2007 Drake Software Manual

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Introduction

Welcome to the Drake Software Manual for Tax Year 2007! We are delighted that you have chosen Drake for your tax software needs for the 2007 tax year. The Drake Team has been hard at work in 2007 to ensure that tax season at your firm is a successful one.

New for 2007

Each year, Drake strives to offer the most efficient and comprehensive tax software in the industry while staying current with the latest in technology. If you are a renewing Drake client, you'll notice that the software has undergone numerous changes this year. Some of those changes have been behind the scenes, while other changes will be obvious to you. Listed below are just a few of the improvements you will enjoy this year:

- **Setup Wizard** — The 2007 Setup Wizard now guides you through both the required and the recommended setup screens.
- **Letter Editor** — Completely redesigned for 2007, the Letter Editor has a new look and functions, including additional formatting options, a preview feature, and user-friendly keywords. Also, a new, comprehensive result letter allows you to meet nearly all of your letter needs.
- **Organizers and Proformas** — Improvements this year include the expansion and enhancement of organizers and proformas for individual and business (proformas only) packages.
- **Scheduler** — Redesigned for 2007, the Scheduler now offers two "modes." *Preparer Mode* has the same functions as last year's Scheduler, with many enhancements. *Front Office Mode* is for receptionists and other personnel who manage appointments but do not prepare tax returns.
- **Preparer Setup** — Reorganized to display functions on toolbars, expanded preparer list, and Front Office security setting.
- **Update Settings** — Previously called **Update Configurations**, this tool allows for more items to be brought forward each year.
- **Client Bill** — New features allow you to add a custom paragraph to a bill and change pricing on a per-return basis.
- **Data Entry** — Data entry now offers age indicators, a magnify-fields option, field flagging by color, and autofill options. As always, Drake's updates incorporate compliance requirements for the tax year, including the new Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return.
- **Return Results** — The **Calculation Results** screen now includes an **EF** (Electronic Filing) button, enabling you to place a return directly into the queue for transmission.
- **Due Diligence for Form 8867** — With access to new and updated screens, preparers can electronically track data related to IRS due diligence requirements for Form 8867, Paid Preparer's Earned Income Credit Checklist.

Numerous other screens have been added and improved throughout the software, and both the Drake Document Manager (DDM) and the Tax Planner include new features as well; look for the "NEW FOR 2007" tags throughout the manual to learn more.

IMPORTANT

State and federal tax rules and regulations can change at any time. Read the Drake shipment letters, broadcast e-mail, and manual addenda throughout the season to stay up to date on the latest changes to the software, and how they reflect changes in the state and federal arenas.

About this Manual

This manual has been developed for Drake clients to provide clear, easy-to-find instructions and guidelines for using the software. It is one of several tools available, along with the online and on-screen help features, tutorials, training, and phone support. Use this manual in conjunction with other Drake resources. Be sure to take advantage of our index, which has been expanded to help you locate information more efficiently in 2007.

Structure

Following this *Introduction*, our *Basics* section provides a general overview of Drake Software. For those new to Drake Software, read this section first.

In the *Preseason* category, find instructions for *Installation and Setup* and *Preseason Preparation*, to include updating the software and developing organizers and proformas for clients.

The *Tax Season* category consists of *Return Preparation, Return Results*, *Electronic Filing and Banking*, the *Client Status Manager*, and *Resources and Support*.

The *Practice Management* section addresses *Tools*, *Reports*, and *Suite Products.*

The *Appendix* includes charts that list keywords for creating reports and letters.

Addenda

Drake strives to keep its manual as up-to-date as the tax software and provides manual addenda pages as necessary with software updates. To keep your manual current, update it each time you update your software.

Addenda pages from the Drake Support Web site (**Training Tools > Manuals** > **Drake Software**).

The following options are available:

- **Addenda Pages** — Print these pages to insert in or replace in your manual.
- **Addenda Instructions** — View instructions on addenda pages and how they work.
- **Manual** — Print a version of the manual that includes all addenda pages.

CONTACTING DRAKE SUPPORT

In addition to the manual, on-screen Help, and online resources, Drake offers unparalleled telephone and e-mail support. Use one of the following methods to consult a member of the Drake Support team:

- **E-mail Support — support@drakesoftware.com** — Recommended for more complicated Drake Software questions; allows us time to research and answer your questions thoroughly.
- **Telephone Support — (828) 524-8020** — Recommended for simpler Drake Software questions.

Drake Support Hours, 2007–2008	
December 1, 2007 – April 15, 2008 Monday – Friday, 8 a.m. – 10 p.m. EST Saturdays 8 a.m. – 6 p.m. EST	**April 16 – November 30, 2008** Monday – Friday, 8 a.m. – 9 p.m. EST Saturday 9 a.m. – 5 p.m. EST

For more information on the many helpful resources provided by Drake Software, see “Resources and Support” on page 185.

Basics

This chapter addresses basic tasks in Drake and introduces the primary screens. It covers the following:

- **Getting Started** — Logging in and out; general navigation
- **The Home Window** — Menu bar; toolbar; recently opened files; appointments; messages
- **Data Entry** — Layout; navigation; features; Help resources

Getting Started

A computer equipped with Drake tax software has three icons the desktop: **Drake 2007**, **Drake Tax Planner**, and **Drake Document Manager**. (For more on the Drake Document Manager, see page 235. For more on the Drake Tax Planner, see page 243.)

To launch the 2007 program, double-click the **Drake 2007** icon on your desktop. The **Drake 2007 Tax Software** window is displayed.

NOTE For installation instructions, see “Tax Software Installation” on page 28.

Logging In and Out

To log in from the **Drake 2007 Tax Software** window, enter a **Preparer ID** and a **Password**, then click **Login**. The **Home** window appears with successful login.

NOTE

If logging in for the first time after installation, see “Logging in as Admin” on page 32. Preparer logins are created during Preparer Setup (see “Preparer Setup” on page 38). It is not necessary to enter a password if one was not designated in Preparer Setup.

To log out of the program, click **Exit** or go to **File** > **Exit** in the **Home** window. To log out as a preparer without exiting the program, go to **File** > **Logout Preparer**.

General Navigation

Use the mouse or keyboard to navigate within the software. Use shortcut keys to speed navigation. Choose the option that is most comfortable for you.

Mouse

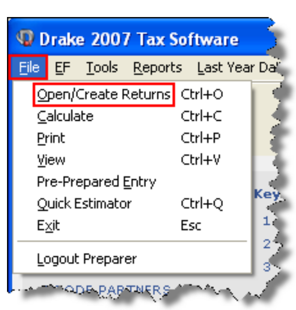
- **Left button** — Move the pointer over an item and click the left mouse button to select that item. When this manual instructs you to “click” or “double-click” an item on the screen, you should click or double-click the left button on the mouse.
- **Right button** — During data entry, right-click the mouse anywhere on the screen to display a menu of common program functions. Right-click on a specific data-entry field to undo, cut, copy, paste, delete, or view help for that field.

Keyboard

NOTE

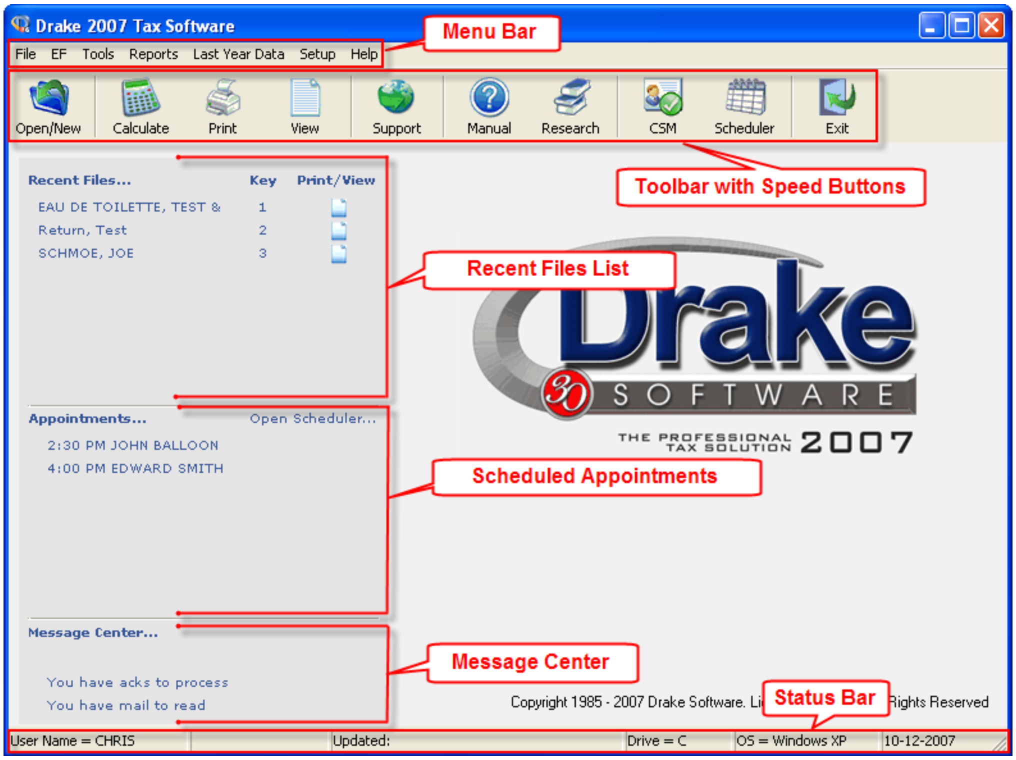
See the Quick Reference Guide insert for a list of keyboard key shortcuts, or “hot keys,” that can be used during data entry.

It is not necessary to use your mouse to access menu items. Press ALT to display the underlined shortcut key for each menu on the menu bar. The underlined letter for each menu is the shortcut key. After a menu is selected, choose a shortcut by pressing only the shortcut key (ALT is not needed). For example, to open a return, press ALT to show the shortcut keys, then press F (**File** menu), then O (**Open)**.



The Home Window

The main screen in the Drake program is referred to as the **Home** window. The **Home** window consists of a menu bar, toolbar, status bar, and lists of recent files accessed, appointments, and messages.



Menu Bar

The menu bar lists the Drake menus, commands, and hot keys for commands. Menu bar items are **File**, **EF**, **Tools**, **Reports**, **Last Year Data**, **Setup**, and **Help**.

Toolbar

Use the **Home** window toolbar for the following tasks and resources:

- **Open/New —** Open or create a return.
- **Calculate —** Open the **Batch Calculation** window; calculate returns.
- **Print —** Open the **Return Selector**; print returns.
- **View —** Open the **Return Selector**; view returns.
- **Support —** Open *www.Support.DrakeSoftware.com*.
- **Manual —** Launch the Drake Help system.
- **Research —** Launch the RIA Checkpoint web site.
- **CSM —** Launch the Client Status Manager (CSM).
- **Scheduler —** Open the Scheduler.
- **Exit —** Exit the software.

Recent Files

The **Recent Files** list displays the most recent files (up to nine) opened in data entry. Click a client file (or type its key number) to open it in data entry.

Appointments

The **Appointments** list displays the current day's appointments for the logged-in preparer. To access the schedule, click **Open Scheduler**.

Message Center

The **Message Center** lists important electronic notifications, including messages that you have data to download or software to install.

Status Bar

The status bar displays the current **User Name**, the date the software was last **Updated**, the **Drive** on which Drake is installed, the computer's **O**perating **S**ystem, and the current **Date**.

Creating and Opening Returns

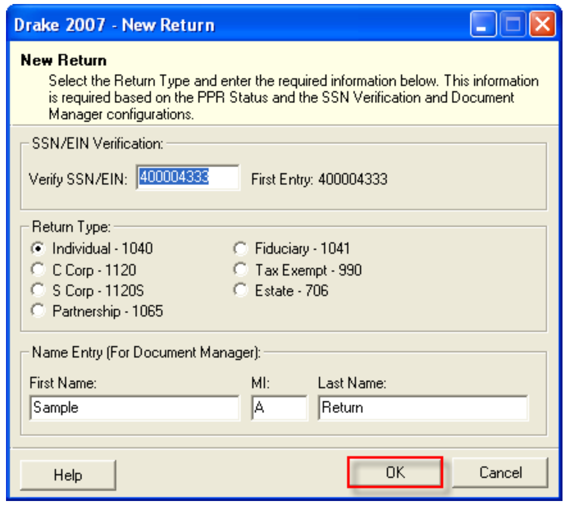
From the **Home** window, click **Open/New** or go to **File > Open/Create Returns** to open the **Open/Create a New Return** dialog box.

To open a return, use any of the following methods:

- Select a **Name** from the left-hand column of recently opened returns.
- Type the client SSN, EIN, or last name, then click **OK** or press ENTER. The closest match is shown. If a name was entered, the corresponding SSN/EIN appears with the match.
- Select a return type to the right of the listing, then select the client from the client list.
- Press ENTER to view all available records, then select from the client list and click **OK**.

To create a return, use the following procedure:

1. Enter an SSN or EIN and click **OK** (or press ENTER).
2. Click **Yes** (or press Y) when prompted to create a new return. The **New Return** dialog box opens. Contents of the **New Return** dialog box vary according to your setup.



- **SSN/EIN Verification** — Enter the taxpayer SSN (do not use dashes or spaces). This section is available to those running a Pay Per Return package or if this option is selected in **Setup**. (PPR clients cannot disable this selection).

NOTE When an SSN or EIN is entered to open a return, the software searches both current- and prior- year files. If a client if found in the prior-year files only, an **Individual (1040) Update Options** window opens. (See "Updating Client Files" on page 70 to perform an update.)

- **Return Type** — Select a return type. (required)
- **Name Entry** — Type the client name (or entity name for other packages) in the appropriate fields. (required if fields are activated)

  The **Name Entry** section opens only if the Drake Document Manager (DDM) is integrated with the software. For each client name is entered, a client folder is created in the DDM.

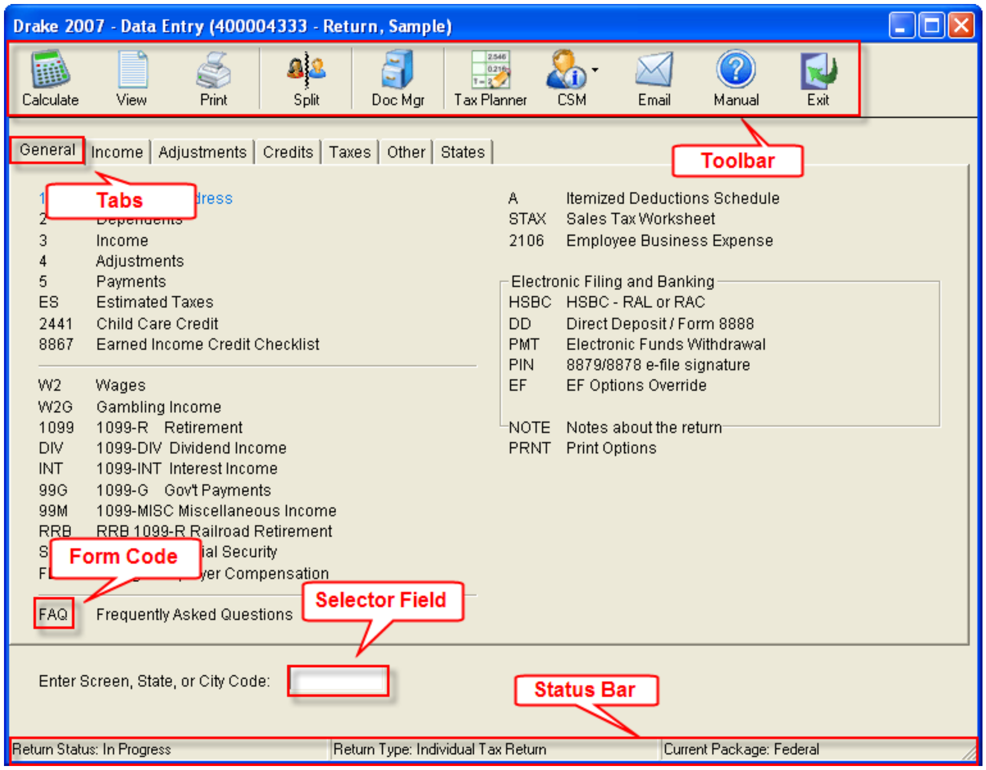
3. Click **OK**. The return opens to screen **1, Demographics**. Begin entering taxpayer data.
4. Press ESC to save and close screen **1**. The **Data Entry Menu** for the return opens.

DATA ENTRY

Returns are prepared in "data entry" mode. This section is an introduction to data entry in Drake.

DATA ENTRY MENU

After you create a new return and close screen **1**, the **Data Entry Menu** for the return opens. Existing returns open to the **Data Entry Menu**. The default menu tab is the **General** tab.



Data Entry Toolbar

Access the following tasks from the **Data Entry Menu** toolbar:

- **Calculate** — Calculate the return.
- **View** — Open **View** mode for the return.
- **Print** — Open **Print** mode for the return.
- **Split** — Split a married-filing-jointly (MFJ) return into two married-filing-separately (MFS) returns.
- **Doc Mgr** — Open the DDM. (only visible if DDM integration is enabled).
- **Tax Planner** — Fill a Tax Planner file with data from the return.
- **CSM** — Open a list of client return statuses.
- **Email** — Attach the open return to an e-mail message in the Drake e-mail program.
- **Manual** — Launch the Help system.
- **Exit** — Exit data entry and return to the **Home** window.

Tabs

The forms and worksheets available for data entry are listed on each tab. The tabs break down the screens into categories. Categories vary depending on the tax package. Click on a tab to access its categories. To select a tab using your keyboard, use TAB, the arrow keys, PAGE UP, or PAGE DOWN.

Form Codes and Selector Field

Form codes are listed to the left of each screen name on the **Data Entry Menu.** The **Selector** field at the bottom left corner displays a blinking cursor. To access a screen using your keyboard, type its form code in the **Selector** field and press ENTER.

Status Bar

The status bar displays the **Return Status** (see “Client Status Manager” on page 175), the **Return Type**, and the **Current Package**.

WORKING IN A TAX RETURN

The data-entry process varies little from package to package.The following section is an overview of data-entry navigation and features. (See “Return Preparation” on page 87 for more detailed instructions on using data entry to prepare a return.)

NOTE To view a list of navigation short cuts and data entry hot keys, see the Quick Reference Guide insert of this manual.

Adding, Modifying, and Deleting Data

Tax returns are prepared in Drake by entering pertinent information on specific data entry screens. Entries are used to calculate the federal and state tax return forms.

To open a data-entry screen, use one of the following methods:

- **Keyboard** — From any tab, type the form code in the **Selector** field and press ENTER.
- **Mouse** — Select a tab and click the screen name.

To exit and save data, press ESC. You are returned to the **Home** window.

To exit a screen without saving your changes, press SHIFT + ESC.

To reset a screen to the last save, press CTRL + U.

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

- Press CTRL + D from within the screen. At the prompt, click **OK**.
- Right-click within the screen (but not within a field) and select **Delete Screen**.
- If there are multiple occurrences of a screen (for example, if you have entered two 1099s), an **Existing Forms List** is displayed. (See “Existing Forms List” on page 13) Select the appropriate screens to open and delete.

IMPORTANT If a screen is highlighted but contains no data, it must be deleted to prevent electronic filing errors

Navigating Data Entry Fields

A blinking cursor indicates the active field. The various ways to navigate these fields include the following:

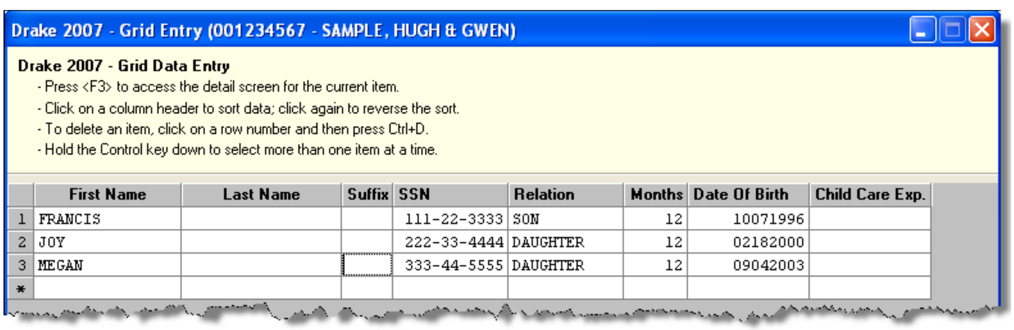
- Click inside a field to activate it.
- Press TAB to move the cursor forward one field.
- Press SHIFT + TAB to move the cursor back one field.
- Press CTRL + ↓ or CTRL + ↑ to navigate up and down a data-entry screen.
- Press BACKSPACE to delete a character behind the cursor.
- Press DELETE to delete a character in front of the cursor.

NOTE For a complete list of navigation hot keys, see the Quick Reference Guide insert in this manual.

Grid Data Entry

Only the most commonly used fields are displayed in grid data entry. This feature allows for faster data entry and is available for certain screens, including **Dependents**, **INT**, **DIV** and **4562**. To access grid data entry from full-screen mode, press F3 on the keyboard.

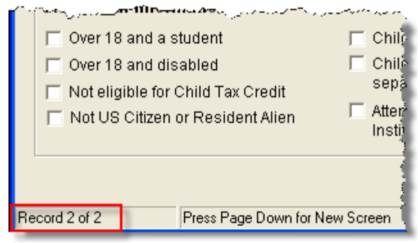
NOTE Grid data entry is enabled by default. To enable or disable grid data entry, go to **Setup > Options** from the **Home** window. Under **Data Entry**, check to enable or disable **Use grid data entry format for select screens**.



- **Add data** — Type directly into the grid. Press TAB to navigate from field to field.
- **Delete a record** — Select a row number and click **Delete** (or press CTRL + D). At the prompt, click **Yes** (or press Y).
- **Return to full-screen mode** — Click **Item Detail** or press F3.

Page Down for Additional Forms

Press PAGE DOWN to open an additional (blank) data entry screen. Each time a new screen is produced, the record number is indicated on the status bar.



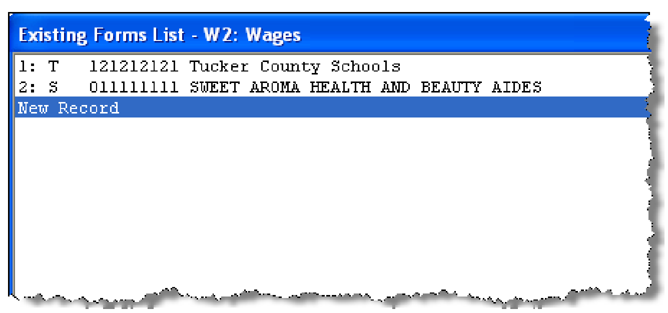
Use PAGE DOWN in the following circumstances:

- To open another form or schedule (for instance, if you have completed one **W2** screen and need to fill out a second one)
- To move to the next data-entry screen. For example, instead of returning to the **Data Entry Menu** to move from screen **1** to screen **2**, press PAGE DOWN.

NOTE The PAGE DOWN feature's properties vary depending on which screen is open. If PAGE DOWN moves to the next data entry screen but you need a duplicate blank screen, press CTRL + PAGE DOWN.

Existing Forms List

If there are multiple occurrences of a form in data entry, the number of forms displays next to the screen name on the Data Entry Menu. When the screen is accessed, an **Existing Forms List** displays. If multiple W2s are entered, the **Existing Forms List** appears when the **W2** screen is accessed.

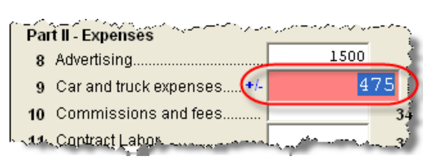


To open a screen from the list, double-click a row, or select a row and click **Open.** To open a new, blank screen**,** double-click **New Record** or select New Record and click **Open**.

Field Flags

New for 2007! Flagged fields require verification before filing. Flag fields as you go, or set flags globally for all new returns.

To flags fields as you go, press F2 in a field or right click the field and choose **Flag for Review**. The field is displayed with a shaded background (default is green).



Once you have verified the field, clear the flag; type in the field, click the field and press F4, or right-click the field and select **Remove Flag**. A return with unverified fields generates an UNVER message page when the return is calculated. Clear all flags to remove the message.

TIP

To clear all return flags at once, press CTRL + SHIFT + SPACEBAR from the Data Entry Menu of a return.

NOTE

Previously, when updating prior year returns, verification fields carried forward with a 'v' for verification (rather than a shaded field).

Flag colors can be changed in **Setup > Colors** (see "Color Setup" on page 62).

Flagging Fields For All Returns (Globally)

Flagged fields can be selected for all returns. Each time a new screen with a global flag is created in data entry, the flag is present. Only the ADMIN login can access the global flagging feature.

To set global flags, complete the following steps:

1. Log in to Drake as `ADMIN`.
2. Go to **Setup** > **Options** and select the **Administrative Options** tab.
3. Select **Use Customized Flagged Fields on all Returns**.
4. Click **Flag**.
5. Click to select a package. The **Flag Fields for Review** window opens and resembles data entry.
6. Flag fields.

   First, select a screen. Then, select field to flag. To flag, click the field, press F2, or right-click and select **Flag for Review**. To remove a flag, click the field, press F4, or right-click and select **Remove Flag**.

   Flagged fields are displayed with a colored background.

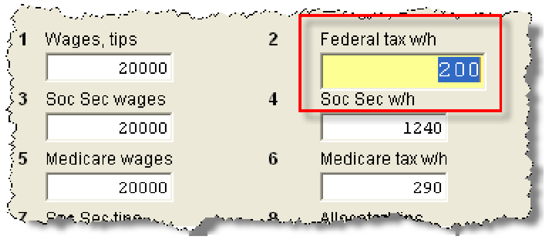
   Continue this process until all the desired fields are flagged.
7. Press ESC to exit the **Flag Fields for Review** window and click **OK** to close **Setup Options**.

NOTE

A unverified global flag produces a message page only if the screen exists for the return. For example, if you flag the **Employer ID** field on the **Schedule C** screen, the flag creates a message only if a Schedule C screen is present on the return.

Magnify Fields

New for 2007! Data entry fields can be magnified for the ease of viewing. When this feature is enabled, the active field displays large text with a yellow background.



TIP

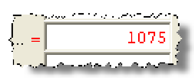
Enable or disable this feature from **Setup > Options**. Under the **Data Entry** tab, select (or clear) **Magnify data entry**, then click **OK**.

The color of magnified fields can be changed in **Setup > Colors**. See “Color Setup” on page 62).

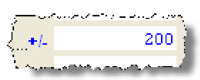
Overrides and Adjustments

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

- **Override fields** — Data entry fields that allow overrides are preceded by an equal sign (=) and display red text (default). Data entered in these fields replaces, or overrides, program calculations.



- **Adjustment fields** — Data entry fields that allow adjustments are preceded by a plus-minus sign (+/-) and display blue text (default). Data entered in these fields adjust program calculations by the amount entered. Enter a negative number to subtract an amount.



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NOTE

Formatting options for these fields are available in **Setup > Options.** On the **Data Entry** tab, select from the list under **Override field indicators** and **Adjustment field indicators.**

ZIP Code Database

To ease data entry on screens requiring ZIP codes, enter the ZIP code before entering city or state information. City and state fields automatically fill from the system database.

NOTE

The **Tab to zip code field** setup option is enabled by default. To disable this option, go to **Setup > Options, Data Entry** tab.

To edit a zip code in the database, see “Zip Code Editor” on page 219.

EIN Database

Each time an EIN is entered from Form W-2, W-2G, 1099-R, 2441, 8283, or 1099-G, the number and the corresponding business name and address are stored in the EIN database.

An EIN stored in the database acts as a shortcut to speed data entry. The next time the EIN is entered on a **W2**, **1099**, or **2441** screen, the business name and address automatically appear in the appropriate fields.

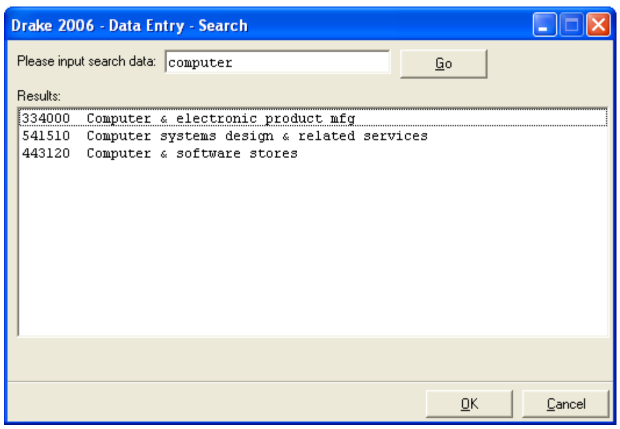
To edit entries in the EIN database, see “Edit EIN Database” on page 218.

Search Field

To search the list of valid entries for the **Resident City** and **School Code** fields on screen **1** and the **Business Code** field on schedules **C**, **E** and **F**, use the data entry search function.

To enable the search feature, complete the following steps:

1. In an applicable field, press CTRL + SHIFT + S to open **Data Entry-Search**.
2. Enter the term to search and click **Go**.
3. Select a result and click **OK** (or double-click your selection) to enter it in the field.



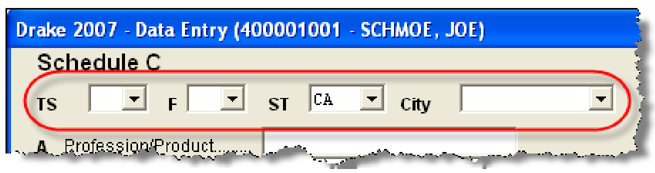
Shortcut Keys

See the Quick Reference Guide insert for a complete list of shortcut keys or “hot keys”.

Commonly Used Codes

Throughout return data entry, codes **TS**, **F, ST,** and **C** are used to indicate whether the data is applicable to the taxpayer or spouse, or to federal, state, or city returns.

- **TS (or TSJ)** — Select **T** if a data entry screen applies to the primary taxpayer, **S** if it applies to the spouse, or **J** if it belongs to each spouse equally. (Default is **T**.)
- **F —** Indicates whether the data should be used in calculating the federal return. Data *does not* carry to the federal return if a zero is entered in this box.
- **ST —** The two-digit state code indicates whether the data should be used on a specific state return. The items are included on the state form if the software is preparing that state return. If this field is left blank, the software uses the resident state by default. The data does not carry to *any* state or city if a zero is entered in this box.
- **City —** The code entered indicates the source of the income on city returns.



MFJ to MFS Split

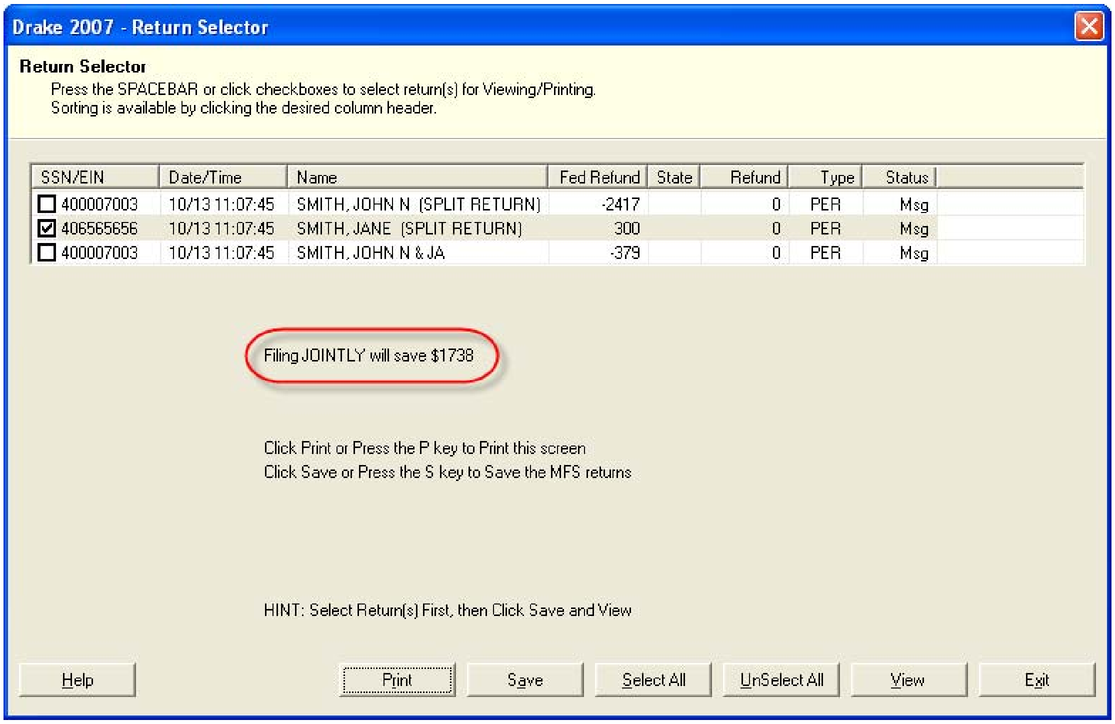
The **MFJ to MFS** function splits a joint return into two separate returns.

Before splitting a return, use the **TS** or **TSJ** fields identify each item (such as W-2s) as applying to the taxpayer or the spouse. Also, to force either the standard or itemized deduction, check the applicable field on **Schedule A - Itemized Deductions**.

WARNING! Do not mark the return **Ready for EF** on the **EF Options Override** screen before splitting the return, or all three returns are marked as eligible for electronic filing.

To split a return, complete the following steps:

1. Press CTRL + S, or click **Split**, while in the joint return. The software calculates the split and displays a calculation summary of the three returns. (See “Calculation Results” on page 140 for more information on reading calculation results.)
2. Press ENTER to close each **Calculation Results** screen and open the **Return Selector**. Three return results are displayed: the joint return and two separate returns. Details for each return are listed.
3. Select returns to print, view, or save the returns as desired. Click the applicable button at the bottom of the window.



NOTE Do not save all three returns if the joint return will be filed rather than the separate returns. The separate returns can be viewed without being saved.

4. Click **Exit.**

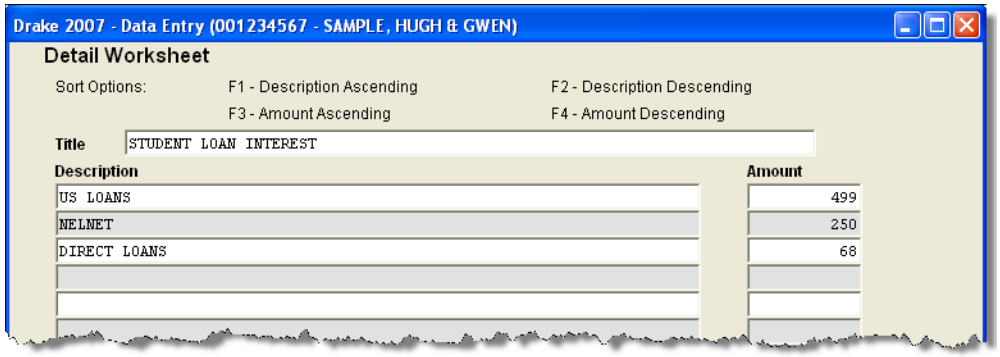
If the split has been saved, the MFJ and both MFS returns can be opened for additional data entry. When you open the return, select a version to open at the prompt. To access the taxpayer's MFS return, enter the SSN and choose the split file. To access the spouse's MFS return, enter the spouse's SSN.

Detail Worksheet

A detail worksheet is available in every numerical field in data entry. Worksheets allow for up to 30 lines of descriptions and amounts. When the worksheet is saved, the amounts entered are totaled in the data entry field. Detail worksheets are not electronically filed with a return.

To use a worksheet, complete the following steps:

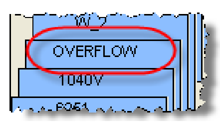
1. Press CTRL + W or double-click a numeric field to open a **Detail Worksheet** for the field.



2. Enter a worksheet **Title**. If the title field is left blank, Drake automatically prints a title for most fields.
3. Enter a **Description** and **Amount** for each item.
4. Press ESC to save and close the worksheet and add the amounts.

The data-entry field is shaded to indicate a worksheet is present.

When the return is printed, the worksheet appears in view/print mode as OVERFLOW. (See “Viewing and Printing a Return” on page 142 for more on view and print modes.)



TIP

To change the color of the field for detailed worksheets, go to **Setup > Colors**.

To print a description on a statement without a corresponding dollar amount, enter a / (forward slash) in front of the description.

- **Open an existing worksheet** — Activate a shaded (worksheet-present) fields and press CTRL + W or double-click it).
- **Sort items in a worksheet** — Click inside the column to sort and follow the **Sort Options** instructions at the top of the **Detail Worksheet** screen.
- **Delete a worksheet** — Open the worksheet and press CTRL + D. Click **Yes** to confirm.

Calculator

A calculator is available in every numeric field in data entry. To access the calculator, press F3 from within the field. Press F1 to insert the calculated results into the data entry field.

When the calculator is active, the NUM-LOCK status is enabled and cannot be disabled while the calculator is active. NUM-LOCK is disabled the calculator is closed.

NOTE See the Quick Reference Guide for details regarding calculator functions.

Macros

Use macros to enter frequently used data-entry items with minimal keystrokes.

- **Launch a macro from a data entry field** — With the cursor in a field, press the applicable shortcut key combination.
- **View available macros** — Press CTRL + SHIFT + M from within a field. The **Data Entry - Macros** window opens.
- **Launch a macro from a macro list** — Open the **Data Entry - Macros** window and select a macro from the list, then click **Execute (or** double-click the row). **Data Entry - Macros** closes automatically.
- **Close the list without launching a macro** — Click **Exit** or press ESC.

For information on setting up macros, see “Macros Setup” on page 54.

Auto-Complete

Another time-saving tool is the auto-complete function. When a bank name or financial institution is entered in data entry, it is saved in the auto-complete database. The next time you need to enter that bank name in a data entry screen, the program automatically fills, or “auto-completes,” the name when you type first few letters.

For example, enter `First Bank` in the **Name of Payer** field on the **DIV** screen. The next time that bank name must be entered in that field, typing `F` automatically fills the entire bank name field from the auto-complete database. The **Name of Payer** fields on the **DIV** and **INT** screens and the **Name of financial institution** fields on the **Bank**, **DD**, and **PMT** screens activate this feature.

Add, edit, or remove auto-complete entries from the **Edit Auto-Complete Data** screen. As needed, change the order of your auto-complete list to designate priority entries.

- **Access Auto-Complete Data to Edit**— complete one of the following:
  - From a field that contains the auto-complete feature, press CTRL + SHIFT + E.
  - Right-click a field that contains the auto-complete feature. Select **Edit Auto-Complete Data**.
- **Edit an auto-complete entry** — Select an entry and click **Edit** (or double-click the entry). Edit the **Selected Entry** and click **Save**.
- **Remove an auto-complete entry** — Select an entry and click **Remove**.
- **Add an auto-complete entry** — Enter a financial institution name in the **Add Entry** field and click **Add**.

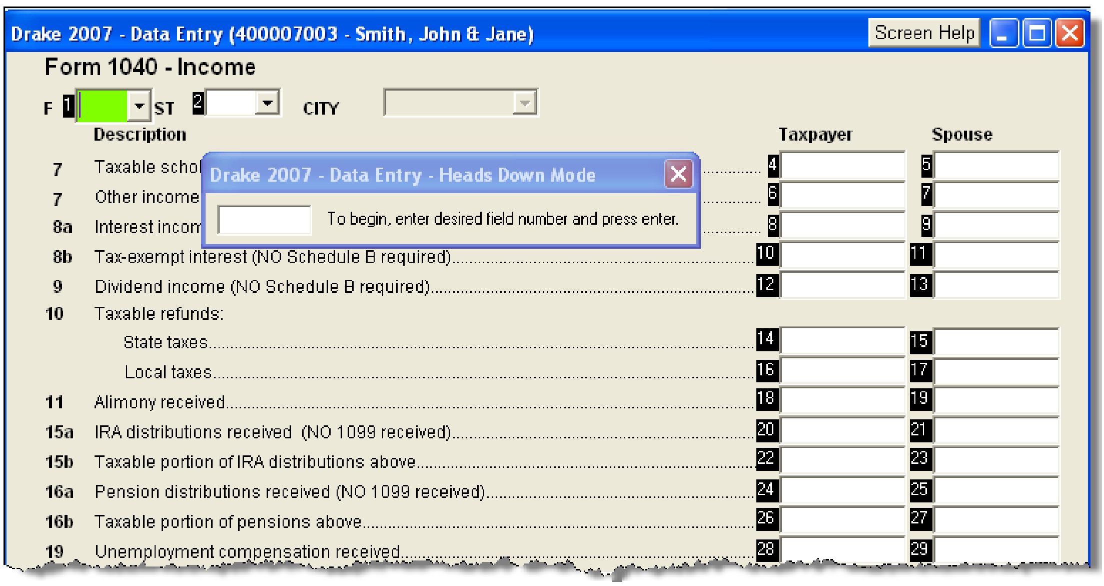
If multiple entries begin with the same letter or letters, you must enter more of the name before the field is automatically filled. To set a priority for a bank entry, sort the auto-complete list using one of the following methods:

- Click **Sort Ascending** or **Sort Descending** to sort the list.
- Click and drag an entry to the desired location in the list.

Click **Save Changes** to exit **Edit Auto-Complete Data**.

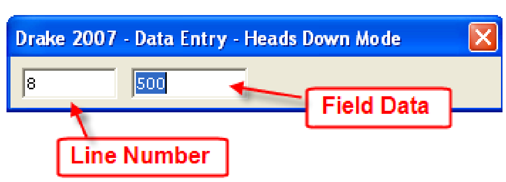
Heads-Down Data Entry

Heads-down data entry provides an efficient method of data entry when working from a proforma interview sheet. (See “Organizers and Proformas” on page 72 for more on proformas.)



To work in heads-down mode, take the following steps:

1. Press CTRL + N while in a data-entry screen.
2. In the **Heads Down** box, type the field number and press ENTER.
3. Enter a field amount or description and press ENTER. The data is placed in the proper field, and the system returns you to the field number box.



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

Press CTRL + N at any time to toggle between heads-down and data-entry modes. For field-specific help, press F1 or SHIFT + ?.

Right-Click Menus

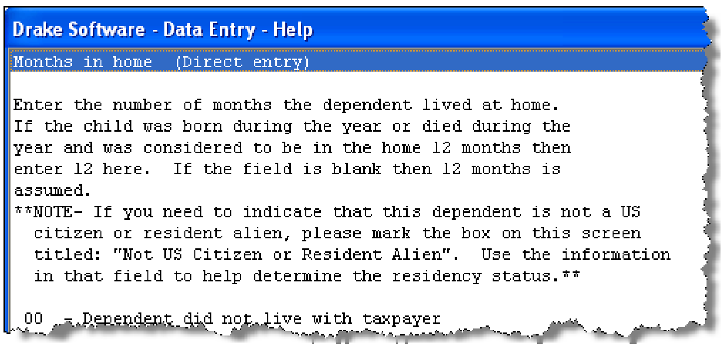
To access several useful functions in data entry, right-click the screen to view a right-click menu, or right-click within a field.

DATA ENTRY RESOURCES

Drake Software offers several resources in data entry for obtaining help quickly.

Field Help (F1)

Field help provides specifics about each field in data entry, such as accepted entries and tax-law specifics. To access field help, place the cursor in the field and press F1, or right-click the field and select **View Help**. The **Data Entry - Help** window opens.



Print field help — Click **Print** from **Data Entry - Help**. If necessary, adjust the **Print** settings and click **OK.**

Copy field help — Click **Copy** from **Data Entry - Help**. The data remains on the Windows clipboard until it is pasted in another document.

NOTE To paste copied text, press CTRL + V.

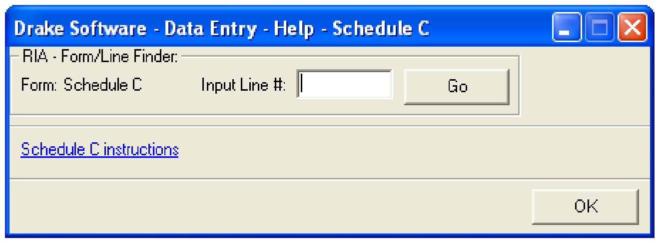
Screen Help

Screen-level help provides detailed explanation of a screen and its associated form. To access **Screen Help**, click **Screen Help** at the top right corner of a screen.

The **RIA Form/Line Finder** can be accessed through **Screen Help** to locate information on the most commonly used data-entry screens. Enter a line number in **Input Line #** and click **Go** to launch line-specific instructions from RIA's online tax return guides. Line numbers for fields are indicated in data entry.

NOTE

Not all screens contain a **Screen Help** button. Also, not all screens with **Screen Help** contain the **RIA Form/Line Finder** feature. Look for this feature to be added to more screens in the future.



About State Returns

When a return is prepared, Drake automatically generates state forms based on data entered on the federal return. Calculation is based on the state entered on screen **1** for resident state, and on the state codes indicated on W-2s, Schedule C, 1099, Schedule B, etc. For more information on preparing state returns, see "Preparing State and City Returns" on page 136.

In data entry, click the **States** tab 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 data entry for that state. It is not necessary to return to the **States** tab to enter a new state code.

City codes also may be entered in the **Selector** field at any time. Another option is to go to the **States** tab, select a state, then click the **Cities** tab (if available). Cities are listed with their two-letter codes.

Practice Returns and Test Returns

Take time before tax season begins to enter practice returns and review test returns.

Practice Returns

New clients of Drake Software can familiarize themselves with the program's data screens by practicing return entry. PDF files containing practice returns are available on the Drake Support Web site (*Support.DrakeSoftware.com*).

To open the **Practice Return** folder, go to *Support.DrakeSoftware.com* and choose **Training Tools** from the title bar menu. Select **Practice Returns**, then choose **Returns**. From the **Returns** page that is displayed you can view a PDF of the instructions or choose from the available practice returns or their solutions..

NOTE

These returns are to be used only for data entry practice. For EF testing, refer to the EF section of this manual.

Practice returns are also available on Drake ETC at *www.DrakeETC.com*. For details, see "Drake ETC" on page 186.

TEST RETURNS

Test returns are located in the software and consist of various forms and schedules. View these returns to see how different return scenarios are prepared in Drake and to test electronic filing. The test returns are 400001001 through 400001005.

To open a test return, type a test SSN in the **Open Returns** window and press ENTER. Once a return opens, it appears in your return list.

NOTE Test returns are installed during software installation. (See “Tax Software Installation” on page 28.) Go to **Tools** > **Repair Index Files** and **Repair All** before accessing the test returns in the program.

PRESEASON

Installation & Setup

The information in this section is for the person responsible for installation, setup, and other administrative tasks regarding the software.

The 2007 Drake Software CD includes the federal packages, state packages, and PDF995 software (required for printing PDF files). For instructions on installing PDF software, go to page 65.

State programs are included on the January release of the software. Both federal and state programs are updated with each software release. You can also download updates daily through the software. (See "Installing Updates" on page 205.)

After installing the software, complete the required and recommended software settings. Setup instruction begins on page 32.

System Requirements

To run Drake Software, your computer operating system must be Windows 98 or later and must meet or exceed the following system requirements:

- Windows 98/2000/NT/XP/ME/Vista (Windows NT users must have Service Pack 4.0 or higher, available from *www.microsoft.com*.
- Pentium-class processor operating at 166 MHz or higher
- For optimum performance, 540 megabytes (MB) available hard drive space (minimum performance requires at least 100 MB available hard drive space, plus 7 MB for each state program)
- A minimum of 64 MB RAM for Windows 98, 2000, or NT
- A minimum of 128 MB RAM for Windows ME, XP, or Vista.
- VGA monitor capable of 800 X 600 resolution and 256 colors
- Internet Explorer 5.5 or later
- Adobe Acrobat Reader for viewing PDF files
- CD drive

NOTE If running Windows Vista, it may be necessary to upgrade your version of Adobe Acrobat Reader to version 8.0 or later.

