to access the program, after entering a username and password on the **Login** window, the preparer next sees the **Multi-Factor Authentication** window. Within that window is a QR code—the black-and-white square on the right side of the window. To continue the authentication process (the following steps may vary by MFA provider) the user must:

1. Activate the app on his or her cell phone.

2. Using the camera feature of the smartphone, place the QR code within the borders of the viewfinder and wait while the phone completes its scan. The authorization code is generated and displayed on the phone's screen.

3. Enter that code in the **Multi-Factor Authentication** window of Drake Tax and click **OK**.

Figure 3: Using MFA in Drake

After scanning the QR code once, a "profile" for Drake Tax is created on the authentication

app, displaying a six-digit code. This ever-changing code, which is refreshed every 30 seconds, must be used when logging into the tax program.

For more information on the regular login procedure for Drake Tax, see "Initial Log In" on page 12.

Disabling MFA

Regardless of whether the primary admin opts out of MFA during initial setup, all other Drake Tax users, whether they be added to Drake Tax 2021 or updated from Drake Tax 2020 , have MFA enabled by default. Only the primary admin (that is, the user that logs in to Drake Tax as "ADMIN"—*not* a user with administrative rights) has the ability to disable MFA for Drake Tax users.

By default, MFA is enabled when a preparer is added to Drake Tax unless the **Disable Multi-Factor Authentication (MFA)** is marked from the **Preparer Setup** window (accessed from the Drake Tax **Home** window by clicking **Setup > Preparer(s)**). If updating preparers from Drake Tax 2020 using the **Setup Assistant**, a message appears, noting that MFA is enabled for all preparers when the update is complete.

Figure 4: MFA enabled for all preparers
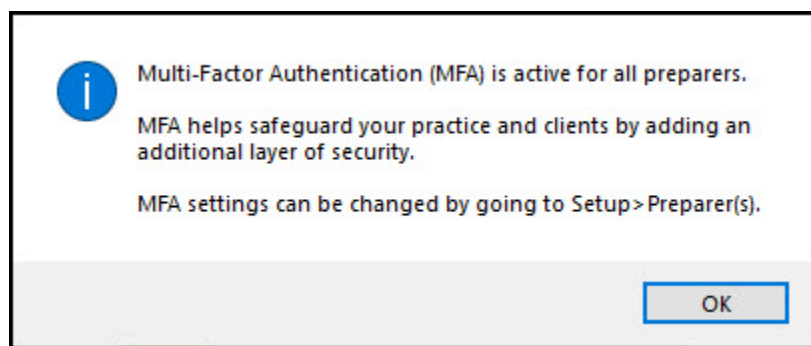
After initial setup, if the primary admin wishes to disable MFA, he or she can do so from **Setup > Preparer(s)**; from there, the admin has the option to disable MFA for *all* preparers or on a per-preparer basis. From the **Home** window of Drake Tax, go to **Setup > Preparer(s)**, and do one of the following:

- (*per-preparer disable— recommended*) To disable MFA for preparers as needed, select the appropriate preparer from the **Preparer Setup** window, and below **Login Information**, mark the check box **Disable Multi-Factor Authentication (MFA)**. Be sure to save your changes before returning to the main **Preparer Setup** window.
- (*batch disable — not recommended*) To disable MFA for *all* preparers, from the **Preparer Setup** window, click **Security > Disable MFA for ALL preparers**.

There are two steps main components that make a PPR account different from the unlimited version of Drake Tax:

- **Purchasing Returns** — You must purchase returns as needed. 10 returns are included by default, ready to be redeemed and used. The program keeps a running tally of the number of returns you have purchased, the number "redeemed" (used), and the number of additional returns needed for conversion to the full, unlimited version of Drake Tax.

- **Redeeming Returns** — Returns are available for use when they are 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 20 for instructions on each of these processes.

✎ NOTE

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.

Before a new PPR is redeemed, a Pay Per Return alert appears on your screen, informing you that proceeding will reduce your bank of purchased (but unredeemed) PPRs by one

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. 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 22.

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 redeemed returns total 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** window 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 being charged for a return. From the menu bar of the **Home** window, select **Last Year Data > Organizers** (or **Proformas**). For more information on proformas and organizers, see Chapter 4, "Preseason Preparation," in the *2021 Drake Tax 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 the *2021 Drake Tax Manual*.

- **Program 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 returns from more than one computer.

- **Program 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 Drake Tax program comes with 10 PPRs installed. These returns, and any additional returns you purchase, are available immediately for redemption, provided your system is connected to the Internet.

To purchase more returns, from the **Home** window of Drake Tax, go to **Setup > Pay Per Return** to open the **Purchasing "Pay Per Return" Returns** dialog box (Figure 5 on page 19).

Figure 5: The **Purchasing "Pay Per Return" Returns** dialog box

About the PPR Dialog Box

The **Purchasing "Pay Per Return" Returns** dialog box (figure above) 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 > Electronic Filing & Account Information (ERO)**. 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 Tax; also displayed is 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 tax program's Help program.

- **PPR List** — Shows a list (sorted by SSNs or EINs) of the returns redeemed and used for the 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 6 on page 20), 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 6: Purchasing additional PPRs

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 transaction is complete, a message reads, "Your purchase is successful!"

⊘ **IMPORTANT**

Once you have purchased 85 PPRs, your Drake Tax program is automatically converted to the full, unlimited version.