To take maximum advantage of the software's features, we also recommend the following:

- Hewlett-Packard (HP)–compatible laser printer
- High-speed Internet access or a 56K modem
- Backup media source (such as a USB drive, memory stick, floppy disk, etc.)
- Scanner (Drake supports all TWAIN-compliant scanners for use with the DDM.)

NOTE If you do not have Windows XP and want to back up the software on CD, you *must* use your CD burner software to perform the backup—not the Drake backup utility. If you have Windows XP, you can back up directly to the CD without other software.

TAX SOFTWARE INSTALLATION

The installation procedure is identical for network and stand-alone environments. For details on configuring Drake over a network after installing, see "Running Drake on a Network" on page 29. Use the following procedure to install the tax software.

IMPORTANT If running on Windows Vista, the administrator or a user with OS access must install the application.

To install the tax software, complete the following steps:

1. Close all open programs on your computer.
2. Insert the 2007 Drake CD into the CD drive. Autoinstall launches the **Drake 2007 Software Installation**. Installation options include **2007 Drake Tax Software**, **Drake Client Write-Up**, and **PDF 995 (PDF Printer)**.
3. Click **Drake 2007 Tax Software**.
4. Select which programs to install (default choices are **Install 2007 Drake Tax Software** and **Install State Tax Programs**), then click **Next**. (States are not available on the initial shipment.)
5. Select **New** to install to a new location, then click **Next**.

NOTE Select **Install test returns** to install test returns. (For details on using test returns, see "Practice Returns and Test Returns" on page 23.)

6. Enter the serial number from your software packing slip, then click **Next**.
7. Select an installation drive from the list of available drives, then click **Next**.

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

8. Select states to install from the **Select states on CD** from the left side, then click **Next**. The selected states appear on the right side and update automatically unless removed from the list. (Skip this step if installing the initial shipment. States are not available until the January release.)
9. Click **Install** to launch Drake Tax Software installation.

NOTE If a previous version of Drake is detected on your system, the **Update Admin Preparer and Setup** window may launch during these steps. You do not need to update now. Click **Skip** to continue with program installation.

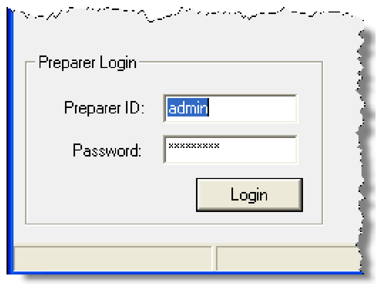
The DDM and Tax Planner are installed automatically at this time. An icon is displayed for each program once installation is complete.

INITIAL LOGIN

To open Drake, double-click the Drake Software icon on your desktop, or, if you have just finished installing the software, click **Start** from the **Installation Complete** window.

NOTE If you opened Drake using the **Start** button from the **Installation Complete window**, you do not need to enter a password.

The **Drake 2007 Tax Software** window displays the **Preparer Login** box in the bottom left corner.



To log in for the first time, type ADMIN in the **Preparer ID** field and enter the serial number (located on the software packing slip) as the initial password. Click **Login** to open the program.

NOTE Drake recommends using the Admin login when setting up the program.

The Setup Wizard opens automatically the first time you run Drake. For information on the Setup Wizard, see “Setup Wizard” on page 33.

RUNNING DRAKE ON A NETWORK

This section reviews the specifications, options, and instructions for running Drake on a network.

SERVER SPECIFICATIONS

Your network’s designated server should meet the following minimum specifications:

- Windows 98 or later for a peer-to-peer network
- 500 MHz processor
- A minimum of 64 MB RAM (128 MB is recommended)

As computers are added to the network, RAM and processing speed on the server and workstations should be updated to improve performance.

NOTE Your office’s network must be properly configured in order for Drake to run correctly. Drake cannot provide technical support for the network itself. Please consult an IT professional for network setup and support.

Network Options

Depending on your office's setup, choose one of following two network options:

- Install Drake on a server and link workstations to the server using a network link (NWClient). This is the preferred network setup.
- Install Drake on all workstations and designate one workstation as the "server." All workstations use the designated server to share files.

Installing Drake on a Server Only

The server-only method is for firms with a robust network setup (typically client-server, but can be peer-to-peer with sufficient RAM and processing speed) that is capable of supporting a server-only installation.

This preferred network setup offers the following conveniences:

- All files and databases are on the server, so setup (preparer, firms, directories/paths, etc.) is simplified.
- Updates are installed only to the server.
- A single firm-setup file is shared by all computers; therefore, only one DCN counter is needed. There is no need to increment the DCN on each computer.

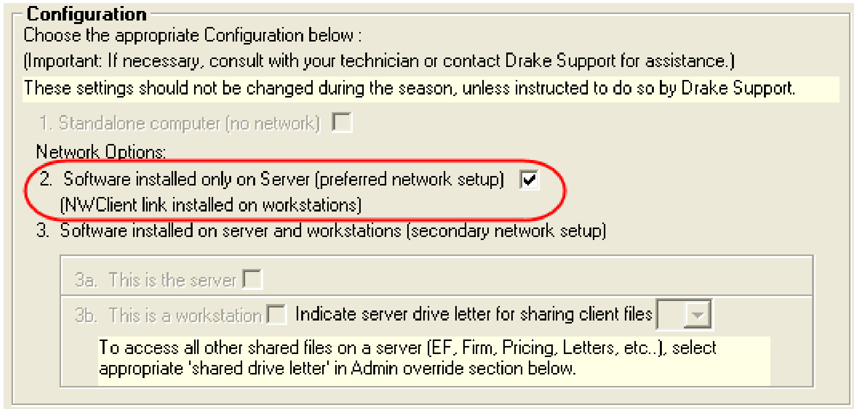
To implement the server-only system, take the following steps:

1. Using the instructions in "Tax Software Installation" on page 28, install the Drake program on the server. You are now ready to set up the workstations.

NOTE The program can be installed to the server from a workstation, if necessary. Be sure to select the correct server drive.

IMPORTANT Steps 2 and 3 must be performed on each workstation—not at the server. Steps 4 through 6 can be performed on either a workstation or the server, and need to be completed only once.

2. Click **Start** > **Run** on the Windows **Start** menu *at a workstation* to open the **Run** dialog box.
3. Type `F:\DRAKE07\NWCLIENT\NWCLIENT.EXE`, substituting the server drive letter for 'F', then click **OK**.
4. In Drake, go to **Setup** > **Directories/Paths** to open the **Directories and Paths Setup** window.
5. In the **Configuration** box, for **Network Options**, select **2**. **Software installed only on Server.** All other choices are disabled when you make a selection. Network paths are set accordingly.



6. Click **OK** to close **Directories and Paths Setup**.

The server-only system is now in place.

Installing Drake on Multiple Computers

This following method is for firms that do not have sufficient system resources to run one copy of Drake from a server.

- Although files may be shared among computers, updates must be installed to each computer.
- For files on the server that are not shared, you must increment the DCN counter (see “Staggering the Declaration Control Numbers (DCNs)” on page 36) on each machine to avoid duplicate DCN errors when filing electronically.
- This method allows increased calculation speed on individual machines.

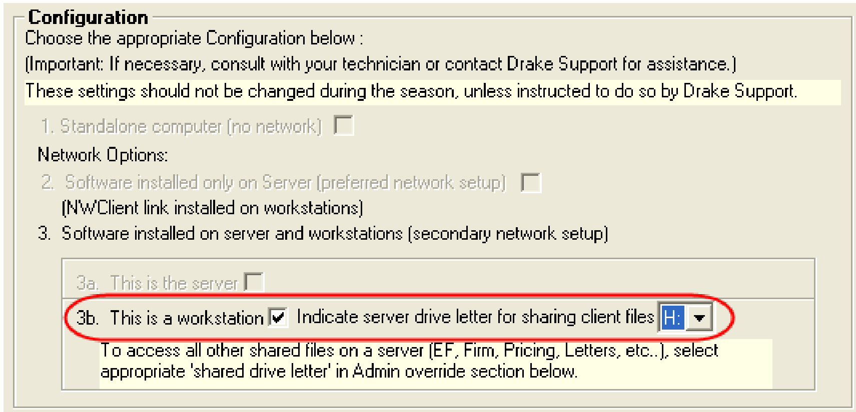
To implement the designated-server system, take the following steps:

1. Using the instructions in “Tax Software Installation” on page 28, install the Drake program on each workstation.
2. Designate a server and ensure that each workstation can access the server drive through a single drive letter. (A network technician can map each workstation to the server using the same drive letter.)

IMPORTANT

The drive on which Drake is installed must be shared on the network. Map to the drive on which Drake is installed, not to the Drake07 folder.

3. Open Drake from the designated server, and go to **Setup > Directories/Paths** to open the **Directories and Paths Setup** window.
4. In the **Configuration** box, for **Network Options** select **3a: This is the server**. All other choices are disabled after you make a selection.
5. Click **OK** to exit **Directories and Paths Setup**.
6. Repeat steps 3 and 4 on each workstation, with **3b**: **This is a workstation** as the network option and indicating the drive letter for file sharing, as shown in the following example:



NOTE

Recommended: When setting up each workstation, ensure that all workstations can access all shared files. To do so, click **Admin Override** in the **Paths** group box, then select the drive letter for the shared files.

7. Click **OK** to close **Directories and Paths Setup**.

WARNING!

Changing these settings during tax season can cause server problems. Contact Drake Support *first* if you need to change the network settings after tax season has begun.

SOFTWARE SETUP

Before preparing and electronically filing returns, you must complete some program setup. See "Required Program Setup" on page 34 for a list of the required settings. Additional setup screens are available for optional program performance. See "Optional Program Settings" on page 46 and determine which should be configured to suit your office needs.

LOGGING IN AS ADMIN

Use the administrator login when accessing items on the **Setup** menu. The "Admin" login gives you access to features not available with any other login. These features include the following:

- Preparer setup security features in **Setup** > **Preparers.**
- Additional features in **Setup** > **Firm(s)** and **Setup** > **Directories/Paths**.
- Administrative options in **Setup** > **Options**, **Administrative Options** tab.
- Additional tracking information on the **TRAC** screen in data entry.

Creating an Admin Password

An Admin password is recommended but not required. If you do create a password, be sure to make a record of it. Drake Support cannot retrieve lost or forgotten Admin passwords.

To set a password for the Admin account, complete the following steps:

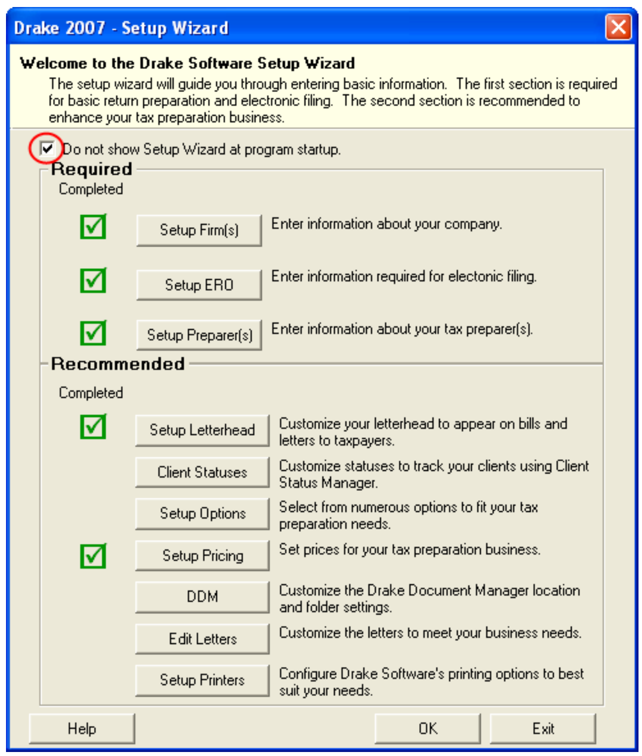
1. Go to **Setup** > **Preparer(s)**.
2. Select the **Admin** row.

3. Click **Edit Preparer**.
4. Enter a password in the **Password** field. Passwords can be up to eight characters (alpha and/or numeric) and are not case-sensitive.
5. Re-enter the password in the **Password (Repeated)** field.
6. Click **Save** then **Exit**.

Setup Wizard

Redesigned for 2007, the **Setup Wizard** guides you through the required and recommended software setup screens.

The **Setup Wizard** opens the first time you log into Drake and each time you access the program until all the **Required** items are completed, or until the wizard is disabled. To prevent the **Setup Wizard** from automatically launching each time you enter the program, click the **Do not show Setup Wizard at startup** check box.



NOTE

You are not required to complete these screens through the **Setup Wizard**. To exit the wizard at any time, click **Exit**. Return to the wizard later by going to **Help > Setup Wizard**, or access each setup screen individually from the **Setup** menu. (For example, to edit letterheads, go to **Setup > Letters** and then from the **Letter Editor** toolbar, select **Setup > Letterhead Setup**.)

The following setup screens are available for launching:

- **Required Setup —** Setup Firm(s); Setup ERO(s); Setup Preparer(s)
- **Recommended Setup —** Setup Letterhead; Client Statuses; Setup Options; Setup Pricing; DDM; Edit Letters; Setup Printers

IMPORTANT

While the recommended settings are not required, several of them are crucial for proper program functioning. For example, if you plan to use DDM, the Document Manager path must be correct before creating returns for 2007. (For details, see “Document Manager (DDM) Setup” on page 65.) Also, to get the most out of the CSM, custom statuses must be determined before tax season begins so that they are available during tax season and provide accurate reporting. (For details, see “Client Status Manager” on page 175.)

When all required settings are marked complete with a green check, you are prompted to continue displaying the Wizard at startup or to no longer show the Wizard. This message also appears when the **Do not show Setup Wizard at program startup** check box is cleared.

To exit the **Setup Wizard**, click **Exit** or **OK**.

REQUIRED PROGRAM SETUP

Complete the following setup screens before you begin using the program:

NOTE

Firm, **ERO,** and **Preparer Setup** *must* be completed before preparing and electronically filing returns. While a return can be prepared with just these three settings, all other required settings are needed for proper program functionality.

- **Firm(s)** — Set up or edit firm information that appears on tax forms; select bank; set fees.
- **ERO** — Enter electronic-filing information (required for EROs and other preparers who use Drake e-mail and other Internet-related features).
- **Preparer(s)** — Enter each preparer’s general information; designate a login name and password; and set security options.
- **Directories/Paths** — Select configuration settings based on your office setup (required for offices with a network installation).
- **Update Profile** — Indicate the file types to update during the **Install Update** process.
- **Pay Per Return** — Activate pay-per-returns (PPR) or purchase additional returns. This option is necessary only if you purchased the a PPR package.

NOTE

Prior-year Drake clients can bring forward most required program settings from last year’s program. See “Updating Settings” on page 71 for details.

Additional setup screens are available. See “Optional Program Settings” on page 46 to determine which options best suit your office needs.

Firm Setup

Enter information for each firm in **Firm Setup**. Firm information must be entered for each individual firm. Information in the yellow fields is required for electronic filing.

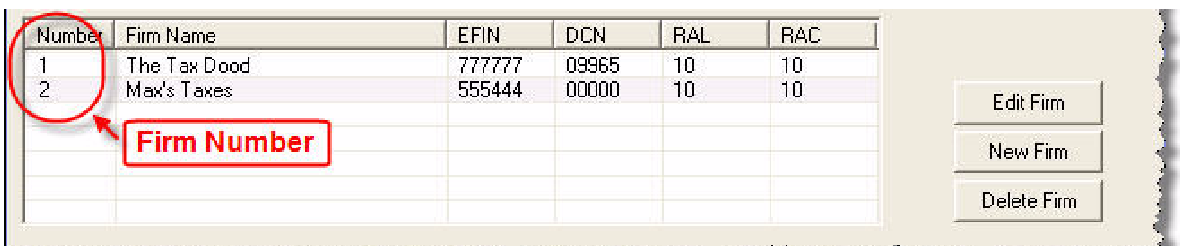
NEW FOR 2007

The Firm Setup window is redesigned for 2007. Functions are now available from the toolbar.

NOTE

Provide as much information as possible when adding or editing a firm. The information entered is used for electronic filing, return calculation, fee calculation, and tax return information. If information is inaccurate or missing, tax returns could be electronically filed with incorrect information.

When a firm is created, it is given a firm number in the **Number** column of **Firm Setup**. Use this number to identify which firm is associated with a tax return in screen **1** of data entry.



Adding a Firm

To a firm, complete the following steps:

1. From the **Home** window, go to **Setup** > **Firm(s)**.
2. Click **Add**. The bottom half of **Firm Setup** becomes active.
3. Enter the firm information. Yellow fields must be completed for electronic filing.
4. Click **Save** to save changes, or click **Cancel** to exit without saving changes.

Editing a Firm

A firm can be edited at any time. Take the following steps to edit a firm in **Firm Setup**:

1. From the **Home** window, go to **Setup** > **Firm(s)**.
2. Double-click the firm to edit or delete, or highlight the selection and click **Edit Firm**.
3. The bottom half of **Firm Setup** becomes active.
4. Edit the firm information.
5. Click **Save** to save changes, or click **Cancel** to exit without saving changes.

Deleting a Firm

To delete a firm, go to **Setup** > **Firm(s)** and select a row to delete. Click **Delete**. When prompted, click **Yes**.

Printing a List of Firms

To print a list of firms, go to **Setup** > **Firm(s)** and click **Print**. When the report opens, click **Print** again.

Staggering the Declaration Control Numbers (DCNs)

It is necessary to stagger the DCN numbers only if multiple stand-alone computers are electronically filing in one office with the same EFIN.

Each computer assigns a DCN to every calculated return. The starting DCN created by the software is 01000. Every return created after the first return is assigned a DCN in sequential order (01001, 01002, 01003, etc.). The option to change that DCN number is in **Firm Setup**.

WARNING! To avoid duplicate DCNs when working on multiple stand-alone workstations (not on a network) or on workstations using the alternate network setup (not sharing 'all shared files on server'), stagger the starting DCNs *before* creating 2007 returns.

To stagger the DCNs, complete the following on each workstation:

1. From the **Home** window, go to **Setup** > **Firm(s)**.
2. Select firm and click **Edit Firm**, or double-click a firm. The bottom half of **Firm Setup** becomes active.
3. Change the **DCN Serial Number.** Drake suggests choosing starting DCNs that are at least 2,000 numbers apart.
4. Click **Save** to save changes or click **Cancel** to exit without saving changes.

Depending on the amount chosen to stagger, each workstation now produces DCNs based on a different starting number. For example, if you chose to stagger by 2,000 with the first computer starting at 01000, the second computer would start at 03000; the third at 05000, and so on. Each computer can process 2,000 returns before duplicating a DCN.

IMPORTANT Be careful when changing DCNs after tax season begins and returns are processed. If done improperly, returns may be processed with duplicate DCNs, causing electronic filing rejects.

Resolving Duplicate DCNs

Error codes for duplicate DCNs can occur when the same DCN is transmitted more than once. If you receive an IRS rejection code for duplicate DCNs, check the EF Database (**EF** > **Search EF Database**) to see if the return has been transmitted more than once. If the return is accepted on one of the transmissions, there is no need to re-transmit.

IMPORTANT If you receive duplicate DCN rejects, immediately go to **Setup > Firm** and stagger the DCN numbers accordingly.

When a return receives an IRS rejection because the same DCN was assigned to more than one taxpayer, the DCN must be changed on the return before the return can be electronically filed again. This can happen when more than one stand-alone computer using the same EFIN are calculating tax returns without staggered DCNs (see “Staggering the Declaration Control Numbers (DCNs)” on page 36).

To change the DCN for a single return before re-transmitting, open the return and press CTRL + M from the **Data Entry Menu**. The DCN is updated.

If multiple returns have duplicate DCNs, take these steps to change all returns at once:

1. From the **Home** window, select **Setup > Firm** and click **Edit Firm**.
2. In the **EFIN** field, enter six nines (999999) and press ESC.
3. From the **Home** window, select **File > Calculate** to calculate all returns with duplicate DCNs.
4. From the **Home** window, select **Setup > Firm(s)**.
5. In the **EFIN** field, remove the nines and replace with the correct EFIN. Press ESC.
6. From the **Home** window, select **File > Calculate** to recalculate all returns with duplicate DCNs.
7. From the **Home** window, select **File > View** to view the returns and verify the DCNs have been changed.

Once the DCNs have been changed, the returns can be re-transmitted.

Setting Bank and Electronic-Filing Fees

Bank selection and banking and electronic filing fees are selected in the **Banking Information** section of **Firm Setup**.

1. From the **Home** window, go to **Setup** > **Firm(s)**.
2. Select the firm and double-click it, or click **Edit Firm**.
3. Under **Banking Information,** select the bank from the **Select Bank** list.

NOTE In addition to selecting a bank from **Firm Setup**, you must take several other steps before bank setup is complete and you can begin to offer bank products. See “Offering Bank Products to Clients” on page 170 for details.

4. Enter bank product and electronic filing fees in the appropriate fields. The fees set are charged in addition to the fees set by the bank and are included in the client bill.
5. (Optional) Check to enable **Do not allow fee override on the Bank screen**.
6. (Optional) Enter an amount (0-18) in the **Transmission/Software Fee Add On** field. The dollar amount entered in this field accumulates during tax season. Drake Software will send you a check for the total amount accrued.
7. Click **Save**, or click **Cancel** to exit without saving changes.

ERO Setup

Electronic Return Originators (ERO) must complete **ERO Setup** in order to file returns electronically, use the Drake E-mail program, download software updates, access the Online EF Database, and access RIA online tax research.

To complete **ERO Setup**, complete the following steps.

1. From the **Home** window, go to **Setup** > **ERO** to open **Electronic Filing Setup**.
2. Enter **General Information** for the ERO. Yellow fields are required for electronic filing.

NOTE Preparers who are new to electronic filing and wish to transmit live returns must apply to the IRS for an EFIN. For more details on applying for an EFIN, see “EFIN Application” on page 150. Until you receive an EFIN, a temporary EFIN assigned by Drake allows you to test electronic filing and to access Drake Internet utilities.

3. If necessary, choose **Connection Settings**.

NOTE In the **Connection Settings** section, the default settings are those that work for most computers. If you are experiencing problems connecting to Drake, please contact Drake Support for technical assistance.

4. Enter **Service Bureau Information** if your firm practices as service bureau. (See “Service Bureau Requirements” on page 168).
5. Click **OK** to save changes, or click **Exit** to exit without saving changes.

Preparer Setup

Each preparer must be entered in **Preparer Setup**. Each time a new preparer is added, a preparer number is assigned.

A preparer number entered on screen **1** in data entry ensures the associated preparer’s information from **Preparer Setup** carries to letters and returns.

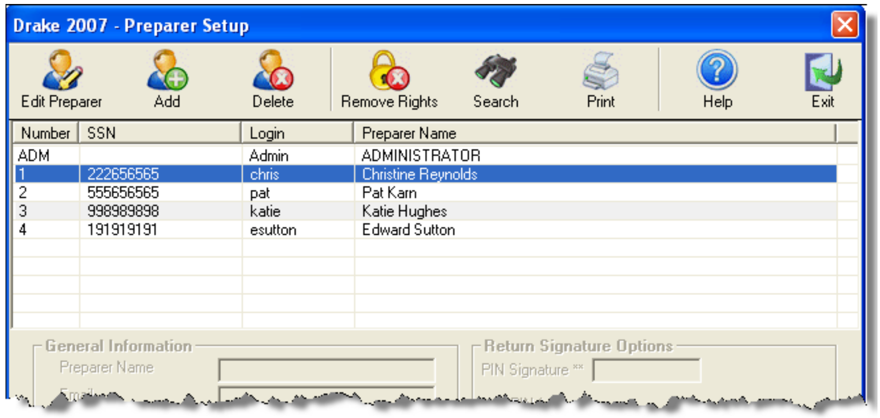
Data entry operators can also be entered in **Preparer Setup**. The data entry number on returns (on screen **1** in data entry) can be used for tracking purposes. *New for 2007*, a Front Office preparer may be created for use of the Scheduler (see “Creating a Front Office Login” on page 77 for details).

New for 2007! Preparer Setup has been redesigned for 2007.

Preparer Setup Toolbars

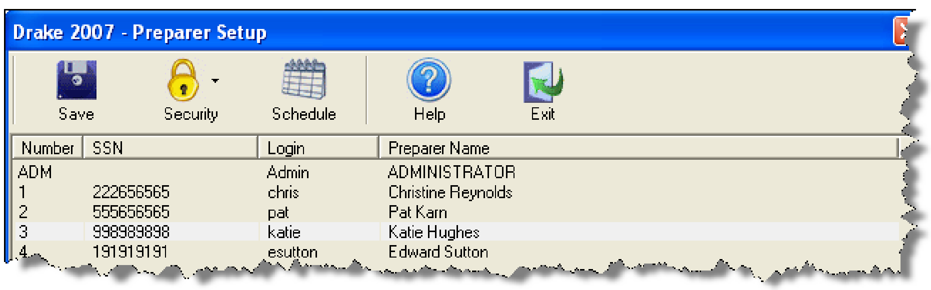
New for 2007! Various functions are accessed from **Preparer Setup** toolbar.

- **Edit Preparer** — Click to edit information for the selected preparer. Once in edit mode, the toolbar displays functions specific to the selected preparer.
- **Add** — Enable the preparer information fields so that a new preparer may be added.
- **Delete** — Delete the selected preparer.
- **Remove Rights** — Remove all rights from all preparers (excluding Admin).
- **Search** — Search for a preparer in the list.
- **Print** — Print a preparer list.
- **Help** — Open the Help System.
- **Edit** — Exit **Preparer Setup**.



When editing or creating a new preparer, the toolbar functions change to the following:

- **Save** — Save the preparer's settings.
- **Security** — Designate preparer security settings or give a preparer a Front Office designation for use of the Scheduler. (See "Setting up Preparer Security" on page 41 for details.)
- **Schedule** — Create a schedule for a preparer (see "Creating Preparer Schedules" on page 41).
- **Help** — Open the Help System.
- **Edit** — Exit **Preparer Setup**.



Setting Up a New Preparer

Complete the following steps to set up a new preparer. Yellow fields are required.

1. From the **Home** window, go to **Setup** > **Preparer(s)**.
2. Click **Add**. The bottom half of the screen becomes active.

3. Enter **General Information**. Field descriptions are provided below:
   - **Preparer Name —** The preparer name on the return is pulled from this field.
   - **Email** — (Optional) Enter the preparer's e-mail address.
   - **Self Employed** — Check the box if the preparer is self-employed.
   - **Social Security Number —** (Required field) Preparer SSN appears on each return unless a PTIN is entered.
   - **PTIN (Optional)** — If a PTIN is entered, the PTIN prints on returns instead of the preparer SSN. To apply for a PTIN, complete Form W7-P and send to the IRS.
   - **Office Number (Optional)** — Enter the office number that the preparer normally works in multiple offices use this program. Entering the office EFIN is acceptable.
   - **Hourly Rate** — If the preparer chooses to bill by the hour rather than charge by the form, the hourly rate entered here is used to calculate fees.The **TRAC** screen in data entry shows a log of billable time that is tracked by the program. (For more on the TRAC screen, see "Keeping Track of Return Data" on page 134.)
   - **Firm** — *New for 2007*. Enter a preparer firm. When a preparer logs in to Drake, that preparer's setup and firm information (pulled from **Firm Setup** and dependent upon the firm selected here) is used for certain lines on the tax return.
4. Enter **Login Information —** A password is not required.
5. Enter a **PIN Signature** and select **Return Signature Options**.
   - **PIN Signature** — Enter the 8879 PIN signature for the preparer. This PIN may also be used as the Third Party Designee PIN if indicated on the **Setup > Options, Optional Items on a Return** tab.
   - **Use PIN for: 8879 PIN Signature** — Check this box to enable the 8879 PIN signature.
   - **Use PIN for: Alternative Electronic Signature** — Check this box to enable the Alternative Electronic Signature.

NOTE For more on alternative electronic signatures, see "Entering Alternative Preparer Data" on page 133.

6. Enter **Power of Attorney** information if applicable. Choose a **Preparer Designation**. If the preparer has a Central Authorization Number from the IRS, enter it in the **CAF** field. Also, enter the jurisdiction for which the information is valid. Enrolled agents should enter enrollment numbers in the **Jurisdiction** field.

NOTE Power of Attorney information is used only for Form 2848, Power of Attorney and Declaration of Representative.

7. Enter **W-7 Acceptance Agent** information for the preparer if applicable.
8. Enter the **Preparer LTP Number** for **Oregon Tax Preparers** if applicable.
9. Click **Save** to save changes. Click **Cancel** to close without saving.

Setting up Preparer Security

A security setting is required before a preparer can begin working in the software. Use **Security Options** in **Preparer Setup** to define and limit which functions a preparer can access.

Two security options are available:

- **Custom Security** — Determine specific screens a preparer can access.
- **Quick Setup** — (Admin login only) Set security to match that of another preparer; allow or deny access.

Creating Custom Security

Complete the following steps to customize security settings for a preparer:

1. Select a preparer to edit.
2. Select **Security > Custom Security**.
3. In the **Preparer Security Setup** window, select menu items the preparer should be able to access. Items left blank will be inaccessible to the preparer.
4. Click **Save** or press ESC to save and exit. When prompted, click **OK**.

Setting Quick Setup Security Options

Select a preparer to edit. Click Security and choose one of the following options:

- **Set Security to Allow No Options** — Prevent preparer from accessing any part of the program.
- **Set Security to Allow All Options —** Give preparer access to all parts of the program.
- **Set Security equal to Preparer #** — Select a preparer whose security settings are to be copied.

Removing Security Settings

To remove rights from all preparers (excluding Admin), go to **Setup > Preparers** from click **Remove Rights**.

Creating Preparer Schedules

Before you can use the Scheduler program, you should create schedules for the preparers. Choose a preparer to edit and select **Schedule**. (See “Scheduler” on page 75 for details.)

Printing a List of Preparers

Click **Print** from the **Preparer Setup** toolbar to print a list of preparers entered in the software.

Pay Per Return Setup

Pay Per Return (PPR) is available for offices that prepare a small number of returns. **Pay Per Return** setup is necessary only for those who use a PPR version.

NOTE

When a return is *created*, it counts as one PPR. Do not create unnecessary returns in the software. Use Drake test returns for practicing data entry.

An SSN verification on the **New Return** screen helps reduce errors.

When opening a prior-year return, you are prompted to pay for the return or open the return in "read-only" mode. Entries cannot be made when in read-only mode.

Other PPR restrictions include the following:

SSNs or EINs entered on screen **1** cannot be edited.

The **Tools > File Maintenance > Change SSNs on File** feature is unavailable in the PPR package.

A return entered in the Quick Estimator counts as one PPR.

To activate PPR, go to **Setup** > **Pay Per Return**. The **Pay Per Return** window lists the following:

For this EFIN —

- **Total Returns Purchased** — Returns purchased for the EFIN. Purchase additional returns from this window.
- **Total Returns Activated** — Returns activated for the EFIN. Returns must be activated before they can be used.
- **Total Returns Remaining** — Returns purchased but not activated for the EFIN.

For this computer — **Total Returns Activated**, **Total Returns Used**, and **Total Returns Remaining** (please confirm).

Activating PPR Returns

Activate returns from **Activation** in the **Pay Per Return** window.

1. Enter the number of returns to activate on the computer.
2. If you have an Internet connection, click **Get Code** (or call Drake Accounting at (828) 349-5900 for an approval code).
3. Reenter to confirm the approval code.
4. Click **Process** to activate the PPR returns.

Purchasing PPR Returns

Purchase additional returns from the **Pay Per Return** screen over an Internet connection. Enter credit card, address, and the number of returns to purchase. Click **Purchase** to process your order.

NOTE

To purchase more PPR returns by phone, call Drake Accounting at (828) 349-5900.

Directories and Paths Setup

Use **Directories and Paths Setup** to manage the data access and storage locations.

From the **Home** window, go to **Setup** > **Directories/Paths**. After completing the screen, click **OK** to save your changes. Information on screens is provided in the following sections.

IMPORTANT

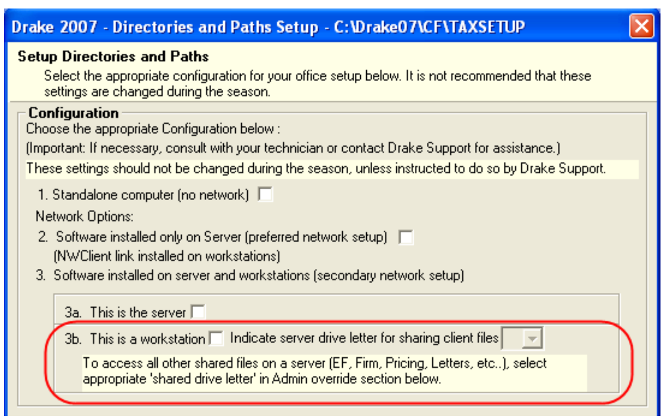
Directories/Path settings must be configured before you begin using the program and that they are not changed during tax season. If you need assistance with this portion of the setup, please contact your office IT professional or Drake Support.

Configuring Network Settings

When installing Drake on a network, configurations must be set according to installation type. For details on setting network configurations, see “Network Options” on page 30.

Sharing Files on a Network

The **Shared drive letter for all other shared files - EF, Firm, Pricing, Letters, etc. (optional)** setting is associated with option **3b** in the configuration settings.



The **Shared Drive Letter** allows shared:

- EF data (for Search EF Database)
- IRS, bank, and state acknowledgements
- Configurations (colors, pricing, preparers, etc.)

WARNING!

When the shared drive letter is set, *do not* change it unless instructed to do so by Drake Support. Changing this drive letter during tax season causes a considerable number of problems in file storage and EF processing.

Selecting a Drive Letter for State Programs

Enter the appropriate drive letter for installing and updating state programs. To determine this letter, consider the following:

- If this field is set to **None**, state programs install and update to the same location where the program is installed.
- to install and update states to a specific drive, enter the drive letter.

You can also choose not to install state programs and instead run the state programs directly from the Drake CD. Select the drive letter of the CD drive if you choose to run state programs from a CD.

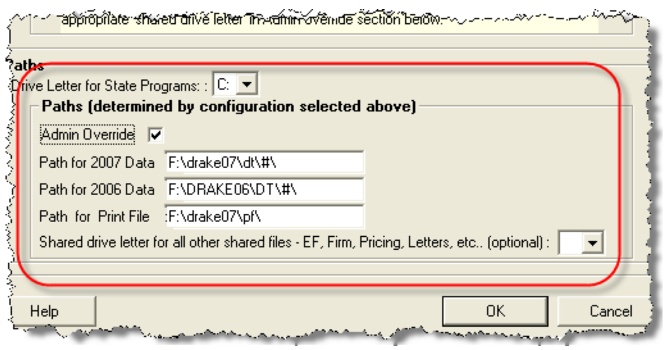
NOTE If running states from a CD, states do not update during **Tools > Install Updates**. To receive state updates, wait for the updated state program to ship on CD.

Setting Data Paths

The data path settings are determined by the chosen configuration. You should not need to change the path settings after selecting the desired configuration.

Use the **Admin Override** option only when data-path overrides are necessary. This option is accessible only to users logged in as Admin.

To override a default path in **Directories and Paths Setup**, check **Admin Override**, then make the necessary path adjustments. Click **OK** to save your changes.

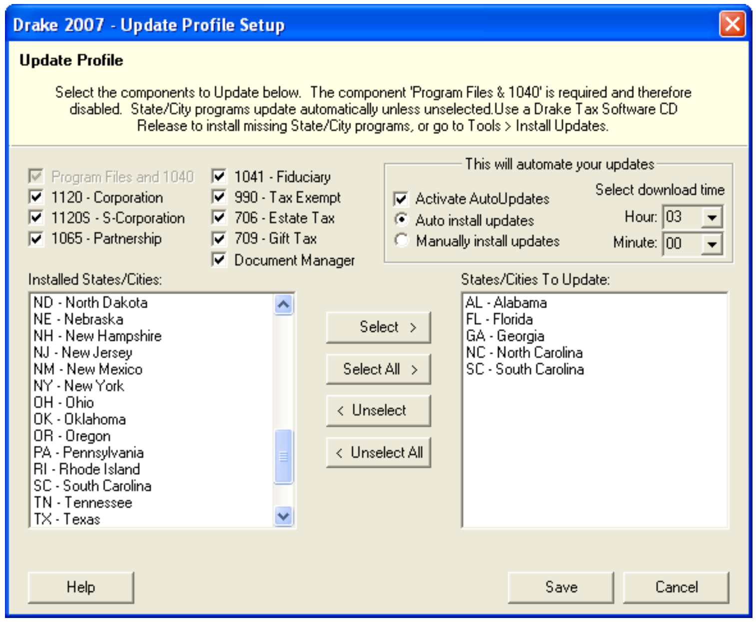


Update Profile Setup

Before installing updates, create an update profile to customize the update routine for your office. Each time updates are installed, only the components selected in **Update Profile Setup** are downloaded for updating (in addition to program and individual tax-package updates, which are required).

NOTE The software is continually updated and enhanced to remain current with tax law and improve the program. Make installing updates a daily priority during tax season. For details on installing updates, see “Installing Updates” on page 206.

To create an update profile, go to **Setup** > **Update Profile** from the **Home** window and select the components to update. (The **1040 & Primary Updates** box is required and cannot be cleared.) Use the **Select** buttons to select states and cities. Choose and set **Activate AutoUpdates** if desired (see following section).



Click **Save** when profile setup is complete.

Automating the Update Process

If you have a continuous Internet connection, you can have updates automatically downloaded and installed at a predetermined time.

NOTE All instances of Drake must be closed at the time of automated download. The downloading computer or server must be left on and online.

To automate updates, complete the following steps:

1. Go to **Setup** > **Update Profile**.
2. Click **Activate AutoUpdates**.
3. Select a download time from the **Hour** and **Minute** lists.
4. Select to **Auto install updates** or **Manually install updates**. If you choose **Auto install updates**, the updates are installed after being downloaded. If you choose **Manually install updates**, you must install all updates manually from **Tools** > **Install Updates** before the updates can take effect.
5. Click **Save**.

Optional Program Settings

The following program settings are not required for proper program operation. Review each setting to determine which may be required for your office setup.

NOTE Most optional settings can be updated from the prior year. See "Updating Settings" on page 71.

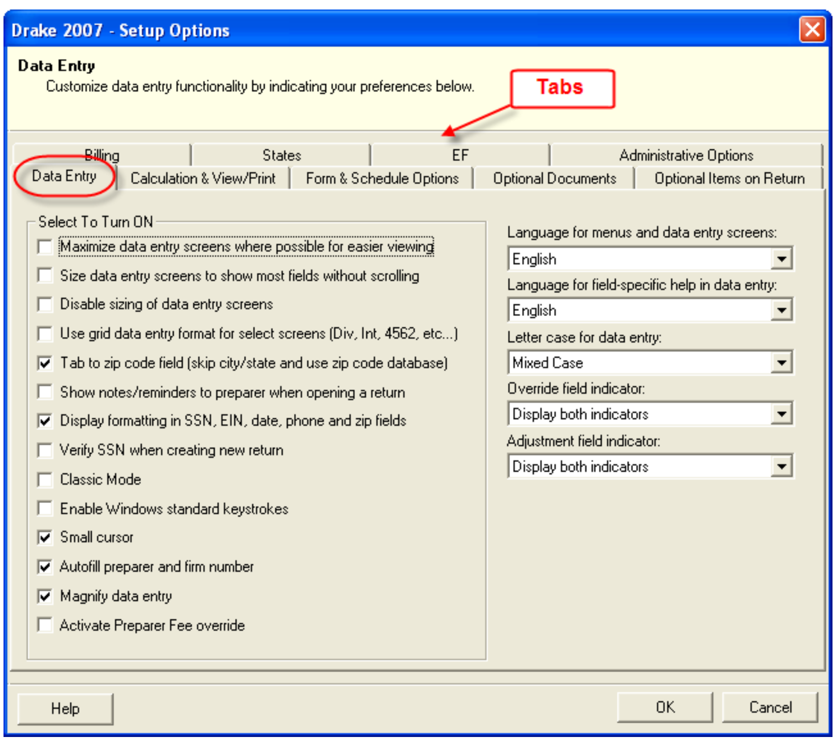
Setup screens covered in the following sections include the following:

- **Options** — Set individual program preferences.
- **Pricing** — Establish pricing to generate client bills.
- **Macros** — Create your own software shortcut keys.
- **Letters** — Review and edit client letters.
- **Colors** — Adjust the program's color display.
- **Printing** — Edit printer, DDM, and PDF settings.

Options Setup

The software is shipped with the most common preferences set as the defaults. To change the defaults, take the following steps:

1. From the **Home** window, go to **Setup** > **Options**.
2. Click the tabs to navigate and view all options. (See following sections for more specific instructions.)
3. Click **OK** to save the changes.



Data Entry Tab

Click to enable or disable the following options:

- Maximize data entry screens where possible for easier viewing
- Size data screens to show most fields without scrolling
- Disable sizing of data entry screens.
- Use grid data entry format for select screens
- Tab to zip code field (skip city/state and use zip code database)
- Show notes/reminders to preparer when opening a return
- Display formatting in SSN, EIN, date, phone, and ZIP code fields
- Verify SSN when creating new return
- Enable "classic mode" (simulates DOS data entry)
- Enable Windows standard keystrokes in data entry (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)
- Enable a small cursor in data entry fields
- *New for 2007!* Enable auto-filling of **Firm #** and **Preparer #** fields in data entry
- *New for 2007!* Magnify active fields in data entry for easier viewing.
- *New for 2007!* Activate preparer fee override (This is the default option so preparers can use the **Fee Override** field on screen **1**. If the check mark is removed, no preparer (except when logged in as Admin) can access **Fee Override**.

Select an option from the list:

- **Language for menus and data entry screens** — **English** or **Spanish**
- **Language for field-specific help in data entry** — **English** or **Spanish**
- **Letter case for data entry** — **Upper Case** or **Mixed Case**
- **Override field indicator** — Format of override fields in data entry
- **Adjustment field indicator** — Format of adjustment fields in data entry

Calculation & View/Print Tab

Click to enable or disable the following options:

- Autocalculate tax return when exiting data entry
- Display client fee on calculation screen
- Print only one overflow statement per page
- Go directly to form when accessing view or data entry mode
- Audible notification of calculation error messages

Select an option from the list:

- **Layout for depreciation schedule** — **Portrait** or **Landscape**
- **Pause option for calculation** — Choose when **Calculation Results** appear.
- **Number of days to store print files** — 1 – 9 days, or after being selected for electronic filing. If a return is needed after the print file is removed, recalculate the return to recreate the print file.
- **Sort options for Interest/Dividends** — **Alphabetical** or **numeric**; **ascending** or **descending**

Form & Schedule Options Tab

Many of these settings can be adjusted from the **PRNT** screen in data entry. An "on-the-fly" adjustment does not affect the setting in **Setup > Options**.

Select to print forms when required:
- Print Schedule A only when required
- Print Schedule B only when required
- Print Form 1116 for Alternative Minimum Tax Worksheet
- Print Form 4562 only when required
- Print Form 6251 only when required
- Print next year depreciation schedule
- Print optional worksheets
- Print W2/1099 forms (Print two W2/1099s per page)
- Print carryover worksheet
- Print Page 2 of Schedule K-1 in the 1120S, 1065, and 1041 packages

Select print options for 1040A/EZ (suppress), Form 1045 page 2 (NOL), and Form 2210.

Select to turn ON:
- W2 list if greater than (select from 0-50 W2s).
- 1099 list if greater than (select from 0-50 1099s).
- Dividend list if greater than (select from 0-50 dividends).
- K1 list (business returns only) if greater than (select from 0-50 K1s).

Optional Documents Tab

Check the appropriate boxes to print the following with each return:

- Folder cover sheet
- Generate notes page when applicable
- Prior year comparison form
- Privacy letter
- Return summary
- Federal Filing Instructions (Displays detailed federal filing information, including the date to file, form to be filed, address to file, and payment amount. Displays as FILEINST.PG in view/print mode. Enabled by default. Clear to disable, or enable or disable on a per-return basis on the **PRNT** screen.
- State Filing Instructions — Displays detailed state filing information, including the date to file, form to be filed, address to file, and payment amount. It is displayed as “STINST.PG” (ST = the abbreviation for the state return, for example, NCINST.PG) in View/Print mode. Enabled by default. Clear to disable. Enable or disable on a per-return basis on the **PRNT** screen.
- Referral coupons (3 per sheet) — Enter the number of sheets per return and/or the coupon amount.
- Select to print either a small, medium, large, or extra large envelope sheet size from the following lists:
  - Taxpayer address
  - IRS service center address
  - State address
  - City address
- Result letter — *New for 2007!* Select the default result letter to print with a tax return for all packages.

NOTE To override the default letter for an individual client, enter the desired result letter number on the **LTR** screen of the return.

Optional Items on a Return Tab

Click to enable or disable the option:

- Gross Social Security benefits only when required.
- Date on return — This date pulls from the date on the computer. 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).
- Taxpayer phone number — Pulls from screen **1**.

Select an option:

- Third party designee — Prints on the main form on the tax return.
- Rounding amounts — Select **Dollar** or **Penny** rounding. Dollar rounding is required for electronic filing. Penny rounding prints penny amounts on all forms.

Billing Tab

Click to enable or disable the option:

- Print taxpayer's SSN on the bill.
- Show RAL preparer fees as withheld on bill.
- Show bank fees on bill.
- Sales Tax — Sales tax percent to add to client statement. Enter a number greater than 1. For example, 4.5 would represent a sales tax rate of 4.5%.

Make a selection from the list

- Billing statement format — Select a statement option: Only show total amount, show form list and total, show forms, forms prices and total, bill by time, show forms, number of forms, and charges per form, move prep time charges to bottom of bill, or do not prepare a bill.
- Header on Bill — Select the header to print on the bill: preparer's name, tax year, professional services statement, or none.
- *New for 2007!* Custom Paragraph — Chose to print a custom paragraph at the top of the bill, the bottom of the bill, or not at all. Enter the text for the paragraph in the field.

States Tab

There are various, specific options available for each state. Select the state and the options that apply. Set up each desired state separately.

Electronic Filing (EF) Tab

Many of these settings may be adjusted from the **EF** screen in data entry. These "on-the-fly" changes do not affect settings in **Setup > Options**.

Click to enable or disable the option:

- Auto-generate taxpayer(s) PIN.
- Require 'Ready for EF' indicator on **EF** screen.
- Lock client data file after EF acceptance. Note: Log in as ADMIN to edit or unlock a file that has been transmitted and accepted. Give preparers access at **Tools > File Maintenance > Unlock Client Files** through their security settings.
- Print bank application when keyed on a return.
- Print Form 9325 when eligible for EF.
- Suppress federal EF.
- Print the EF status page.
- Alert preparer when bank product is not included.
- Activate imperfect return election in data entry — Enables the **Imperfect Return Election** check box on the **EF** screen in data entry.
- ERO SSN Indicator — Choose a preparer number, **Paid Preparer**, or **None**. The default can be overridden in data entry.

Session Options

- Check for e-mail during EF Transmit/Receive

- Combine EF steps (Select, Transmit, Post Acks). If this option is selected, the only screen that needs to be opened on the EF menu is **Select Returns for EF**. After the returns are selected, click **OK** to start the remainder of the EF routine.
- Transmit return data to Drake for multi-office web reports. Selecting this option sends CSM data to the MOM during the EF process.

State EF Options

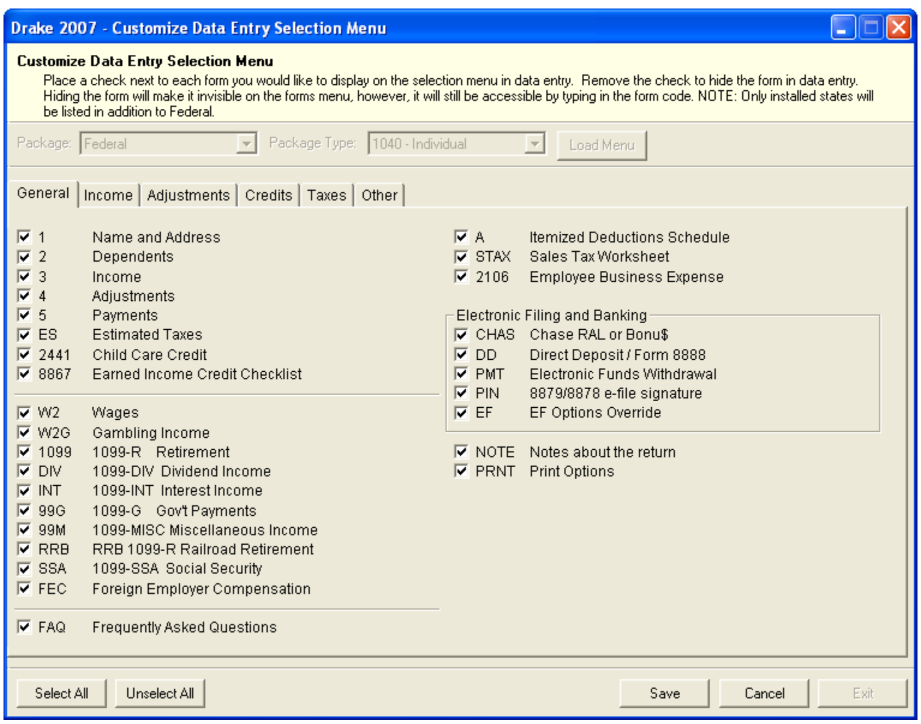
- Suppress — Check the box to suppress electronic filing of state returns. Select to **Suppress all states** (returns) or **Suppress individual states** (returns). If you selected **Suppress individual states**, enter the state abbreviations in the **List states** text box.

Administrative Options Tab

You must be logged in as Admin to access **Administrative Options**. This tab enables you to customize the **Data Entry Menu** to reduce data entry errors by limiting screens available on the menu.

To customize the **Data Entry Menu**, complete the following steps:

1. From the Home window, go to **Setup > Options** and click **Administrative Options**.
2. Check **Use Customized Selection Menu** to enable the **Customize** button.
3. Click **Customize,** then select a **Package** and **Package Type**.
4. Click **Load Menu**. The screen resembles the **Data Entry Menu.**



5. Enable or disable screens by checking the boxes next to the screen codes. If needed, click **Unselect All** to clear all selections, or click **Select All** to enable all screens.

6. Click **Save** to save and close.

NOTE

While a disabled screen no longer appears on the **Data Entry Menu** as a selection, the screen can still be accessed by entering the screen code.

NEW FOR 2007

Look for an addenda page on an administrative option to set automatic field flagging when a return is updated from a prior year. Print addenda pages from Drake's Support Web site, **Training Tools > Manuals > Drake Software Manual > Addenda Pages**.

Pricing Setup

Use **Pricing Setup** to calculate and generate a client bill during return calculation. Prices can be defined for each form, each item on some forms, and minimum and maximum charges for a completed return.

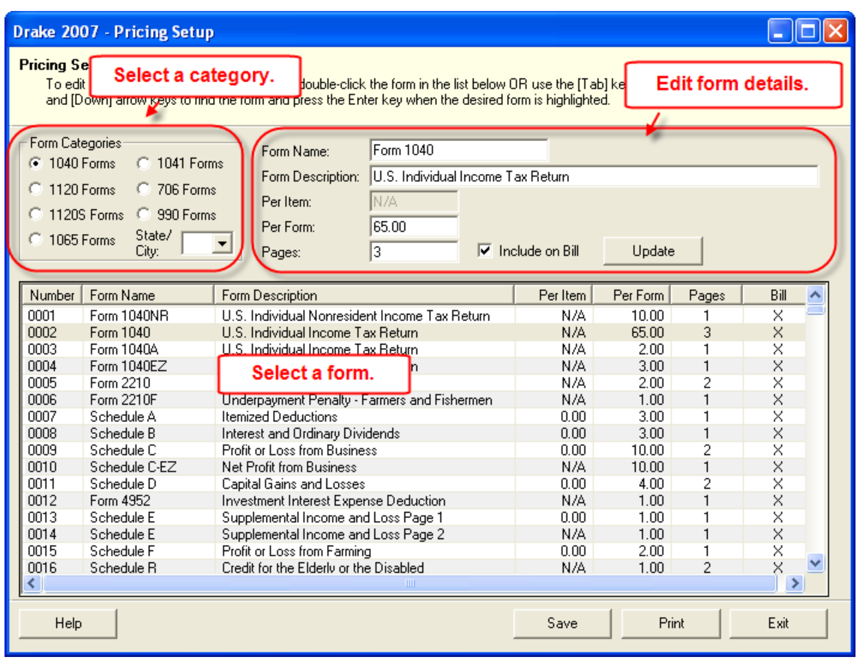
NOTE

Bank product and electronic-filing fees are established in **Setup > Firm**.

Pricing may be overridden during data entry either by entering an amount in the **Fee Override** field on screen **1** or by adjusting the fee amounts on the **BILL** screen.

To set pricing, complete the following procedure.

1. From the **Home** window, go to **Setup** > **Pricing** to open **Pricing Setup**.
2. Select a form package from the **Form Categories** list to display applicable forms.



3. Use the scroll bar or arrow keys to find forms. Highlight the correct forms, then double-click or press ENTER.

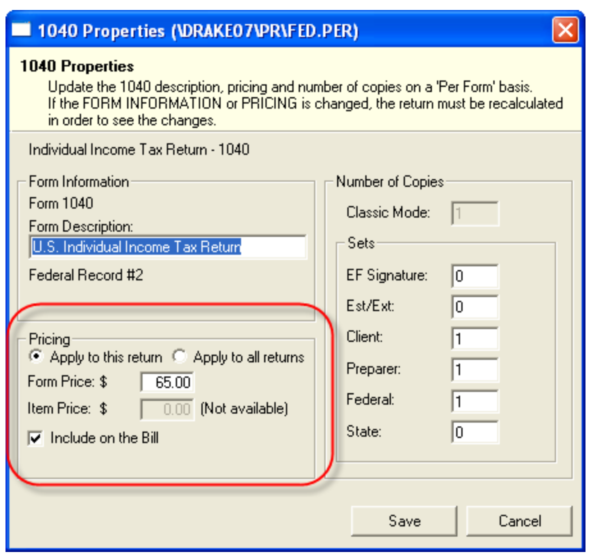
4. (Optional) Edit the **Form Description**. This description is printed on the client bill if **Include on Bill** is selected. Do not edit the form name.
5. Enter pricing information in the **Per Item** and **Per Form** fields.
   - When a **Per Item** entry is not applicable for a form, the field is unavailable.
   - When per-item charges are added to multiple forms, all item charges for that form reflect on the first form entered.
6. Click **Update** to add the new information to **Pricing Setup**.
7. Repeat these steps for each form, or price only the most common forms, and set pricing for all other forms on the fly. (See “Pricing on the Fly,” following.)
8. Click **Save**.

NOTE If incorrect charges are generated on bills, check form number 255, the **Minimum Charge** field. The program automatically prints the amount entered in this field. Also, check form number 256, **Maximum Charge**.

Pricing On the Fly

To edit or add pricing amounts without entering **Pricing Setup**, edit on the fly. Complete the following steps from View or Print mode.

1. Right-click a form and select **Properties**.
2. Edit the description of the form and edit the price listed per form or per item.
3. *New for 2007!* Choose to **Apply to this return**, or **Apply to all returns**. Applying to all returns changes the pricing file.



IMPORTANT For pricing on-the-fly changes to take effect on the client bill, the return *must* be recalculated.

Macros Setup

Macros speed the process of data entry. Certain kinds of data are set to a combination of keys, or “hot keys.” Press a hot key to fill a chosen field with pre-selected data.

1. On the menu bar, go to **Setup** > **Macros** to open **Setup Macros**. Two columns show the hot keys and corresponding macro data. A data string already set to a hot key is displayed beside the hot key value in **Data**. Any predefined data string may be edited.
2. Select an item in the **Data** column that corresponds with the chosen hot key. Change or enter the data string as needed.
3. Click **OK** to save.

Use the following action symbols to build macros:

<	Moves cursor back one field.
>	Moves cursor forward one field.
~	Escapes the screen (Saves and Exits)
[D]	Inserts the current date
#	Toggles heads down data entry mode. If a macro requires multiple (>)s, use heads down mode to jump directly to the field. For example, create and implement use of this macro from the **Data Entry Menu**:EF>#25>X>#~. This macro opens the **EF** screen from the **Selector** field (EF>), toggles heads down data entry mode to ON (#), enters field number (25>), checks the box to **Suppress Federal/State EF and all Bank Products** (X), toggles heads down mode to OFF (#), and saves and escapes the **EF** screen (~).
*	Bypasses the Existing Forms List when executing a macro (W2, dependent, etc.). When a macro is used for a screen with multiple records, the **Existing Forms List** window opens to allow selection of the record to apply the macro. To bypass the **New Record** window and use the macro on the first record, enter an asterisk (*) in front of the macro. For example, *W2> opens the first W2 record. To open the second record, begin the macro with *W2[2], *W2[3] for the third, and so on. The asterick only needs to be entered one time in any macro, and should only be placed at the beginning of the macro.
[New]	Executes the macro on a new record. For example, *W2[New]> opens a new record. The asterisk (*) bypasses the **Existing Forms** list and must be present for the [New] function to work properly.
+	*New!* Prevents a macro from removing a flag from a field.

Tip

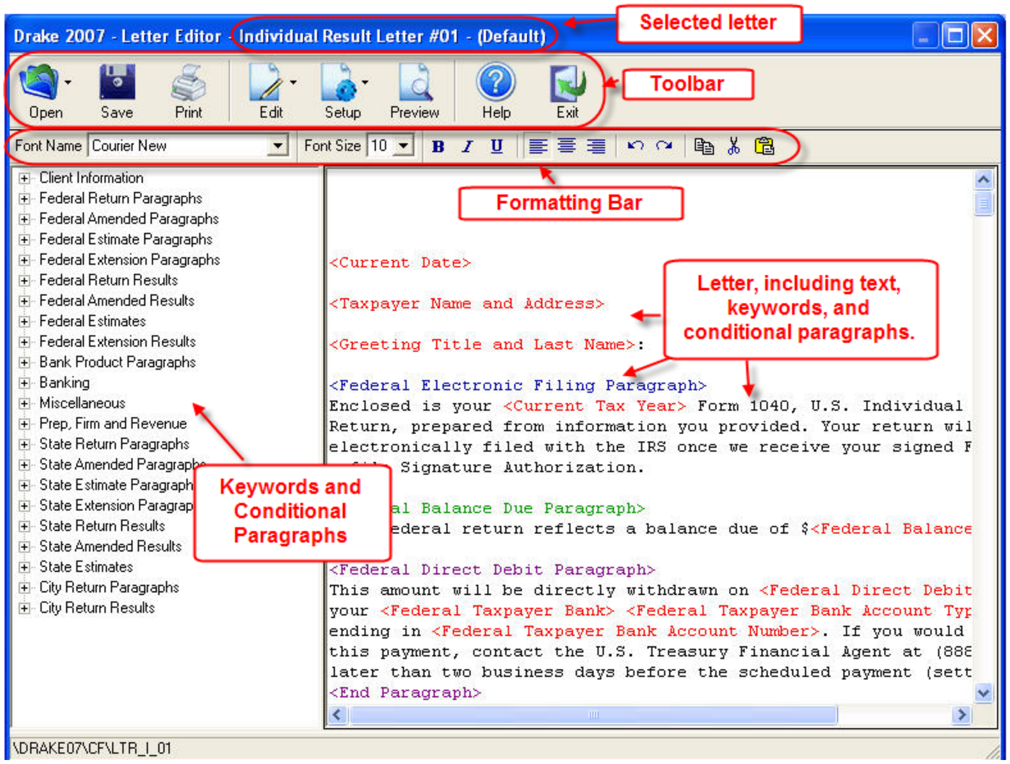
To access a list of macros in data entry, press CTRL + SHIFT + M.

Letters Setup

The various letters produced by the software are available for editing and customizing in **Letters Setup**. These include preseason, after season, schedule, estimate, and result letters for all packages, a coupon, and privacy policy. The individual result letters are available in English and Spanish. Also, customize the header of letters and bills to include your logo and firm information.

NOTE The information for result and extension letters is produced according to certain criteria. For example, if the return is eligible for electronic filing, the result letter is printed for an electronically filed return. If not eligible, a letter is printed for a paper-filed return. Override the defaults from the **LTR** screen in data entry. (See “Custom Paragraph for Letters” on page 131.)

To edit letters and choose letterhead format settings, go to the **Home** window and select **Setup > Letters**. The **Letter Editor** is displayed.



The **Letter Editor** is split into two parts, the left pane listing keyword and conditional paragraph categories in an expandable tree format and the right pane displaying the selected letter template. Other parts of the **Letter Editor** are described in the following sections.

Toolbar

Functions of the **Letter Editor** are accessed from the toolbar.

- **Open** — View a list of packages; view letter templates within a package. Click a template name to open it.
- **Save** — Save a letter template. If there are issues with keywords and conditional paragraphs in the letter, a **Problem Saving Letter** dialog box appears, listing issues with the letter.
- **Print** — Print the letter template as it appears in the editor.
- **Edit** — Display a menu of editing options and corresponding hot keys.
- **Setup** — Rename or restore the original letter template; access **Letterhead Setup**.
- **Preview** — View a letter for a specific return before finalizing edits to the template.
- **Help** — Access Drake Help.
- **Exit** — Close the **Letter Editor**.

Formatting Bar

Use the functions on the formatting bar to format the text of the letter. Rest your mouse pointer over a format button to view a description of that button. To apply a format, select the text for formatting and click the formatting button.

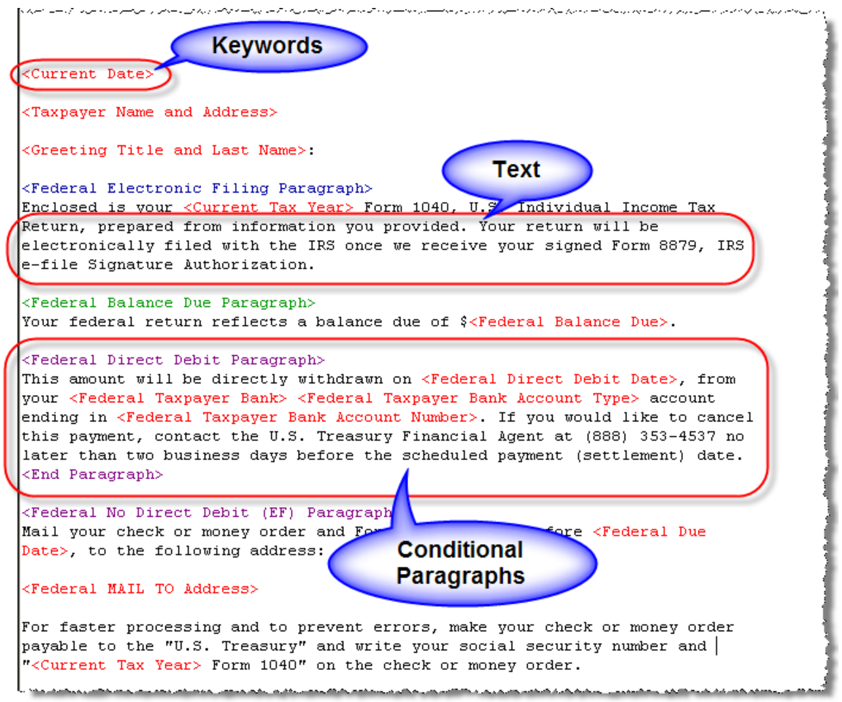
- **Font Name** — Change the selected portion of the letter to another font.
- **Font Size** — Change the selected portion of the letter to another font size.
- **Bold** — Format the selected portion of the letter to bold text.
- **Underline** — Underline the selected portion of the letter.
- **Italics** — Format the selected portion of the letter to italic text.
- **Text Alignment** — Align the selected portion of the letter to the alignments chosen: left, center, or right.
- **Undo** or **Redo** — Undo or redo the last action taken in the editor.
- **Copy** or **Cut** — Copy or cut out the selected portion of text.
- **Paste** — Paste the last cut or copied text to a selected location in the letter.

NOTE

Right-click a letter to access a menu of formatting, editing, and toolbar functions. Use **Find** to search for keywords or text in the letter.

Parts of a Letter

A letter in the **Letter Editor** contains three categories of letter elements: text, keywords, and conditional paragraphs.



Text

Text in the letter is displayed in black text. To enter additional text into a letter, simply place the cursor in the desired location and begin typing. Text is displayed in the editor exactly as it will print in the output of the letter.

Keywords

Keywords appear as red text within <angle brackets>. A keyword displays a description of the text that prints on the actual return. For example, the keyword <Date> is at the top each letter. When a letter prints with a return, the <Date> keyword is replaced with the current date.

Keywords allow one return letter to be used for multiple clients because individual information is pulled from the return when the letter is printed.

Keywords are listed in the left pane in a category tree format. Click a category plus sign (+) to expand and view the keywords in the category. Rest your mouse pointer over a keyword to view a description of the keyword.

While the result letters are designed with keywords inserted to handle most situations, additional keywords can be added to further customize the letter.

Conditional Paragraphs

Conditional paragraphs, like keywords, contain <angle brackets>. Unlike keywords, however, conditional paragraphs begin with a descriptor followed by a paragraph of text and ending with an <End Paragraph> marker.

The pair of tags (for example <Federal Refund Paragraph> and <End Paragraph>) enclose a paragraph or a sentence. The enclosed paragraph or sentence between the tags prints *only if* the situation applies in that letter.

For example, the conditional paragraph below is generated only if the taxpayer has a refund:

<FEDERAL REFUND PARAGRAPH>YOUR TAX RETURN SHOWS THAT YOU ARE DUE A REFUND.<END PARAGRAPH>

Conditional Paragraph Nesting

Conditional paragraphs can be nested by inserting one paragraph within another. In the following example, the **Federal Direct Debit Paragraph** is nested inside the **Federal Balance Due Paragraph**. The **Federal Direct Debit Paragraph** is generated only when applicable, and only when the **Federal Balance Due Paragraph** is generated.

You can nest up to five conditional paragraphs. Each nested conditional paragraph tag is displayed in a different color (first in blue, then green, then purple, then brown, etc.), for easier viewing. In the following example, **Federal Balance Due Paragraph** is displayed in blue in the letter, and **Federal Direct Debit Paragraph** is displayed in green.

Example of two-level nesting:

<Federal Balance Due Paragraph>
Your federal return reflects a balance due of $<Federal Balance Due>.

<Federal Direct Debit Paragraph>
This amount will be directly withdrawn on <Federal Direct Debit Date> from your <Federal Taxpayer Bank> <Federal Taxpayer Bank Account Type> account ending in <Federal Taxpayer Bank Account Number>. If you would like to cancel this payment, contact the U.S. Treasury Financial Agent at (888) 353-4537 no later than two business days before the scheduled payment (settlement) date.
<End Paragraph>

<End Paragraph>

NOTE All conditional paragraphs are inserted in result letters, allowing the letters to print all pertinent return information in most scenarios.

Editing Letters in the Letter Editor

The following sections describe how to edit letters in the **Letter Editor**.

Opening a Letter in the Letter Editor

Complete the following steps in **Setup > Letters** to open a letter for editing.

1. From the toolbar, click **Open** to display a list of tax packages.

NOTE The **Letter Editor** opens to the last letter viewed.

2. Select a package. Letters within the package are listed.
3. Select a letter to open it in the **Letter Editor**. The name of the letter is displayed in the title bar.

Editing a Letter in the Letter Editor

Once a letter is opened in the **Letter Editor** you can add, delete, or modify text as desired. Use the formatting and edit functions as needed. From the tree-view in the left pane, add keywords or conditional paragraphs to the letter.

When you are finished editing the letter, click **Save** from the toolbar.

IMPORTANT When editing a letter in the **Letter Editor**, leave the first line of the letter blank with no text, keywords, or "If Statements."

Adding and Removing Keywords and Conditional Paragraphs to a Letter

Complete the following steps to add keywords or conditional paragraphs to a letter. For details on keywords and conditional paragraphs, review "Parts of a Letter" on page 57.

1. Open a letter.
2. Click the desired location in the letter.
3. Double-click to add a keyword or conditional paragraph. The keyword or paragraph are inserted after the cursor.

To remove a keyword or conditional paragraph, highlight the keyword or paragraph and press DELETE, or right-click and select **Delete**. Be sure to include the angle brackets (<, >) when highlighting.

Renaming a Letter

To rename a letter in the **Letter Editor,** complete the following steps:

1. Go to **Setup > Rename Letter** or press CTRL + N.
2. Enter a new name for the letter in the **Rename Letter** dialog box.
3. Click **OK** to save the new name. The new name appears in the title bar.

Restoring an Original Letter

To restore a letter to its original (default) format, open the letter in the **Letter Editor** and go to **Setup > Restore Original Letter** or press CTRL + R.

Choosing a Default Letter to Print with a Return

By default, package letter 1 prints with each return. To change to a different default letter, go to **Setup > Options, Optional Documents** tab and select a different letter from the appropriate package list.

To override the default or letter selected in **Setup** > **Options**, go to the **LTR** screen in return data entry and select a letter from the **Letter #** list.

Adding a Custom Paragraph to a Letter for a Specific Return

See "Custom Paragraph for Letters" on page 131 for instructions.

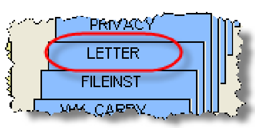
Previewing a Result Letter

You can preview a result letter within the Letter Editor. The preview function opens the letter using one of the test return scenarios for return data. Complete the following steps to preview the letter with sample return data:

1. From the **Letter Editor**, select a letter to preview.
2. Click **Preview** from the toolbar.
3. Select a letter from the S**elect Sample Return** list.
4. Click **Continue** to view the sample letter.

Viewing the Result Letter for a Return

To view the result letter for a return, press CTRL + V in a return to enter view mode. Double-click **LETTER** to view the letter.



For more on viewing result letters for returns, see "Viewing and Printing Parts of a Return" on page 145.

Bringing Forward a Prior-Year Letter

A letter from 2006 may be brought forward into the **Letter Editor** in place of a 2007 letter. To replace a current-year template with a prior-year letter, take these steps:

NOTE Drake recommends bringing forward a prior year letter into a 2007 letter template.

1. Open a letter template to replace in the **Letter Editor**.
2. Go to **Setup** > **Update Prior Year Letter**.

3. Click **OK** when prompted to proceed.
4. Select the drive where the prior year letter exists.
5. Select a letter to update.
6. Click **Continue.**
7. When prompted, click **Yes**. The 2007 letter is replaced with the 2006 letter.

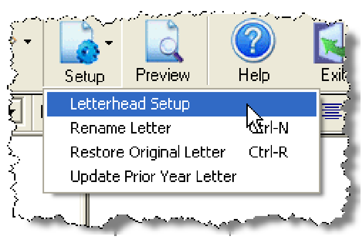
Letterhead Setup

Print letters and bills with your firm information and a logo.

The firm information can be printed alone, with a selected bitmap graphic, or with the default simple graphic. Set the letterhead to print on client bills and client letters.

NEW FOR 2007

Letterhead Setup is now accessed through the **Letter Editor**. Previously, it was accessed from the **Letters > Letterhead** menu.



To enable the letterhead feature, complete the following steps.

1. Go to **Setup** > **Letters**.
2. From **Letter Editor**, go to **Setup** > **Letterhead Setup**.
3. Select from **Letter/Bill Indicators.** Choose to print the logo and firm information on the letter, on the bill, or on both.
4. Designate **Coordinates**. In the right column, number settings indicate the position of the firm information and logo. Settings for the default simple graphic are as follows:
   - Left-most column for logo — 8
   - Top-most row for logo — 3
   - Left-most column for firm info — 25
   - Top-most row for firm Info — 4
5. Enter the path of the bitmap or graphic in the **Path/Filename for Bitmap Logo** text box, or **Browse** to the bitmap location. To print a personal logo, the full path and filename are required. If no company logo is available, enter `C:\DRAKE07\CF\LOGO.BMP` ("C" indicates the drive letter to which the program is installed; change if necessary) for the default simple graphic. Leave this box blank for no logo.
6. Click **OK** to save and exit.

Color Setup

Use **Color Setup** to customize the appearance of the Drake program on your screen. Have the color scheme to match your Windows scheme, or select other custom colors.

Customizing Program Colors

To customize program colors, complete the following steps.

1. From the **Home** window, go to **Setup > Colors.**
2. Under **Program Colors**, choose **Use Windows System Colors** or **Use Custom Created Colors**.
   - **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, or click **Define Custom Colors** to create your own color.
3. Click **OK** to save your selections.

Customizing Data Entry Colors

To change the color of a specific area in data entry, complete the following steps:

1. Click a color box associated with a specific a program area from the **Data Entry Colors** section of the screen to open a Windows color palette.
2. Select a color from the color pallet box or click **Define Custom Colors** to make your own color, then click **OK**.
3. Continue with steps 1 and 2 until all the desired color changes are made.
4. Click **OK** to save your selections.

IMPORTANT Make sure the background color and the text color contrast or the text will disappear.

Restoring Program Color Settings

To restore the original color settings, go to **Setup > Colors**. Click **Restore**. Click **OK**.

Printing Setup

Edit printer, DDM, and PDF settings from the **Printing Setup** menu.

Printer Setup

When Drake is installed, the default printer in Windows is designated as the default printer in Drake. You do not need to add and set up a printer, even if you add another printer in Windows. All printers installed in Windows are accessible from Drake.

NOTE

Printer settings carry forward automatically each year.

If a printer is no longer installed in Windows, it still appears in Drake. To remove the printer, go to **Setup > Printing > Printer Setup** and click **Reset**. This removes all printers and re-adds all the available printers automatically.

Editing Printer Settings

To edit printer settings, go to **Setup** > **Printing** > **Printer Setup**. The **Printer Setup** window opens. Make any necessary adjustments on any of the tabs. Click **OK** to save the settings.

NOTE

To print in the Duplex mode, go to **Setup > Printing > Printer Setup**, **(F5) General Setup** tab, and check **Duplex**.

Printing Sets

Use **Print Sets** to customize the forms printed with each set. Sets may be defined in **Printer Setup** or in the **Printer** dialog box as forms are printed. Follow the instructions below to define sets in **Printer Setup**.

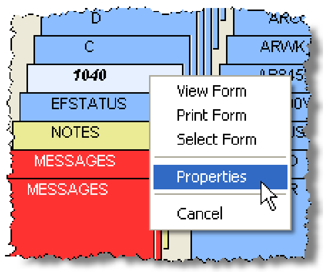
1. On the menu bar, go to **Setup** > **Printing** > **Printer Setup**.
2. Click **Sets**. The **Copies Per Set** window opens.
3. Select a **Form Category.** The package selected determines the choices available in the **Form Name** list.
4. Double-click to select a form. The default information for that form fills the form.
5. In the boxes under each set name (**EF Signature, Est/Ext**, **Client**, **Preparer**, and **Federal**), enter the number of copies of the form to be printed with each set. For example, to include three Schedule Cs with the **Client** set, enter 3 under **Client**.
6. Click **Update**.
7. Repeat steps 3-6 for each form, or determine set numbers for only the most common forms and determine sets for all other forms as they are prepared on the fly. (See “Changing Print Set Settings on the Fly” on page 64.)
8. Click **Save** or press ESC to save and exit.

Changing Print Set Settings on the Fly

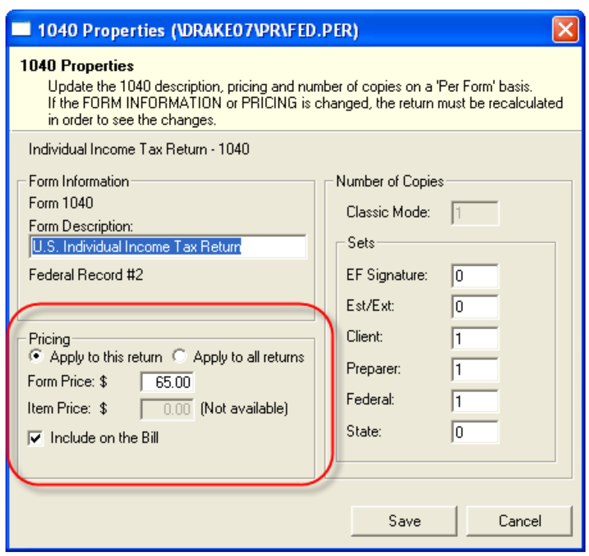
Editing on the fly applies settings globally, changing the **Printer Setup [Sets]** settings; therefore, changing a form's set amount on the fly changes the amount for all future set printing, not just on a per-return basis.

To change or add print settings while in the return without entering **Printer Setup**, complete the following steps while in print or view mode:

1. Right-click a form and select **Properties**, then select the form and click **Properties** from the toolbar, or press F9.



2. Edit the **Sets** settings and click **Save**. Settings are applied universally. Pricing can also be changed using this option.



Setting a Print Order

Use this option to indicate the order in which forms print in Print Mode.

1. Go to **Setup** > **Printing** > **Printer Setup**. Click **Set Form Order**.
2. Select a package series and choose a set type. **Normal (Default)** is the IRS order.
3. Forms are listed with their order number in parenthesis to the left. To change the sequence in which the forms print, click and drag the form name until the forms are listed in the desired order.
4. Click **Save**.

Document Manager (DDM) Setup

NOTE To back up the print order and to restore to another machine, choose to back up the setup files from **Tools > File Maintenance > Backup**.

The DDM is a stand-alone application that can be integrated with Drake Software. (For details, see “Document Manager” on page 235.)

To implement the Drake file structure, complete the following steps:

1. From the **Home** window, go to **Setup** > **Printing** > **Document Manager** to open **Drake Document Manager Integration Options**.
2. In the **Document Manager Location** text box, enter the path of the DDM or click **Search**. If you choose **Search** and the DDM is found in more than one location, you must choose a location.
3. Check **Allow Drake to Setup Document Manager Client Folders (recommended)**. The Drake predefined structure is established in the DDM directory.

NOTE The DDM button in data entry is not active until the Drake integration option in Step 3 is enabled in **Setup > Printing > Document Manager**.

PDF Printer Setup

PDF Printer setup installs the PDF995 program, which allows you to print files in PDF format.

NOTE You need PDF995 version 8.0 or later. Even if you already have PDF995 on your computer, you may need to upgrade. (Version 8.0 supports Windows Vista.)

Use the following procedure to install or upgrade PDF995 on your computer. You must have a Drake CD inserted in your CD drive to install this program.

1. From the Drake menu bar, go to **Setup** > **Printing** > **PDF Printer** and select the CD drive.
2. Click **Install**.
3. At the **Installation Complete** message, click **Exit**.

To print files to PDF format, print the file as you normally would, but select PDF995 as the printer.

Preseason Checklist

Preseason planning can reduce or eliminate problems for tax professionals. Take time now to prepare for the months ahead and ensure that your office is ready before the first client arrives.

Getting Ready for Tax Season

The needs of each office vary in the months before tax season, but your preseason preparations might include the actions listed here.

Contact the IRS

- ❑ **Apply for Electronic Filing Identification Number (EFIN)** — If you are not already an ERO, file Form 8633 and submit a fingerprint card to the IRS if you are not a CPA, EA, attorney, banking official, or officer of a publicly held company. See "Preparing to File Electronically" on page 149.
- ❑ **Authorized EROs** must file a revised Form 8633 if their firm or filing information has changed since 2006 or if they will start electronically filing business forms this year. This revision can be done online at *www.irs.gov* after signing up for IRS e-services program.
- ❑ **Obtain IRS publications** — Order publications from the IRS or print them directly from the IRS Web site at *www.irs.gov*.

Contact the States

- ❑ **Obtain state applications** — Some states require applications to file returns electronically, so contact those states early to apply. State information is available on the **Fed/State Facts** page at *www.Support.DrakeSoftware.com*.
- ❑ **Check state requirements for bank products** — Check with your state for special applications to offer bank products, and contact appropriate states that may require different forms.
- ❑ **Check for state electronic filing mandates** — Mandates vary from state to state.
- ❑ **Check state requirements for business returns** — Requirements vary for e-filing of business returns.

Contact Drake

- ❑ **Notify Drake of changes** — Inform us of changes to your firm's EFIN, phone, address, contact person, e-mail, etc. E-mail *accounting@drakesoftware.com*, call (828) 349-5900), or go to *www.Support.DrakeSoftware.com* and click **My Account** to make changes online.

Prepare to Offer Bank Products

- ❑ **Complete the Drake bank application** — Go to *www.Support.DrakeSoftware.com*.
- ❑ **Choose a bank** — Review bank information then complete the application or contract.
- ❑ **Order check stock.**
- ❑ **Test-print check** — After installing the software, set check ranges and test-print a check.
- ❑ **Set bank fees and complete Firm Setup** in the software.

Review Equipment/Staff Needs

- ❑ **Upgrade computers as needed** — Ensure that your computers comply with system requirements. See “System Requirements” on page 27.
- ❑ **Test printers and modems** to be used with Drake Software.
- ❑ **Check phone cords and connections** to be used during tax season.
- ❑ **Check scanner** — Review Drake-recommended scanners. If necessary, purchase a scanner to use with the Drake Document Manager. (See *www.Support.DrakeSoftware.com*.
- ❑ **Review staffing needs and set staff software security levels.**

Install and Set up Software

- ❑ **Review system requirements** for software installation.
- ❑ **Install** the 2007 Drake Software CD.
- ❑ **Customize program settings** — Complete required and optional program settings. Check the packing slip to verify the EFIN and enter new password on the **ERO** screen.
- ❑ **Perform database updates** — Update the EIN Database from the prior year.
- ❑ **Perform configuration updates** — Update configurations such as firm information and macros from the prior year.
- ❑ **Install** PDF995.

Help Clients Prepare for Tax Season

- ❑ **Prepare proformas or organizers** for prior-year clients.
- ❑ **Prepare preseason letters and coupons** to send with organizers.
- ❑ **Order mailers** from Nelco if necessary..

NOTE Reports, organizers, proformas, and returns can stored and e-mailed as PDFs.

Update and Configure Data

- ❑ **Choose the backup media type** that best suits your needs.
- ❑ **Update your profile** — Complete **Update Profile** in Drake.
- ❑ **Update and back up** — Run the software update routine and make a backup copy of the software setup.

Take Advantage of Drake Resources

- ❑ **Electronic Training Center (ETC)** — Train your office using Drake ETC. (See “Drake ETC” on page 186.)
- ❑ **Tutorials** — Use the 2007 tutorials (computer-based training), located on the Help menu. The Drake CD must be in the drive when accessing tutorials.

- ❑ **Drake User Manual** — Use this manual as a resource for help and instructions for using the software and preparing individual returns.
- ❑ **Practice Returns —** Use our practice returns to learn program navigation and data entry. (See “Practice Returns and Test Returns” on page 23.)
- ❑ **Drake Web site** — Add *www.support.DrakeSoftware.com* to your “Favorites” list.
- ❑ **Drake KnowledgeBase** — Practice using the the KnowledgeBase at our Web site.
- ❑ **Drake Forum** — Sign up for the Drake Forum, also at our Web site.
- ❑ **RIA Online** — Review the features offered with RIA online.
- ❑ **Online EF Database** — Review and practice using the Online EF Database.

Prepare for Electronic Filing

- ❑ **Complete settings** — **Preparer**, **Firm** and **EF** (electronic filing) settings in Drake.
- ❑ **Send test transmissions to Drake**. (See “Step 4: Process Acknowledgments” on page 155.)
- ❑ **Access EF & Banking Practice** — Access practice returns on the Drake Support Web site, **Training Tools** menu.

Preseason Preparation

This chapter provides instructions for bringing forward information from last year, printing proformas or organizers for clients, mailing preseason materials setting up schedules, and learning to use the software.

Prior-Year Updates

Save time by updating prior year returns, settings, and the EIN Database from the previous year.

IMPORTANT

Ensure that the 2006 data path points to last year's data files *before* updating. If the path is not correct in **Setup > Directories/Paths**, the program cannot find the data to bring forward.

Back up prior-year data before updating.

Updating Client Files

Update client names, addresses, ages, filing statuses, occupations, dependent names, installment sales, depreciation, business names, and ID numbers from prior-year returns. Additional information can be carried forward if selected.

You can update client files individually as you meet with clients throughout tax season (recommended) or you can update them all at once.

NEW FOR 2007

Updated amounts no longer have a 'v' for verification but appear as flagged fields. Verify the field and press F4 to remove the flag before filing electronically.

Update Returns Individually

(Recommended procedure) When you enter a new client into Drake, the program searches the prior-year software for that client record. If the record is found, an **Individual Update Options** dialog box appears. Take the following steps to update prior-year client files:

1. Select additional options, or click Select All**.**
2. Click **Next,** press ALT + U, or click **Update** to start updating the client record.
3. To exit without updating, click **Cancel** or press ESC.

Update Returns Globally

Take the following steps to update all returns in a package at one time:

1. Go to **Last Year Data** > **Update 2006 to 2007**.
2. To select one or more specific returns, enter the SSN or EIN in the top text box and click **Add Client** or press ENTER. To proceed, or to update files based on specific criteria, click **Next**.

3. In **Basic Search Conditions,** select filters based on the types of returns to update, on the preparer, or on the firm. For more details on Basic Search Conditions, see "Basic Search Conditions" on page 229.
4. Click **Continue**.
5. Select or clear options, then click the **Update** button to start the update. To exit without updating, click **Cancel** or press ESC.

BUILDING THE EIN/NAME INDEX

The EIN Database consists of employer names and ID numbers used on returns prepared. Each time an EIN is entered on Forms W-2, W-2G, 1099R, 1099G, 8283, or 2441, that employer name, EIN number, and corresponding information is automatically added to the EIN database.

The EIN and name index can be created separately or both at the same time. To build the EIN/Name index for the current year go to **Last Year Data> Build EIN/Name from 2006**. In the **Build EIN and Name Index** dialog box, select **Both EIN and Name**, **EIN Only**, or **Name Only**.

NOTE The **Both EIN and Name option** takes about one minute to build per 2,000 clients.

UPDATING SETTINGS

NEW FOR 2007 Previously known as **Update Configurations**, the 2007 **Update Settings** tool is now easier to use and can bring forward the following settings from the previous year: **ERO** setup, **Letterhead** setup, color settings, DDM setup, **Printing** setup, custom reports and filters, **Setup** Options, and CSM Custom Statuses.

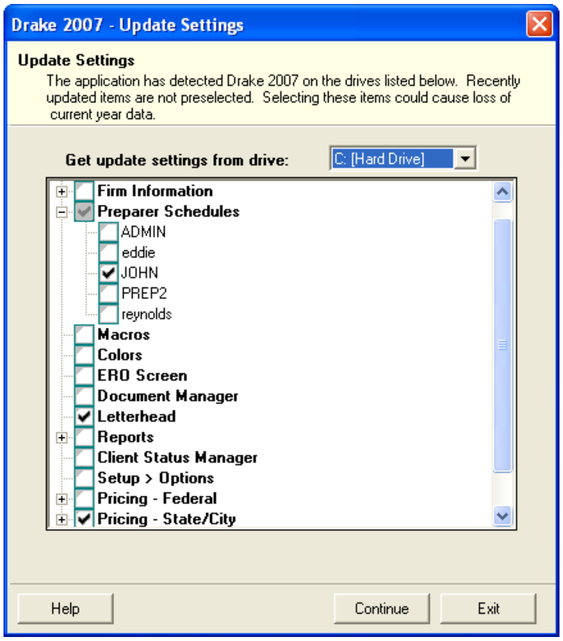
Copy your 2006 software settings into the 2007 program to save preseason preparation time. Once the settings are brought forward for the year, you can adjust them individually. Use the following procedure to update settings:

1. Go to **Last Year Data > Update Settings 2006 to 2007**. The software detects all Drake 2006 locations.
2. In **Drake 2007 - Update Settings**, select a drive from **Get update settings from drive**.
3. Select the items to update. All items, except for previously updated items, are selected by default.

NOTE If there is a plus (+) sign in front of an item, click the + to expand that item and view the specifics for that item. If the + is selected for a main item, all the sub-items are also selected, or click the + to expand the selection and make specific selections for an item.

For example, select **Preparer Information** to bring forward all prior-year preparer information, or click + to expand **Preparer Information** and select specific preparers.

WARNING! Selecting a previously updated item can cause a loss of current-year data.



NOTE If updating **Pricing - State City**, an **Update Setting** dialog box appears. Enter a percentage increase and choose to apply the increase to per-form or per-item items.

4. Click **Continue**, then **Confirm** the selections to start the update process.
5. Click **Exit** when the status for each item displays **Completed.**

Organizers and Proformas

Use proformas and organizers to assist the taxpayer in collecting records and the tax preparer in interviewing. Print prior-year data on an organizer or proforma for one or more clients, or run a report to create a batch of organizers or proformas.

NOTE Mail organizers in 9" x 11½" mailing envelopes, available through www.DrakeSupplies.com. (In the 2007 Drake Software Compatible Supplies brochure and on the Web site, see item #80344, 9" by 11½" ORGANIZER mailing envelope. This envelope has "IMPORTANT TAX INFORMATION ENCLOSED" printed on the front). Envelopes of this size are also available at most office supply stores. For the proper size to print, go to **Setup > Options > Optional Documents** and choose X-Large under Taxpayer address

To print blank organizers or proformas, go to **Tools > Blank Forms.**

NEW FOR 2007

Questionnaires and data sheets now include more information.

- **Organizers** — Available for the Individual package, organizers help clients prepare for the tax-preparation appointment. organizers display two columns—one with the prior-year data, and one for entering current-year data.
- **Proformas** — Available for Individual and Business packages, proformas display numbered fields corresponding to data-entry screens. proformas are particularly useful for preparers who interview their clients then have data-entry operators enter many of the return details

PRINTING AN ORGANIZER OR PROFORMA

Take the following steps to print one or more organizers or proformas.

1. From the **Home** window, choose **Last Year Data > Organizers** or **Last Year Data > Proformas**.
2. Enter a SSN/EIN and press ENTER or **Add Client** for each client.
3. Click **Next**.
4. From **Options**, select specific options, **Select All** options, or click **Unselect All** to clear your selections.

NOTE

If printing proformas for multiple return types, you are prompted to select additional **Options**. After selecting options, click **Process (1040, 1120, 1120S, 1065, or 990)**.

5. Click **Process 1040**.
6. Select forms to print, then click **Print again.**

NOTE

To omit an organizer or proforma, or to view forms before printing, see “Omitting Organizers and Proformas” on page 74.

7. From the **Print Selection** window, click **Print**.

NOTE

To print coupons, select **REFERRAL** from **Batch Printing Organizers/Proforma**. To customize the coupon, see “Letters Setup” on page 55. To include a dollar amount, go to **Setup > Options > Optional Documents**.

Printing Organizer/Proforma Batches

Take the following steps for to print organizers or proformas in batches. This method allows filtering of the client database.

1. From the **Home** window, choose **Last Year Data > Organizers** or **Last Year Data > Proformas**.
2. Click **Next**.
3. Select filtering and sorting options, then click **Next**. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228 for details.)
4. Modify filtering criteria in **Basic Search Conditions** as needed, then click **Continue**.
5. From **Options**, select specific options, **Select All** options, or click **Unselect All** to clear selected options.
6. Click **Process 1040**.

NOTE If printing proformas for multiple return types, additional **Proforma Options** dialog boxes appear. Select additional options and click **Process (1040, 1120, 1120S, 1065, or 990)** to proceed.

7. Select the documents to print. Tabs are enabled according to what is being printed. For example, if printing 1040 and 1120S proformas, make selections on the **1040 Proforma** and **1120S Proforma** tabs.
8. Click **Print.**

NOTE To omit an organizer or proforma, or to view forms before printing, see "Omitting Organizers and Proformas" on page 74.

9. From the **Print Selection** window, click **Print** again.

Omitting Organizers and Proformas

When printing multiple organizers and proformas, specific ones may be omitted. To enable or disable printing of a specific organizer or proforma, or to view before printing, compete the following steps during the print process:

1. From **Batch Printing Organizers/Proforma**, click **Detail**.
   - To disable printing of one or more organizers or proformas, clear the applicable box.
   - To view or print specific organizers or proformas, select the row from the list and click **View/Print**. To select multiple organizers or proformas, press and hold CTRL when making selections.
2. Click **Save** to save the information and exit the screen.

Preseason Letters

For information on generating preseason letters, appointment reminders, envelopes, mailing labels, and postcards, see "Letters" on page 215.

SCHEDULER

Redesigned in 2007, the Drake Scheduler allows you to create and manage the daily schedule for all preparers in a firm, schedule appointments and reminders, and run reports based on the schedule information.

NEW FOR 2007

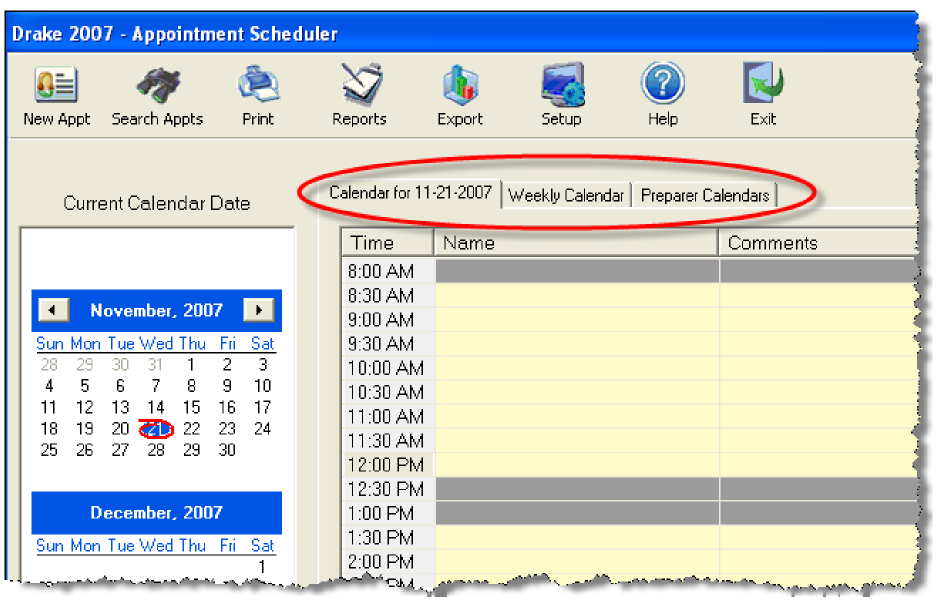
Modes — The Scheduler now opens in either Preparer mode or Front Office mode.
Expanded calendar — You can view data for several months at one time.
Multiple users — Multiple instances of the Drake 2007 program can be open at the same time, allowing you to have a client return open in one instance of Drake, and the Scheduler opened simultaneously in another instance of Drake.
New appointment detail features — Expanded fields for more extensive contact data; Client Lookup in current and prior versions of Drake; ability to assign up to three additional preparers for an appointment; ability to designate an appointment as private or set a reminder for an appointment.

From the **Home** window, click **Scheduler**.