Counting PPRs

As stated earlier, PPRs can be counted against your total number of redeemed returns by:

- Starting a new return
- Updating an existing return
- Changing the SSN/EIN of a return
- Changing the file type (if the SSN has to be changed to an EIN or vice versa)
- Using the Quick Estimator (to start a return)

The following sections provide instructions on each of these procedures.

Starting a New Return

When you start a new return, you are alerted that proceeding will lower your number of available returns by one.

To start a new return:

1. From the **Home** window toolbar, click **Open/Create**.

2. Enter an SSN or EIN in the **Client Selection** field of the **Open/Create a 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 remaining PPR.

Temporary ITINs

You can begin returns for taxpayers 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.

Mark the **Create return using temporary ITIN** box at the bottom of the **Open/Create a Return** dialog box to create an individual return with a temporary ITIN. When the box is marked, a notification box is opened, emphasizing that the return cannot be e-filed until the taxpayer has been issued a valid ITIN. Click **OK**. Click **OK** again, and then click **Yes** to create a new return. 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**. An alert reminds you that changing the SSN counts against your total PPRs. Click **Yes**. 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.

⚠ CAUTION

Be aware that in the PPR package, updating a client's ID number will cost you another redeemed return.

Updating a Return

To update an existing return:

1. From the **Home** window, go to **Last Year Data > Update Clients 2020 to 2021**.

2. In the **Update Client Selection** dialog box, enter an SSN/EIN or name in the **Client Selection** field, then click **Select Client** (or double-click a client from the **Client Name** list), and click **Next**.

3. In the **Update Options** menu, select the items to update.

4. 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 update and count the return against your bank of un-redeemed returns, or to open the return in read-only mode. You cannot make any new entries or calculate the return while in read-only mode.

TIP

Another way to update a return is by clicking **Open/Create** from the toolbar, entering the SSN/EIN of a previous year's client, making selections from the **Update Options** menu, and then clicking **Update.** Updating via this method still counts against your bank of unredeemed returns.

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 ID Number on Return**. An alert reminds you that changing the SSN counts against your total PPRs. Click **Yes**.

2. In the **Incorrect ID Number** text box, enter the current SSN/EIN.

3. In the **Correct ID Number** text box, enter the new SSN/EIN you want associated with the return.

4. Click **Continue**, **Yes**, and then **Exit** to update the client's ID.

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 if the ID number attached to the return changes, it will cost you another PPR*.

For example, converting an 1120-S return to an 1120 will *not* cost an additional PPR so long as the EIN does not change; however, converting a 1040 return to an 1120-S *will* result in an additional PPR charge, as the return ID changes from an SSN to an EIN.

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 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 want the return changed to. Click **Continue**, and then click **OK**.

Quick Estimator

The Quick Estimator (accessible from the menu bar of the **Home** window by clicking **File > Quick Estimator**) is used to quickly calculate results for an individual (1040) return.

NOTES

- In PPR mode, each use of the Quick Estimator *starts a new return* and counts *against* your remaining unredeemed PPRs.

- In PPR mode, use of the Quick Estimator with *already started returns* does *not* count against your remaining unredeemed PPRs.

- The Quick Estimator produces only one return if **Married Filing Separately** is selected as the filing status. A separate return must be generated (using an additional PPR) for the spouse.

⚠️ **CAUTION**

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 (and returns with default extensions can no longer be filed), the program is switched from the PPR version to the unlimited version. See "Conversion to the Unlimited Package" on page 10 for details.

✏️ **NOTE**

If the filing season has passed (or you have redeemed 85 returns) and the program does not change to the unlimited version automatically, attempt to redeem a return. Upon connecting to the servers, Drake Tax is flipped to the full version.

Renewing Your PPR Program

After the 2021 tax season, when you want to renew Drake Tax for the next season, you have two easy methods to choose from:

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

Renewing Online

To renew your Drake Tax online and pay via credit card:

1. Go to *Support.DrakeSoftware.com*, and below the sign in box, click the **Renew Drake Online** button.
2. Under **Software Renewal - Tax Year 2021**, click **Renew Online**.
3. Enter your Drake username and password, and click **Submit**.
4. Answer the security questions and click **Submit**.
5. Under the **Drake Tax Options** section, select **2021 Pay-Per-Return Version**

along with any desired supplemental services, and choose whether you would like to receive the software digitally or via CD (additional cost). Click **Continue**.

6.   Enter all **Customer Information** and click **Continue**.

7.   From the **Shopping Cart**, click either **Change Products** to edit your purchase or **Check Out** to proceed.

8.   Enter all required **Payment** information, and to confirm your purchase, click **Submit Order**.

After your payment has been processed, a confirmation email is sent to the email address on file; be sure to retain the email for your records.

IMPORTANT

Click **Submit Order** only once. Clicking multiple times may result in multiple charges.

Renewing by Mail or Fax

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

1.   Go to *Support.DrakeSoftware.com*, and below the sign in box, click the **Renew Drake Online** button.

2.   From the **To Renew by Check or Fax** section, click the **Drake Pay-Per-Return Renewal** PDF link.

3.   Print and fill out the renewal form. (Be sure to include your credit card information unless you're paying by check.)

4.   To submit the form, either:

a.   Enter your credit card information and fax the form to Drake Accounting at (828) 524-9549

b.   Mail the form and check to:

<div align="center">

Drake Software

Attn: Accounting

235 East Palmer Street

Franklin, NC 28734-3049

</div>

IMPORTANT

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