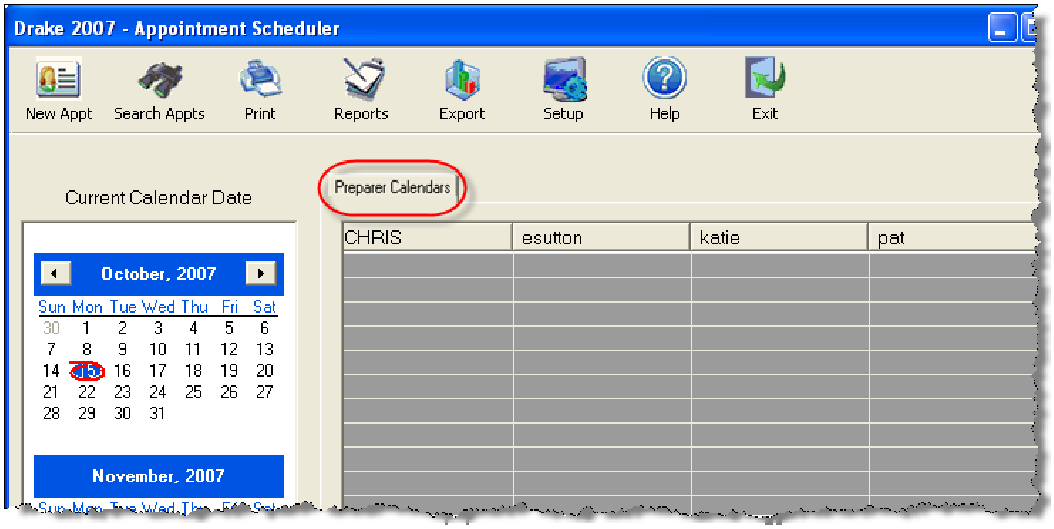
SCHEDULER MODES

The Scheduler offers Preparer mode and Front Office mode.

- **Preparer mode** — Functions like the 2006 Scheduler, with many enhancements. As shown in the next figure, three calendars are available: **Today's**, **Weekly**, and **Preparer**.



- **Front Office mode** — Designed for the receptionist and other personnel who manage appointments but do not prepare tax returns, this mode allows a receptionist to set up views and manage appointments. Only **Preparer Calendars** is available in this mode, as shown in the following figure.



Front Office personnel are created in **Preparer Setup**. Logging in with a Front Office preparer ID limits the functions available to the Scheduler. The ADMIN login also accesses the Scheduler in Front Office mode.

Preparing to Use the Scheduler

Preparer schedules and Front Office logins must be created before the Scheduler can be used.

Generating Preparer Schedules

TIP

Preparer schedules and appointments are carried forward each year. Go to **Last Year Data > Update Settings 2006 to 2007** and select Preparer Schedules.

Preparer schedules display in the Scheduler on the schedule grid. Enter the preparer in Preparer Setup before setting up a schedule.

NEW FOR 2007

Access preparer schedules from within the Scheduler.

To create a preparer schedule, complete the following steps:

1. Open **Setup Schedule** using one of the following methods:
   - Click **Setup** from the toolbar and select a preparer from the **Preparer Schedule Setup** list.
   - Select **Setup** > **Preparer(s)** on the menu bar. Select a preparer and click **Edit Preparer**. Click **Schedule** to create the preparer's schedule.
2. In **Setup Schedule**, select a day from the **Select day** list.

3. Choose the **In** and **Out** times for that day. As times are selected, they appear on the schedule grid. Continue to set **In** and **Out** times for each day of the week. To apply the selected times for every day of the week at once, click **Apply to All**.
4. Click **Save** to save the schedule, then click **Save** and **Exit** to exit **Preparer Setup**.

Creating a Front Office Login

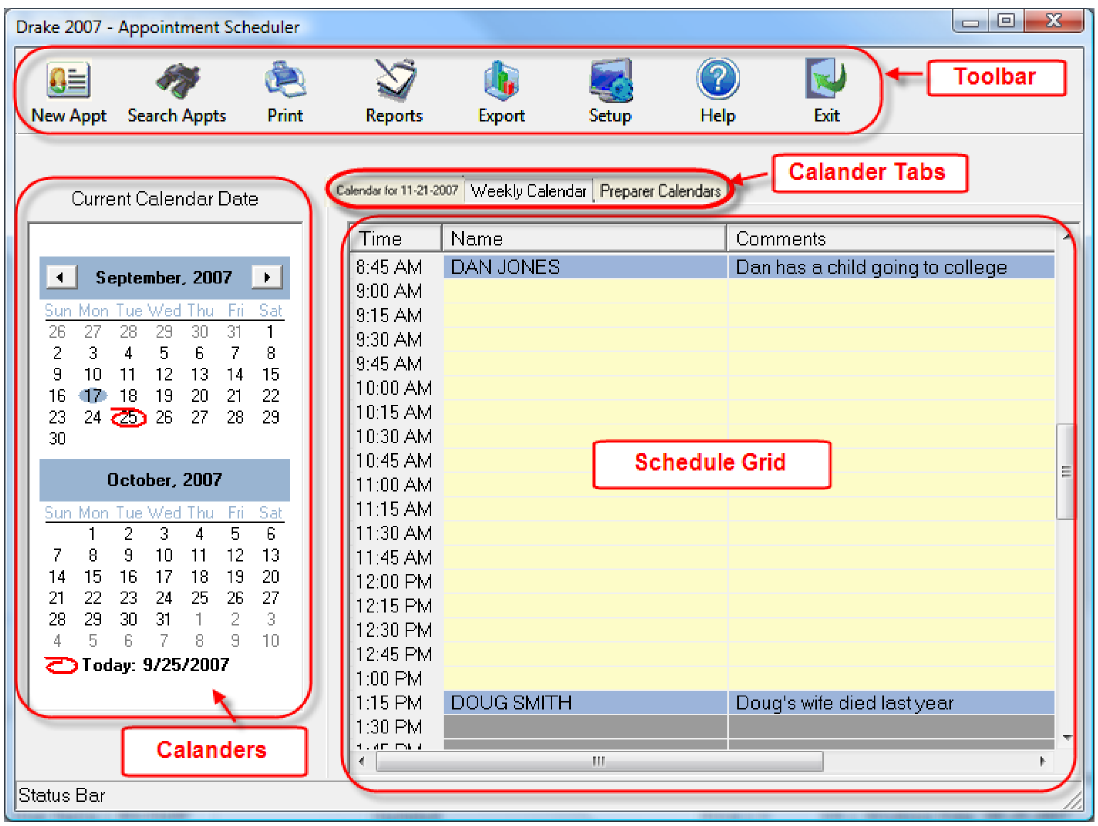
A **Front Office** login limits functionality to the Scheduler. Once a Front Office employee is in the Scheduler, the **Today's Calendar** tab is displayed with each preparers' schedule for the day selected.

To create a Front Office login, go to **Setup** > **Preparers** and create a new preparer. Select **Security** > **Front Office**.

Opening the Scheduler

For preparers that access the Scheduler in Preparer mode, click **Scheduler** from the Drake **Home** window.

For Front Office logins, the Scheduler opens when the employee logs in to Drake.



Toolbar

The Scheduler toolbar contains the following buttons:

- **New Appointment** — Opens the **Appointment Detail** dialog box. Enter new appointments or edit existing appointments here.
- **Search Appts** — Opens the **Scheduler Search** to search scheduled appointments.
- **Print** —Open the current schedule grid view in a **Report Viewer** window.
- **Reports** — Opens **Preparer Reports**. Use this screen to generate reports based on scheduled appointments.
- **Export** — Export the current schedule view into an Excel spreadsheet.
- **Setup** — Access Scheduler **View Setup** where view and time options are set.
- **Help** — Opens the **Help System**.
- **Exit** — Closes the **Scheduler**.

Calendars

Expanded for 2007, calendars display up to three months in the left column.

- To view future months, click the right arrow. To move past months, click the left arrow.
- The current month displays at the top of each calendar. The current date displays with a red circle. The selected date displays with a blue circle.
- To view a specific day on the schedule grid, select the day from the calendar.

Schedule Grid

Depending on the day and calendar tab selected, the schedule grid displays the day broken into rows by time and columns by details, day, or preparer. Rows and columns create time slots. When there is a scheduled appointment, the time slot displays the appointment.

Double-click a time slot to open **Appointment Detail** for a scheduled appointment, or a blank **Appointment Detail** for an empty time slot.

NOTE To change the time slot increments, go to **Setup** from the Scheduler toolbar. (See "Setting Default Times" on page 79.)

Calendar Tabs

The calendar tabs that appear vary according to the login type. Preparers can view all tabs, and Front Office logins can only view the **Preparer Calendars**.

- **Today's Calendar (date)-** Displays daily appointments for the logged in preparer only
- **Weekly Calendar -** Displays the week's appointments for the logged in preparer only
- **Preparer Calendars -** Displays the day's appointments for all preparers in their view.

NOTE To determine what preparers display in your view, go to **Setup** from the Scheduler toolbar. (See "Selecting Preparers Schedules to View" on page 79.).

Setting View and Time Options

Customize the Scheduler view and set default times in **Scheduler View Setup**.

Selecting Preparers Schedules to View

View multiple preparers' schedules on **Preparer Calendars**.

To select preparers to display on the schedule grid, complete the following steps:

1. Open the Scheduler from the **Home** window.
2. Click **Setup** to open the **Scheduler View Setup** dialog box.
3. Select preparers from the left box. Click > to add a preparer, or click **>>** to add all. These preparers are visible in the right column. (Click **<** to remove a preparer from a column.)
4. Click **Save**. Preparers are displayed on the **Preparer Calendars**.

Setting Default Times

Preparer schedules and appointment durations are set in 15-minute increments. To select a specific increment, complete the following steps:

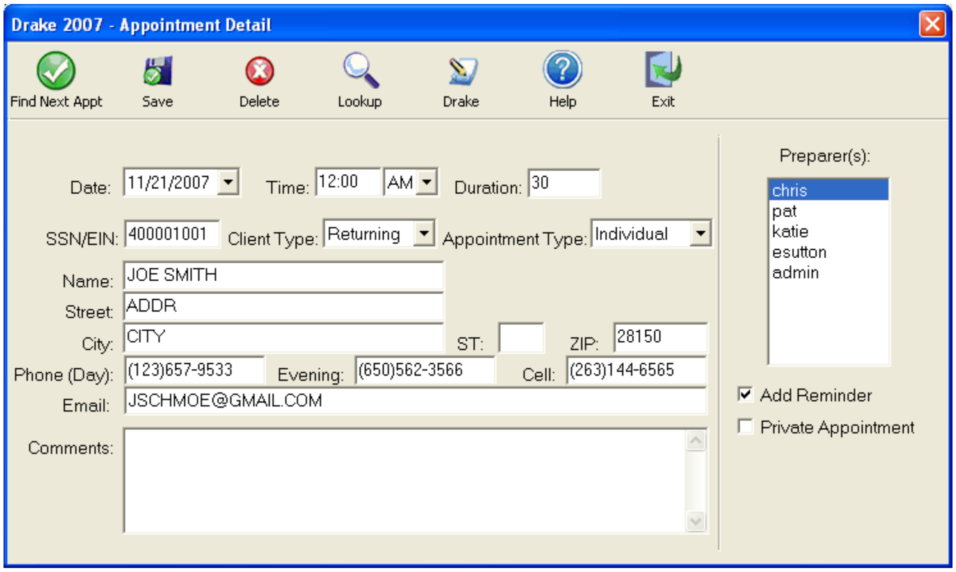
1. Open the Scheduler from the **Home** window.
2. Click **Setup** to open the **Scheduler View Setup** dialog box.
3. Select a default appointment and/or scheduler time under **Time Options**.
4. Click **Save**.

NOTE Changing the default schedule appointment times and durations changes them "globally." That is, they are changed for all preparers in the firm.

Scheduling Appointments

Once preparer schedules are created and selected for view, appointments may be scheduled in **Appointment Detail**.

To access **Appointment Detail**, click **New Appt** from the Scheduler toolbar, or double-click a time slot on the schedule grid.



The toolbar contains the following speed buttons:

- **Find New Appointment** — Opens the **Find Next Appointment** dialog box, which allows you to find the next available appointment by preparer.
- **Save** — Saves the appointment.
- **Delete** — Deletes the appointment.
- **Lookup** — Open the **Schedule Lookup Client List** dialog box that allows you to search current year and prior year client files for a specific client by last name, and then import the client's information in to the **Appointment Detail** fields.
- **Drake** — Opens an existing return or creates a new return in Drake for the client.
- **Help** — Opens the Help System.
- **Exit** — Closes **Appointment Detail**.

Creating a New Appointment

To schedule an appointment, complete the following steps.

1. Click **New Appt** from the toolbar, or double-click a time slot on the schedule grid to open **Appointment Detail**.
2. Complete the fields.

NOTE

When entering appointments, enter a SSN/EIN of a client already in data entry and the **Name**, **Address**, **Phone**, **Client Type** and **Appointment Type** fields are automatically filled. Data entered manually in these fields is not overridden. You can also auto-fill **Appointment Detail** using the **Lookup** feature to search for a client by last name. (See “Adding a Reminder to an Appointment” on page 81 for details.)

3. Choose to schedule the appointment for one or more **Preparer(s)**.

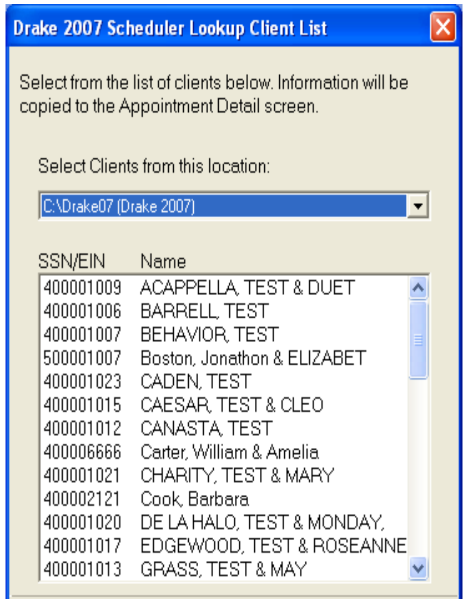
TIP

To select more than one preparer for an appointment, press and hold CTRL while making **Preparer(s)** selections.

4. Click **Save** to display the appointment on the schedule grid.

Filling Client Data into Appointment Details

Look up client details in the current year or prior-year client database. Select a client and details populate **Appointment Detail**.



Complete the following from **Appointment Detail** to fill appointment detail fields:

1. Click **Lookup**.
2. Select clients from either a current year location or a prior year location.
3. Click to select a client from the list. Clients are listed in alphabetical order by last name.
4. Click OK. Several of the fields populate with client data.

Adding a Reminder to an Appointment

When a reminder is added to an appointment, a reminder appears at a specific time before the actual scheduled time of the appointment. To add a reminder to an appointment, check the **Add Reminder** box in the **Appointment Detail** dialog box. Set reminder times from **Setup** on the main screen of the Scheduler.

Designating an Appointment as Private

Designating an appointment as “private” restricts **Appointment Detail** access for that appointment to other preparers, including the Admin login. The appointment is displayed to other preparers as “Private”.

To create a private appointment, check the **Private Appointment** box in the **Appointment Detail** dialog box.

Editing an Appointment

To edit an appointment from the schedule grid, double-click the appointment to edit, modify the information as needed, and click **Save**.

Deleting an Appointment

To delete an appointment from the schedule grid, double-click the appointment to delete, then click **Delete**.

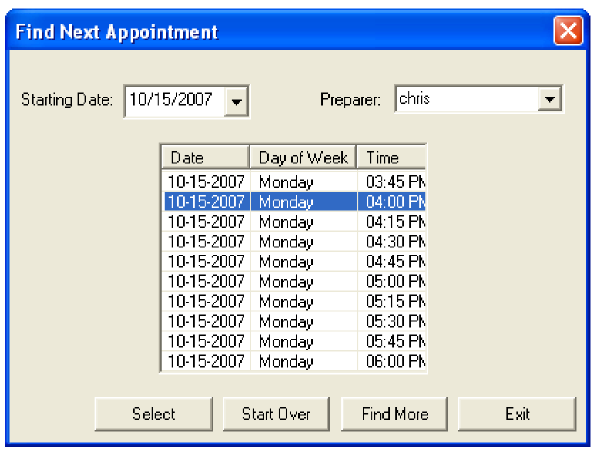
SEARCHING APPOINTMENTS

Search the Scheduler for available appointments or for already scheduled appointments.

Find Available Appointments

To search for the next appointment available by preparer, complete the following:

1. Click **Find Next Appt** from the **Appointment Detail** toolbar to open **Find Next Appointment**.



2. Choose a preparer from the **Preparer** list.
3. Select a **Starting Date** to searches for appointment times after a specific date.
4. Click **Find**. The next available appointment for the preparer is displayed.

At this point, you can highlight an appointment time and click **Select**, click **Start Over** to do another search, click **Find More** to view the next set of available appointments, or click **Cancel** to close.

Find Scheduled Appointments

To search for a scheduled appointment, complete the following steps:

1. Click **Search** from the Scheduler toolbar.
2. Enter a search term in the **Enter Search Term** field. Search terms can consists of one or more words.
3. Click **Search**. Any instance of the search terms in the **Date**, **Name**, **ID Number**, **Preparer**, or **Time** fields is displayed by appointment.

4. Double-click an appointment, or select an appointment and click **Open**.

Creating Appointment Reports

To generate reports based on scheduled appointments, complete the following steps:

1. From the **Home** window, open the Scheduler and select **Reports**.
2. Select the type of report to run:
   - **Preparer Appointments** – List of a preparer's appointments for one day. Enter appointment date and preparer. The report is printed.
   - **Preparer Calls List** – List of a preparer's calls for one day.
   - **Call List for All Preparers** – List of all preparers' calls for a specific date.
   - **New Client List** – List of new clients entered in the Scheduler.

NOTE Select **New** from the **Client Type** list to indicate an appointment is for a new client. The **New Clients** report does not pull new client information from other areas of Drake Software. It only pulls information from the Scheduler itself.

3. Choose a preparer (except when running the **Call List for All Preparers**).
4. Click **View** to generate the report and open the Report Viewer.

EF Preparation

For details regarding preseason tasks, "Preparing to File Electronically" on page 149.

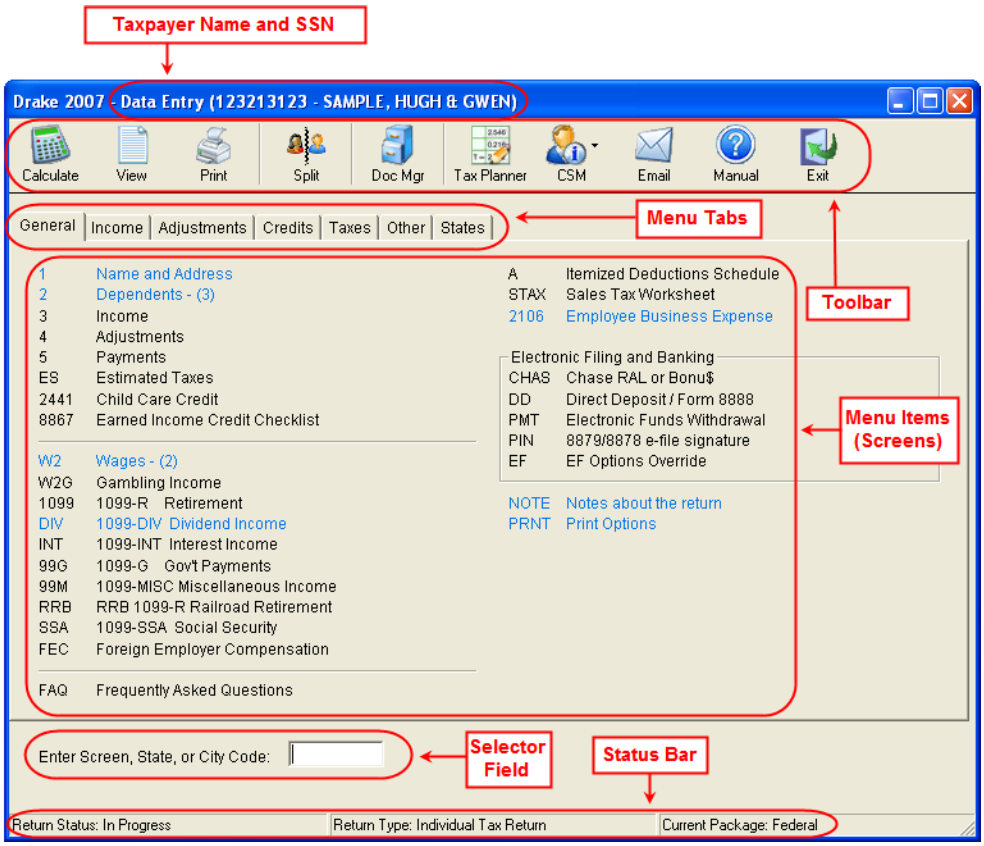
TAX SEASON

Return Preparation

This chapter describes the features and procedures in Drake for preparing an income tax return. While its focus is the individual (1040) return, the functionality for business and entity returns is the same.

From the **Data Entry Menu**, select the screens to enter data. The data entered flows to federal income tax form, state income tax forms, and related attachments and worksheets.

Access the **Data Entry Menu** when a return is created or opened. Displayed on the screen are the taxpayer name and SSN, the data entry toolbar, the menu tabs, the menu items, and the **Selector** field.



- **Taxpayer Name & SSN** — Displayed in title bar.
- **Toolbar** — For information on using the data entry toolbar, see “Toolbar” on page 7.
- **Menu Tabs** — Click **General**, **Income**, **Adjustments**, **Credits**, **Taxes**, **Other**, or **States** to access a tab.
- **Menu Items** — Click a menu item to access the named data entry screen.
- **Selector field** — Each menu item has a code listed to the left of it. To access a data entry screen using your keyboard, type the screen code into the **Selector** field and press ENTER.
- **Status Bar** — Displays the status, type, and package of the open return.

Completing an Individual Return

This section describes steps and background information to complete an individual (1040) income tax return in Drake and how to access data entry fields for corresponding state returns.

1040 General Tab

Access the following forms and worksheets from the **General** tab:

- Form 1040, U.S. Individual Income Tax Return
- Earned-income forms (W-2s; 1099s; Foreign Employer Compensation)
- Schedule A, Itemized Deductions
- Sales Tax Worksheet
- Form 2106, Employee Business Expense

Demographic Information (Screen 1)

Screen **1** (**Demographics**), covers the Label and Filing Status sections (lines 1-5) of Form 1040. From this screen, you can also override certain setup options (including **Firm #** and **Preparer #**). The entries on this screen are used for many other forms.

To enter a client's demographic information, use the following procedure:

1. Under the **General** tab, click **Name and Address**, or type `1` into the **Selector** field and press ENTER. The **Demographics** screen displays sections for **Taxpayer Information**, **Spouse Information** (screen disabled if not married filing jointly), **Return Options**, **2210 Options**, and **Miscellaneous**.
2. Complete all applicable fields.

TIP

To move quickly from one field to another, press TAB.
To clear all populated fields in a screen, press CTRL + D.
To exit a screen without saving the data entered, press SHIFT + ESC.
To undo recent changes in a screen, press CTRL + U.

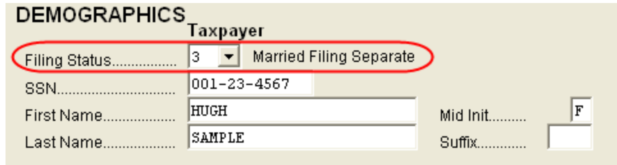
3. Press ESC to save the information and close Screen **1**.

Taxpayer and Spouse Information

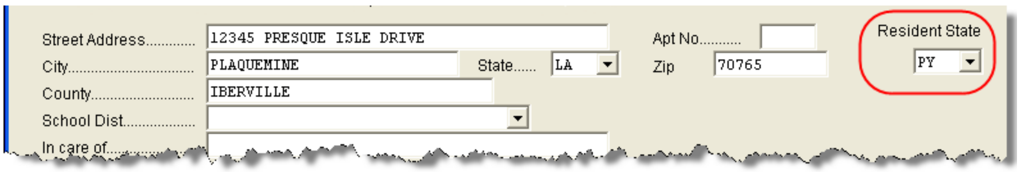
The **Demographics** screen includes fields and check boxes for entering taxpayer and spouse information.

Following are some items to keep in mind while entering **Demographics** data.

- **Name** — Names are limited to 35 characters for filing electronically. If a name exceeds 35 characters, use the initial for the first name. Also, do not use suffixes such as Jr., Sr., etc.
- **Filing Status** — Select a **Filing Status**. Save time by typing the status code into the field. For example, type `3` for Married Filing Separate (MFS).

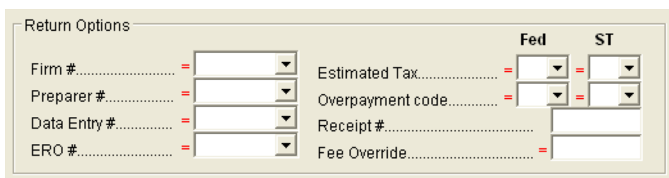


- **Phone Number**—A telephone number is required.
- **Resident State**—If a taxpayer is a part-year resident of the state of residency, select **PY** (Part Year) in **Resident State**. If you do not want to prepare a state return, select **0** (Suppress State).



Return Options

The information in the **Return Options** box does not appear on the 1040. Entries override the equivalent data entered in **Setup**.



NOTE The red "equal" sign is the default marker in Drake to indicate an override field. For more on methods of indicating override and adjustment fields, see "Overrides and Adjustments" on page 15.

- **Firm #** and **Preparer #** — Defaults are entries in **Setup** > **Firm(s)**. Firm and preparer data appear on Forms 1040 and 8453 (Transmittal for e-file Return).
- **Data Entry #** — Default is preparer number from **Setup** > **Preparer**. Used for tracking purposes only.
- **ERO #** — Default is entry in **Setup** > **EF**. Appears on Forms 8453 and/or 8879 (IRS e-file Signature Authorization).
- **Estimated Tax** and **Overpayment Code** — Field contents affect how numbers entered in the **ES** (Estimated Tax Payments and Overrides) screen in Drake are applied. See "Estimated Taxes for 2007 and 2008" on page 94 for more on **ES**.

- **Receipt #** — Not an override field; assign a receipt number, if desired.
- **Fee Override** — Default is fee calculation in **Setup** > **Pricing**.

NOTE

Depending on the options selected in **Setup > Options**, this field may not be enabled for all users.

If the fee override was brought forward from 2006, a the field is flagged as a verification field. See “Field Flags” on page 13 for more on field flags in Drake.

Do not use **Fee Override** for fee adjustments and comments. Use **BILL** instead. (See “Adjusting Client Bill Amounts” on page 129.)

2210 Options

The **2210 Options** fields refer to Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts.

- **2210 Code** — When any information is entered on Form 2210 (screen **2210** in Drake), the program calculates the form, but the form is not printed unless it *must* be filed. To force Form 2210 or Form 2210F to print, select the applicable code.
- **2006 Fed/State tax** — Enter the prior-year tax amount. The program calculates whether the taxpayer qualifies for the 2210 deduction. In an updated return, the prior-year tax is displayed automatically.

Miscellaneous Codes

Up to four miscellaneous codes can be used for reports.

Dependent Information (Screen 2)

Screen 2, **Dependents**, covers the Exemptions section (lines 6a-6d) of Form 1040.

NOTE

Grid data entry can be used for entering dependent information. To enter grid data entry mode, press F3 on your keyboard. See “Grid Data Entry” on page 12.

Adding a Dependent

Take the following steps to enter a client’s dependent information

1. Under the **General** tab, click **Dependents**, or type 2 into the **Selector** field and press ENTER. The **Dependent Information** screen displays.
2. Enter data into each field accordingly. Check any boxes that apply.

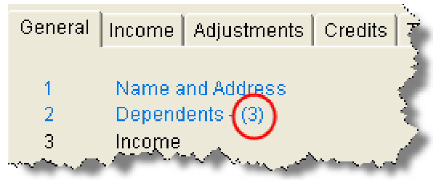
NEW FOR 2007

Dependent Information fields are now grouped into categories.

The EIC Information fields are now included in **Dependent Information (**Screen **2)**. This section must be completed for each qualifying dependent if the taxpayer has EIC with qualifying dependents. Screen **8867**, EIC Checklist, must also be completed; otherwise, an EF Message is generated upon calculation.

3. (Optional) To add another dependent, press PAGE DOWN to open a new **Dependent Information** screen.

4. Press ESC to save and close **Dependent Information**. Note that the number of dependents entered is now displayed.



Listed below are important points to remember when entering dependent information.

- **Last Name (if different)** — Enter the dependent's last name only if it differs from that of the taxpayer.
- **Months in Home** — Default is 12 (dependent lived with taxpayer for entire year).

NOTE If "0" is selected for a son or daughter, the default is that the child did not live with the taxpayer due to divorce or separation. If "0" is selected for any other type of dependent (parent, grandchild, etc.), the dependent is classified as "Other Dependent". (You can override the default with an entry in the **Additional Information** section of this screen.)

- **TSJ** — Select T, S, or J to ensure that data is attributed to the correct person. Default is **T (Belongs to the Primary Taxpayer)**.
- **State codes** — With the cursor in this field, press F1 for applicable state codes.
- **Education Expense Information —** Enter the applicable amount for **Hope Credit**, **Lifetime Learning Credit**, or **Tuition and Fees Deduction**. (Do not complete more than one of the **Education Expense Information** fields.)
- **EIC Information** — Enter EIC information as applicable.
- **Form 8901 -** Form 8901, Information on Qualifying Children Who Are Not Dependents, is generated automatically when both the **Not a dependent** and the **Qualifies for Form 8901** boxes are checked on Screen **2**. There is no corresponding screen for Form 8901 in the software.

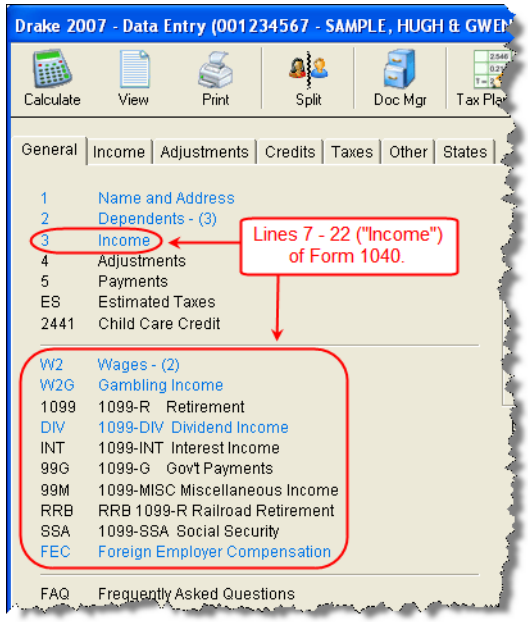
Editing or Deleting a Dependent's Information

See "Existing Forms List" on page 13 for instructions on editing and deleting information from a data entry screen.

Income (Screen 3)

Access Screen 3, **Income**, to complete the unearned, or non-taxable, income portion of Form 1040. Each line has two data-entry fields: one for taxpayer, and one for spouse. Enter amounts in the applicable columns. If an entry must be split, divide the amount between the two columns. Press CTRL + PAGE DOWN for additional **Income** screens.

Lines 7-22 of the 1040 may require attachments such as W-2s and 1099 forms. Data entry screens for attachments are located in the bottom left portion of the **General** tab (and also on the **Income** tab; see "1040 Income Tab" on page 102).



Take the following steps to enter a client's *unearned* income information.

1. Under the **General** tab, click **Income**, or type 3 into the **Selector** field and press ENTER to open the **Form 1040 - Income** screen.
2. Enter data into the appropriate fields.
3. Press ESC to save and close.

NOTE

See "W-2s, 1099s, and Foreign Employer Compensation" on page 95 for instructions on entering earned income on Form 1040.
See "1040 Income Tab" on page 102 to complete separate income forms, such as Schedules C, E, F, J, and K.

Listed below are important points to remember when entering income information.

- **Taxable Scholarships (line 7)** — Enter the amount received from any taxable scholarship not reported on a W-2 or 1099-T.
- **Interest and Dividend Income (lines 8, 9)** — Schedule B, Interest and Ordinary Dividends, is required only if the taxable interest or the ordinary dividends on the return exceed $1,500.

NOTE Some taxpayers with bank or other financial accounts in foreign countries must file Schedule B regardless of the income amount. Use the **MISC** screen to enter data for Schedule B Part III, Foreign Accounts and Trusts. See "W-2s, 1099s, and Foreign Employer Compensation" on page 95.

- **Unemployment compensation received (line 19)** — Enter the full amount for 2007. Enter any *prior-year* compensation amounts repaid on Schedule A, line 22. (See "Schedule A, Itemized Deductions" on page 99.) If supplemental (employer-provided) unemployment compensation from a prior year was repaid, enter the repaid amount on screen **4**, **Adjustments**. (See "Adjustments (Screen 4)" for information on entering other types of adjustments.) If current-year unemployment was repaid, enter the amount in **Portion of above unemployment repaid in 2007**.

Adjustments (Screen 4)

Screen **4**, **Adjustments**, covers the Adjusted Gross Income (AGI) section (lines 23-27) of Form 1040. See also "1040 Adjustments Tab" on page 116.

Take the following steps to enter a client's adjustments information:

1. Under the **General** tab, click **Adjustments**, or type **4** into the **Selector** field and press ENTER. The **Form 1040 - Adjustments** screen opens.
2. Enter information into the appropriate fields. Note that taxpayer income goes into the left column, while spouse income goes into the right.
3. Press ESC to save and close the **Form 1040 - Adjustments** screen.

Listed below are important points to remember when entering adjustments information.

- **SEP and SIMPLE Contributions** — Amounts carry to line 28 of Form 1040.
- **Self-employed Health Insurance Deduction** — Enter deduction allowed, *not* total premium paid. This amount overrides calculations from Schedule C or Schedule F as applicable. To have the software calculate the deduction worksheet, leave blank and enter the total insurance premium paid onto the **C** or **F** screen as applicable. Deduction amount carries to line 29 of the 1040.

NOTE Use the **SEP**, or **SEHI**, screen to calculate self-employed pension and health insurance deduction amounts allowed. See "Self-Employed Health Insurance Deduction" on page 120.

- **Penalty for Early Withdrawal of Savings** — Amount carries to line 30 of Form 1040. Do not duplicate entries in this field on the **INT** screen; the 1099-INT asks for the interest or principal forfeited due to early withdrawal—not for the actual amount of the penalty.
- **Deductible IRA** — If IRA contributions are not 100% deductible, use Form 8606, Nondeductible IRAs, instead of this field. For more information, see "IRAs and Savings Accounts" on page 118.
- **Contributions to Section 501(c)(18) Pension Plan** — Do not include amounts that have already been assigned Code H in box 12 of the W-2. These amounts carry automatically to the 1040.

Payments (Screen 5)

Screen **5**, **Payments** (also called **Credits, Other Taxes, Payments**), covers the Tax and Credits, Other Taxes, Payments, and Amount You Owe sections (lines 38-77) of Form 1040.

Take the following steps to enter a client's payment information.

1. Under the **General** tab, click **Payments**, or type 5 into the **Selector** field and press ENTER. The **Form 1040 - Credits, Other Taxes, Payments** screen displays.
2. Enter information into the appropriate fields.
3. Press ESC to save and close.

Estimated Taxes for 2007 and 2008

Screen **ES**, **Estimated Tax Payments for 2007 and Overrides for 2008**, covers Form 1040-ES, Estimated Tax for Individuals. This information appears on the taxpayer's quarterly estimate vouchers. On this screen, you can also enter overrides for 2008.

NOTE If you need to make adjustments instead of overrides, use the **ETA** screen (**Income Changes for Year 2008 to Recompute Federal Estimates**).

Take the following steps to enter estimate information in an open return.

1. Under the **General** tab, click **Estimated Taxes**, or type ES into the **Selector** field and press ENTER. The **Estimated Tax Payments for 2007 and Overrides for 2008** screen is divided into eight main sections: one section for 2007 Federal Estimates, one section for 2008 Estimated Taxes Due, and six sections for State/City Estimates.
2. Enter data into each field accordingly.
    - **ES Code** — If a code is selected, Form 1040 ES printed for the return.
    - **OP (Overpayment) Code** — Enter overpayment code for a taxpayer who wants to apply part of the 2007 overpayment to the 2008 estimate.
3. Press ESC to save and close.

NOTE

If no estimate is necessary, the system does not apply an overpayment to estimates. To force the system to apply the overpayment to 2008, select **0** in the **OP Code** field and leave the **ES Code** field blank. No vouchers print.

An entry in the **Estimated Tax** and **Overpayment code** fields of the **Demographics** screen (Screen **1**) overrides entries made in the **ES Code** and **OP Code** fields, respectively, of the **ES** screen

If estimated tax payments were not made in four equal payments or on the usual payment dates in 2007, enter the payments on the **ES** screen rather than on the **Payments** screen.

Entries on the **2210** screen override entries on the **ES** screen.

Child and Dependent Care Expenses (2441)

Screen **2441**, **Child Care Credit**, covers Form 2441, Child and Dependent Care Expenses.

NOTE

To qualify for the Child Care Credit, both parents must have earned income, be full-time students, or be disabled. Entered dependent care information on screen **2**, **Dependents**. Enter provider information on screen **2441**.

For more on tax credits, see “1040 Credits Tab” on page 122.

Take the following steps to enter a client’s payment information.

1. Under the **General** tab, click **Child Care Credit**, or type `2441` into the **Selector** field and press ENTER.
2. Enter data into the appropriate fields.

NOTE

Asterisked (*) items on this screen refer to dependent information.

3. Press ESC to save and close.

W-2s, 1099s, and Foreign Employer Compensation

Enter W-2, 1099, and Foreign Employer Compensation (FEC) data from the **General** tab.

W-2s

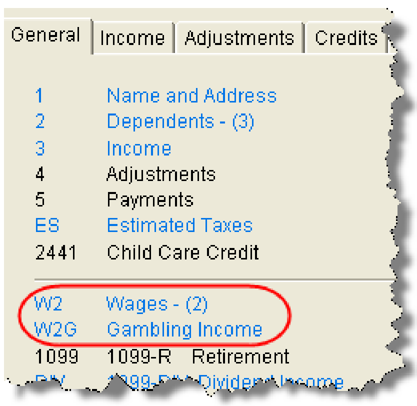
The **W2** and **W2G** screens cover, respectively, federal forms W-2 (Wage and Tax Statement) and W-2G (Certain Gambling Winnings). Once you complete either of these in Drake, press PAGE DOWN for more screens.

Take the following steps to complete Form W-2 in Drake. Follow these same instructions for Form W2-G, except where otherwise specified.

1. Under the **General** tab, click **Wages**, or type `W2` into the **Selector** field (click **Gambling Income** or type `W2G` for Form W2-G) and press ENTER.

NOTE If a screen already contains data, an **Existing Forms List** screen appears. Select **New Record** and click **Open**. (Select a listed record and click **Open** to edit it.)

2. Enter or select data for each field accordingly. Select any boxes that apply.
3. Press ESC to save and close. Note that the number of forms entered (if more than one) is displayed next to the form name.



Listed below are important points to remember when entering W-2 and W-2G data.

- **Federal ID Number** — If the EIN is already entered on the **W2** screen, the corresponding fields are automatically filled.
- **Wages** — (**W2** only) When wages are entered in box **1**, boxes **3-6** are filled automatically. Ensure that these amounts match those in the actual W-2.
- **ITIN/SSN Override** — (**W2** only) If the W-2 recipient has an ITIN on screen **1** and the SSN on the W-2 does not match the ITIN, enter the SSN here.
- **Statutory Employees** — Statutory employees must file Schedule C for expenses related to W-2 income.

NOTE A **C** screen must be completed for a statutory employee. Select the number of the **C** screen from the **F** code on the **W2** screen.

- **Foreign W-2s** — To indicate a foreign employer on a W-2, enter the city and country in the **City** field of the **W2** screen, then select **Foreign** from the **State** field (a dot appears in the field). Leave the ZIP code field blank.

1099s

Enter data for the following 1099 forms via the **General** tab in Drake:

- 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance, Contracts, etc.

NOTE If a 1099-R was not received for a pension, annuity, or IRA distribution, the return cannot be electronically filed.

- 1099-DIV, Dividends and Distributions (Schedule B)
- 1099-INT, Interest Income (Schedule B)
- 1099-G, Certain Government Payments
- 1099-MISC, Miscellaneous Income (Use Schedule C for self-employment tax.)
- RRB-1099, Payments by the Railroad Retirement Board
- 1099-SSA, Social Security Benefit Statement

NOTE See “Other 1099 Forms” on page 98 to access other 1099 forms.

Take the following steps to complete 1099 forms in Drake.

1. Under the **General** tab, click the form indicated, or type the form code into the **Selector** field and press ENTER.

NOTE If the 1099 screen already contains data, an **Existing Forms List** appears. Select **New Record** and click **Open**. (Select a listed record and click **Open** to edit it.)

2. Enter or select data for each field accordingly.
3. Press ESC to save and close.

NOTE Press PAGE DOWN to access additional 1099 screens.

Listed below are important points to remember when entering 1099 data.

- **1099-R (Retirement)** — To indicate a 1099 rollover early distribution into the same type of plan, enter S into the **Exclude from income - rolled over into another qualified plan** field in the bottom left corner of the **1099-R** screen. The word "rollover" appears beside line 15a in the 1040. Enter an X to indicate a rollover to another type of account.
- **1099-G (Other Government Income)** — Report unemployment compensation, state and local income-tax refunds, and qualified state and local income-tax refunds. The last four fields are required in order to compute the taxable amount of state and local tax refunds.

Other 1099 Forms

The table below shows where to enter data for series 1099 forms, 1098 forms, and Form 1042S. .

Form	Title	Where Accessed in Drake
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	**2555** (Foreign Earned Income) **NR** (Form 1040NR, U.S. Nonresident Alien Income Tax Return) **3** (Form 1040 - Income), line 21 ("Other income")
1098	Mortgage Interest Statement	**1098** (Form 1098, Mortgage Interest) **A** (Schedule A, Itemized Deductions), lines 10-14
1098-C	Contribution of Motor Vehicles, Boats, & Airplanes	**A** (Schedule A, Itemized Deductions), line 15 (under $500) **8283** (Form 8283, Noncash Charitable Contributions) (over $500)
1098-E	Student Loan Interest Statement	**4** (Form 1040 - Adjustments), line 33
1098-T	Tuition Payments Statement	**8863**
1099-A	Acquisition or Abandonment of Secured Property	**99A**, (Form 1099-A) See also **Income** tab.
1099-B	Proceeds from Broker & Barter Exchange Transactions	**3** (Form 1040 - Income, line 21 6781 (Form 6781, Section 1256 Contracts & Straddles) **D** (Schedule D, Capital Gains & Losses)
1099-C	Cancellation of Debt	**99C** (Form 1099-C) See also **Income** tab.
1099-LTC	Long Term Care & Accelerated Death Benefits	**8853** (Form 8853, MSA), line 8
1099-OID	Original Issue Discount	**INT** (Form 1099-INT/Schedule B, Interest Income)
1099-PATR	Taxable Distributions Received from Cooperatives	**F** (Schedule F, Farm Income), line 5a

Form	Title	Where Accessed in Drake
1099-Q	Distribution from Coverdell ESA or Qualified Tuition Program (QTP)	**5329** (Form 5329, Additional Taxes on IRA, MSA, etc.), Part II, line 5
1099-S	Proceeds from Real Estate Transactions	**4797** (Form 4797 - Gains and Losses From Sales of Assets)
1099-SA	Distributions from MSA or Medicare + Choice MSA	**8853** (MSA)

Foreign Employer Compensation

NEW FOR 2007

Enter FEC amounts for foreign employers that do not issue W-2 statements. Total FEC compensation is included on line 7 of the 1040 and is displayed with an FEC write-in.

Take the following steps to enter foreign compensation data to an open return.

1. Under the **General** tab, click **Foreign Employer Compensation**, or type FEC into the **Selector** field and press ENTER.

NOTE

If a screen already contains data, an **Existing Forms List** appears. Select **New Record** and click **Open**. (Select a listed record and click **Open** to edit it.

2. Enter or select data for each field accordingly.
3. Press ESC to save and close.

Frequently Asked Questions (FAQ)

Available for all packages, the **FAQ** listing provides answers to commonly asked questions in the program. Click a topic to access the associated **Help** screen. Click **X** in the top right corner of screen to return to the **FAQ** list. Press ESC to return to the main tab.

Schedule A, Itemized Deductions

Screen **A** covers Schedule A, Itemized Deductions.

Take the following steps to itemize taxpayer deductions in Drake.

1. Under the **General** tab, click **Itemized Deductions Schedule**, or type A into the **Selector** field and press ENTER.
2. Enter information into each field accordingly.
3. Press ESC to save and close.

Listed below are important points to remember when itemizing deductions in Drake.

- **Forcing Deductions** —When a Schedule A is completed, the software determines which is more advantageous for the taxpayer—the itemized or the standard deduction. To force either type of deduction, select **Forced itemized** or **Force standard**.
- **Printing Itemized Deductions** — Schedule A is printed even if the software has determined that the standard deduction should be taken. To print Schedule A only when required, go to the **Home** window and select **Setup** > **Options**. Under the **Form & Schedule Options** tab, check **Print Schedule A only when required**, then click **OK**.

Sales Tax Worksheet

Use the **Sales & Local General Sales Tax Deduction Worksheet** and the software will determine which tax is better to take — the state sales tax or the income tax. Lines 1 and 4 of this screen are calculated by the software, but you can enter overrides as applicable. As applicable, lines 2, 3, and 7 should be entered in order to calculate the maximum deduction.

From the **General** tab, click **Sales Tax Worksheet**, or type `STAX` into the **Selector** field and press ENTER.

Form 2106, Employee Business Expense

Screen **2106** covers Form 2106, Employee Business Expenses. Take the following steps to enter employee business expense data in Drake.

1. Under the **General** tab, click **Employee Business Expense**, or type `2106` into the **Selector** field and press ENTER.
2. Enter information into each field accordingly.
3. Press ESC to save and close.

Electronic Filing and Banking in Data Entry

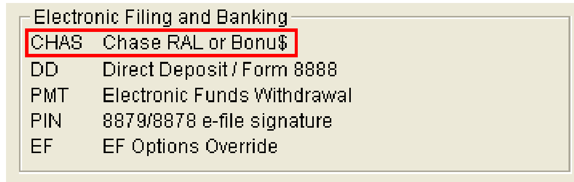
The **Electronic Filing and Banking** section of the **General** tab provides access to bank information, electronic transfer and signature information, and the capability to override electronic filing options selected in **Setup**.

Firm Bank

Three banks offer the following refund anticipation loans (RAL) and instant RALs (IRAL) for Tax Year 2007:

- **Chase Bank** — RAL, Bonu$, First Advance
- **Santa Barbara Bank & Trust** — RT (Refund Transfer), RAL Advance, RAL
- **Republic Bank** — RAL, ERC (Electronic Refund Check), NowRAL

The **General** tab displays the bank selected in **Setup** > **Firms** for your firm.



To the left of the bank name is the code for accessing the bank information from the **Selector** field. Bank codes are **CHAS** (Chase), **SB** (Santa Barbara), and **RB** (Republic). Click a bank to open the bank information page, or type the bank code into the **Selector** field and press ENTER.

NOTE

If no bank has been selected in **Setup > Firm(s)**, the code column displays **BANK**. When you click **BANK**, you are prompted to set up a firm bank.

Complete all applicable fields. Consulting bank literature, press F1, and use **Screen Help** as needed. Press ESC to save and exit.

Direct Deposit

Enter a taxpayer's direct-deposit information in the **DD** screen. This screen contains fields for completing IRS Form 8888, Direct Deposit of Refund to More Than One Account. To access this screen, click **Direct Deposit/Form 8888** from the **General** tab, or type `DD` into the **Selector** field and press ENTER.

NOTE

If one account is entered, the information carries to the 1040. If multiple accounts are entered, Form 8888 is produced for the return.

Georgia and Maine have unique requirements for Direct Deposit. Note the fields at the bottom of the **DD** screen if electronically filing a return for Georgia or Maine.

Electronic Funds Withdrawal

Use the **PMT** screen to enter electronic funds withdrawal (direct debit) data for up to three accounts per return. To access, click **Electronic Funds Withdrawal** from the **General** tab, or type `PMT` into the **Selector** field and press ENTER.

E-file Signature

An e-file signature is required for all returns (except amended returns) and applications for extensions. Use the **PIN** screen for Form 8879, IRS E-File Signature Authorization; and Form 8878, IRS e-file Signature Authorization for Form 4868 or Form 2350 (extension applications). To access, click **8879/8878 e-file signature** from the **General** tab, or type `PIN` into the **Selector** field and press ENTER.

EF Options Override

Use the **EF** screen to override e-filing options on a per-return basis. Also, if Form 8453 paper documents are to be attached to an e-filed return, use this screen to indicate any paper documents that apply. Press F1 as needed to for information on overriding federal and state e-file options (including state piggyback and other states and cities to file).

1040 Income Tab

Use the **Income** tab selections to enter income amounts other than those on Form 1040, the W-2s, the 1099s, or those paid by a foreign employer that does not use W-2s. Use this tab to access entry fields for the following:

- Self-employed and farm income (Schedules C, F, and J; Form 4835, Farm Rental Income; deductible losses; modified AGI)
- Schedules E and K1
- Depreciable Assets (data for Form 4562, Depreciation and Amortization; GO Zone Depreciation Elections)
- Sales of Assets (including Schedule D, Capital Gains)

Schedule C, Self-Employed Income

Screen **C**, **Self-Employed Income**, covers Schedule C, Profit or Loss from Business (Sole Proprietorship).

NOTE

If Schedule C shows a loss — If all investment is not at risk, Form 6198, At-Risk Limitations, is generated. If part of a loss may be disallowed, enter the required data on the **6198** screen. If the taxpayer does not materially participate, the loss could be limited by Form 8582, Passive Activity Loss Limitations. Drake computes this automatically. (See "Limitations" on page 103.)

Take the following steps to enter Schedule C data.

1. Under the **Income** tab, click **Self-Employed Income**, or type `C` into the **Selector** field and press ENTER.
2. Enter data in the appropriate fields.
3. Press ESC to save and close.

Listed below are instructions for completing specific fields on this screen.

- **Business Code (field B)**— Press CTRL + SHIFT + S to open the **Data Entry - Search** screen. Enter the search term and click **Go**. Select a code and click **OK**.
- **Employer ID# (field D)** — Enter business EIN, if applicable. If no EIN, leave blank.
- **Car and truck expenses (field 9)**— Use the Auto Expense Worksheet to manage automobile-related expenses for Schedule C. (See "Auto Expense Worksheet for Schedule C" on page 117.)
- **Depreciation (field 13)** — Go to the **4562** screen to enter depreciable assets for Schedule C. (See "Depreciable Assets" on page 106.)

TIP Double-click within the **Depreciation** field (line 13 on the **C** screen) or press CTRL + W to open the **4562** screen.

- **Other Expenses (Part V)**— Enter applicable expenses not listed elsewhere on the **C** screen. For more than eight expenses, click CTRL + W to open a detail worksheet.

Farm-Related Income

Entry fields for the following farm-related 1040 forms are located under the **Income** tab:

- Schedule F, Profit or Loss from Farming (can also be used with Form 1065)
- Schedule J, Income Averaging for Farmers and Fishermen
- Form 4835, Farm Rental Income and Expenses

Take the following steps to access farm-related entry fields.

1. Do one of the following:
   - Access **Schedule F** fields — Click **Farm/Co-Op Income** or type `F` (or `FARM`) into the **Selector** field and press ENTER.
   - Access **Schedule J** fields — Click **Farmer's Income Averaging** or type `J` into the **Selector** field and press ENTER.
   - Access **Form 4835** fields — Click **Farm Rental Income** or type `4835` into the **Selector** field and press ENTER.
2. Enter information into the appropriate fields.

NOTE Crop insurance and disaster payments for Schedule F and Form 4835 must be recorded on the **Crop Insurance and Disaster Payments** screen. See "Other Adjustments" on page 122.)

3. Press ESC to save and close.

Limitations

Entry fields for the following limitations-related 1040 documents are located under the **Income** tab:

- Form 6198, At-Risk Limitations
- Worksheet for Form 8582, Passive Activity Loss Limitations.

Take the following steps to access limitations-related entry fields.

1. Do one of the following:

- Access **Form 6198** fields — Click **Amount Not at Risk** or type `6198` into the **selector** field and press ENTER.
- Access **Form 8582** worksheet — Click **Modified AGI Worksheet** or type **8582** into the **Selector** field and press ENTER.

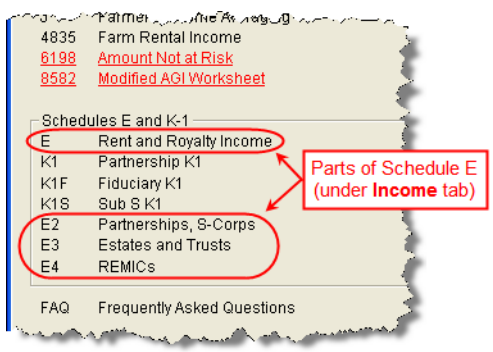
NOTE Form 8582 amounts are calculated from passive-activities amounts entered elsewhere. Use this screen only if you must override Drake's calculations.

2. Enter information into the appropriate fields.

3. Press ESC to save and close.

Schedule E and Schedule K-1

Entry fields for Schedule E, Supplemental Income and Loss, and Schedule K-1, Share of Income, Deductions, Credits, etc., are located under the **Income** tab.



Schedule E

Page 1 of IRS Schedule E (Part I: Income or Loss From Rental Real Estate and Royalties) is a direct-entry screen in Drake. To access it from the **Income** tab, click **Rent and Royalty Income**, or type `E` into the **Selector** field and press ENTER.

Amounts for page 2 of IRS Schedule E (Parts II through V) calculate from the K-1s. The corresponding screens (**E2**, **E3**, and **E4**) primarily contain override fields; data entered here overrides amounts that would otherwise flow from the K-1s.

IMPORTANT Enter data in the **E2**, **E3**, and **E4** screens only if you are transferring it from a Schedule E that has already been calculated and completed by hand.

- **Personal %** — Do not enter personal-residence expenses on Schedule E. If a taxpayer rents one unit of a duplex and lives in the other and an expense applies to both units, enter *only the portion of the expense that applies to the rental*, and indicate 100% business use—not 50% personal use.
- **Kind of Property** — Property income on Schedule E is always passive unless marked as "Real Estate Professional" property.

Schedule K-1

Schedule K-1 is used to report a taxpayer's share of a pass-through entity's income, credits, deductions, etc. There are three different types of K-1s: S-Corporation (1120S), Partnership (1065), and Fiduciary (1041). You can enter information directly into any of these three forms in Drake, or you can export K-1 information from a pass-through entity into an individual return.

To enter data directly into a K-1, access the desired form from the **Income** tab, and enter information into the appropriate fields.

IMPORTANT Remember to indicate that a passive activity is indeed passive; otherwise, passive losses may not flow as desired from the K-1 into other forms.

To export K-1 data, you must first have a completed Partnership, S-corp, or Fiduciary return, as well as an existing individual return for the partner or beneficiary listed.

Take the following steps to export K-1 data:

1. From within the business return, click **View** in the toolbar. Drake calculates the return via the **Calculation Results** screen.
2. Click **Continue**
3. Click **K1 Export** in the **View Mode** toolbar. The **Export K1s** screen lists all taxpayer SSNs that can be exported. All rows are selected.
4. (Optional) Click a row to clear it, if you do not wish to export all K1s listed.
5. Click **Export**, then click **OK** in the "Export complete" dialog box.

The transferred data is highlighted in the **K1** screen of the personal return.

Depreciable Assets

NEW FOR 2007

It is no longer necessary to enter the Business Income Limitation for Section 179 Expense for the 4562 Part 1 (screen **6**).

Form 4562, Depreciation and Amortization, is used to claim deductions for depreciation and amortization, to elect to expense certain property under section 179, and to indicate automobile and other listed property use for business/investment purposes. It is important to complete the **4562** screen accurately the first year an asset is entered in Drake because future calculations are based on data entered at that time.

While you can directly enter data into the Form 4562 fields in Drake, you rarely need to do so. Instead, data entered in the **4562** screen (**Depreciation Detail**) flows to the correct fields in the actual Form 4562. Only if you are entering a pre-prepared return with no supporting documentation should you enter data directly into the other 4562 screen (**6**, **7**, and **8**).

NOTE

Screen **4562** data is used, as applicable, to create depreciation or amortization schedules for the following forms: Schedules A, C, E, and F; Forms 2106 (Employee Business Expenses), 4835 (Farm Rental Income and Expenses), and 8829 (Expenses for Business Use of Your Home); and the auto expense worksheet for Schedule C.

4562 data flows, as applicable, to Form 4797 (Sale of Business Assets) and Form 3468 (Investment Tax Credit).

Take the following steps to begin the process of entering depreciable assets in Drake.

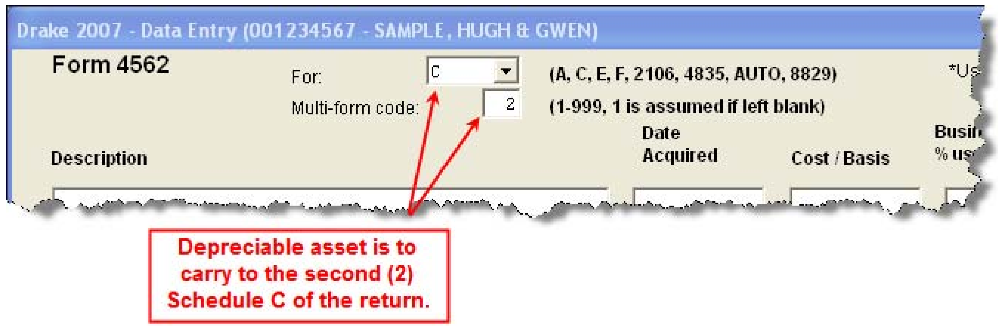
1. From the **Income** tab, click **Depreciation Detail**, or type `4562` into the **Selector** field and press ENTER.
2. Enter data into the appropriate fields. If enabled, grid data entry opens. Press F3 to toggle if necessary.
3. Use a new **4562** screen for each item. Press PAGE DOWN for a new screen.
4. Once all applicable fields are completed, press ESC to save and close.

TIP

To access the **4562** screen directly from other screens, click inside a depreciation field and either double-click or press CTRL + W. This feature does not work from Grid Data Entry mode.

The **For**, **Description**, **Date Acquired**, **Cost/Basis**, **Method**, and **Life** fields are required. All other fields should be completed as applicable. Leave **Business % Use** blank unless it is less than 100%.

- **For** — Select the form name to which the depreciable item should be carried.
- **Multi-form code** — Enter a code only if a return has more than one instance of a schedule or form (for example, two Schedule Cs). If an item is to apply to the second instance of the schedule or form, its multi-form code would be **2**.



NOTE

For Schedule E rental properties, each property should be assigned a multi-form code of its own. For more information, see “Depreciating Schedule E Assets” on page 110, or press F1 from the **Multi-form code** field.

- **Description —** Field supports 42 characters. Per IRS regulations, only the first 24 characters transmit in electronically filed returns. Additional characters are displayed in red.

IMPORTANT

Business packages only: If a description begins with the word LAND, it is treated in the return as a land asset and not depreciable. For a non-land asset that begins with LAND (such as Land Cruiser, Land Rover, etc.), begin the description with a word other than LAND (for example, RED LAND ROVER).

NEW FOR 2007

Previously, land that was part of an asset (such as for a rental house) had to be entered on its own **4562** screen. Now it can be entered in the **Land Value** field of the **4562** screen, under **Other Information**.

- **Date Acquired** — Enter the date the asset was placed in service.
- **Cost / Basis** — Enter the full cost of the asset.
- **Business % use** — Default is 100%.
- **Listed Prop(erty) Type** — If the asset is a listed property, select a listed property type. If nothing is selected, issues with depreciation limitations may arise.
- **Method** — Select the depreciation method.
- **Life** — Enter the class life. Press F1 for a recovery-period listing.

NOTE

To expense the entire amount of tangible property under Section 179, select **EXP** for **Method**. Enter the useful life/recovery period in **Life** so that depreciation adjustments for Form 6251, Alternative Minimum Tax, can be calculated. See “Section 179 Expense”.

- **Prior Depreciation** — Amount carries from previous year if available.

Section 179 Expense

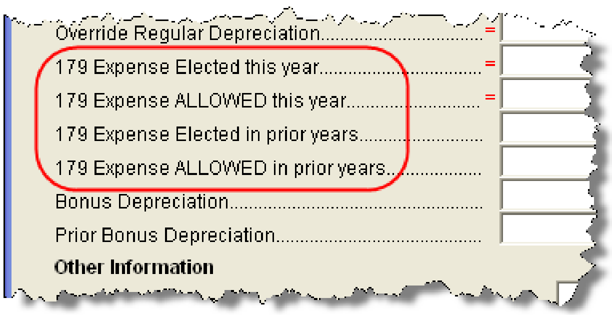
If **EXP** is selected, the system calculates the amount up to an annual limit of $125,000 for all properties using Section 179 Expense. The first assets entered are expensed first. The limitation occurs even when the depreciable assets are listed on different schedules (for example, one on Schedule C and one on Schedule F).

To conform with IRS mandates, the software automatically reports Section 179 expense on the first Form 4562. If multiple activities have Section 179 expensing, a Section 179 summary is produced with the return.

- **Section 179 Override** — If a Section 179 expense override is present on the **4562 Part 1** screen, clear that field and enter the amount on the **4562** screen. The entry appears on either the first Form 4562 or Section 179 summary.
- **Expense Part of the Cost of an Asset under Section 179 Expense** — Enter all information as if depreciating the full amount, then enter the amount to expense in the **179 Expense Elected this year** field to override the system calculations. If the amount must carry to a listed property, make an entry in the **Listed Prop Type** field in the top right corner of **4562** screen.

NEW FOR 2007

You can now enter the 179 expense elected and allowed for the current and prior years on the **4562** screen.



Note that the current-year fields for 179 expense are override fields.

NEW FOR 2007

Drake computes business income limitation on the WK_I179L worksheet (replace the I with C,S or P for Corp, S-corp and Partnership returns). If not all Section 179 expense elected can be deducted this year, the taxpayer has two choices:

1) Divide the allowable amount using the **179 Expense ALLOWED this year** field. The total of the amounts entered on the different screens must equal the allowable amount calculated by the worksheet.

2) Let the system allocate the allowable amount among the current-year assets based on a cost/basis comparison (IRS recommended).

Example: A taxpayer has two assets to expense: a $10,000 hay rake and a $15,000 plow. It is determined that the business income limitation is $18,000. Of the $25,000 that is 179-elected, only $18,000 is deductible. The system allocates $7,200 to the hay rake ($10,000 / $25,000 x $18,000) and $10,800 to the plow ($15,000 / $25,000 x $18,000). The remainder of each Section 179 expense that cannot be deducted in the current year is carried forward to future years.

NOTE For first-year filers using the system, the prior Section 179 expense must be entered manually for the depreciation to calculate correctly. In the future, the **179 Expense Allowed in Prior Years** field will update based on the system calculations added for the 2007 software.

Other Information

Enter investment credit code, asset and department number, and land value in **Other Information** on the **4562** screen. This section also allows for recapture due to decrease in business use and designation as main home for Form 8829.

- **Business Use of Home** — If the **8829** screen is complete for a return where the home was placed in service during the current year, see "Form 8829, Expenses for Business Use of Your Home" on page 117.

NEW FOR 2007 Check **Main Home for 8829** if the depreciable item is the residence listed as the taxpayer's main home on Form 8829, Expenses for Business Use of Your Home.

- **Department number** — This field allows for the entry of up to 999 departments and can be used to track assets and run reports in the Fixed Asset Manager (see "Fixed Asset Manager" on page 232).
- **Recapture** — Check if business use for the asset has dropped to 50% or below. The software recaptures excess section 179 or depreciation expenses and carries it to Form 4797, Sales of Business Property, and to the "other income" line on the form (such as Schedule C, Schedule F, Form 8825 (business packages only), etc.).

Amortization Information

Select the amortization code for the depreciable item as applicable.

NEW FOR 2007 Check the applicable box in this section to elect an additional first-year deduction of $5,000.

State-Specific Information

Complete the **State**, **Asset Type**, **ITC Code**, and **State Basis** fields as applicable, ensuring that all state rules and guidelines are followed.

NEW FOR 2007 **State Basis (if different)** is an override field. Default is the **Cost/Basis** selected for the federal return (near the top of the **4562** screen).

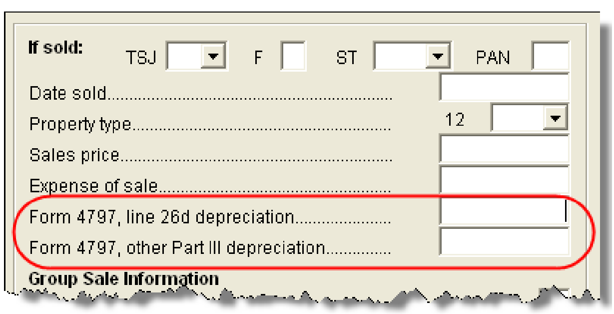
Placed in Service and Like-Kind Exchange Info

These fields are override fields. As applicable, choose to force a convention (mid-quarter or half-year), and specify if MACRS tables should not be used. Press F1 for information on using Qualified Indian Reservation Property recovery periods.

Depreciable Asset Sales

Enter sale information for depreciable assets into the box in the bottom-right quarter of the **4562** screen.

- **Group Sales** — Enter each depreciable asset of a group sale in a separate **4562** screen. For the first asset of a group sale, complete the **Date sold**, **Property type**, **Group sales number**, **Group sales price**, and **Group expense of sale** fields of this box. For each subsequent asset, only the **Date sold**, **Property type**, and **Group sales number** fields are required.
- **Passive Activity Sale** — If the depreciable asset sold was from a passive activity, complete the **Date sold**, **Property type**, and **PAN** (passive activity number) fields. The PAN must match the passive activity number assigned to the activity on the schedule or form indicated in the **For** field at the top of the screen.
- **Installment Sales** — If a depreciable asset was sold using installments, enter only the **Date sold**. Do not enter a property type code. Instead, enter all required sale data on **Form 6252 - Installment Sales**. See "Other Gains and Losses" on page 115.
- **Form 4797** — For section 1250, 1252, and 1254 property types that have been depreciated and sold, use the "Form 4797" depreciation fields (in the **If sold** section of screen 4562). The depreciation information entered in these fields is printed on the applicable line(s) of the Form 4797, Sales of Business Assets, that is produced with the return. Use field help (F1) for more information on each field.

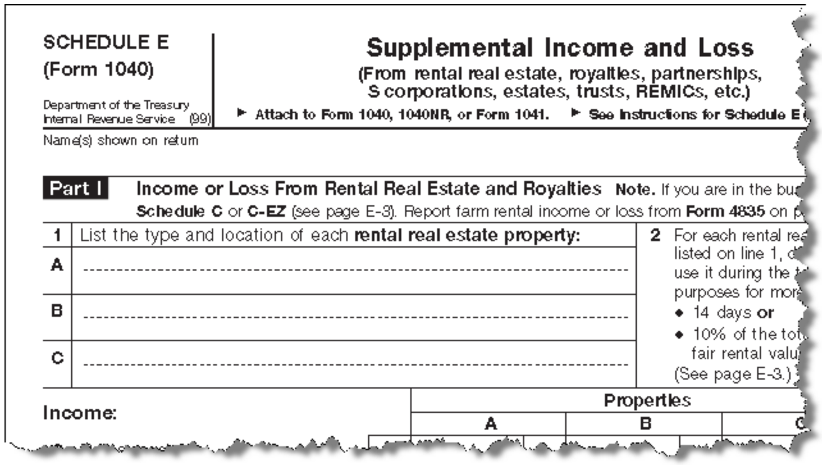


NOTE

If any depreciation from an installment sale must be recaptured, enter all required fields for Form 4797, Sales of Business Property, and select **Yes** when asked on Form 4797 whether the sale is also reported on screen 6252.

Depreciating Schedule E Assets

Because up to three rental properties may be listed on a single Schedule E depreciation for Schedule E assets is handled differently in Drake than it is for other types of assets.


SCHEDULE E
(Form 1040)
Department of the Treasury
Internal Revenue Service (99)

Supplemental Income and Loss
(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)
▶ Attach to Form 1040, 1040NR, or Form 1041. ▶ See Instructions for Schedule E

Name(s) shown on return

Part I Income or Loss From Rental Real Estate and Royalties **Note.** If you are in the bu
Schedule C or **C-EZ** (see page E-3). Report farm rental income or loss from **Form 4835** on p

1 List the type and location of each **rental real estate property:**
A
B
C

2 For each rental re
listed on line 1, d
use it during the t
purposes for mor
• 14 days **or**
• 10% of the tot
fair rental valu
(See page E-3.)

Income:
Properties
A B C

- **Multi-form Codes** — For other forms and schedules, the number entered into the **Multi-form code** field refers to the instance of a schedule or form. (See “Depreciable Assets” on page 106.) If depreciation amounts are to flow to Schedule E, however, a multi-form code number should reflect an actual rental property rather than the instance of a Schedule E.

NEW FOR 2007

When the return is calculated, a FED_DEPR sheet is generated for each Schedule E property. The return can still be filed electronically because the Schedule E properties (up to three per schedule) flow to the same Form 4562.

- **Depreciable Assets** — In most cases, depreciable assets should be entered only in the **4562** screen. If using the other 4562 screens for multiple rental properties, you must manually apportion the depreciation to each property.

IMPORTANT

When entering depreciation, use the additional **4562** screens (**6**, **7**, and **8** under **Income**) only if you have a completed IRS Form 4562 in front of you, if the depreciation data cannot be uploaded due to system incompatibility, or if circumstances otherwise prevent you from using **Depreciation Detail**.

Depreciation Data Relating to Other Forms

If the **Date Sold** and **Property Type** are completed on the **4562**, Form 4797, Sales of Business Property, is generated automatically. For more information on completing Form 4797 in Drake, see “Other Gains and Losses” on page 115.

Gulf Opportunity (GO) Zone Depreciation

The GO Zone Act of 2005 establishes tax incentives and bond provisions to rebuild local and regional economies devastated by hurricanes Katrina and Rita.

The **Income** tab has two screens for entering GO Zone information.

- **GO Zone Depreciation Elections (GO)** — Use if all depreciable assets listed are qualified GO Zone property, if taking the 50% bonus depreciation on all qualified GO Zone assets listed, or both.
- **Depreciation Detail** (Screen **4562**) — Use to indicate that an asset is in the GO Zone property and, as applicable, if taking the 50% bonus depreciation.

NOTE If most depreciable assets are GO Zone properties but some do not qualify, you can indicate that all qualify but you must check the Does NOT qualify box in the GO Zone portion of the **4562** screen for non-qualifying assets.

Sale of Assets

The **Sale of Assets** box under the **Income** tab displays screens for reporting gains and losses of assets due to sales, exchanges, theft, etc. Take the following steps to begin entering asset sales information.

1. From **Income**, click a form name, or type the code into the **Selector** field and press ENTER.
2. Complete all applicable fields. Press PAGE DOWN to access additional data entry fields.
3. Press ESC to save and close.

Capital Gains, Capital Losses, Carryovers

Use Schedule D, Capital Gains and Losses, to report capital gains, losses, and carryovers. In Drake, use the **Capital Gains & Losses** and **Loss Carryovers and Other Entries** screens to enter Schedule D information.

Use **Capital Gains & Losses** to enter basic information about short- and long-term capital gains and losses. From **Income**, click **Capital Gains**, or type `D` into the **Selector** field and press ENTER. Following are some data-entry guidelines:

- **Description** — Field supports 32 characters. Per IRS regulations, only the first 15 letters transmit. Additional characters appear in red text on the screen.
- **Date Acquired** — MMDDYYYY format. If a single date does not apply, type `VARIOUS` for multiple dates, or `INHERIT` for an inheritance. `VARIOUS` will treat it as a long term gain.
- **Date Sold** — MMDDYYYY format. If a single date does not apply, type `BANKRUPT` or `WORTHLESS`, as applicable.

NOTE If **Date Sold** is *bankrupt*, the return must be paper-filed. *Various* and *worthless* entered as a date are acceptable for electronic filing.

- **Sales Price** — Enter the sale amount. If only the gain amount is available, enter the gain amount and leave **Cost or Basis** blank.
- **Cost or Basis** — Enter the cost or basis. If only the loss amount is available, enter the loss amount and leave **Sales Price** blank.
- **S/L** — From the dates entered, Drake calculates if an item is long-term or short-term. If no specific dates, select **S** or **L** to force short-term or long-term.

- **Misc** — Press F1 to access codes. Check with states for codes that are required for state purposes only.

The **Loss Carryovers and Other Entries** screen is for short-term gains/losses from other sources (Schedule D lines 4 and 5); long-term gains/losses from other sources (Schedule D lines 11, 12, and 13); and loss carryovers from 2006 (Schedule D lines 6 and 14). This screen also contains fields for capital gain tax computation.

- From **Income**, click **Carryovers** or type `D2` into the **Selector** field and press ENTER. **Long-term, short-term gain/loss from other sources** — Data for lines 4, 5, 11, 12, and 13 flows from applicable sources in the program, if the data has been entered. For example, if a return has record of a short-term gain through a partnership, Drake automatically fills out line 5.
- **Carryovers from 2006** — If Drake Software was used for the taxpayer in 2006, these fields are updated automatically. Otherwise, they are direct-entry fields.

Schedule D Imports

New for 2007 (This feature will be available on the January Drake Software CD). Import capital gain and loss transactions into Drake using the **Schedule D Import** utility. Import transaction information from Excel 2007, Excel 97-2003, TAB (tab delimited), or CSV (comma delimited) files. For the information to import correctly, the spreadsheet must contain specific columns of information. Each column represents the fields on the **D** screen; **TSJ**, **F**, **State**, **City**, **Description**, **Acquired**, **Sold**, **Sales Price**, **Cost or Basis**, **S/L**, **Misc**. The required columns are demonstrated in the following image:

Example Spreadsheet:

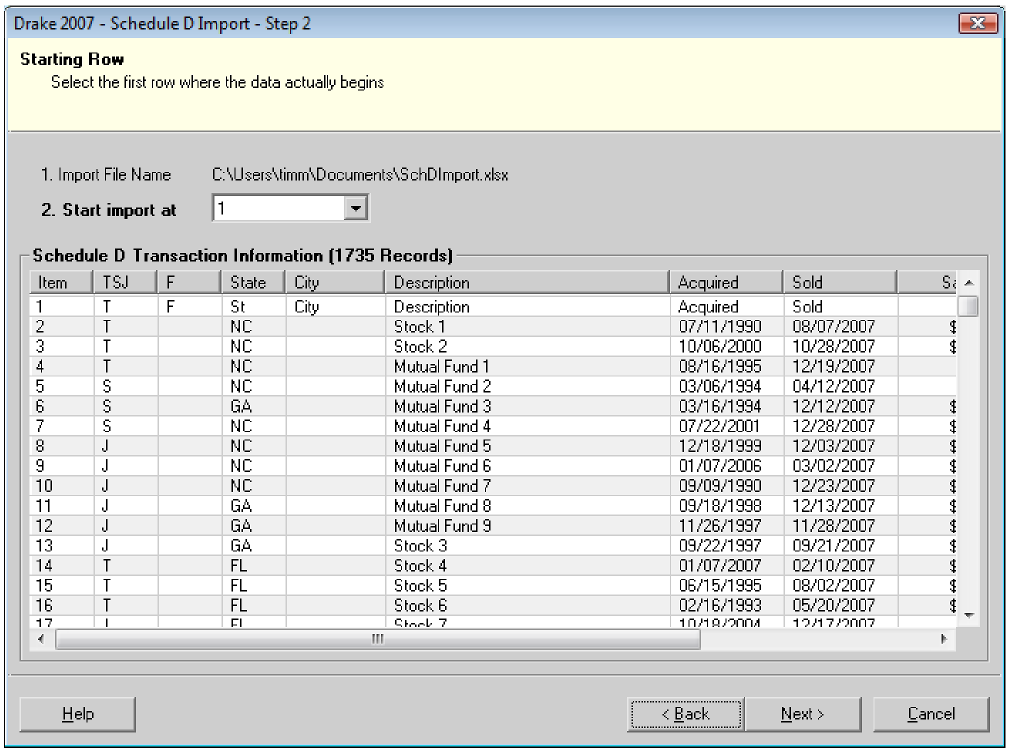
	A	B	C	D	E	F	G	H	I	J	K
1	TSJ	F	State	City	Description	Acquired	Sold	Sales Price	Cost or Basis	S/L	Misc
2	T		NC		100 SHS ABC Stock	10191992	12192007	$3,987.00	$4,880.00		
3	S		NC		200 SHS Microsoft	12171995	12152007	$1,374.00	$3,242.00		
4	J		GA		200 SHS Apple Inc	10181993	11152007	$4,266.00	$1,870.00		
5	T		SC		100 SHS ABC Stock	11041998	11122007	$2,933.00	$3,820.00		
6	S		NC		200 SHS Microsoft	12252006	12172007	$2,275.00	$4,126.00		
7	J		NC		200 SHS Apple Inc	09121999	11142007	$1,866.00	$2,799.00		
8	T		NC		100 SHS ABC Stock	12042004	12132007	$2,091.00	$1,886.00		
9	S		NC		200 SHS Microsoft	07121998	08052007	$4,407.00	$3,024.00		
10	J		NC		200 SHS Apple Inc	04051997	07072007	$4,145.00	$3,292.00		
11	T		NC		100 SHS ABC Stock	05191991	08222007	$1,666.00	$934.00		
12	S		NC		200 SHS Microsoft	02092005	06072007	$757.00	$2,905.00		

To import the information, complete the following steps:

1. From within the client's tax return, click the Schedule D Import button from the toolbar. The **Schedule D Import** screen opens.
2. Review the example spreadsheet format and verify that the Excel, TAB, or CSV file with the transaction data is correct. Click **Next** to open the **Schedule D Import - Step 1** dialog box.
3. Click the Browse button to locate the file containing the transactions.

After locating the file, click **Open**. The transactions display in the **Schedule D Import - Step 2** dialog box.

4. Choose a line to start the import from the **Start import at** drop list. For example, if the **Item 1** row in the transaction list is column header information, choose to being import at item **2**. Click **Next**.



5. Click **Finish** to import the transactions.

The **D** screen opens and all imported transactions are listed.

Other Gains and Losses

From the **Sale of Assets** box on **Income** tab, access entry fields for the following forms:

- Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
- Form 4255, Recapture of Investment Credit
- Form 4684, Casualties and Thefts
- Form 4797, Sales of Business Property
- Form 6252, Installment Sale Income
- Form 6781, Gains and Losses From Section 1256 Contracts and Straddles
- Form 8824, Like-Kind Exchanges
- Worksheet for Sale of Residence (the **HOME** screen)
- Form 1099-A, Acquisition or Abandonment of Secured Property
- Form 1099-C, Cancellation of Debt

NOTE The 1099-A and 1099-C are addressed in "Other 1099 Forms" on page 98

To access a form, click the name or type the code into the **Selector** field and press ENTER. Following are some data-entry guidelines:

- **Flow of Data** — When multiple forms require identical data (for example, when amounts from Forms 4684 and 6252 must be carried to Form 4797), Drake reproduces the data in the necessary forms when the return is calculated.
- **Nonrecaptured Losses** — Enter nonrecaptured losses on the **4797** screen.
- **Recaptured Depreciation** — For sold property listed on Form 4797, depreciation must sometimes be recaptured as ordinary income.
- **Like-Kind Exchanges** — If an asset has been traded and needs continued depreciation and there is an increase in basis that needs to be depreciated, the asset can be entered as a like-kind exchange using the following steps:

  1. Open the **4562** screen for the asset that was traded.
  2. Make an on-screen notation that the asset was traded (for example, type A after the description).
  3. Open the **8824** screen and complete the fields. (This is necessary to determine the new basis for the asset.)
  4. Press CTRL+V, or click **View** to view the return.
  5. Note the amount shown on Form 8824, line 25, and enter this amount as the new basis for the item on the **4562** screen.
  6. Make an on-screen notation of the new asset in **Description** (for example, type B after the description).

1040 ADJUSTMENTS TAB

Selections listed under **Adjustments** enable you to enter adjustment data that does not necessarily carry from any other form. Use this tab to access forms for the following:

- Adjustments related to self-employment (SE, 8829, AUTO, 8873, SEHI)
- Moving expenses
- IRAs
- Medical and Health Savings Accounts
- Ministerial Income Allocation (CLGY)
- Additional Itemized Deductions (4952, 8283)
- Other Adjustments (Crop Insurance Payments, Administrative Adjustment, MFS Community Property Allocation, Domestic Production Activities Deduction, and Katrina Retirement Plan Distributions)

Some screens display one column each for taxpayer and spouse. If an entry must be split, divide it evenly between the two. Press PAGE DOWN for more data entry screens.

IMPORTANT Amounts from the **Adjustments** fields are added to the amounts in corresponding fields elsewhere. if you duplicate an entry, the amount is doubled (rather than adjusted).

Adjustments Related to Self Employment Income

Take the following steps to enter self-employment and Schedule C adjustments.

1. From **Adjustments**, click the screen to access, or type the code into the **Selector** field and press ENTER.
2. Complete all applicable fields. Press PAGE DOWN for more data entry screens.
3. Press ESC to save and close.

Schedule SE, Self-Employment Tax

Schedule SE is required if net earnings from self-employment exceed $400. (For church employees, $108.28.) Access the **Self-Employment Adjustment**, or **SE**, screen from **Adjustments**, or type SE into the **Selector** field and press ENTER. Data from Schedules C and F, along with any self-employment income from partnerships, flows automatically to Schedule SE. Enter all other self-employment income directly.

- **Church income (line 5a)** — List income that is subject to SE tax. All income tax must be reported on the W-2, with church income coded as **C** (or **P**). Any income entered on Schedule SE is *added* to the W-2 income amount.
- **Adjustments to figures entered elsewhere** — Some fields are adjustments to amounts that flow from other sections of the return. Adjustment fields are denoted by the +/- sign.
- **Short or Long Schedule SE** — Depending upon the employment terms, the taxpayer must complete a short (Schedule SE, page 1) or long (Schedule SE, page 2) Schedule SE. Drake determines the form required and processes it accordingly. To force the long form to generate with the return, check the applicable box.

Form 8829, Expenses for Business Use of Your Home

Access **Office in Home**, or **8829**, from **Adjustments**, or type 8829 into the **Selector** field and press ENTER. Data from this screen flows to the applicable form in the return (Schedule C, Schedule F, Form 2106 (Employee Business Expenses) or Schedule K-1 for Partnership).

Depreciation of Home — Enter depreciation information under Part III of **Office in Home**. If the home was placed into service during the current tax year, leave Part III blank and enter the following on the **4562** screen.

Field in Screen 4562	8829 Information or Text to be Entered
Description	Enter a description of the asset.
Date Acquired	Enter the date the home was placed in service.
Cost	Enter the smaller amount—the cost of basis, or the fair market value. (This is the amount that would normally be entered on line 36 of **Office in Home**.) Do not include the cost of the land.
Business % Use	Leave this field blank.
Method (Federal column)	Select **SL - Straight Line**.
Life (Federal column)	Enter 39.
Land value	Enter the value of the land. (This is the amount that would normally be entered on line 36 of **Office in Home**.)
Main Home for 8829	Check this box to indicate that the asset is the main home for Form 8829.

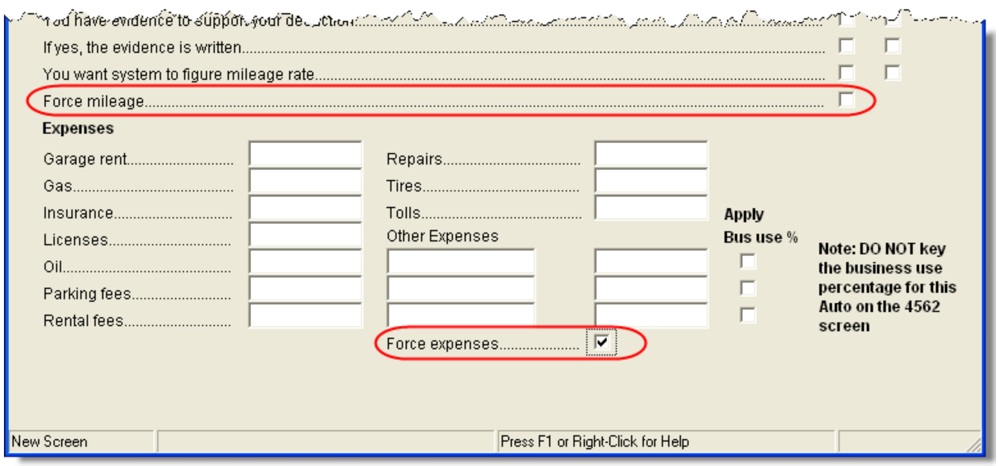
Auto Expense Worksheet for Schedule C

Use the auto expense worksheet to determine automobile related expenses for Schedule C. Drake calculates business percent use based on mileage from this worksheet. By entering business, commuting, and other mileage here, you can omit the **Business % use** field for automobiles on the 4562 screen.

IMPORTANT Information entered in the worksheet carries to Schedule C only. Do not use this worksheet for data that properly belongs on Form 2106, Employee Business Expenses; or Schedule E, Rental Income.

Access the worksheet from the **Adjustments** tab, or type AUTO into the **Selector** field and press ENTER.

- **Which Schedule C** — If there are multiple Schedule Cs, enter the applicable Schedule C number, found on the **Existing Forms List** for the **C** screen.
- **Mileage and Expenses** — Drake determines which is more advantageous—standard mileage or actual expense. You may, however, **Force mileage** or **Force expenses**. The following figure, the bottom half of the auto expense worksheet, shows the location of these options.



IMPORTANT

The **Business** mileage field must be completed to compute business use percentage for depreciation (Form 4562).

- **Other Expenses** — Enter any expense descriptions not provided in the auto expense worksheet. Only three entries are acceptable: loan interest, tax state, and tax local.

Form 8873, Extraterritorial Income Exclusion

Use Form 8873 to determine how much extraterritorial income must be excluded from gross income on a return. Access this screen from **Adjustments**, or type `8873` into the **Selector** field and press ENTER.

Additional Expenses, IRA, and Health Information

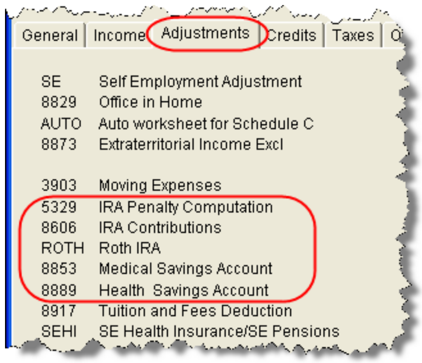
The **Adjustments** tab includes data entry screens for moving expenses, IRAs, Medical and Health Savings Accounts, and self-employment health insurance and pensions.

Moving Expenses

- Access **Moving Expenses** from **Adjustments**, or type `3903` into the **Selector** field and press ENTER.
- **Form 3903 qualification** — Due to time and distance limitation exceptions, Drake does not prevent Form 3903, Moving Expenses, from calculating—even if the taxpayer does not meet the mileage test. The preparer determines if the taxpayer qualifies for the moving-expense deduction. See Pub. 521 for details.
- **Multiple moves** — If there are multiple qualifying moves within a single year, use a separate Form 3903 for each move. Press PAGE DOWN for additional forms.

IRAs and Savings Accounts

Access IRA and savings-accounts screens and from **Adjustments**, or type the applicable code into the **Selector** field and press ENTER.



- **Penalty Calculations** — Use the **IRA Penalty Computation** screen to calculate what penalties apply. This screen reflects IRS Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.

NOTE

Exception numbers 01 and 06 (Part I1, Line 2) apply only to distributions from qualified employee plans—not to those from IRAs, annuities, or modified endowment contracts.

To force Form 5329 to generate from the 1099-R, open the **1099** screen and select **Carry this entry to Form 5329 and compute 10% penalty**. Form 5329 is automatically generated if **1** (“Early (premature) distribution, no known exception) is the distribution code in box 7 of the 1099-R.

- **Traditional IRA Contributions** — Use the **IRA Contributions** screen and complete all required blanks in Part I of IRS Form 8606, Nondeductible IRAs.

NOTE

If no IRA contributions or distributions were made in the current year, Form 8606 is not required. To force the form, select **Print the 8606 even if not needed** in **IRA Contributions**. Check the form instructions to determine if the form is required.

- **Roth IRAs** — The **Roth IRA** screen addresses Parts II and III of Form 8606, Nondeductible IRAs. Transfer amounts from traditional IRAs to Roth IRAs are entered on line 16 (and carried to line 8) of Form 8606.
- **MSAs and HSAs** — For more on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts; and Form 8889, Health Savings Accounts (HSAs), see Pub. 969.
- **HSA Coverage and Contributions** — Lines 1 (coverage indications) and 2 (HSA contributions for the year) of the **Health Savings Account** screen are required if Form 8889 is to be electronically filed with the return.

Tuition and Fees Deduction

To access data entry for Form 8863, Education Credits, and Form 8917, Tuition and Fees Deduction, click **Tuition and Fees Deduction** from **Adjustments**, or type 8917 into the **Selector** field and press ENTER.

NEW FOR 2007

Form 8863 data entry fields are accessible from both **Adjustments** and **Credits**.
Form 8917 is a new form in 2007.

Self-Employed Health Insurance Deduction

Enter self-employed health insurance deduction and self-employed pension (SEPs) data in **SE Health Insurance/SE Pensions**. Access this screen from **Adjustments**, or type either `SEHI` or `SEP` into the **Selector** field and press ENTER.

NOTE

Recall that the red equal (=) sign indicates an override field. Complete override fields only if you want the data entered to override what would normally flow from another area of the return.

- **SE Health Insurance Deduction Worksheet** — The top half of **SEHI** incorporates the Self-Employed Health Insurance Deduction Worksheet (line 29 from the 1040 instructions). This information can also be entered in the Family Health Coverage fields of Schedule C or Schedule F, as applicable. Do not enter duplicate fields.
- **Self-Employed Pensions** — Data entered here flows to the **WK_SEP** Worksheet for Self-Employed Rate Deduction. See IRS Pub. 590 for more information.

Ministerial Income Allocation

Access the **Ministerial Income Allocation** screen from **Adjustments**, or type `CLGY` into the **Selector** field and press ENTER.

NEW FOR 2007

Now two pages, the **CLGY** screen includes all four worksheets from IRS Pub. 517.

NOTE

Clergy workseets are producted as a result of ANY of the following: a completed **CLGY** screen, a P selected for the **F** code on a **W2** screen, and/or **Business Code** 813000 on the **C** screen. The worksheets display in View mode as WK_CLGY1 and WK_CLGY2.

Use this screen for those who have housing allowance either in the form of a parsonage or a rental or parsonage allowance provided by the church (generally reported in box 14 of the W-2). Choose the applicable scenario for the data entered to flow appropriately into the program.

- **Parsonage** — If a parsonage is provided, enter its **Fair Rental Value**. If a separate **Utility allowance** is provided, enter the allowance amount and the amount of **Actual Expenses for Utilities**.
- **Rental/Parsonage Allowance** — If the church provides a rental or parsonage allowance (but no parsonage), enter the **Parsonage or Rental Allowance** amount and the **Actual Expenses for parsonage**. If a separate **Utility allowance** is provided, enter the allowance amount and the amount of **Actual Expenses for Utilities**. Finally, enter the **Fair Rental Value** of the housing used.

The following information is calculated:

- Percentage of tax-free income to be applied to Schedule C expenses marked with business code 813000
- Percentage of tax-free income to be applied to Form 2106 expenses marked with a **P** (pastor) in the **F** (federal) box
- Appropriate self-employment income to flow to the Schedule SE

Complete all other applicable fields.

Additional Itemized Deductions

Adjustments includes data entry screens for reporting data for Form 4952, Investment Interest Expense Deduction, and Form 8283, Non-Cash Charitable Contributions.

- **Form 4952, Investment Interest Expense Deduction** — Use to determine how much investment interest expense can be deducted and how much can be carried forward.
- **Form 8283, Noncash Charitable Contribution** — Use to report data about noncash charitable contributions.

NEW FOR 2007

The 8283, **Donee ID** field now stores in the EIN Database.

Other Adjustments

The following additional data entry screens are accessible from **Adjustments**:

- **Crop Insurance Payments** — Record crop insurance and disaster payments for Schedule F and Form 4835. See “Farm-Related Income” on page 103.
- **Administrative Adjustment Req** — Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request (AAR), used for notifying the IRS of any inconsistencies between a taxpayer’s tax treatment of an item and the way a pass-through entity treated and reported the same item on its return.
- **MFS Community Prop Allocation** — Overrides only. This screen reflects the Community Property State Income Allocation Worksheet for spouses who are married filing separately (MFS). Click F1 for further details.
- **Domestic Production Activities Deduction** — Use to figure a taxpayer’s domestic production activities deduction (DPAD).
- **Katrina Retirement Plan Distributions** — This screen reflects Form 8915, Qualified Hurricane Retirement Plan Distributions and Repayments, Parts I and III.

1040 Credits Tab

Screens for the following forms are accessed from the **Credits** tab:

- Schedule R, Credit for the Elderly or the Disabled
- Form 1116, Foreign Tax Credit
- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 3468, Investment Credit
- Form 3800, General Business Credit
- Form 5695, Residential Energy Credits
- Form 5884, Work Opportunity Credit
- Form 6478, Credit for Alcohol Used as Fuel
- Form 6765, Credit for Increasing Research Activities
- Form 8396, Mortgage Interest Credit
- Form 8582-CR, Passive Activity Credit Limitations
- Form 8586, Low-Income Housing Credit
- Form 8609, Low-Income Housing Credit Allocation and Certification
- Form 8801, Credit for Prior Year Minimum Tax—Individuals, Estates, and Trusts

- Form 8812, Additional Child Tax Credit (See "Other Adjustments" on page 122.)

NEW FOR 2007

The **8812** screen (formally **EIC/8812**), calculated automatically as applicable, has been revised so preparers can electronically track data related to IRS due diligence requirements for Form 8867, Paid Preparer's Earned Income Credit Checklist. In the event of a due diligence audit, you have an electronic record corresponding to the printed 8867.

This screen is strictly for overrides and includes fields for combat pay and Additional Child Tax Credit income. Tax-free combat pay is included in income when calculating EIC. If combat pay is entered in Box 12 of the W-2 with a code of Q, or in the **Combat Pay** field on the **8867** screen, it is automatically included as earned income in EIC calculations when it benefits the taxpayer.

Access the **8812** screen as necessary to check calculations for Form 1040, line 68 (Additional child tax credit). Also, refer to **WK_8812** in the calculated return to examine the calculations used to determine Child Tax Credit (Form 1040, line 53).

- Form 8820, Orphan Drug Credit
- Form 8826, Disabled Access Credit
- Form 8834, Qualified Electric Vehicle Credit
- Form 8835, Renewable Electricity, Refined Coal, and Indian Coal Production Credit
- Form 8839, Qualified Adoption Expenses
- Form 8844, Empowerment Zone and Renewal Community Employment Credit
- Form 8845, Indian Employment Credit
- Form 8846, Credit for Employer SS and Medicare Taxes Paid on Certain Employee Tips
- Form 8847, Credit for Contributions to Selected Community Development Corporations
- Form 8859, District of Columbia First-Time Homebuyer Credit
- Form 8860, Qualified Zone Academy Bond Credit
- Form 8861, Welfare-to-Work Credit
- Form 8863, Education Credits (Hope and Lifetime Learning Credits) See "Adding a Dependent" on page 90.
- Form 8867, Preparer's Earned Income Credit Checklist

NOTE

This form can be used to adjust EIC program calculations and must be completed for returns with EIC and no qualifying children. If a return qualifies for EIC but the 8867 is not completed, then the program produces a message page and the return is not eligible for filing electronically.

- Form 8864, Biodiesel and Renewable Diesel Fuels Credit
- Form 8874, New Markets Credit
- Form 8880, Credit for Qualified Retirement Savings Contributions
- Form 8881, Credit for Small Employer Pension Plan Startup Costs
- Form 8882, Credit for Employer-Provided Childcare Facilities and Services
- Form 8885, Health Coverage Tax Credit
- Form 8896, Low Sulfur Diesel Fuel Production Credit
- Form 8907, Nonconventional Source Fuel Credit
- Form 8908, Energy Efficient Home Credit
- Form 8909, Energy Efficient Appliance Credit
- Form 8910, Alternative Motor Vehicle Credit

- Form 8911, Alternative Fuel Vehicle Refueling Property Credit
- Form 8912, Credit for Clean Renewable Energy and Gulf Tax Credit Bonds
- Form 8917, Tuition and Fees Deduction (See "Tuition and Fees Deduction" on page 120.)

1040 TAXES TAB

Selections listed under **Taxes** enable further completion of the **Payments** section of the 1040. Enter data relating to the following topics:

- Estimated Taxes
- Alternative Minimum Tax (AMT)
- Recapture of Low-Income Housing
- Other taxes, including household employment taxes, "kiddie" tax, and taxes on tips and distribution

NOTE For information on entering self-employment tax data, see "Schedule SE, Self-Employment Tax" on page 116. The **SE** screen is accessible from both **Adjustments** and **Taxes**.

From **Taxes**, you can also access screens to enter information for Form 1040NR, U.S. Non-Resident Alien Income Tax Return, and Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return.

Take the following steps to enter tax-related data for an open return.

1. From **Taxes**, select a screen or type a code into the **Selector** field and press ENTER.
2. Complete all applicable fields. Press PAGE DOWN to access more data entry fields.
3. Press ESC to save and close.

Following are details on the screens accessed from the **Taxes** tab.

Estimated Taxes

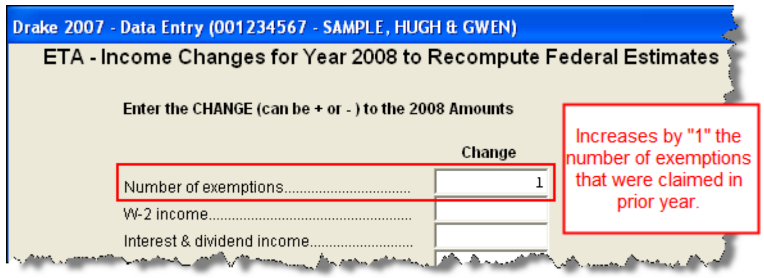
The **ES** screen, or Form 1040-ES, is accessible from both **General** and **Taxes**, or by typing ES into the **Selector** field and pressing ENTER. Use this screen to enter the following data:

- Overrides or adjustments to estimated calculations from **Demographics** (screen **1**)
- Estimated tax payments made during 2007
- Apply (override) the overpayment if the system determines no estimate is needed

For further instructions on using the **ES** screen, see "Estimated Taxes for 2007 and 2008" on page 94. Also use **Screen Help** and F1-Field Help as needed.

Estimated Tax Adjustments

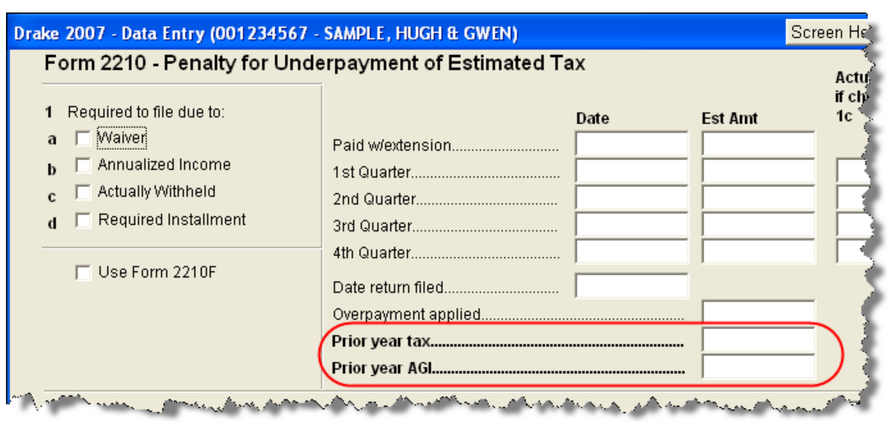
Data entered on the **ETA** screen adjusts—not replaces—calculated values. Any number entered is added to the current-year value. For example, if a taxpayer claimed four exemptions in 2007 and expects to claim five in 2008, you would enter **1** in the **Change** column for **Number of exemptions**. If an amount is expected to decrease, enter a negative number. Calculations are displayed on a **WK_ES** page.



Underpayment of Estimated Tax

Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts is used to determine if a taxpayer owes a penalty for underpayment of estimated tax and, if a penalty is owed, the penalty amount. Use the **2210** screen if the taxpayer is required to file Form 2210 for any of the reasons listed in Part II of the form.

- **2210 Requirements** — The IRS does not recommend that taxpayers complete Form 2210 unless required. Check the applicable box of this screen to indicate why the form is required.
- **Prior Year Tax and AGI** — If these amounts are entered on screen **1**, the program defaults to the screen **1** amounts. If the amounts are not entered on screen **1**, complete the **Prior year tax** and **Prior year AGI** fields to determine underpayment penalty when the return is calculated.



- **Form 2210 Setup Option** — The program can be set up so that Form 2210 is prepared as needed. For more on setting up form and schedule options, see “Form & Schedule Options Tab” on page 48. (Default is to prepare as needed.)
- **2210 Overrides** — **Demographics** (screen **1**) contains the **2210 Code** override field. See “2210 Options” on page 90.

Additional Taxes and Forms

Additional taxes and forms accessible from **Taxes** are detailed in the following sections.

Household Employment Taxes (Schedule H)

Use Schedule H, Household Employment Taxes, to determine the amount of line 62 on Form 1040. Access screen H from **Taxes**, or type `H` into the **Selector** and press ENTER.

Tax on Tips

Use Form 4137, Social Security and Medicare Tax on Unreported Tip Income, to determine tax owed on tips not reported to an employer and/or to determine the amount of Social Security and Medicare tips to be credited to the Social Security record. Access screen **4137** from **Taxes**, or type `4137` into the **Selector** field and press ENTER.

Tax on Accumulation Distribution of Trusts

Use Form 4970, Tax on Accumulation Distribution of Trusts, to determine the amount of partial tax on accumulation distributions for beneficiaries of certain domestic trusts. To complete Form 4970, you must have a completed Part IV of Schedule J (1041), provided to the beneficiary by the trustee. Access screen **4790** from **Taxes**, or type `4970` into the **Selector** field and press ENTER.

Tax on Lump-Sum Distributions

Use Form 4792, Tax on Lump-Sum Distributions, to figure the tax on a qualified lump-sum distribution. Access this form from **Taxes**, or type `4972` into the **Selector** field and press ENTER.

Alternative Minimum Tax

Use Form 6251, Alternative Minimum Tax—Individuals, to figure alternative minimum tax (AMT) and any credit limits. Access this form from **Taxes**, or type `6251` into the **Selector** field and press ENTER.

NOTE

The **AMT** screen allows entries not allowed elsewhere.

Although Form 6251 is computed on all returns, it is included in a return only when needed. Go to **Setup > Options** to force this form to generate with all returns. To produce it on a per-return basis, use the **PRNT** screen. (See “Overriding Default Print Options” on page 133.)

Tax Shelter Investor Reporting

Form 8271, Investor Reporting of Tax Shelter Registration Number, is generated with any return on which the taxpayer claims or reports a deduction, loss, credit, other tax benefit, or income from an interest in a registration-required tax shelter. Access this form from **Taxes**, or type `8271` into the **Selector** field and press ENTER.

NOTE If the **Tax Shelter Registration Number** has been entered on the **K1** screen, it flows automatically to the **8271**. There is no need to enter it again here.

Recapture of Low-Income Housing Credit

Form 8611, Recapture of Low-Income Housing Credit, is used when, under certain circumstances, a taxpayer must recapture part of low-income housing credit claimed previously. Access from the **Taxes** tab, or type `8611` into the **Selector** field and press ENTER.

Kiddie Tax

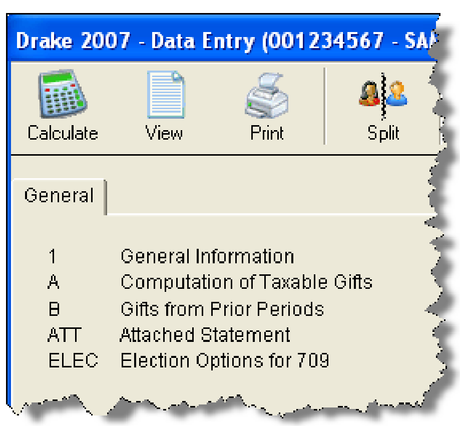
Kiddie Tax is computed using Form 8615, Tax for Children Under Age 18 (or 18-24 and a student) With Investment Income of More Than $1,700. Access this form from the **Taxes** tab, or type `8615` into the **Selector** field and press ENTER.

Parents’ Election to Report Child’s Interest and Dividends

Form 8814, Parents’ Election To Report Child’s Interest and Dividends, is used when a parent wishes to report a child’s income on the parent’s return. Access this form from the **Taxes** tab, or type `8814` into the **Selector** field and press ENTER.

Form 709, Gift Tax Return

Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, consists of several parts and schedules. Access these from the **709** menu. Open the **709** menu from the **Taxes** tab, or type `709` into the **Selector** field and press ENTER.



From the menu (shown under a **General** tab), click an item to open it, or type its code into the **Selector** field and press ENTER.

NEW FOR 2007

The **ELEC** screen (**Election Options for 709**) provides a series of check boxes for electing certain optional ways of treating some income and exclusion amounts. For more information on each item, click the item and press F1.

- **Attached Statements —** Use this screen if Form 709 requires an attachment (for example, if an election option requires the amounts in question to be identified).
- **Extension request for 1040 and 709** — If a six-month extension is requested for a 1040 return, no separate extension request is required for Form 709. Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return, covers extension requests for both documents. This form is available in Drake and may be electronically filed.
- **Extension request for 709 only** — If an extension is needed for the 709 only, Form 8892, Application for Automatic Extension of Time To File Form 709 and/or Payment of Gift/Generation-Skipping Transfer Tax, must be completed. This form cannot be e-filed and is not available in Drake but can be accessed from the IRS Web site. See Form 8892 instructions for further details on submitting a 709-extension request to the IRS.

NOTE

Schedules A, B, and C of Form 709 are not the same as Schedules A, B, and C of Form 1040. If you are on a Form 709 screen in Drake and enter A, B, or C into the **Selector** field and those screens within Form 709 are display. To access the more common 1040 schedules, you must be in the 1040 Data Entry menu.

Non-resident Alien Income Tax Return

Form 1040NR, U.S. Nonresident Alien Income Tax Return, can be opened from the **Taxes** tab or by typing NR into the **Selector** field and pressing ENTER.

IMPORTANT

Although you can enter data for Form 1040NR in Drake, this form cannot be electronically filed; it must be mailed. See Form 1040NR instructions, available on the IRS Web site.

1040 Other Tab

Numerous forms, worksheets, and other data entry screens are available from the **Other** tab.

Adjusting Client Bill Amounts

Although client billing prices are established in **Setup** > **Pricing**, you can override data on a client's bill—including amounts charged—from **BILL**.

NEW FOR 2007

A custom paragraph can be added to a bill from **Setup > Options**. Use **BILL** to add a custom paragraph on a per-return basis.

From **Other**, click **Adjust Client Bill** or type `BILL` into the **Selector** field and press ENTER.

Checking Information

Use **CHK** to cross-check Drake calculations with amounts of a previously prepared return. From **Other**, click **Return Checking Information,** or type `CHK` into the **Selector** field and press ENTER. To compare an open return with a previous return, open **CHK** and enter the previous return's data into the fields provided.

NOTE

If pre-prepared data entry is used, this screen is automatically filled.

During calculation, if any data does not match, a message page is generated.

Tax-Year Comparisons

Use **COMP** to compare a taxpayer's current tax year with the two prior tax years and identify how a tax situation has changed. From **Other**, click **Tax Year Comparison,** or type `COMP` into the **Selector** field and press ENTER.

Child-Support Issues

Use **EFPD** to enter data for Form 2120, Multiple Support Declaration; and for Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents. From **Other**, click **Forms 2120 and 8332,** or type `EFPD` into the **Selector** field and press ENTER.

NOTE

Fill out only one form—not both—for a dependent.

Election Options

ELEC provides the ability to select various IRS-code "elections." Upon calculation, a Notes page details the elections selected. Selections do not affect the calculation of the return.

NEW FOR 2007

Election options previously available on various screens, along with some added elections, can all be accessed from **ELEC**. To alert the IRS of an election through a statement, check the applicable box.

From **Other**, click **Election Options,** or type `ELEC` into the **Selector** field and press ENTER.

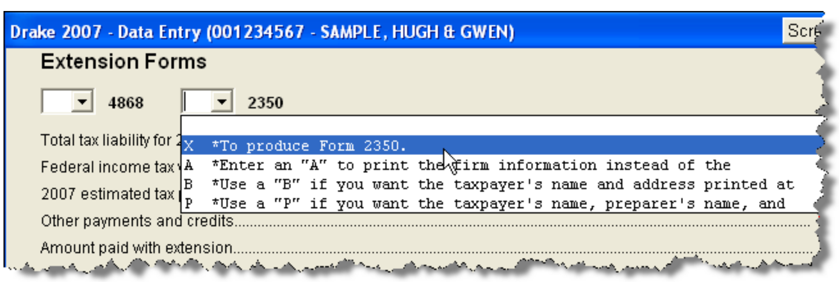
For information Form 709 election options, see "Form 709, Gift Tax Return" on page 127.

Filing Requests for Extensions

Use **EXT** to complete one of the following extension application forms:

- Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
- Form 2350, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return For U.S. Citizens and Resident Aliens Abroad Who Expect To Qualify for Special Tax Treatment

From the **Other** tab, click **Extensions 4868 & 2350,** or type `EXT` (or `4868` or `2350`) into the **Selector** field and press ENTER. Select the type of extension to be generated. If special conditions apply, select the applicable code.



NOTE

Only one extension can be generated at a time. If Form 4868 has already been filed for a return and you are now filing Form 2350, clear the **4868** box and select **X** in the **2350** box to generate the later extension.

Net Operating Loss Carryovers

Enter Net Operating Loss carryforward/carryback data in the **LOSS** screen to indicate the amount available for carryforward/carryback, the amount used prior to 2007, and the amount used in 2007 for each applicable year. From **Other**, click **Carryover of NOL WKSheet**, or type `LOSS` into the **Selector** field and press ENTER.

Amounts entered carry forward each year when the return is updated.

Custom Paragraph for Letters

Use **LTR** to override letter options from **Setup**, enter a custom paragraph on the client letter generated with the return, or override electronic-filing and paper-filing options for letters.

NEW FOR 2007

Result and Extension letter overrides have been added in 2007 to control the filing-type paragraph that prints (EF or Paper) in a letter.

From the **Other** tab, click **Letter** or type LTR into the **Selector** field and press ENTER.

- **Letter #** — If left blank, the default is the selection in **Setup** > **Letters**.
- **Personalized letter greeting** — Enter the name to be displayed on the letter (overrides the default greeting).

  Example: You have prepared a tax return for your friends, Hugh and Gwen Sample. Since the default greeting for all letters begins with "Mr. and Mrs." and you want to use a less formal greeting for your friends, you might enter "Hugh and Gwen" in the **Personalized letter greeting** field. The generated letter would then begin with "Hugh and Gwen" (rather than "Mr. and Mrs. Sample").

NOTE

If you want to begin the greeting with the word "Dear," write it with the name in the **Personalized letter greeting** field. If you want *all* letters for a package type to begin with "Dear" (or another greeting of your choice), then you should make the change in the actual template in **Setup > Letters**. (See "Letters Setup" on page 55.)

- **Custom Paragraph** — Compose a custom paragraph in the field provided.

NOTE

The custom paragraph appears by default at the end of the letter (where a P.S. would go). To adjust the location of custom paragraph appears, move the "Paragraph from LTR Screen" keyword in **Setup > Letters**.

- **Override Options** — If a message page is present for a calculated return, the system generates, by default, a letter for a paper-filed return. If no message page is present, a letter for an electronically filed return is generated. To override this default, check the type of letter to generate for federal or desired state return.

Entering Miscellaneous Information

Use **MISC** to enter the following types of information:

- Return pickup date
- Foreign mailing address
- Foreign account questions (Schedule B, Part III)
- RAL and RAC/BONU$ banks not approved for Drake
- Combat Zone/Terrorist/Military Action Tax Forgiveness
- Foreign Telephone Number of Taxpayer
- Parents Deceased (for Form 8615, "Kiddie" Tax)

Press F1 for instructions on specific fields. Following is additional information on specific sections of the **MISC** screen.

- **Pickup Information —** Enter Date promised, Date picked up, and 2006 payment information. You may also enter **Date promised** and **Date picked up** on the **TRAC** screen. (See “Keeping Track of Return Data” on page 134.) **Date promised** information can also be accessed in reporting.
- **Foreign Mailing Address** — An address entered here overrides the address entered on screen **1**.
- **Foreign Account Questions** — Answer questions in regard to foreign accounts.
- **RAL/RAC/BONU$ Banks** — The IRS requires notification of any return being filed with a RAL report.

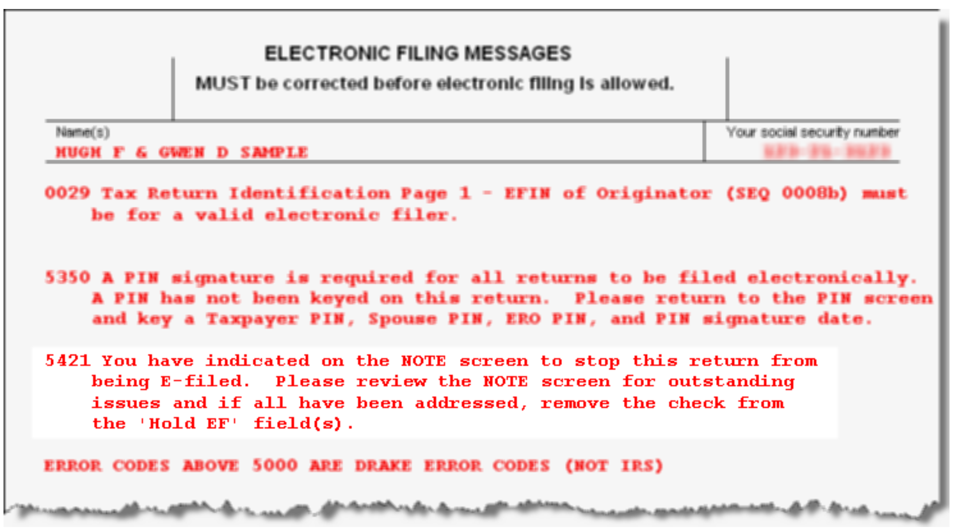
Making Notes on Returns

Ensure that specific reminders (in the forms of notes and EF messages) appear for specific returns. From the **Other** tab, click **Notes about the return**, or type NOTE into the **Selector** field and press ENTER.

NOTE

If the notes option is selected, certain notes appear when a return is opened. (See “Optional Documents Tab” on page 49 for selecting the notes option.)

- **Hold E-filing** — To delay electronic filing of a prepared return, check **Hold EF**. The return will not be filed when calculated. A notice will be displayed as an EF message.


ELECTRONIC FILING MESSAGES

MUST be corrected before electronic filing is allowed.

Name(s) HUGH F & GWEN D SAMPLE

Your social security number

0029 Tax Return Identification Page 1 - EFIN of Originator (SEQ 0008b) must be for a valid electronic filer.

5350 A PIN signature is required for all returns to be filed electronically. A PIN has not been keyed on this return. Please return to the PIN screen and key a Taxpayer PIN, Spouse PIN, ERO PIN, and PIN signature date.

5421 You have indicated on the NOTE screen to stop this return from being E-filed. Please review the NOTE screen for outstanding issues and if all have been addressed, remove the check from the 'Hold EF' field(s).

ERROR CODES ABOVE 5000 ARE DRAKE ERROR CODES (NOT IRS)

- **Other Notes** — If **Hold EF** is not selected, the note you type, along with all other information you provide, appears on the return **NOTES**.
- **Date Completed** — Enter the date to discontinue the note.
- **Miscellaneous Notes** — Notes entered here carry forward to the next year.

Preparer Notepad

New for 2007! The **Preparer Notepad** screen in data entry offers a typing area for keeping notes or other pertinent return information.

To access the notepad from the **General** tab, click **Preparer Notepad**, or type PAD into the **Selector** field and press ENTER.

Type or paste text in the text box. Right click the box to access the cut, copy, paste, and delete features. To save the Notepad, press ESC.

NOTE To access the Preparer Notepad from anywhere in data entry, press CTRL + SHIFT +N.

Entering Alternative Preparer Data

Use **PREP** to indicate return-specific preparer information if different from the default. From **Other**, click **Preparer Information**, or type PREP into the **Selector** field and press ENTER.

- **Pin for Preparer's Alternative Electronic Signature** — Enter PIN if a return is to be paper-filed with the alternative PIN.

NOTE The alternative PIN must match the one created in **Setup > Preparers**.

- **Third Party Designee** — To indicate a preparer as a third party designee (page 2 of Form 1040), select **Y** for **Third Party Designee**, then enter the designee's first and last name, phone number, and five-digit PIN.

  If the IRS is allowed to discuss the return with the default third-party designee already established, leave all fields blank.
- **Other Preparer Information** — For returns prepared by firms not set up in Drake, enter firm demographic information in the **Federal** and **State Preparer Information** boxes of the **PREP** screen.

Overriding Default Print Options

Print Options enable you to override default print options for a specific return. From **Other**, click **PRNT**, or type PRNT into the **Selector** field and press ENTER.

NEW FOR 2007 **PRNT** no longer has a **Letter #** override. If you used **Letter #** override on the **PRNT** screen in 2006, you can choose whether to update that letter selection to **LTR** when the return is brought forward.

Print options relate to the following:

- Suppressing or printing certain forms, schedules, and worksheets
- Printing (or suppressing) next-year information (proforma/organizer; depreciation listings)
- Printing summaries and comparisons
- Printing (or suppressing) cover sheets, dates, and filing instructions
- Disaster designations

Click F1 within fields for further information the available options.

Unformatted Statements

Use **SCH** to add certain statements and explanations not supported elsewhere in the return. From **Other**, click **Unformatted Statement**, or type SCH into the **Selector** field and press ENTER.

- **Type of Attachment** — Select an attachment type. Leave blank if instructed to create a statement using a specific statement number (such as 1A).
- **Statement Number** — Do not assign a number that is already in use for another statement in the return. If needed, view the calculated return and check for statement numbers.
- **In-house Note** — Select if the statement is not to be sent to the IRS.

NOTE Amounts entered on this screen do not carry to any other form or schedule in the return.

Keeping Track of Return Data

Use **Return Tracking** to track fees, payments, notable dates, and electronic filing and banking information for a return. Some fields in the **TRAC** screen autofill with data entered elsewhere, while other fields require direct entries. From **Other**, click **Return Tracking**, or type TRAC into the **Selector** field and press ENTER.

NOTE Some fields can be incorporated into reports from the Report Manager, and others are required to create certain CSM reports. (See “Reports” on page 223 for details.) **TRAC** screens are available for 1040, 1065, 1120, and 1120S returns.

IMPORTANT **ADMIN ONLY** fields are visible only for employees logged in as **Admin**. Administrators should not provide the **Admin** passwords to a employee unless they are approved to access these fields.

Verification W-2 Withholding

Use **VER** to verify a W-2 if Social Security or Medicare withholding is incorrect. From **Other**, type VER into the **Selector** field and press ENTER. Press F1 for help.

NOTE If a taxpayer's W-2 has incorrect Social Security or Medicare withholdings, a RAL is not allowed until the W-2 is verified with the employer.

IMPORTANT If, after contacting (or attempting to contact) the employer, you suspect fraud, immediately contact Drake, the RAL bank, and the nearest IRS Criminal Investigation office. Call the tax fraud hotline at (800) 829-0433.

Personal Allowances Worksheet

To access an electronic Form W-4, Employee's Withholding Allowance Certificate from the **Other** tab, click **Personal Allowances Worksheet**, or enter type W4 into the **Selector** field and press ENTER. Press F1 for help.

Applying for an ITIN

Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN), is used for federal tax purposes only and is not eligible for electronic filing. This form can, however, be accessed, completed, and printed using Drake tax software.

Access the **W7** screen from **Other**, or type W7 into the **Selector** field and press ENTER. Use **Screen Help** or press F1 for further instructions and information.

Amending a Form 1040

Use **Form 1040X**, or **X**, to amend a 1040, 1040A, 1040EZ, 1040EZ-T, 1040NR, or 1040NR-EZ return. While the 1040X cannot be filed electronically, it can be accessed, completed, and printed using Drake tax software.

Access this screen from the **Other** tab, or type X into the **Selector** field and press ENTER. At the prompt, click **Yes** to fill lines 1–24 with data from the original 1040. Click **No** to leave blank.

Complete these steps before changing any other screens. Correct all other screens to reflect changes to the original return. Do not use the **X** screen for the changes themselves.

IMPORTANT Attach a copy of the original return to the printed 1040X before submitting an amended return to the IRS. The original 1040 cannot be retrieved in Drake once the return has been amended.

Accessing Additional Forms

The following additional federal form fields can be accessed and completed from **Other**, or by typing the screen code into the **Selector** field and pressing ENTER.

- Form 56, Notice Concerning Fiduciary Relationship
- Form 970, Application to Use LIFO Inventory Method
- Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness
- Form 1045, Application for Tentative Refund, Page 1 (screen **1045**)
- Form 1045, Application for Tentative Refund, Page 2 (screen **NOL**)
- Form 1098, Mortgage Interest Statement
- Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer
- Form 2120, Multiple Support Declaration
- Form 2555, Foreign Earned Income
- Form 2848, Power of Attorney and Declaration of Representative
- Form 4506, Request for Copy of Tax Return
- Form 4852, Substitute for Form W-2 or Form 1099-R

- Form 8275, Disclosure Statement
- Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents
- Form 8379, Injured Spouse Allocation
- Form 8815, Exclusion of Interest from Series EE and I U.S. Savings Bonds Issued after 1989
- Form 8822, Change of Address
- Form 8828, Recapture of Federal Mortgage Subsidy
- Form 8857, Request for Innocent Spouse Relief
- Form 8862, Information To Claim Earned Income Credit After Disallowance
- Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method
- Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts (screen **9022**)
- Form 9465, Installment Agreement Request

Press F1 for help in completing individual fields. For instructions regarding individual forms, see the IRS Web site.

Preparing State and City Returns

State and city forms are generated automatically based on data entered on the federal return. State returns are calculated based on resident state entered, and on the state codes indicated on specific forms, such as the W-2, Schedule C, 1099, and Schedule B. For information on entering data for part-year residents, see “Taxpayer and Spouse Information” on page 88 and “Part-Year Return” on page 138.

IMPORTANT Download applicable state and city updates to your office’s computer or network regularly throughout tax season. See “Installing Updates” on page 205 for more information on installing program updates.

Both screen and field help are available within state return screens.

Entering State and City Data on Federal Forms

Some federal forms, such as Form 2106, Employee Business Expenses, require entry of a state or city code that may or may not be for the taxpayer's state of residence.

Drake calculates federal, state, and city income as required and carries any applicable data to the respective state and city forms.

NOTE If a **ST** or **City** field is blank, the program uses the state or city of residence as the default. If state or city taxes do not apply, **ST** and **City** fields are disabled.

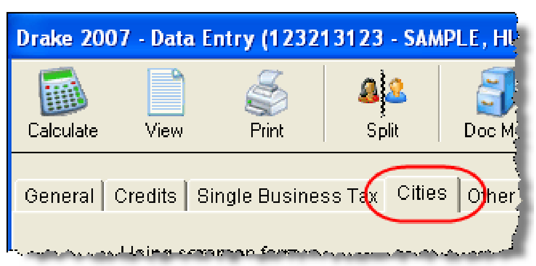
Accessing State Tax Forms

State tax forms are accessible from the **States** tab of the **Data Entry Menu**. To access a state's menu, click the state name, or type the state's two-letter code into the **Selector** field and press ENTER.

State menus have varying numbers of tabs and selections, depending on each state's tax laws and requirements. Most states have, at minimum, a **General** tab (which includes the individual income tax return), a **Credits** tab, and an **Other** tab. As in the federal screens, access a form by clicking the form name, or by typing the form code into the **Selector** field and pressing ENTER.

Accessing City Tax Forms

If a state supports a city tax return, then its data entry menu includes a **Cities** tab.



To access a city form, click the link or type the corresponding screen code into the **Selector** field and press ENTER.

NOTE Ohio city codes are listed in the **City of** field of the **Ohio Generic Municipality Form**, or **GEN**, screen. Special abbreviated codes are given to cities whose names exceed nine characters.

Part-Year Return

Additional steps must be taken if a taxpayer is a part-year resident of a state. To file a taxpayer as a part-year resident, select **PY** in the **Resident State** field of the **Demographics** screen (screen **1**) of the federal return.

TIP

When working in state screens, have the part-year residency dates on hand, since many state screens require them.

IMPORTANT

Code each screen with the state with which it is associated to ensure that income, deductions, and calculations are applied to the correct state.

Return Results

Before a return can be viewed, printed, or filed, the results must be calculated. A return can be changed and calculated repeatedly before it is finally submitted. This chapter covers the basics of calculating, viewing, and printing return results in Drake.

Calculating a Return

Return calculations are shown in the **Calculate** window, which you can access from the **Home** window (without opening the actual return) or from within a return (data entry).

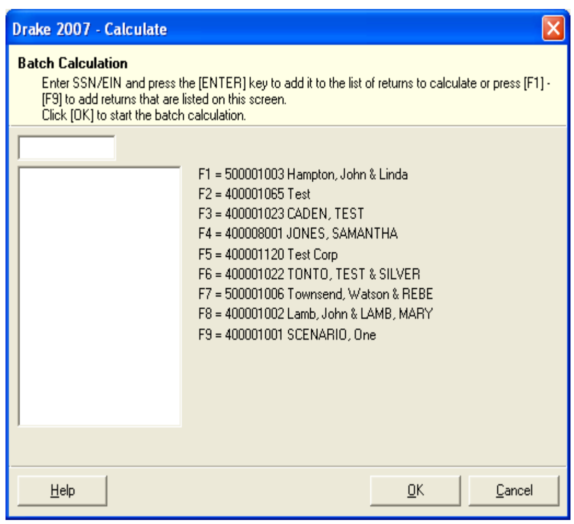
From the Home Window

Take the following steps to calculate one or more returns from the **Home** window toolbar.

1. Do one of the following to open the **Calculate** dialog box.

- Select **File** > **Calculate** from the menu bar
- Click the **Calculate** icon in the toolbar.
- Press CTRL + C on your keyboard.

2. The **Calculate** dialog box displays up to the last nine returns calculated. Each return is indicated by a function ("F") key.



3. Select a return to calculate using one of the following actions:

- Press the function key of the return to calculate. The return's identification number (such as SSN or EIN) appears in the field to the left of the listing.
- Type the identification number (such as SSN or EIN) of the return to calculate into the top field, then press ENTER.

4. Click **OK** to calculate the selected return.

To close without calculating, press ESC or click **Cancel**.

From Data Entry

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

NOTE

To set up the program to calculate a return when the return is exited, go to **Setup > Options** from the **Home** menu bar. Then, under the **Calculation & View/Print** tab, check **Auto-calculate tax return when exiting data entry**.

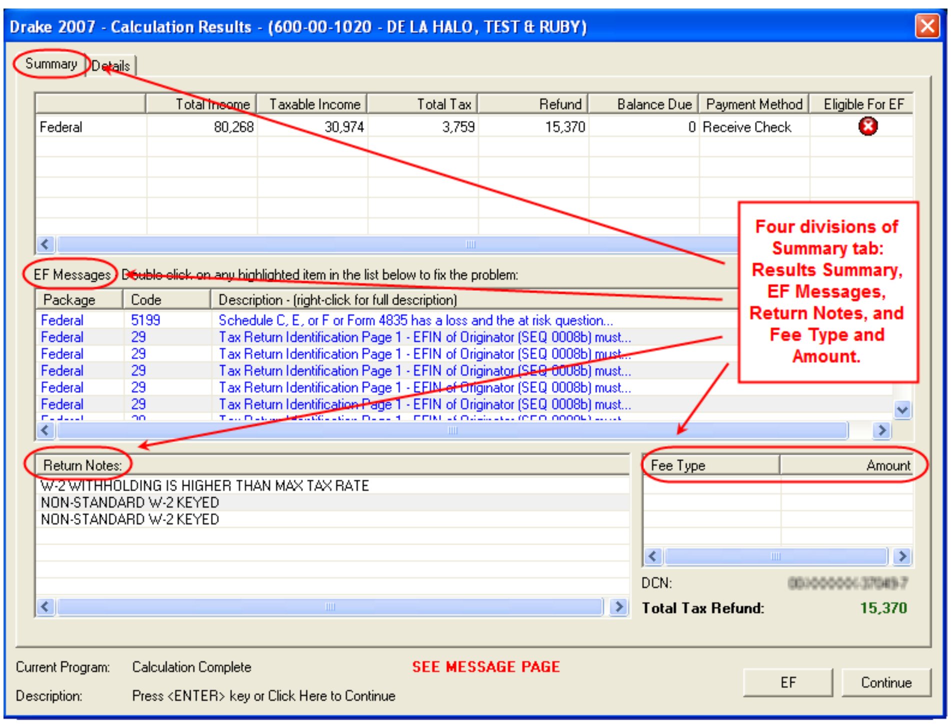
The **Calculation Results** window opens after return calculation by default. To change this setting, go to **Setup > Options**. Then, under **Calculation & View/Print**, select the desired option from **Pause option for calculation**.

Calculation Results

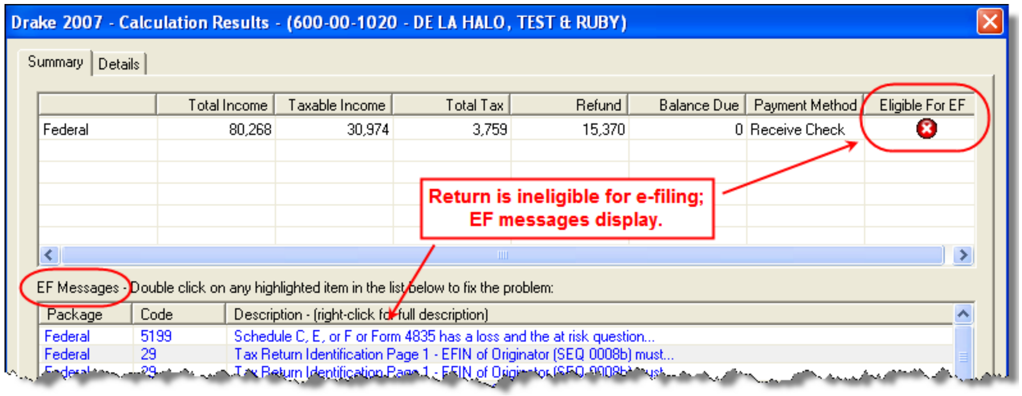
The **Calculation Results** window consists of a **Summary** tab and a **Details** tab.

Calculation Summary

The **Summary** tab has four main sections: the calculation summary, **EF Messages**, **Return Notes**, and **Fee Type and Amount**. Also displayed are the DCN and the specific return results (such as refund and balance due).



The calculation summary shows total income, taxable income, total tax, refund amount, balance due, payment method, and an eligibility indicator for electronic filing. If the return is eligible, a green check mark is displayed. If a portion is ineligible, a red "X" is displayed, and a message appears in **EF Messages**.



EF Messages

The **EF Messages** section lists electronic-filing message codes and descriptions by package. EF messages pinpoint the reason a return is ineligible for e-filing. Identified issues must be corrected for a return to be eligible.

- **Accessing full messages** — Some messages do not fit in the **Description** row. To view a full message, right-click the row and select **View Full Text Of EF Message**.
- **Accessing message links** — If an EF message is blue, you can double-click it to open the screen that contains the error generating the message. If applicable, your field that requires adjustment is activated.

NOTE If you double-click an EF message in black text, a window containing the full EF message is displayed. Only blue-text messages link to screens within the return.

EF messages appear in the **MESSAGES** page in view mode. For more on viewing these pages, see “Working in View and Print modes” on page 144.

Return Notes

The **Return Notes** section displays informational notes about the return. Return notes provide details about the return but do not require that changes be made to the return. They do not prevent electronic-filing. Return notes appear in the **NOTES** page in view mode. See “Working in View and Print modes” on page 144.

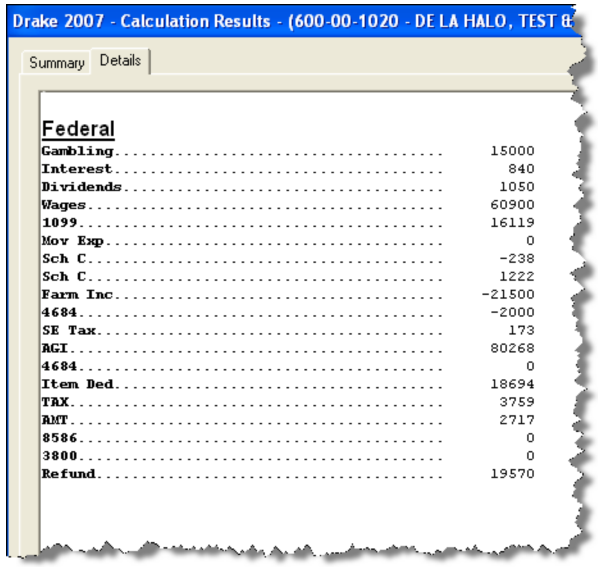
Fee Type and Amount

The **Fee Type** and **Amount** columns list the preparer, electronic-filing, and bank-fee amounts charged. A detailed breakdown of the fees can be seen on the **BILL** page in view mode. See “Working in View and Print modes” on page 144.

NOTE Drake does not display by default the fee type and amount in **Summary**. To have these items displayed, go to **Setup > Options**. Under **Calculation & View/Print**, check **Display client fee on calculation screen**.

Calculation Details

The **Details** tab displays return amounts in an easy-to-read format.



Click **Print** (at the bottom of the **Details** window) to print the calculation details displayed.

Proceeding from Calculation Results

If you accessed **Calculation Results** from data entry, click **Continue** to resume data entry.

If you accessed **Calculation Results** as part of the viewing or printing procedure, click **Back** to return to data entry, or click **Continue** to proceed to either view or print mode.

NEW FOR 2007

If a return is determined eligible for EF, you can add it to the EF queue directly from the **Calculation Results** window. To do so, click **EF** at the bottom of the window. If a return is not eligible for EF, the **EF** button is disabled. For more on selecting a return for electronic filing, see “Filing a Return Electronically” on page 151.

Viewing and Printing a Return

From view mode, preview the printed version or a return on your screen. From print mode, you can send multiple pages, copies, and sets of a return to your printer.

Accessing View and Print modes

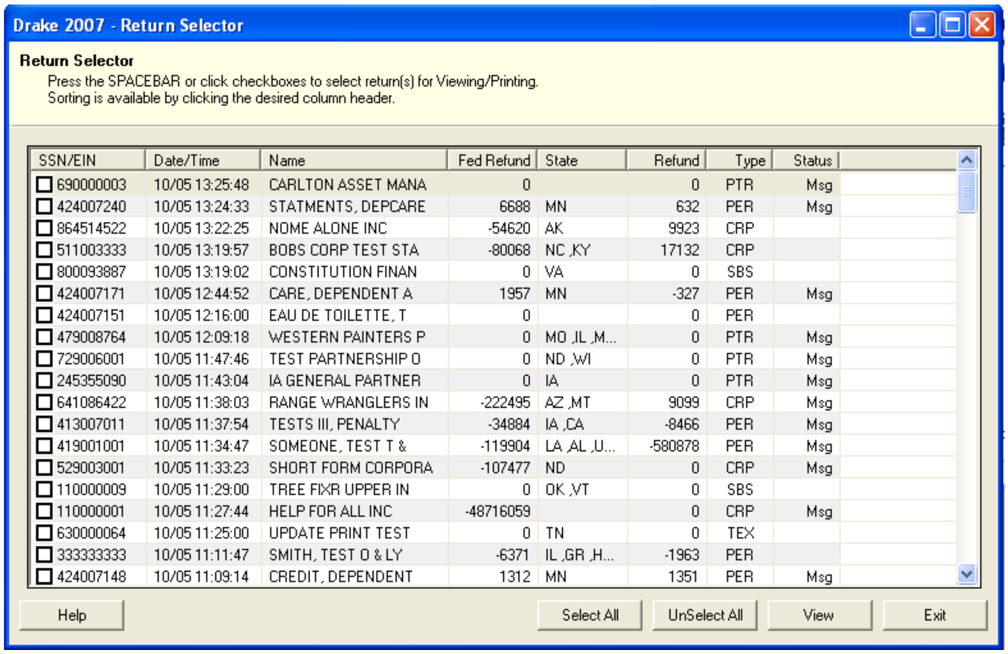
View or print a return from either the **Home** window (without opening the actual returns), or from within a return (data entry mode).

Take the following steps to view or print one or more returns from the **Home** window.

1. Open the **View** or **Print** screen by doing one of the following:

- Select **File** > **View** (or **File** > **Print**) from the menu bar
- Click the **View** (or **Print**) icon in toolbar.
- Press CTRL + V (or CTRL + P).

The **Return Selector** lists all recently calculated returns available for viewing or printing.



SSN/EIN	Date/Time	Name	Fed Refund	State	Refund	Type	Status
690000003	10/05 13:25:48	CARLTON ASSET MANA	0		0	PTR	Msg
424007240	10/05 13:24:33	STATMENTS, DEPCARE	6688	MN	632	PER	Msg
864514522	10/05 13:22:25	NOME ALONE INC	-54620	AK	9923	CRP	
511003333	10/05 13:19:57	BOBS CORP TEST STA	-80068	NC ,KY	17132	CRP	
800093887	10/05 13:19:02	CONSTITUTION FINAN	0	VA	0	SBS	
424007171	10/05 12:44:52	CARE, DEPENDENT A	1957	MN	-327	PER	Msg
424007151	10/05 12:16:00	EAU DE TOILETTE, T	0		0	PER	
479008764	10/05 12:09:18	WESTERN PAINTERS P	0	MO ,IL ,M...	0	PTR	Msg
729006001	10/05 11:47:46	TEST PARTNERSHIP O	0	ND ,WI	0	PTR	Msg
245355090	10/05 11:43:04	IA GENERAL PARTNER	0	IA	0	PTR	Msg
641086422	10/05 11:38:03	RANGE WRANGLERS IN	-222495	AZ ,MT	9099	CRP	Msg
413007011	10/05 11:37:54	TESTS III, PENALTY	-34884	IA ,CA	-8466	PER	Msg
419001001	10/05 11:34:47	SOMEONE, TEST T &	-119904	LA ,AL ,U...	-580878	PER	Msg
529003001	10/05 11:33:23	SHORT FORM CORPORA	-107477	ND	0	CRP	Msg
110000009	10/05 11:29:00	TREE FIXR UPPER IN	0	OK ,VT	0	SBS	
110000001	10/05 11:27:44	HELP FOR ALL INC	-48716059		0	CRP	Msg
630000064	10/05 11:25:00	UPDATE PRINT TEST	0	TN	0	TEX	
333333333	10/05 11:11:47	SMITH, TEST O & LY	-6371	IL ,GR ,H...	-1963	PER	
424007148	10/05 11:09:14	CREDIT, DEPENDENT	1312	MN	1351	PER	Msg

2. Select returns to view.

- To select returns individually, click the box next to each return to view or print.
- To select all returns listed, click **Select All**. (Click **Unselect All** to clear.)

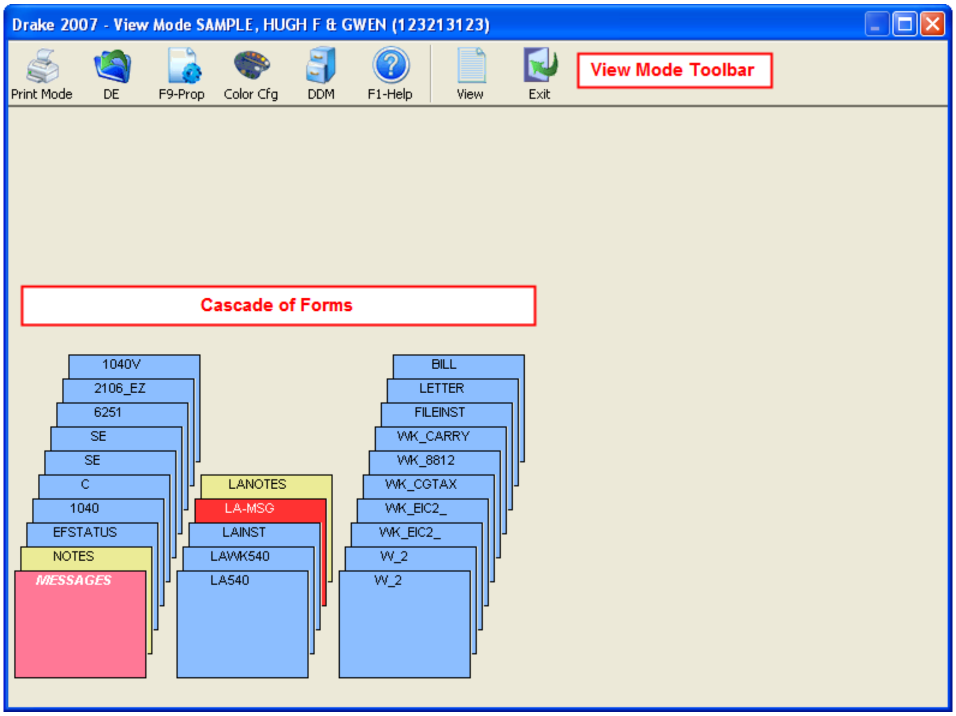
3. Click **View** (or **Print**) to display the first return listed in **View** (or **Print**) mode.

NOTE Depending on your setup options, **Calculation Results** may open at this point; click **Continue** to proceed. To change this option, go to **Setup > Options**, **Calculation and View/Print** and check or clear **Pause option for calculation**.

To view or print a return from data entry mode, click **View** or **Print** on the toolbar or press CTRL + V (or CTRL + P). Results are first displayed in **Calculation Results**. Click **Continue** to proceed to view or print mode as selected.

WORKING IN VIEW AND PRINT MODES

View mode and print mode have two main sections each: the cascade of forms, and the toolbar as shown in view mode the following figure.



Cascade of Forms

All forms, worksheets, and associated Drake-generated documents for a return are shown in the cascade of forms. Cascades are generally organized as follows:

- Left-most cascades: Forms, notes, and messages for federal return
- Middle cascades: Forms, notes, messages, and associated worksheets for state returns
- Right-most cascades: Worksheets, filing instructions, letter, and billing statement

See the previous figure for an example of how pages are typically ordered in the cascade.

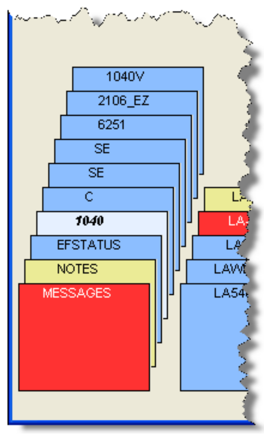
NOTE Page order depends on factors such as the number of forms in a return or the number of state returns.

Viewing and Printing Parts of a Return

To view or print a page in the cascade, double-click the page, or select the page and click **View** or **Print** in the toolbar.

TIP Once you have selected a page, use the arrow keys on your keyboard to move from page to page. Click ENTER to view or print the highlighted page.

For example, to view Form 1040 of the return shown in previously, double-click **1040**.



The page view shows the familiar tax form with entered and calculated data in red text. Scroll to view multiple pages of a form. To close, click the **X** in the top-right corner.

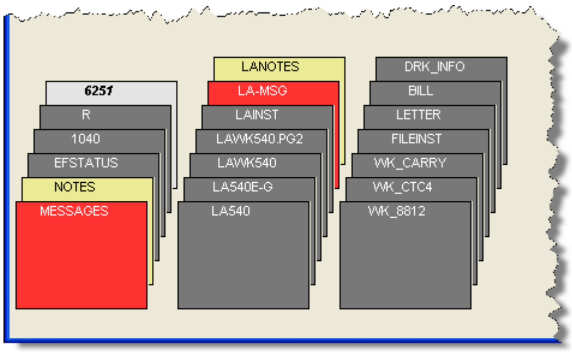
From print mode, the **Print Selection** dialog box is displayed. Adjust printer options as desired, then **Print** the return or click **Cancel** to close without printing.

TIP Right-click a form in the cascade to view, print, or select to print the form, or to adjust its properties individually.

NEW FOR 2007 To change pricing on a per-return basis, right-click a form from **View** mode and select **Properties**.

Page Titles in Cascade of Forms

Each page in the cascade of forms has a unique title.

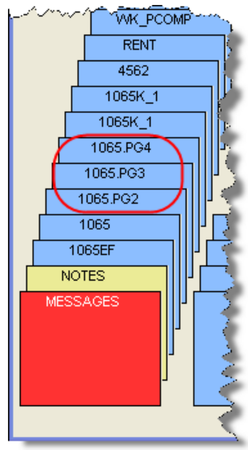


NOTE State document titles begin with the two-letter state code. For example, the LA540 page above is Louisiana Form 540, and LA-MSG is a message page for that return.

- **Form Names** — Pages within the cascade have the actual form names as titles. For example, the cascade in the previous figure displays Form 1040, Schedule R, and Form 6251 in the left column.
- **Worksheets** — All labels that contain the two-letter code **WK** designate Drake worksheets. Drake worksheets provide a ready reference to show how certain amounts within the return were calculated.
- **Associated Documents**—Associated documents include the client bill (**BILL**), cover letter (**LETTER**), and filing instructions (**FILEINST**) that accompany a return.
- **EF Status for Federal Return**—The **EFSTATUS** page, grouped with the federal return forms, displays the electronic-filing transmission status, including state piggybacks, for federal and state returns.
- **Messages**—Red **MESSAGES** pages list data-entry errors that prevent a return from being filed electronically. All errors must be corrected before e-filing the return.
- **Notes**—Yellow **NOTES** pages do not prevent electronic filing, but they do note potential problems in the return. Read the **NOTES** to determine if the data in question is accurate.

NOTE The MESSAGES and NOTES pages correspond, respectively, to the **EF Message** and **Return Notes** sections of the **Calculate** window.

- **Documents with Multiple Pages**—Most multi-page forms, such as Form 1040, can be accessed by opening a “page” in the cascade. Some multi-page forms, however, are viewed or printed one page at a time. When this is the case, the page title includes **PG#** (with # being the page number of the form). The following example highlights pages 2, 3, and 4 of Form 1065.



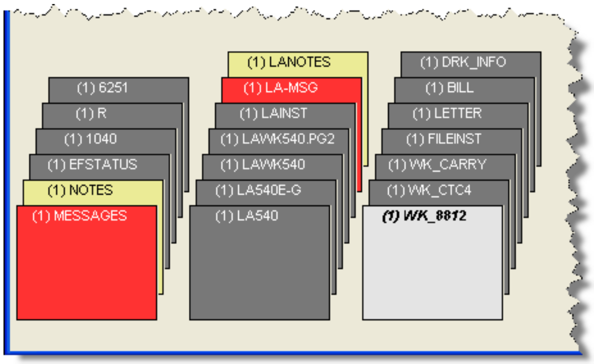
View Mode/Print Mode Toolbar

Use the view and print mode toolbars to switch modes, edit properties, adjust the window's "look," access the DDM, access Drake help, view or print pages within a return, or exit. The print mode toolbar contains additional buttons for printing sets, using **Classic Print**, and selecting forms to print. Buttons and their functions are as follows:

- **Print Mode** — Switch from view mode to print mode. (Use the view mode button in the print mode toolbar to switch from print mode back to view mode.)
- **DE** — Switch to data-entry mode for the open return. (By switching to Data Entry, you are closing view mode and must recalculate the return before entering view mode again.)
- **F9-Prop** — Update the **MESSAGES** description, pricing, and number of copies on a "per form" basis. (If you change anything in the Form Information or Pricing sections, you must recalculate the return in order to see the changes.)
- **Color Cfg** —Customize color preferences for view mode. In **Color Configuration**, click a color to access the color palate from which to select a new color. Click **Restore Colors** at any time to restore the default colors.
- **DDM** — Open the Drake Document Manager (DDM). View mode remains open while you are in the DDM. For more on the DDM, see "Document Manager" on page 235.
- **F1-Help** — Access this manual electronically.
- **View** — From view mode, view the selected page from the cascade of forms. (In print mode, use the **Print** button to print the selected page(s) from the cascade of forms.)
- **Sets** — (print mode only) Print return sets (client, preparer, federal, state). Print returns as duplex and/or stapled as your printer allows. When printed client and preparer sets have "CLIENT COPY" and "PREPARER COPY" across each page.
- **Classic** — (print mode only) In classic print mode, use the + and **-** keys on a selected form to print multiple copies of a form. For further details on using classic print mode, see the following section.
- **F2-All** — (print mode only) Offers several options for which forms to print: All forms, federal forms only, state forms only, or miscellaneous forms only. (Click **Unselect All** as needed.) See menu for corresponding alternative function ("F") key commands.
- **Exit** — Exit the view- or print-mode cascade of forms and return to the **Home** window.

Classic Print Mode

In **Classic Print** mode, a number is displayed next to each form label, indicating the number of copies of each form to print. The default is 1.



Select a form, then use the plus (+) and minus (-) keys on your keyboard to increase or decrease the number of copies of the selected form to print. Maximum number is 9; minimum is 0 (zero).

To enter or exit **Classic Print**, click **Classic Mode** in the toolbar. If you continue to use **Classic Print** mode, the number selected for each form is saved and used (as applicable) for all subsequent returns printed.

NOTE To make **Classic Print** mode the default, go to **Setup > Printing > Printer Setup** from the **Home** window. Select **(F7) Options** and check **Classic print mode**.

Printing a PDF

To print a return as a PDF, select PDF995 from **Printer** in **Print Selection**. Your system must have a PDF995 installed before it is available as a print selection (see “PDF Printer Setup” on page 65).

Electronic Filing and Banking

IMPORTANT Each preparer is responsible for using due diligence in exercising proper judgment and following rules and regulations for filing returns electronically.
Verify all information on a return before electronically filing. Once returns are sent, the transmission cannot be stopped.

Drake streamlines the electronic-filing and bank product application processes on both the federal and state levels. This chapter provides an overview of electronic filing, introduces the banks and bank products for 2007, and explains how to do the following in Drake:

- Set up an electronic filing account
- Test your electronic filing system
- File a return electronically
- Understand Drake, government, and bank acknowledgments
- Prepare and process loan checks

Although Drake tax software incorporates IRS regulations where feasible to ensure returns are filed correctly, the tax preparer needs to be well-versed in the IRS rules and processes. Before tax season begins, you should do the following:

- Consult IRS Publications 1345 and 1346 for information on the process, laws, and regulations for electronically filing income tax returns.
- Know your state's electronic-filing and banking requirements.
- Consult the handbooks and brochures provided to you by banks regarding their bank products.

Preparing to File Electronically

Before your firm can electronically file a return, it must meet several qualifications. Also, it is important to test your system to ensure that it is functioning properly.

ERO Application

New Electronic Return Originators (EROs) must submit to following to the IRS:

- Form 8633 (Application to Participate in IRS e-file Program)
- A set of fingerprint cards for each principal and responsible official of the company.

An established ERO must file Form 8633 only if changing the original information in the application. The IRS accepts applications throughout the year; however, be aware that processing can take up to 45 days.

To access Form 8633 from the **Home** window, select **Tools** > **Blank Forms**. Under the Individual tab, select and print 8633.PG and 8633.PG2. Contact either Drake or the IRS to request the required federal fingerprint cards.

NOTE Form 8633 is also available on the IRS Web site.
Fingerprint cards must be federal cards authorized by the IRS. Contact either Drake or the IRS to request federal fingerprint cards.

EFIN Application

All tax preparers who plan to file returns electronically must have an IRS Electronic Filing Identification Number (EFIN), which the IRS assigns when Form 8633 is processed. If you do not have an EFIN yet, Drake will assign you a temporary one. This temporary EFIN is for bookkeeping purposes only and does not enable electronic-filing. You must submit your official EFIN to Drake before filing returns electronically.

Transmission Testing

While transmission testing is not required, Drake strongly recommends running an initial transmission test to ensure that you understand all of the steps and that your system is working properly.

NOTE Before testing, verify that the **Setup > ERO** window is completed (see “ERO Setup” on page 37) and that the test returns are eligible for electronic-filing.

IMPORTANT Do not transmit test returns that contain SSNs other than those in the 400-00 and 500-00 series provided in the software. All other returns are processed as actual (“live”) tax returns, and can result in a charge of filing fraudulent returns.

To test transmission, use the following procedure:

1. From the **Home** window, select **EF** > **Select Returns for EF**.
2. From the **EF Selector**, select the EF–eligible test returns to transmit and click **Continue**.

TIP To select all EF–eligible returns, click **Select All**. Click a checkbox a second time to clear it, or click **Unselect All** to clear all selections.

3. From the **Home** window, select **EF** > **Transmit/Receive** to open the **Transmit/Receive** dialog box. See “Step 3: Transmit Return” on page 153 for options within this box.
4. Click **Send/Receive** to transmit the test return.

5. From the **Home** window, select **EF > Process Acks** on the menu bar. **Print** the IRS acknowledgements, if desired.

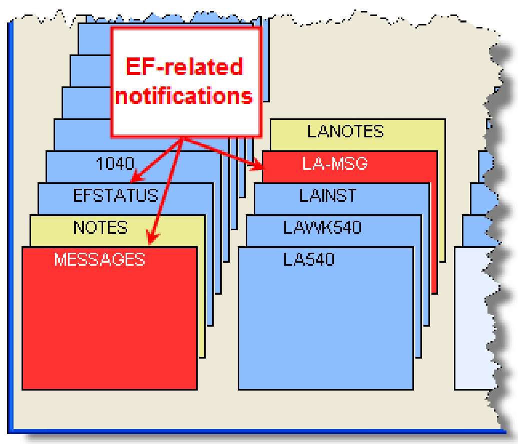
NOTE Test transmissions receive an IRS acknowledgement of “T” to indicate successful transmission.

Filing a Return Electronically

Electronic-filing functionality is the same for both business/entity and individual returns in Drake. This section describes the electronic-filing process in a series of five steps, from calculating the return to processing the loan check for a bank product.

Step 1: Calculate Return

When a return is calculated, Drake generates additional documents related to electronic filing for both federal and state returns:



- The EFSTATUS page displays transmission options, including any piggyback transmissions to the federal return, and any additional state returns to be transmitted.
- The MESSAGES, or state MSG page, (red default) is displayed only if there are issues within the return that prevent it from being eligible for electronic-filing. The MESSAGE page lists the error codes and descriptions of these issues.

NOTE All error descriptions on the MESSAGE page have a designated error code. All error codes below 5000 are IRS codes. All others are Drake error codes.

Step 2: Select Return for EF

NEW FOR 2007

To bypass this step, you can select the return directly from the **Calculation Results** screen. See “Calculation Details” on page 142.

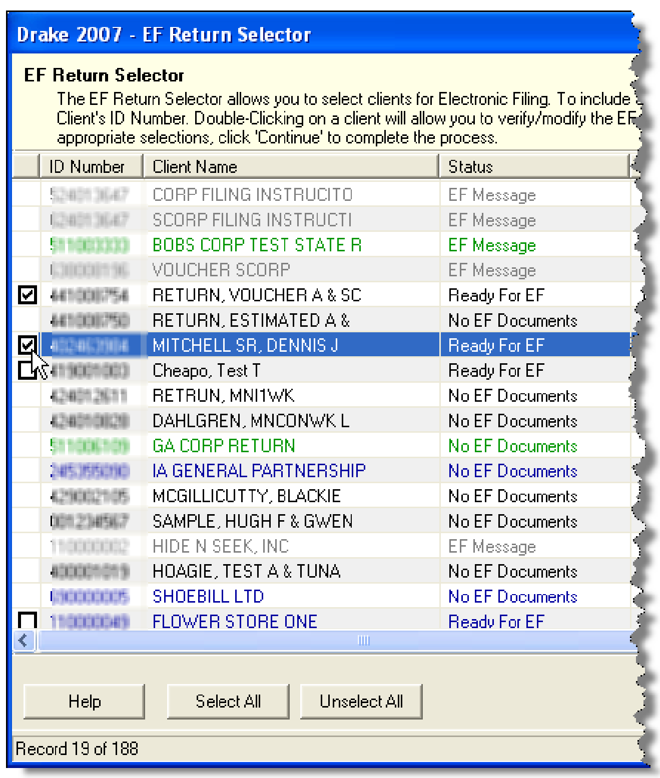
Once a return has been calculated and determined eligible for electronic filing, take the following steps to prepare the transmission file:

1. From the **Home** window, select **EF** > **Select Returns for EF** to open the **EF Return Selector**.

TIP

Pressing CTRL + S also opens the **EF Return Selector**.

2. Select the boxes of the EF–eligible test returns to transmit (only recently calculated returns are shown). Click **Select All** or **Unselect All** as needed to check or clear multiple boxes.



TIP

Click column headers to sort returns in ascending order by column provided. Click header a second time to sort in descending order.

NOTE To verify or modify returns from the **EF Return Selector**, double-click a return to view an **EF Transmission Detail** dialog box displaying the client name, ID number, EF status, and federal and state (including piggyback) documents to be filed. Click **Save** to retain any changes you make.

3. Click **Continue**. The **Report Viewer** list all returns in the "send" queue. See "Report Viewer" on page 231 for more on the **Report Viewer**.
4. (optional) Print or export the reports.
5. Click **Exit** to close **Report Viewer**.

Troubleshooting EF Transmission

If a return does not appear in the **EF Return Selector**, take these actions to troubleshoot:

- Recalculate the return.
- To check for an EF Message on the return, open the return and click **View**, or press CTRL + V and look for MESSAGE pages (MSG for state returns). Or, look for EF Messages on the **Calculation Results** window.
- To check setup options to see if **EF Ready** is selected, go to **Setup** > **Options** > **EF**. If **Require Ready for EF Indicator on EF Screen** is selected, open the return and go to the **General Information** screen. Click **EF**. Use the **EF Ready** field to select **Ready for EF**.
- To ensure the return has not been sent and accepted by the IRS, go to **EF** > **Search EF Database**, or open the return, type TRAC in the **Selector** field, and press ENTER.
- Ensure that the return does not contain forms that cannot be electronically filed.

STEP 3: TRANSMIT RETURN

Once an EF–eligible return has placed into the "send" queue, it is ready for transmission. An Internet connection is required for transmitting returns.

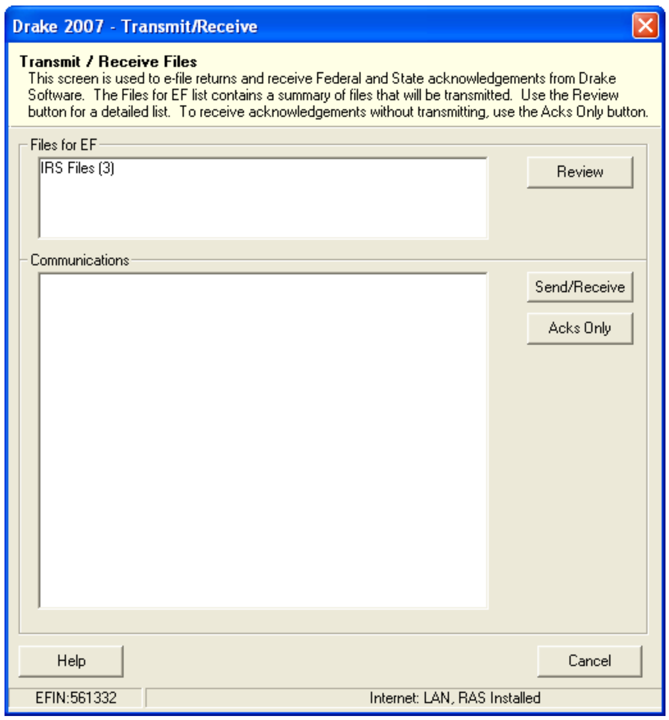
IMPORTANT Do not transmit from more than one computer unless the tax software is installed on a dedicated server. Otherwise, transmitting and receiving from more than one computer may affect the ability to print checks.

Your computer must be connected to the Internet in order to transmit files.

To transmit a return, take the following steps.

1. From the **Home** window, select **EF** > **Transmit/Receive** to open the **Transmit/Receive** dialog box.

TIP Pressing CTRL + T also opens the **Transmit/Receive** dialog box.



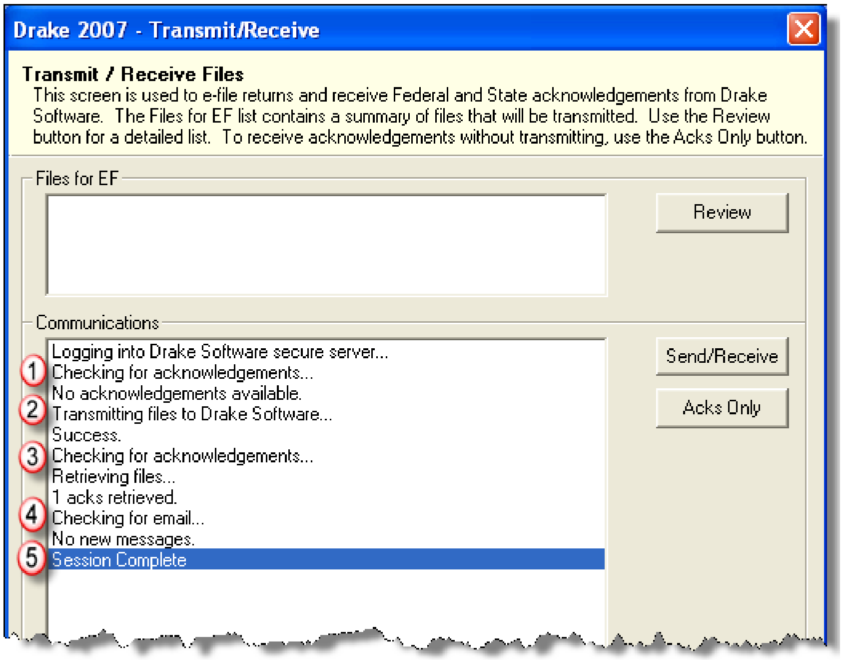
2. (Optional) Click **Review** to open the **Transmit File Editor** dialog box. To remove a return from the queue at this point, select the return and click **Remove**. Click **Select All** or **UnSelect All** as needed.

NOTE Check a return in **Transmit File Editor** it to *remove* it from the queue.

3. (Optional) Click **Acks Only** to pick up federal and state acknowledgements, bank-product acknowledgements, and check authorizations without transmitting any files to Drake.
4. Click **Send/Receive**. The **Report Viewer** display the **EF Transmission Record**.

IMPORTANT The EF Transmission Record is a list of returns that are *planned* for transmission. Because transmittal can potentially be interrupted or a return denied, the EF Transmission Record is *not* suitable as a record of files that have been transmitted.

5. Click **Exit** to close the **EF Transmission Record**. The program immediately logs into Drake Software and transmits the return. Transmission notes appear in the **Communications** box of the **Transmit/Receive** window as transmission progresses.



Once you have logged into Drake, the system (1) checks for new acks; (2) transmits files to Drake; (3) retrieves acks of the transmitted files; (4) checks for Drake e-mail; and (5) logs out of Drake. Transmission is complete. The system only checks for email if it is designated to do so in **Setup** > **Options**, **EF** tab.

NOTE

All returns transmitted through Drake are forwarded to the correct IRS Submission Processing Center.

6. Click **Exit** to close **Transmit/Receive**.

Step 4: Process Acknowledgments

When Drake receives a transmission from an ERO, it immediately sends a one-letter acknowledgement, or “ack,” to the ERO indicate a successful transmission. When the IRS Submission Processing Center receives the return as forwarded by Drake, the IRS sends an ack to Drake, which Drake forwards to the ERO. Banks and state/city taxing authorities also send acks, which Drake forwards to the ERO.

The next step is to process all acknowledgements received by Drake, the IRS, state/city taxing authorities, and banks. From the **Home** window, select **EF > Process Acks** to open **Process Acknowledgements.**

NOTE

The information in **Process Acknowledgements** is copied to the EF Database, for later access. See “Using the EF Database” on page 158.

If there are no new acknowledgements to process upon logging in to Drake, you are asked if you would like to review old acknowledgements.

After the acknowledgement file is read, an **Acknowledgement Report** shows the ack code and Batch ID. (All acknowledgements are stored by batch ID.)

The three acknowledgement codes generated by Drake are as follows:

- **P** — Tax return transmitted successfully to Drake and processing.
- **T** — TEST return transmitted successfully to Drake.
- **B** — Bad transmission; try re-transmitting after installing updates and recalculating the return. Re-send any SSN that receives a “B” acknowledgement.

Acknowledgement codes generated by the IRS are as follows:

- **A** — Tax return has been accepted by the IRS
- **R** — Tax return has been rejected by the IRS
- **D** — Tax return is a duplicate of a previously filed return or DCN; rejected by IRS.

NOTE

The IRS conditionally accepts “imperfect” returns if either of the following occur in the subsequent filing of a return:

- A dependent’s SSN or name on a Schedule EIC does not match the IRS master file
- A dependent's SSN or name on Form 1040 does not match the IRS master file.

The first time the return is submitted, the IRS rejects it using reject codes 0501 and 0504. If the information on the taxpayer’s Social Security card is correct, go to the **EF Options Override (EF)** screen in data entry and check **Imperfect Return Election** under **Additional Options**. When the return is calculated, Drake displays a NOTES page indicating the return is imperfect. At this time, Drake also prevents filing of piggyback returns or bank products. The IRS gives conditional acceptance, but an ack of **E** is still returned in the acknowledgement. Processing time may take up to six weeks.

Bank-generated acknowledgement codes are as follows:

- **Bank Product Accepted** — Bank product application has been approved.
- **Bank Product Rejected** — Bank product application has been rejected.
- **Check Print** — Checks are ready to be printed.
- **Prep Fees Deposited** — Preparer fees have been deposited.

State acknowledgement codes vary.

To log into Drake and receive any new acknowledgements without electronically filing a return, click **EF** > **Transmit/Receive** and select **Acks Only**.

NOTE IRS acks are usually processed within 24 hours. Bank acks are usually processed within hours of IRS acks, depending on volume. State processing times vary.

STEP 5: PROCESS LOAN CHECK

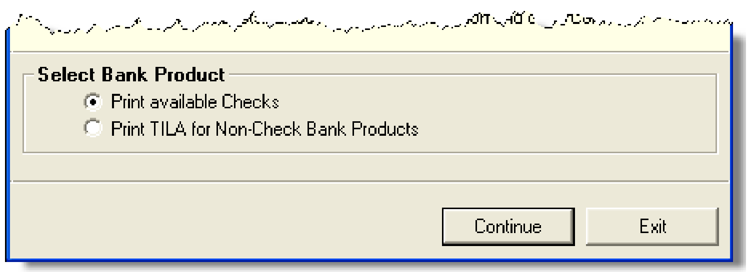
If processed acks include one or more bank acknowledgements and your firm prints bank-product checks in-house, then Step 4, Process Loan Check, is necessary.

NOTE If your firm does not print checks in-house, post the acks to the EF Database so the bank (selected by taxpayer) can process the check.

Printing Checks for Bank Products

To print bank-product checks, take the following steps:

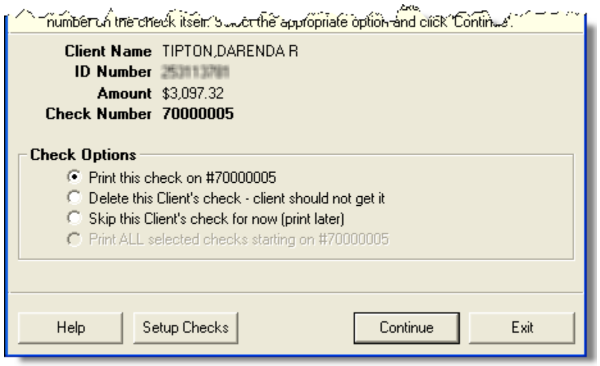
1. From the **Home** window, select **EF > Check Print** to open the **Bank Product Selection** dialog box.
2. Select whether to print checks or to print the Truth In Lending Agreement (TILA) disclosures for non-check bank products.



3. Click **Continue**. The **Selection** window for checks (or TILA) is displayed, showing all checks (or TILA) available for printing.
4. Check each row corresponding to the check to be printed. Use **Select All** or **Unselect All** as needed.

NOTE To enter check stock ranges and indicate the printing order, click **Setup Checks**.

5. Click **Continue**. The **Check Print Options** window opens to display the client name, ID number, check amount, and check number.



6. Select the applicable check option and click **Continue**.
7. In the **Print Checks** dialog box, set printer options as needed and click **Print**.

Opening the Check Register

A detailed register of issued RAL/Bonu$ checks can be viewed, printed, or exported from the **Check Register** dialog box. To print the check register, take the following steps:

1. From the **Home** window, select **EF > Check Register** to open the **Check Register**.
2. Select the **Starting Date**, **Ending Date**, and **EFIN/Firm Name**.
3. Click **Continue**. The **Report Viewer** displays the check number, date, amount, EFIN, sequence number, client ID and client name for all checks within the parameters.
4. Use the toolbar buttons to print, export, or scroll through the register.

IMPORTANT

The **Check Register** must be transmitted to Drake Software in order for you to receive fees from the bank. When there is a new check register to send, the program automatically detects the register and transmits it the next time **Transmit/Receive** is run. Drake recommends transmitting after printing large batches of checks.

Using the EF Database

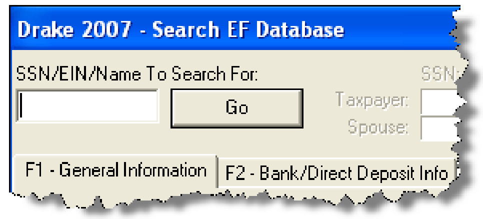
The EF Database displays information about all returns that have been electronically filed for the current tax year.

NOTE

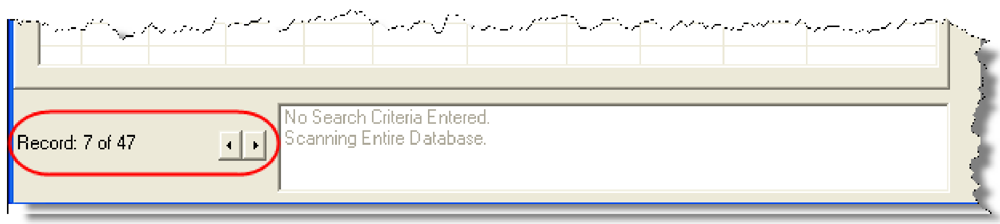
Peer-to-Peer Networks Only: In order for the non-transmitting workstations to view the EF Database, the drive letter assigned to the transmitting machine must be entered in the **Shared Drive Letter** field in **Directories and Paths Setup**. See "Directories and Paths Setup" on page 43 for more information.

Use the following procedure to access the EF Database search function.

1. From the **Home** window, click **EF > Search EF Database**.
2. Using the **SSN/EIN/Name To Search For** field as the starting point for your search, enter the search criteria. Search by SSN/EIN or taxpayer name, or browse all SSNs/EINs



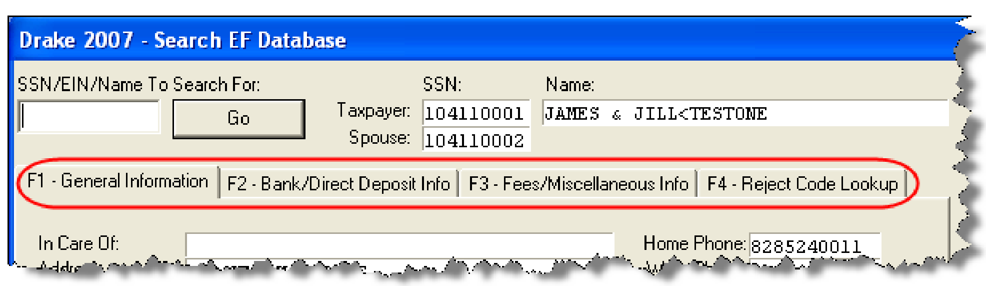
- **Search by Specific SSN/EIN** — Enter an SSN or EIN and click **Go**. All matching records are displayed, with the most recent record appearing first. Use the arrows at the bottom of the screen to view any multiple records for the SSN/EIN entered.
- **Search by Name** — Enter a last name or business name and click **Go**. Only those records with perfect matches are displayed.
- **Browse all SSNs** — Leave the entry field blank and click **Go**. The first record in the database is displayed. Use the arrows at the bottom of the screen to scroll through the records.



TIP

To scroll from your keyboard, press PAGE UP and PAGE DOWN.

3. Access return information, bank information, fee information, general information, and reject codes associated with a return.



Use the tabs (described in following sections) to locate return data.

General Information

The **General Information** window contains the general transmission information for an electronically filed return. In addition to the taxpayer address and telephone, this tab displays the following information:

- **IRS Acknowledgement Information** — **Acknowledgement Code**, **Acknowledgement Date**, **Transmission Date**, **Filing Status**, and **Refund Amount** or **Balance Due** are displayed in the left column.This information is from the most recent transmission record for the client file.
- **State Acknowledgement Information** — Under the **State** heading, the middle column displays the **State Acknowledgement Code**, **Acknowledgement Date**, **Filing Status**, and **Refund Amount** or **Balance Due**. This information is from the most recent transmission record for the client file.
- **Reject Codes** — Reject codes are displayed on the right side of the **General Information** window. Fields are **Reject Code**, **Form ID**, **Form Number**, and **Sequence Number**. Double-click a reject code to jump to the **Reject Code Lookup** tab,
- **IRS Debt and Bank Codes** — The IRS debt indicator and bank codes are located below **Reject Codes**. IRS Debt Codes indicate some sort of debt to the federal government and include the following:
  - **I** — Taxpayer or spouse owes money to the IRS. The taxpayer can call (800) 829-1040 for more information.
  - **F —** Taxpayer or spouse owes money to a branch of the federal government. The taxpayer can call (800) 304-3107 for more information.
  - **B** — Taxpayer or spouse owes money to both the IRS and a branch of the federal government.

  Bank Codes indicate the bank through which the taxpayer requested a product, and the status of the request.

  - **Bank Code** — Indicates the bank providing the product used.
  - **Bonu$/Loan Status** — Indicates the status of the loan request. Codes vary by bank. For more information, refer to the guide provided by your bank.
  - C**heck Information** — At the bottom of the screen is information pertaining to any checks approved or printed for the taxpayer.

Bank/Direct Deposit Info

This window contains detailed information about any bank products.

- **Bank Information** — Bank information fields are located on the left side of the window. They include **Bank Code**, **Loan Status**, **Bonu$ Indicator**, **Decline Reason**, **Application Date**, **State Bonu$** (whether requested), **IRS Debt Code**, **Selected Loan Amount**, and **Prior Debt Withheld**.
- **Direct Deposits Involving Bank Loans** — These fields are located on the right side of the window. These direct deposits indicate what amounts have been paid to the bank and to the preparer. This column also displays the source of the payments.
- **Direct Deposits NOT Involving Bank Loans** — These fields are located at the bottom of the window. For the federal, state, and Bonu$/RAL Direct, there is an account type and account number for each type of direct deposit.

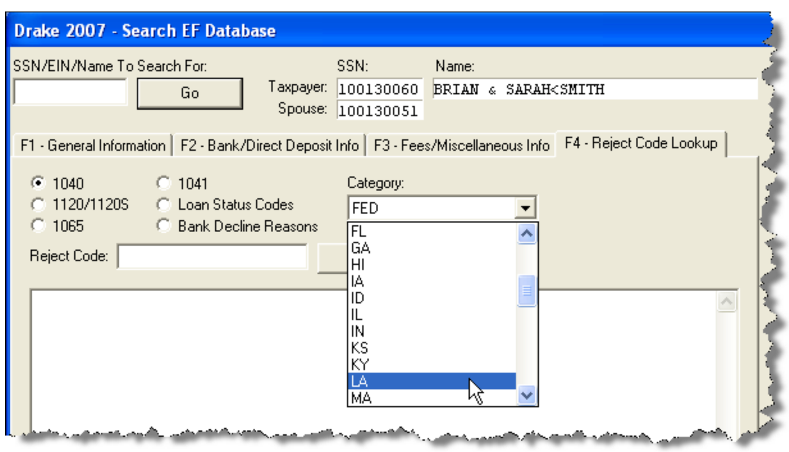
Fees/Miscellaneous Info

This window contains general return information, **Earned Income Credit**, **Adjusted Gross Income**, **Taxpayer PIN(s)**, and **Fee Distributions**.

Reject Code Lookup

The **Reject Code Lookup** tab is a search tool for accessing and understanding reject codes given by the IRS. Enter the reject code received by the return and click **Go**. The IRS explanation of the code is displayed in the lower box.

To search for a state reject code, select **1040**, then select the state from **Category**. Enter **Reject Code** and click **Go**. The state explanation of the code is displayed in the lower box.



Select **Loan Status Codes** to view codes and descriptions in the lower box.

To search the codes for bank decline reasons, select **Bank Decline Reasons**, then select a bank from **Category**. The bank decline code explanations are displayed in the lower box.

Leaving the EF Database

Take one of the following actions to close the EF Database and/or access another application from within the EF Database.

- **Return to the Home window** — Click **Exit**.
- **Open the Online EF Database** — Click **F10 - Online DB** (or press F10). The EF Database in Drake remains open.
- **Access data entry for the displayed return** — Click **F5 - Data Entry** (or press F5). The EF Database is closed.

Online EF Database

The Online EF Database displays information about electronically filed returns in real-time. Run reports on returns, loans, and checks, or search for electronic-filing information for a single SSN or EIN. Access the Multi-Office Manager, or MOM, and view Client Status Manager data for one or multiple offices.

To access your Online EF Database from within the software, log in to Drake Support and go to **My Account > EF Database**, or click **F10 - Online DB** from within the EF Database. The Online EF Database displays the electronic-filing detail page for the return.

View the status of each Service Center along with any important notes or alerts. Across the top of the screen are buttons for the available reports types (**Returns**, **Loans**, **Checks**, **Fees**, **Summary**, and **MOM**). Also listed are **Tools**, **Options**, and **Exit**.

Configuring the EFIN Reporting Hierarchy

The Online EF Database allows companies with multiple EFINs to create an EFIN hierarchy to determine what information is available for a logged-in EFIN.

Hierarchy Levels

The reporting hierarchy consists of three levels:

- **Master EFIN** — Default level. View all data for the Master EFIN and any Level 1 and Level 2 EFINs configured below it.
- **Level 1 EFIN** — View all data for Level 1 EFIN, plus any Level 2 EFINs.
- **Level 2 EFIN** — View Level 2 EFIN data only.

We recommend that you map out the hierarchy on paper before starting. Be sure to have all of your EFINs and Drake passwords available.

Hierarchy Building

To build an EF Database reporting hierarchy, complete the following steps:

1. Log in to the Online EF Database with a Master EFIN.
2. Click **Options**.
3. Click **Configure EFIN Reporting Hierarchy** to view Master EFIN level.
4. Click **Add** to create a second level.
5. Type the Level 1 EFIN into the **EFIN to Add** field and enter a description if desired.

6. Type the password into the **Drake Password (BBS)** field and click **Add**.

To add Level 2 EFINs, click **Add** from the Level 1 row. Continue this process until the hierarchy configuration is complete.

NOTE You can add and edit EFINs in the hierarchy only if logged in with a Master EFIN.

EFIN Removal

To remove an EFIN from the hierarchy, complete the following steps:

1. Log into the EF Database with the Master EFIN
2. In the row of the EFIN to be removed, click **Remove**.

NOTE If you remove a Level 1 EFIN that has Level 2 EFINs below it, the Level 2 EFINs is also removed.

Configuring Report Security

Security is managed at the office level. For offices using an EFIN hierarchy, security must be set at each level. For example, report security set at the master EFIN level does not apply when logged in as a Level 1 EFIN below it.

To set security, complete the following steps:

1. From the Online EF Database, click **Options**.
2. Click **Configure Report Security**.
3. Enter your e-mail address and password, then click **Add/Update Security Password**.
   - From the **Tab Security** section, click **Secured** or **Unsecured** as desired for a whole report category.
   - From the **Report Security** section, click **Secured** or **Unsecured** as desired for a specific saved report.

To exit the report security screen, choose another tab in the EF Database.

Tools

Use the **Tools** tab to **Download ABC Voice File**. This applies only to preparers utilizing the ABC Voice File utility. For more information, call Versicom at (937) 438-3700.

Selecting a Prior-Year Database

By default, the current tax year database is available for reporting when you enter the Online EF Database. You may search data from only one tax year at a time. To view a previous year EF Database, choose a tax year.

Last Name/SSN Lookup

To look up and view detailed EF and bank information for a specific return, use the **SSN/Lastname Lookup** field. Enter the SSN or EIN for the return and click **GO**.

Toolbar

Reports are available for returns, loans, checks, fees, and summaries:

- **Returns** — Pending, accepted, and rejected federal and state returns; extensions.
- **Loans** — Bank products.
- **Checks** — Reports by status: **anticipated**, **printable**, **pending**, and **cleared**.
- **Fees** — Preparer and bank fees.
- **Summary** — Summary reports by EFIN, Preparer, and ZIP code.

To select a report category, click its corresponding button.

To view a report, complete the following steps. (Although the fields may vary depending on the category chosen, the reporting process does not change.)

1. Select one or more **Report Criteria**.
2. Enter a **Start Date** and **End Date**. The report pulls only returns with records that fall within the date range selected.
3. Select an EFIN from **Restrict to (Multisite)** to restrict reporting to returns for a particular EFIN. This field benefits multi-site offices with an EFIN reporting hierarchy.
4. Click **Run Report**.

NOTE

For electronic-filing details for a particular return, click the record's SSN.

To print the page of the report, click the printer icon.

Reports may be downloaded in CSV format (suitable for Excel and Access) by clicking the **Excel/CSV** icon. All data for the given report criteria are saved, not just the data shown on the current page. Once saved the report is saved, open Excel or Access as applicable to open the report.

Saving Reports

The selected report criteria may be saved for future reporting use. After selecting the report criteria, enter a report name in the **Save Report As** field, then click **Save**. The report is now available for future use under **Saved Reports**.

To access a previously saved report, select a report and click **Load**.

Managed Saved Reports

From the **Options** tab, click **Managed Saved Reports**. The **Report Administration** page is displayed. Reports are listed in columns which may be sorted by clicking column headers. Click **Delete** to delete a report.

Multi-Office Manager

The Multi-Office Manager, otherwise known as MOM, is the online version of the Client Status Manger (see “Client Status Manager” on page 175). Designed for the multi-office environment, MOM enables you to track the work flow of multiple offices, providing a snapshot of your entire business. To assist in practice management, statistics on demographics, return status and billing information are displayed.

IMPORTANT

Companies with multiple EFINs that wish to use MOM must have an EFIN hierarchy configured. The data available in MOM depends greatly on the hierarchy structure. For details on creating an EFIN hierarchy, see “Configuring the EFIN Reporting Hierarchy” on page 162.

For CSM data to be transferred to MOM, the software must be configured to send CSM data to Drake during the electronic-filing process. Each level 1 and level 2 office in a multi-office environment must complete the following steps:

1. Go to **Setup** > **Options**.
2. Select **EF**.
3. Check the box to **Transmit return data to Drake for multi-office web reports**.
4. Click **OK**. Any changes made in CSM are transmitted to MOM during filing.

To access, click **MOM** from the Online EF Database. View data using the available filters.

To run a report, select an option from each filter and click **Run Report**. All of the data columns available in CSM are displayed. Scroll down or across the report screen to view all the available data.

If the report contains more than a specified number of rows (default 25), it is paginated. Page numbers appear in the upper and bottom left corners. The number of rows displayed per page can be changed via **Rows Per Page**.

- To print the report, click the printer icon. Only the data on the screen is printed.
- To sort data, click a column header. Sorting is in ascending and descending order based on the column selected.

NOTE

If there are electronic-filing details available for a particular return, click the record’s ID number (SSN or EIN).

Reports can be downloaded in CSV format (suitable for Excel and Access) by clicking the **Excel/CSV** icon. All data for the given report criteria are saved, not just the data shown on the current page. Once the report is saved, open Excel or Access to access the saved report.

COPYING EF RETURN DATA

Firms with multiple computers but no network may have to copy data from computer to computer using a disk, USB flash drive, or other memory data storage device.

IMPORTANT Copying EF return data from one computer to another is not recommended for firms that use a network.

COPYING TO ANOTHER LOCATION

To copy EF data from a computer to a memory data storage device, take the following steps:

1. From the **Home** window, select **EF > Copy EF Returns to Disk** to open the **EF Return Selector**.
2. Check the boxes of the returns to copy. Click **Select All** or **Unselect All** as needed to check or clear multiple boxes.

TIP Click column headers to sort returns in ascending order by column provided. Click header a second time to sort in descending order.

3. Click **Continue**.
4. Select the output drive from **Select Drive,** then click **Copy Files**.
5. Click **OK** after files are copied.

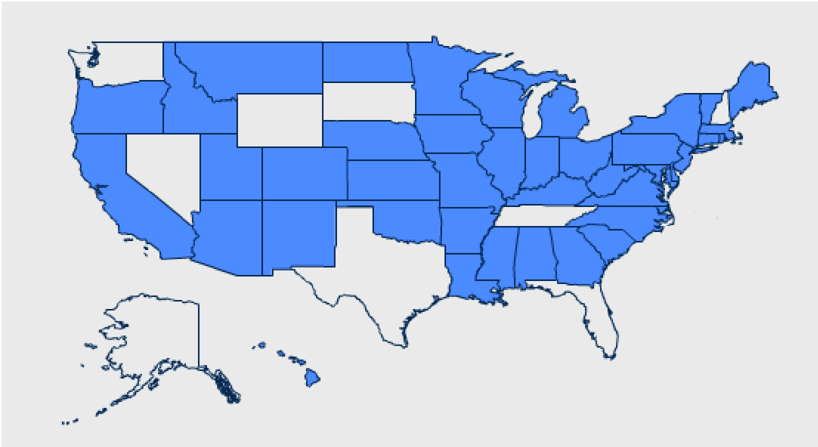
COPYING FROM A STORAGE DEVICE

To copy EF information from a data storage device to a computer, take the following steps:

1. From the **Home** window, select **EF > Copy EF Returns from Disk** to open the **Copy EF Return from Disk** dialog box.
2. **Select the drive** from which file are to be copied.
3. Click **Copy Files**, then click **OK** to copy each file.
4. Click **Exit**.

About State Filing

Most U.S. states accept electronically filed returns in 2007. The following map displays all states that accept electronically filed state returns as shaded.



Various mandates exist for each state that accepts electronic filing, and each state has its own application requirements for EROs and preparers that offer bank products. Refer to the **Fed/State Facts** page on the Drake Web site, and to the state Web sites themselves, for further information on individual state regulations.

Bank Products

This year, Drake is working in conjunction with three banks to provide taxpayers access to bank-product options:

- Chase (formerly Bank One)
- Republic Bank & Trust
- Santa Barbara Bank & Trust

Taxpayer Requirements

For a taxpayer to be eligible for a bank product, the return must be eligible to be filed electronically. In most cases, the taxpayer must be 18 or older. If married filing jointly, both clients must be 18 or older. Check with individual banks for state-specific age requirements.

Both preparer and client must complete all parts of the non-RAL Agreement or the RAL Application, whichever is desired (available in Drake from **Tools** > **Blank Forms**).

NOTE Typically, banks have specific minimum and maximum refund requirements. For more information, consult the taxpayer application (available in Drake from **Tools > Blank Forms**).

Service Bureau Requirements

If your firm collects tax returns for electronic-filing from outside companies or individuals, it may be considered a service bureau. Service bureaus may be required to provide additional information when applying for bank products.

Your firm is *not* a service bureau if it issues W-2s to employees who are under direct control and collect returns at the other locations.

A preparer or firm may be considered a service bureau if:

- A preparer accepts returns from other businesses that the preparer does not own
- A preparer issues 1099s for contract labor at other locations
- A preparer contracts with another tax preparer to provide electronic-filing and RALs.
- A preparer issues W-2s to a non-employee who performs functions as a preparer.

Service Bureau information can be added during the online bank application process.

Types of Bank Products

Bank-product loans include Refund Anticipation Loans (RAL) and Instant Refund Anticipation Loans (IRAL). It is important that your client understand that IRAL and RAL checks are loan checks, and not the taxpayer's actual refund. Communicate the cost of the loan, the APR, and any other disclosures. Show your client the **RAL_Info** page and explain all costs, checks/deposits, and the timing of payments. Check identification to verify the client's identity before offering bank-product services.

Instant Refund Anticipation Loan

An IRAL enables taxpayers to immediately receive a portion of the amount of their expected federal refund. The loan is approved or denied on the spot, so a check can be printed within moments of applying. If the loan application is accepted by the bank, the return is sent directly to the IRS. If the application is denied, the taxpayer has the opportunity to select a different bank product.

A W-2 is required from any taxpayer applying for an IRAL.

Refund Anticipation Loan

A RAL is based on the taxpayer's anticipated federal tax refund and enables the taxpayer to receive the amount of a refund within a matter of days. This RAL amount is paid in full when the IRS directly deposits the taxpayer's actual refund into the bank. Preparer fees may be withheld by the bank through this loan process. A preparer can print the RAL check once the loan is approved. Preparer fees are be deposited into the preparer's account within days after the check is printed.

NOTE

A RAL can be processed within 48 hours, but that is not guaranteed.
RAL–eligible refund amounts vary by bank and can range up to $9,999.99.
To qualify for a RAL, a client must have an income source other than Schedule C.
A RAL reverts to a non-loan product (Refund Transfer, Bonu$) if denied.

Non-Loan Products

Non-loan bank products (such as Refund Transfer or Bonu$) are options for taxpayers who do not have bank accounts to receive refunds electronically or are denied a RAL. With a non-loan product, the taxpayer can pay for preparation fees without up-front costs.

IMPORTANT The taxpayer must understand that a Refund Transfer/Bonu$ is not a loan. The check reflects the actual refund with bank and preparer fees deducted.

To provide a non-loan product, a bank sets up a temporary account for direct deposit of the taxpayer's refund. Once the IRS has deposited the refund into the temporary account, the bank deducts applicable fees and pays the money to the taxpayer.

METHODS OF BANK-PRODUCT DISTRIBUTION

Bank product may be distributed by direct deposit, cashier's check, or other methods. Fees are charged for each method. Notify your client that the following fees may be subtracted from the refund amount:

- Tax preparation fees
- Electronic filing fees
- RAL/Bonu$ preparation fees
- A $2 Drake processing fee—included on all bank products
- Bonu$ Deposit Account fee—included on all Bonu$ checks
- Bank RAL Fee—included on all RALs
- Additional transmission/software add-on fee

The following paragraphs provide a brief overview of the acceptable methods for distributing bank products to taxpayers. Check bank publications for further details.

Direct Deposit

Most bank products include a direct-deposit option. If a taxpayer has a checking or savings account, funds may be deposited into the taxpayer's own account, bypassing the need for a paper check. Preparer, bank, and Drake fees are also avoided.

Cashier's Check

The most frequently used method of bank-product delivery is a cashier's check printed in the tax preparer's office. See "Printing Checks for Bank Products" on page 157.

Debit Cards

The debit card is another method of receiving funds from the Refund Transfer/Bonu$ or RAL. The card operates with a PIN and can be reloaded with other products.

State Refund Add-On

A state refund is only available as a Transfer/Bonu$ and is not offered apart from a federal bank product. Check with your bank for a list of eligible states.

Offering Bank Products to Clients

To offer bank products, you must set up your system with both Drake and the bank.

Bank Setup and Access

Enable the appropriate bank in **Setup** > **Firm**. (See “Firm Setup” on page 35.)

Once a bank is set up in your system, you can access it from data entry. For more on data entry capabilities, see “Electronic Filing and Banking in Data Entry” on page 100.

Applications

All firms offering bank products with Drake Software must submit an online bank application to Drake each year.

Take the following steps to complete a bank application:

1. Log on to *www.Support.DrakeSoftware.com*, or click **Support** in the **Home** window.
2. Go to **My Account > Bank Application** and select to migrate prior-year bank-application information or create a new application from scratch.
3. Select a bank from **Select RAL Bank**, if necessary.
4. Click **Update Bank and/or Edit Information for Main EFIN** to proceed, and complete or verify all required fields of the application.
5. Click **Proceed to Confirmation**.
6. View or print as desired. If necessary, go back to make changes.
7. **Submit** the completed application.
8. Contact the bank to order check stock and complete any additional agreements.

Bank Denials

A RAL can be declined for a number of reasons, such as duplicate SSNs, prior RAL debt, SSN reported as deceased, or MFS return.

To view a loan status code or bank decline reason, complete the following steps:

1. From the **Home** window, select **EF > Search EF Database**.
2. Click **Reject Code Lookup**.
3. Select either **Loan Status Codes** or **Bank Decline Reasons** to view the corresponding codes in the lower window. If you select **Bank Decline Reasons**, specify a **Category**.

A RAL reverts to a non-loan product (Refund Transfer, Bonu$) if denied.

Paperwork and Check Stock

Most bank-product activity is done electronically, but some paperwork is required.

- **Bank Application/Agreement**—For every RAL or Bonu$, a three-page, three-part application/agreement form must be completed by both the preparer and the taxpayer. Some banks require the originals to be mailed in weekly. Consult your bank.

NOTE If your firm has enabled the **Print Bank Application When Keyed on Return** option (under the **EF** tab in **Setup > Options**), the application is printed when the bank screen is completed and the return calculated.

- **Individual Bank Application**—Every taxpayer who applies for a RAL or Bonu$ must complete the bank application. Applications are generated when the bank screen is completed in data entry.
- **Check Stock**—Obtain additional check stock from your bank as needed. All check stock must be verified and secured upon receipt. Read and retain all information contained with checks.

NOTE For instructions on printing checks for bank products, see “Printing Checks for Bank Products” on page 157.

Maintenance

Log on to the Drake Web site to make bank-product changes. Information is carried forward each year for prior bank customers must still be confirmed.

IMPORTANT The bank-product option cannot be changed once the IRS has acknowledged the return.

The RAL Process

IMPORTANT Always review and discuss the **RAL_Info** sheet with your clients. Ensure that they understand that a RAL is a loan—not the refund—and that bank and other charges apply.

To obtain a RAL for a client whose tax return is completed and calculated, first ensure that the bank screen of the tax return has been completed.

TIP Access the bank screen from **General** in data entry, or type BANK, BNK, or the applicable bank code into the **Selector** field press ENTER.

Several transmissions occur when you transmit the tax return with bank information to Drake:

- Drake transmits the tax return to the IRS and the banks.

- The IRS sends an acknowledgement to Drake. If the return has been accepted, Drake transmits this information to the bank.

NOTE Your system picks up any new bank acknowledgements whenever you initiate a connection to Drake.

- The bank sends an acknowledgement back to Drake.
- If the bank approves a RAL, it sends a "Check Print Authorization" acknowledgement. This acknowledgement allows the check to be printed and is normally posted on the Wednesday of the following week, if sent by noon Thursday.
- If the bank declines a RAL, it may "flip" the RAL to a non-loan product. If the bank approves the non-loan product, it sends a bank acceptance acknowledgement.

NOTE The bank may "flip" a RAL to a non-loan product at its own discretion. For example, a bank may flip a RAL to a non-loan product if there are no withholdings from earned income, or if all earned income is from a Schedule C.

A RAL that is flipped to a Bonu$ by the bank is treated the same as a Bonu$.

The bank also posts a "Fees to ACH" (Automated Clearinghouse) to inform preparers that their fees have been distributed to their direct deposit account.

Printing and Distributing Checks

IRAL and RAL checks are typically printed at the preparer's office and given to the taxpayer. Following are some important tips to remember before, during, and after the printing process.

- **Transmit from one source** — Do not transmit from more than one computer unless the program is installed on a dedicated server. Transmitting and receiving from more than one computer may affect your ability to print checks correctly.
- **Check date** — Ensure that the computer for EF transmissions has the correct date.
- **Wait for acknowledgements** — The appropriate IRS and bank acknowledgements must be received before checks can be printed.
- **Compare check numbers** — Before attempting to print a check, first make sure the check number on the computer matches the check number on the physical check.
- **Connect to Drake** — Immediately after the checks are printed, go to **EF > Transmit/Receive** and click **Send/Receive** to transmit the check register to Drake. When the bank receives the check register from Drake, it deposits preparer fees, which allows the taxpayer to cash the printed check.
- **Reissuing checks** — If an error or check damage occurs in printing you must reprint or void the check as necessary.

IMPORTANT If reprinting or voiding a check, you must physically possess check and write "VOID" on the face of the check. Guarantee that the original check issued will not be cashed.

If you do not physically possess a check that needs to be reissued (for example, if a check is lost, missing, or stolen), follow procedures for a lost or stolen check. *Do not reprint the check*.

Post-Season Procedures

Complete the following tasks after tax season has ended:

- **Return Completed Bank Applications** — Refer to your bank's operating procedure to determine the proper holding of taxpayer bank applications.
- **Return or Destroy Remaining Check Stock** — Refer to your bank's operating instructions to determine proper handling of excess check stock.
- **Notify Drake of Closing** — If your office is closing for any extended period between April and October, notify Drake so the bank can print any late checks.

Bank Forms Available in Drake

Access blank forms to view and print documents related to banking and bank products. From the **Home** window, select **Tools > Blank Forms** to access the following forms (form file names are provided in parentheses next to each form name):

Voided Check Return List (VOID_CK.PG) — Used to track all RAL/Bonu$ checks voided in the office. Retain a copy of this form as a record. Also, send a copy to the RAL bank along with the corresponding voided checks

Check Register (REGISTER.PG) — Enables accurate record-keeping of all RAL checks—both voided and issued— in the office. Complete the check register as each check is written; this information must be available at all times and may not be available from any other source. Drake recommends that your office keep the check register in a three-ring binder along with the computer-generated check registers.

Loan Cancellation Request (CANCEL.PG) — Must be completed, signed, and submitted to Drake in order to cancel a loan once it has been accepted by the RAL bank. If the check has already been printed, the voided original must accompany this form. If no check has been written, indicate this on the form with the ERO initials.

Send the completed form and cancelled check (as applicable) to Drake Software Loan Cancellations, 235 East Palmer Street, Franklin, NC 28734. Note that Drake does not accept faxed copies with checks.

IMPORTANT A loan cannot be cancelled if a stored value/debit card is used. A cancellation is not processed if the direct deposit to the IRS has already occurred.

Lost Check Affidavit (LOST_CK.PG) — Print, complete, sign, and submit this form if a RAL check is lost or stolen. Both taxpayer and ERO must sign. Fax the completed form to Drake Software at (828) 349-5745.

Client Status Manager

Use the Client Status Manager (CSM) to track workflow within an office. In addition to displaying information about each return, the CSM allows you to set the status of each tax return, giving you a snapshot of return progress. Track statuses and print reports on individual preparers or an entire office. Choose from predefined statuses or create custom statuses that suit your office needs.

Client files listed in the CSM are easy to search, view, and organize. Customize the CSM view and use filters to refine your data searches.

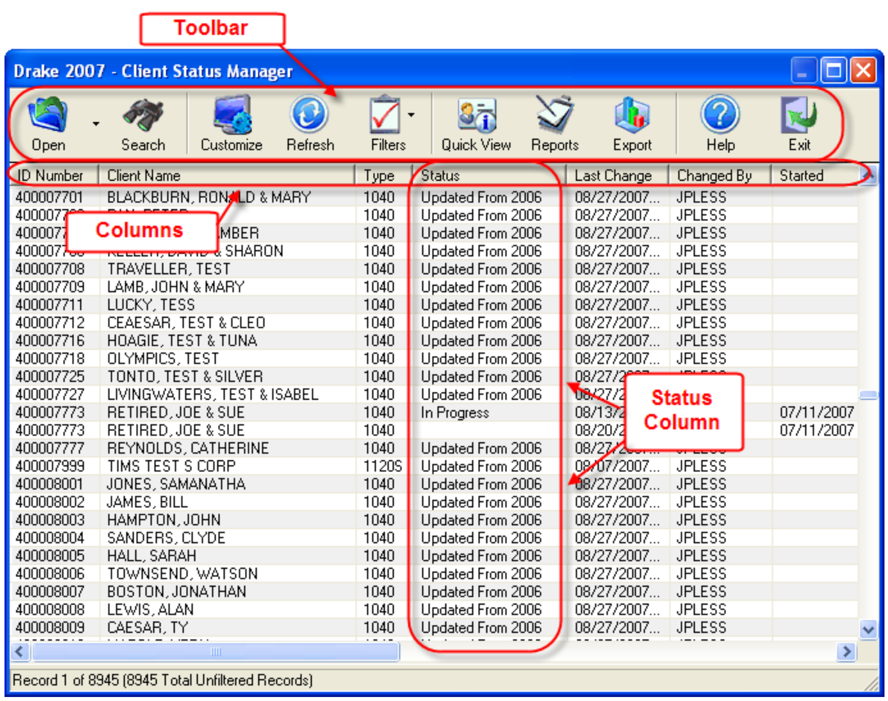
> **NOTE** Data viewed in the CSM is only for returns prepared on-site in a single office but can be sent to Drake Software through the e-filing process. Then, the data can be combined with information other offices' CSMs using the Web-based Multi-Office Manager (MOM). See "Multi-Office Manager" on page 165.

Open the CSM in one of the following ways:

- Select the **CSM** button from the **Home** screen toolbar.
- From the menu bar, go to **Reports** > **Client Status Manager.**
- Press CTRL + L from the **Home** screen.

THE CSM WINDOW

The **Client Status Manager** window displays return data in rows and columns. All 2007 returns are listed, including returns brought forward from previous years, new returns, and returns that were started in Drake but deleted. The CSM also includes client files imported from QuickBooks. Each column displays specific information about the return.



CSM Toolbar

The toolbar is located at the top of the **CSM** window and contains the following buttons:

- **Open** (CTRL + O) — Open a CSM file in data entry.
- **Search** (CTRL + F) — Search the CSM by name or ID number (SSN or EIN).
- **Customize** (CTRL + D) — Tailor the look of the CSM on your computer.
- **Refresh** (F5) — Retrieve the latest information for the CSM database.
- **Filters** — Narrow down the data viewed in the CSM according to your specific needs.
- **Quick View** (CTRL + Q) — View a summary of all client status information for a client.
- **Reports** (CTRL + R) — Generate reports from data stored in the CSM.
- **Export** (CTRL + E) — Export data to a spreadsheet.
- **Help** (F1) — Access the Drake Help System for further assistance.
- **Exit** (Esc) — Close the CSM.

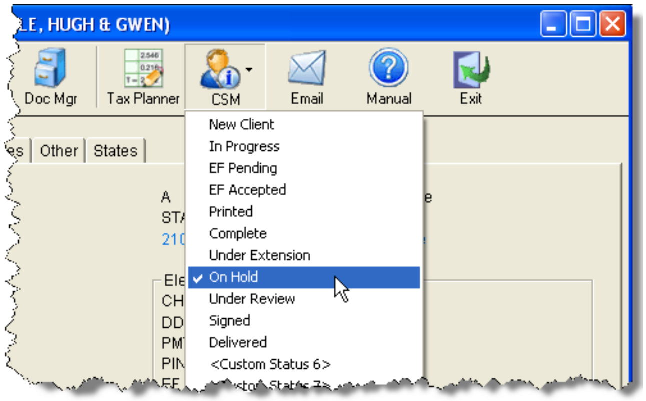
Setting Return Statuses

Some preparer intervention is required for tracking return statuses within the CSM. The **Status** column in the CSM is based on the return status, which can be set automatically by the software or set manually by the preparer

IMPORTANT It is important that a work flow is established in your office and that any custom statuses are created before tax season begins. Also, to produce valid CSM status reports, statuses must be set for each stage of a return.

To manually set the status of a return, complete one of the two following options:

- Right-click a return record in the CSM, choose **Set Client Status**, and select a return status from the resulting list. The status is updated in the **Status** column.
- Click **CSM** from the **Data Entry** toolbar while in a return and select a status.



The status of a return can be set manually at any time.

TIP The CSM is updated every time a return is calculated in data entry. Ensure that **Auto-calculate tax return when exiting data entry** is enabled in **Setup > Options, Calculation & View/Print** to ensure the **Status** column is always correct.

Status Types

Choose from predefined or custom status types. Several statuses are set automatically as events occur in the software, but other statuses must be manually set. Listed below are the predefined return statuses in Drake.

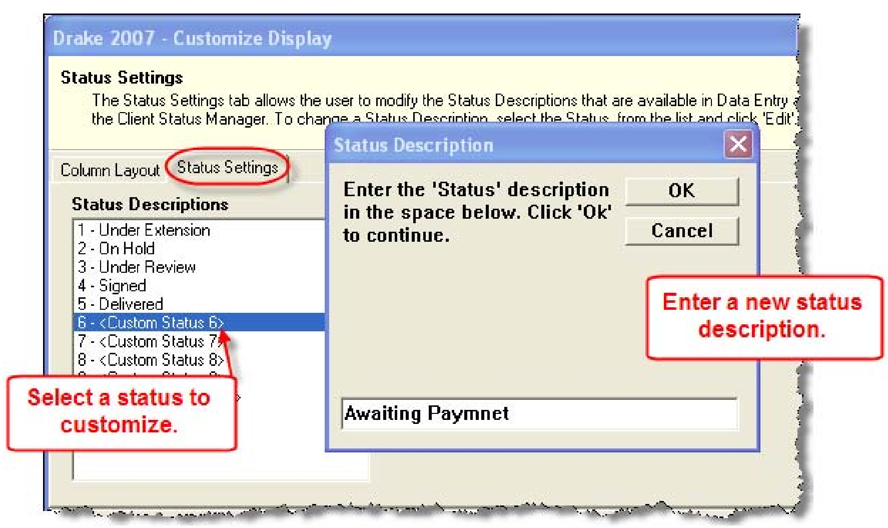
- **New Client** — Set automatically when a file is created.
- **In Progress** — Set automatically when the first change is made to the return in data entry.
- **EF Pending** — Set automatically when a “P” ack is received.
- **EF Accepted** — Set automatically when a “A” ack is received.
- **Printed** — Set automatically when the return is printed through **Print Sets**.
- **Complete** — Set manually.
- **Under Extension** — Set manually.
- **On Hold** — Set manually.
- **Under Review** — Set manually.
- **Signed** — Set manually.
- **Delivered** — Set manually.

Creating Custom Statuses

Drake provides for up to ten custom statuses for special situations. For example, if you want to keep a record of returns awaiting payment, you can create an “Awaiting Payment” status. Run reports on statuses and customize report output for suit your needs.

To create a custom status, complete the following steps:

1. From the CSM toolbar, click **Customize** to open **Customize Display**.
2. Click **Status Settings**, then select a status from the list to customize.
3. Click **Edit**.
4. Enter a status description in the **Status Description** dialog box.
5. Click **OK**.



Resetting Custom Statuses

To restore all original status descriptions in **Customize Display**, click **Reset.**

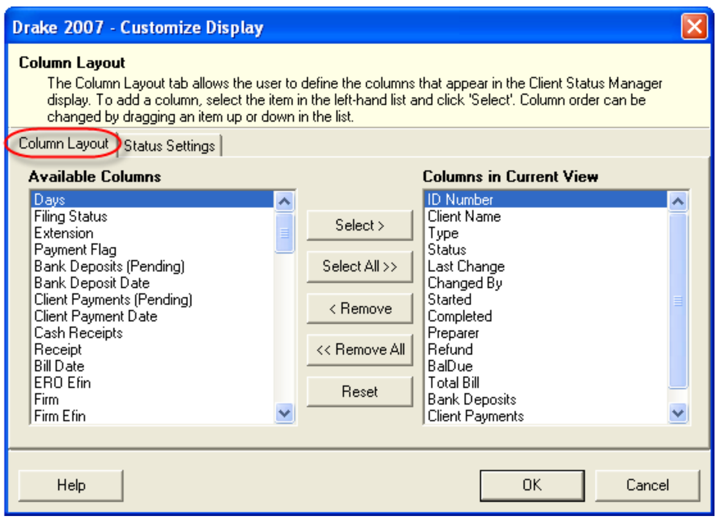
CUSTOMIZING CSM DISPLAY

Initially, the CSM displays client data in the most commonly referenced columns. The selected columns pull data from specific areas of the return. (See page 179.)

NOTE

Column customization is saved and displayed according to the logged-in preparer; therefore, each preparer can set his or her own display.

Click **Customize** from the CSM toolbar to open **Customize Display** to the **Column Layout** tab. **Available Columns** are listed in the left pane, and **Columns in Current View** in the right.



- **Add columns** — Select an item in the left pane and click **Select** (or double-click). To add items, click **Select All**. Click **OK**.
- **Remove columns** — Select an item in the right pane and click **Remove** (or double-click). To remove all, click **Remove All**. Click **OK**.
- **Reset columns to original view** — Click **Reset**, then click **OK**.
- **Change column order** — Drag and drop items up or down field list. Click **OK**.

Customizing Column Views

Adjust column order, widths, and locations in the CSM.

- **Sort** — For ascending order, click the column header. Click again for descending.
- **Adjust width** — Use your pointer to drag the edge of the column header.
- **Move column** — Drag and drop the column header to the desired location.

Client Status Manager Columns

Keyword	Data location
Ack Code	**EF > EF Database**.
Ack Date	**EF > EF Database**.
Action	Cumulative Actions taken with the return (DE, Calc, Print, Update, Delete, Renamed, EF, Check Print).
Amount Owed	Amount of the bill that has not been paid.
BalDue	Calculated data from return (individual and business returns).
Bank Deposit Date	EF > EF Database.
Bank Deposits	**EF > EF Database**.
Bank Deposits (Pending)	Amount of prep fees that are expected to be deposited from a bank product from **EF > EF Database**.
Bill Adjustment Amounts (1-3)	**BILL** screen
Bill Adjustment Descriptions (1-3)	**BILL** screen
Bill Date	Bill date from the **BILL** screen.
Bill Decrease	**BILL** screen
Bill Increase	**BILL** screen
Bill Prior Amount Due	**BILL** screen
Bill Payment Amount (1-3)	**BILL** screen
Bill Payment Date (1-3)	**BILL** screen
Bill Payment Description (1-3)	**BILL** screen
Bill Sales Tax	**BILL** screen
Cash Receipts	Total payments received from the client and bank deposits.
Change	Change has been made to this CSM record not yet uploaded to MOM.
Changed By	Login name of person that last changed the return.
Check Ready	**EF > EF Database**.
Client Name	Primary taxpayer’s name from screen **1**.
Client Payments	**BILL** screen.
Client Payment Date	**BILL** screen
Client Payments Pending	**BILL** screen.
Completed	Date when **Complete** is chosen as return status from the CSM button on the data entry toolbar. May be edited on the **TRAC** screen.
Days	The number of days since the first time entries were saved in data entry.
DCN	DCN from 8453 or 8879.
ERO EFIN	ERO entered on screen **1** in data entry.
Extension	Indicated an extension was filed from the **TRAC** screen.
Filing Status	Screen **1**.
Firm	Firm entered on screen **1** in data entry.
Firm EFIN	Firm entered on screen **1** in data entry. Pulls from the Firm file.
First Year	**TRAC** screen direct Admin entry.

Keyword	Data location
ID Number	Client’s SSN or EIN from screen **1**.
Index	Record number in the CSM database.
Last Change	The date of the last change in the CSM.
Misc Code (1-4)	Miscellaneous codes from screen **1**
Payment Flag	Indicated how the bill is to be paid (bank, client or a combination).
Phone Number	Screen **1**.
Preparer	Screen **1**
Receipt	Screen **1** in direct entry.
Refund	Calculated data from return (individual and business returns).
St AckCode (1-6)	EF > EF Database.
St AckDate (1-6)	EF > EF Database.
St BalDue (1-6)	Calculated data from state return (up to six states).
St Refund (1-6)	Calculated data from state return (up to six states).
St TranDate (1-6)	EF > EF Database.
Started	**TRAC** screen.
State (1-6)	States that are present on the return (up to six).
Status	Status selected from the CSM button on the data entry toolbar.
Total Bill	Bottom line of the calculated bill.
Tran Date	**TRAC** screen.
Type	Return Type selected upon creating a new client file.

Navigating the CSM

Listed below are common tasks for navigating the CSM.

- **View large tables** — Use scroll bars and arrow keys as needed to view data large tables.
- **Resize a window** — Drag the window borders until the window is the desired size.
- **Perform actions** — Clicking a toolbar button or press the associated hot key.
- **Select a record** — Click a record or use the arrow keys.
- **View menu of CSM functions** — Right-click a record.
- **View the total of client records** — See bottom of CSM screen.

Working in the CSM

The following sections review the various functions that can be performed in the CSM.

Opening a Return

To open a return in the CSM, complete one of the following:

- Highlight a client record from the list and click **Open** or press CTRL + O.
- Right-click a record and select **Open Selected Record**.
- Click the arrow next to the **Open** button and select one of the returns listed.

When you exit the return, you are taken back to the CSM.

Creating a New Return

To create a return from within the CSM, complete the following steps:

1. Click the arrow next to the **Open** button on the toolbar and select **New Client**.
2. Enter the SSN or EIN for the return.
3. Press **Open**.

When prompted, begin entering data for the a new return. If the return already exists, it opens.

Searching for a Return in the CSM

To search for a return in the CSM, complete the following steps:

1. Click **Search** to open the **Find Client Record** dialog box.
2. Enter the SSN, EIN, or client name. The software searches for and highlights the record.
3. Click **Close**.

Updating Data in CSM

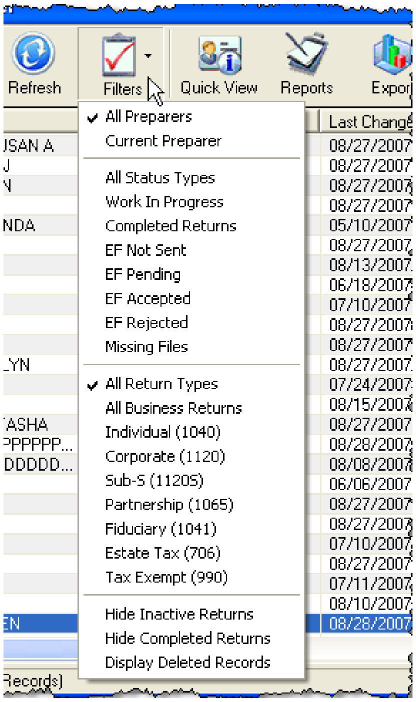
When the CSM is open, click **Refresh** periodically to incorporate the latest return updates.

Filtering Data in the CSM

Filters determine what records display in the CSM. To select a filter, take the following steps:

1. Click **Filters** to open the **Filters** menu, which is divided into four sections: **All Preparers and Current Preparer**, **Status Types**, **Return Types**, and **Hide and Display**.
2. Select a filter. (You can select one filter item from each section to build a "complex filter." The selected filter displays with a checkmark. For example, if you chose **All Preparers**, **All Status Types**, and **Individual (1040)**, the CSM shows only the items that match those criteria.)

NOTE In the **Status** column, a red **File Not Found** message indicates a deleted return. Deleted files remain in the CSM for tracking purposes.



Accessing Client Quick View

Client data is displayed in rows. To view all of a client's data at once, select a record and click **Quick View**. Click **Print** to print the client data. Click **Open** to open the client's return.

Using CSM to Generate Reports

The following predefined status and financial reports are available in the CSM:

CSM Report	Report Description
Client Status Manager Data	Data fields currently displayed in the CSM are available to the **Report Viewer**, suitable for viewing or export.
Cash Receipts	This report shows cash received from either a bank deposit (resulting report pulls from your EF Database) or payments received. This is a direct entry on the **BILL** or **TRAC** screens.
Cash Receipts - Bank Deposits	This report lists actual cash amounts received from bank deposits (resulting report pulls from your EF Database).
Cash Receipts - Client Payments	This report is based on actual amounts entered on the **BILL** screen in data entry.
Completed Returns	This report shows a list of SSN/EINs and client names of returns with a **Completed** status. The date completed pulls from the **TRAC** screen, which is automatically set when the status of **Complete** is selected from the CSM button on the data entry toolbar. To manually set the complete date, enter it on the **TRAC** screen

CSM Report	Report Description
Problem Returns - 'Old' Returns	This report lists returns that have taken longer than a specified number of days to complete. Report criteria include Days Old, report on a specific preparer, and whether to include completed returns.
Problem Returns - 'Missing' Files	This report scans client files to determine if any are missing. Files statuses of **File Deleted** (client file was deleted under the **Tools/File Maintenance** menu) and **File Not Found** (client file does not exist in the current data path) are used. The report also includes activities that occurred with the client file.

NOTE Many reports rely on data entry for accuracy. To take full advantage of the CSM's reporting features, you must use the data entry screens mentioned.

To run a report, complete the following steps:

1. Select **Reports** from the toolbar to open **CSM Reports**.
2. Select a report from the list.
3. If necessary, select any specific fields for the report.
4. Click **Report** to view the report.
5. To print the report, go to **File** > **Print** or click the printer icon.

NOTE Reports generated in Drake open in a **Report Viewer**. For details on **Report Viewer** functionality, see "Report Viewer" on page 231.

Exporting CSM Data into a Spreadsheet

Exporting displayed CSM data into a Microsoft Excel spreadsheet for more customization of filters and sorting. To export the data, click **Export** from the CSM toolbar. Excel is opened automatically.

Admin Only Features

Some CSM features are available only to the office administrator. To access the following features, you must be logged in as Admin.

Deleting Records from the CSM

Deleting a record from the CSM removes it from the CSM view. To delete the record, right-click it and select **Delete Record**. The record still exists in the software but is essentially hidden. It can be viewed at any time through the use of a filter. To display all deleted records in the CSM, click **Filter** > **Display Deleted Records**.

Restoring CSM Data

To restore data, the CSM scans a client file, calculates the return, searches the EF Database, and updates the data in the CSM. To restore a client file, right-click the record in the CSM and select **Restore CSM Data (This Client)**. When prompted, click **OK**.

Removing Duplicate CSM Entries

Duplicate entries in the CSM can be easily removed. Right-click a record in the CSM and select **Remove Duplicate Entries (Entire Database)**.

Resources and Support

Drake offers support resources online, in the software, and in the manual. These resources are constantly updated and reviewed so our clients have 24-hour access to the latest information.

IMPORTANT Drake Support does not provide tax law advice. Knowledge of tax preparation is the responsibility of the tax preparer. Support is provided as an aid to tax return completion only. Accuracy of the return filed with the IRS and various State Departments of Revenue is the responsibility of the tax preparer.

NOTE **Spanish support**: Si te gustaria hablar con alguien en español, llame al 828-349-5500, y trataremos de conectarle con uno de nuestros agentes de apoyo que hablan español.

- **Electronic Training Center** — Train your office staff with tutorials, practice returns, and interactive tax courses. Test and track their progress. See “Drake ETC” on page 186 for details.
- **Tutorials** — Access short “movie” clips demonstrating parts of the program step-by-step. Each clip or tutorial has text boxes and sound to make each process as clear as possible. This list is enhanced throughout the season, so check for new tutorials often. See “Tutorials” on page 189 for details.
- **Practice Returns** — Become familiar with the basics of data entry and electronic filing in Drake Software with these hands-on practice activities. See “Practice Returns” on page 190 for details.
- **Knowledge Base (KB)** — Search a comprehensive collection of support categories. This tool provides 24-hours-a-day support. The KB consists of issues and solutions submitted by clients, programmers, IRS, and DORs. Search the *2006 Drake Software Manual*, the *2007 Drake Software Manual,* and the *2007 Client Write-Up Manual*. See “Knowledge Base” on page 191 for details.
- **Forum/Message Board** — Connect with other Drake clients and field questions regarding tax issues on Drake Forums. See “Drake Forums” on page 192 for details.
- **Fed/State Facts** — Find answers to many state-specific questions including reject codes, exclusions, state instructions, and electronic filing explanations and instructions. See“Federal/State Facts” on page 193 for details.
- **RIA Checkpoint Online** — Access one of the most advanced online research tools from within Drake Software. See “RIA Checkpoint” on page 193 for details.
- **Help Options** — Access help throughout the program from the Help System. See “Help System” on page 193 for details.
- **Software Manual Addenda Pages** — Update your manual with manual addenda. See “Software Manual” on page 199 for details.
- **E-mail** — Use the Drake E-mail program to e-mail questions directly to support or e-mail your clients. See “E-mail” on page 195 for details.
- **Broadcast E-mails** — Stay informed of the latest important IRS alerts or software-related issues. Broadcast e-mails are sent to your 1040.com e-mail address, your EFIN@1040.com, and are accessed through Drake, **Help > Email**. See “Broadcast E-mail” on page 199 for details.

- **Phone Support** — Work one-on-one with a Support technician to resolve software issues. Drake Software technicians are trained year around on Drake Software topics such as connections, conversions, networking, and other specific customer service needs. See “Drake Support Contact Information” on page 199 for phone numbers and e-mail addresses.
- **Fax Support** with software questions using the fax cover letter. See “Fax Cover Letter for Support” on page 201. We reply to faxes only with faxes, not with phone calls. See “Drake Support Contact Information” on page 199 for phone numbers and e-mail addresses.
- **Multi-Office Manager, MOM** — View a snapshot of your business in a multi-office environment. See such important return statistics as demographics, status, and billing information. See “Multi-Office Manager” on page 165 for details.
- **Online EF Database** — View your EF Database online in “real time.” It displays rejected and accepted returns, lists checks that are available for printing, and prints multiple reports. See “Online EF Database” on page 162 for details.

Drake ETC

The Electronic Training Center, or ETC, offers training for both single users and multi-site offices by providing tutorials, practice returns, and interactive tax courses. With progress-tracking tools and interactive testing, ETC makes it simple for individuals and group administrators to monitor their personal and collective progress through the online training center.

ETC is offered free to Drake clients. Non-Drake customers may also access ETC, but certain fees may apply.

To visit the Electronic Training Center, go to *DrakeSoftware.com/ETC*.

Creating an ETC Admin Account

Initially, an administrator (admin) account must be created for your office. This admin account is used to create student accounts and track student progress. From the login page at *DrakeETC.com*, complete the following steps:

1. From the **New to ETC** section, click **Create admin account for the office**.
2. Enter your EFIN and Drake password (the password from your packing slip). Click **Submit**.
3. Complete the fields to create an admin account.
   - Enter a username and password for the new admin account.
   - Select **Yes** from the **Administrator** field.
   - **CTEC#** applies only to CA preparers wishing to receive CTEC-approved credit.
   - To receive CPE credit for completing the tax course, select **Yes** from the **CPE** list.
4. Click **Save Information**.

Once the admin account is established, you can begin creating student accounts.

Creating ETC Student Accounts

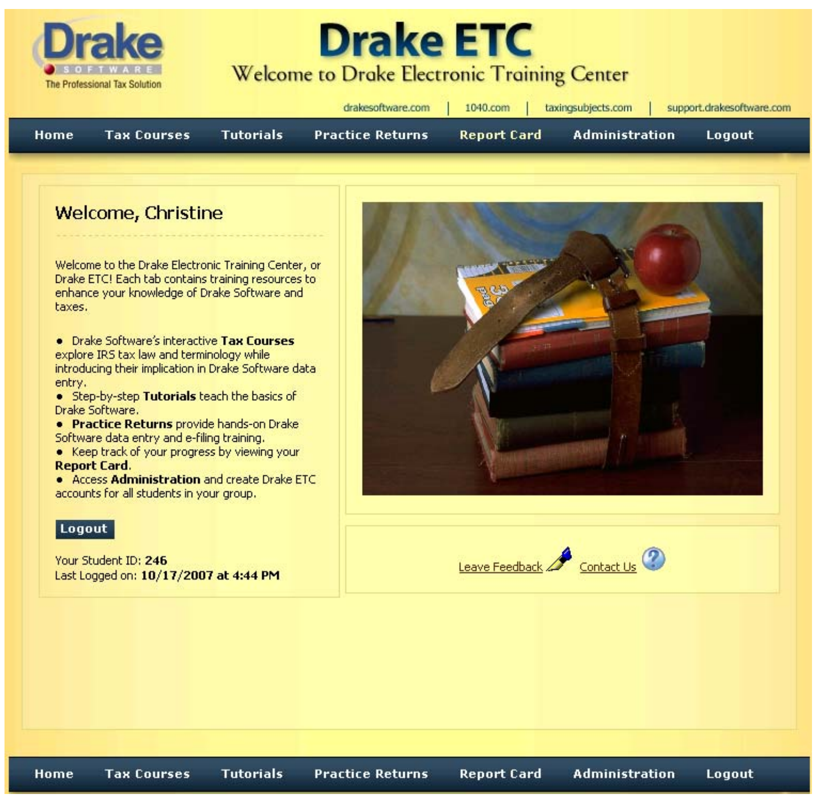
You can create student accounts immediately after creating an Admin account. Once their account is created, students log in to ETC with the established username and password. This ensures that all student progress is recorded and tracked from the admin login.

1. From the ETC toolbar, click the **Administration** tab.
2. Click **Add New Student**.
3. Complete the fields to create a student account.
    - Enter a username and password for the new student account.
    - Select **Yes** from the **Administrator** field.
    - **CTEC#** applies only to CA preparers wishing to receive CTEC-approved credit.
    - To receive CPE credit for a completing the tax course, select **Yes** from the **CPE** list.
4. Click **Save Information**.

Logging in to ETC

To log in to ETC, complete the following steps:

1. Go to *www.DrakeETC.com*.
2. From the **Login to ETC** section, enter a student or admin username and password.
3. Click **Login** to open the **Welcome** page.



Navigating ETC

Access the following items from the **Welcome** page toolbar:

- **Tax Courses** — Interactive tax courses explore IRS tax law and terminology and how it applies to Drake Software data entry. CPE credits are available.
- **Tutorials** — Step-by-step tutorials teach the basics of Drake Software.
- **Practice Returns** — Hands-on data entry and electronic filing training.
- **Report Card** — Tracks progress.
- **Administration** — Available only when logged in with an admin account, this tab allows you to create student accounts and view student report cards.

Tax Courses

Click the **Tax Courses** tab from the toolbar. A list of available tax courses display.

TIP

For a tax course to run properly, your system must meet the following requirements:

Browser — Internet Explorer 5.5 SP1 or later, Firefox 1.0 or later, Netscape Navigator 7.1 or later.

Internet Connection — Dial-up or high speed DSL/Cable (Recommended)

Media Player — Windows Media Player or Real Media Player

Each course consists of several modules designed to be completed in order.

- To begin a module, click **Launch**. The course opens in a browser window.
- Use the navigation buttons to navigate the course.
- Sound loads automatically with each page. Click the appropriate sound buttons at the bottom of the page to stop, pause, or play sound.
- Click **Exit** to complete a module. Each course displays with a red **X** until completed. Once a course is completed, a green check mark appears and the next course is available for viewing.
- Completed modules may be viewed again at any time.
- Once all course modules are completed, click **Launch** to begin the test. Submit test score upon completion of the test.

NOTE

Currently, ETC offers a basic 1040 tax course, an intermediate tax course on advanced 1040 concepts, and a basic course on corporate 1120 tax reporting. In the future, look for basic courses for 1065, 1120, and 1120S returns.

Earning CPE Credits

To earn CPE credits for taking a tax course, complete all units of study then take the final exam and score 80% or higher.

After you pass the test with a score of 80% or higher, a **Launch** button appears next to **Course Evaluation**. Click **Launch** to open the evaluation. You must complete an evaluation to receive CPE credit. Once the evaluation is complete, print a CPE certificate.

TUTORIALS

Click the **Tutorials** tab from the toolbar. Tutorials teach the basics of Drake Software through text, sound, and animation. To begin, select an appropriate connection speed. Click **Launch** to start a tutorial. Completed tutorials are indicated with a green check mark.

NOTE Tutorials are also available on the Drake Support website, **Training Tools** menu.

Each tutorial has its own quiz. The quizzes not only test your knowledge of the subject but, if you're an administrator, the quizzes help you track the progress of your firm's employees as they train to use Drake Software through Drake ETC tutorials.

Practice Returns

Click the **Practice Returns** tab from the toolbar.

Basic and intermediate data entry practice returns are available. Click **Launch** to open the PDF document. Prepare a return in data entry according to the scenario. Calculate the return and compare it to the corresponding solution.

To practice filing returns electronically and working with bank products, scroll to **Electronic Filing and Banking** and click **Launch**. Follow the instructions located on the PDF.

NOTE Practice returns and Tutorials are also available on the Drake Support website, **Training Tools** menu.

Report Card

Click the **Report Card** tab from the toolbar. View the following:

- **Training Progress** — View courses completed, description, date started, and date completed.
- **Test Results** — View results of each test completed. Each course and description is listed only once, and the highest score achieved and the number of times the test was taken is indicated. The date of the last time the test was taken is also displayed.
- **CPE Credits** — View all courses for which a CPE certificate was printed. The course description, date credits were earned, and date certificate was printed is available for view. Click **Print** to reprint a certificate.

Administration

The **Administration** tab is available only when logged in as an Administrator. A list of active students is displayed.

- Click **Add New Student** to add a new student.
- Select a student list from the **Active Students** list: **Active**, **Inactive**, or **All Students**. To change the status of a student, click **Edit**.
- Click **Report Card** to view a student's report card.
- Click **Edit** to edit student information. Edit the desired fields. An active or inactive status may be selected from the **Active Status** list. Click **Save Information**.

Logging Out of ETC

Click **Administration** to log out of ETC and return to the main login screen.

Drake Support

The Drake Support Web site provides support around the clock. Get answers, print manuals, access your account information, and much more. To access the Support Web site, go to *www.Support.DrakeSoftware.com*.

Knowledge Base

The Knowledge Base (KB) is a database consisting of articles about Drake's tax software and Client Write-Up software, changes in state and federal tax law, tax return troubleshooting, using bank products, researching tax law, and much more. To access the KB, click the **Support** button from within the software, or go to *www.Support.DrakeSoftware.com* and log in. To open the KB, go to **Resources > Knowledge Base**.

The KB consists of the following four tabs:

- **Search** — Search for and view the latest articles entered in the KB, or the "Hot Topics" articles that are receiving the most hits.
- **Browse** — View the contents of the KB in a table of contents view. Click a topic to view its subtopics or articles.
- **FAQ** — View articles we believe to be most pertinent on the **FAQ** tab. These change frequently, so check back often.
- **Glossary** — Contains a list of relevant tax and Drake software terms.

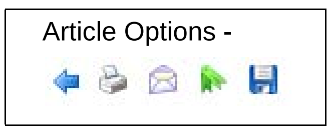
Searching for Articles

The KB has various options to aid in narrowing down a search for an article or a particular topic. The **Search for Articles** section is located on the **Search** tab. To search for a particular topic in the KB, complete the following:

1. Enter a keyword in the **Search** field.
2. Choose a search option from **Search Using**. The search options include:
   - **All Words** — Search for articles containing all words entered.
   - **Any Word** — Search for articles containing any of the words entered.
   - **Exact Phrase** — Search for articles containing the exact phrase entered.
   - **Boolean** — Search using the connector words *and*, *not*, and *or* with keywords.
   - **Natural Language Query** — Enables you to enter a sentence in the **Search** field. The KB pulls out keywords for your search.
3. Click **Search**. Articles appear in order of relevance. Click to select and open an article. If only one article meets the search criteria, the KB opens to that article.

Article Options

From within a KB article, you can go back to the previous screen, print the article, e-mail the article, save the article to a browser's "Favorites," or save the article to the computer.



Feedback

Every article has a **Feedback** button in the lower left corner. Click Feedback to let us know whether the article was helpful to you and to make any suggestions for improving the KB for all who use this resource.

DRAKE FORUMS

The online Drake Forums enable you to interact with other Drake clients. To access Drake Forums, go to *Support.DrakeSoftware.com*.

1. Log in to Drake Support using your EFIN and password.
2. Go to **Resources** > **Forums**.
3. *First time users:* Click **Click here to Register**. Read and accept the **Registration Agreement Terms**.
4. Complete **Registration Information**, **Profile Information**, and **Preferences**. Required fields are indicated by an asterisk (*).
5. If you are already registered, click **Click Here to Login**.

Browse the Forum to find discussion boards, post replies to topics, or post new topics. If you post a topic, you will be notified by e-mail whenever a reply is posted.

Use of the Drake Software Forums is voluntary. Forums are not a substitute for obtaining help from Drake Support.

Federal/State Facts

Fed/State Facts enables you to quickly access important federal and state-specific information, such as electronic filing specifications, form instructions, and support links.

To access the Fed/State Facts, go to *Support.DrakeSoftware.com*.

1. Log into Drake Support using your EFIN and password.
2. Go to **Resources > Fed/State Facts**.
3. Select an item to view its information page.

Software Resources

There is more to the tax software than just the software. Various resources (including tax law research, the Drake Help system, an e-mail program, and updates to the manual) are available within the software to help you find the answers you need.

RIA Checkpoint

RIA's Checkpoint tax research tool is an extra benefit of using Drake Software. Checkpoint is advanced research for tax professionals. To access Checkpoint, go to **Help > RIA Tax Research** from the software or click **Research**.

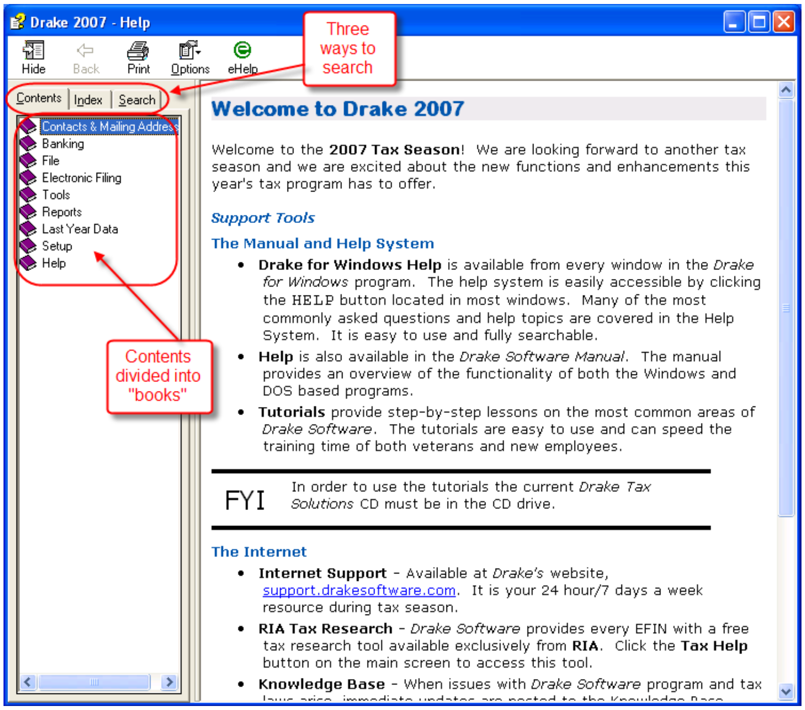
This resource includes:

- **The 2007 Federal Tax Online Handbook** — An extensive tax handbook containing answers to hundreds of tax questions.
- **Public Domain Materials** — Federal case law and IRS rulings memoranda.
- **Weekly Alert Newsletter** — Developments in the tax industry e-mailed to you weekly.
- **RIA Tax Return Guides** — Available for Individual, Corporate, Partnership and Estate packages. Use in conjunction with the Form/Line Finder.
- **Form/Line Finder** — Content-based search on the actual line on the tax return.
- **Calculators** — Eighty calculators for use in auto and home loans, investments, personal, retirement, savings, and tax calculations. Use in conjunction with the Drake Tax Planner.
- **Training** — Training resources available in RIA **Training and Support**.

Help System

The Drake Software Help System answers many of the most commonly asked questions about the software. It is easy to use and fully searchable. To access, do one of the following:

- Go to **Help > Drake Software Help**.
- Click **Manual** from the toolbar.
- Click **Help** on any window (except in data entry) to launch the help for that window. For example, if you are in **Pricing** and click **Help**, the help for the **Pricing** screen opens.
- In data entry, right-click outside of a field and select **Read Manual**.



The **Help** screens are organized into three sections:

- **Contents** – Arranged in a Table-of-Contents style, this tab lists all help topics available. Topics organized into "books" containing the help files for with a specific topic. To access topics in a book, double-click the book. To see the **Help** screen for a topic, click the topic.
- **Index** – Use keywords to search topics in the **Help** screens. Enter the keyword into the top text box and press ENTER. Any matching topics are displayed in the lower box. To see the **Help** screen for the matching topic, do one of the following:
  - Double-click the topic.
  - Click the topic and click **Display**.
  - Use the UP ARROW and DOWN ARROW keys and press ENTER.
- **Search** – Finds matches in the **Help** screens for the keyword entered in the upper box. To see the **Help** screen for the matching topic:
  - Double-click the topic.
  - Click the topic and click **Display**.
  - Use the UP ARROW and DOWN ARROW keys and press ENTER.

Print the Help System

1. While the Help System is open, click the **Print** icon.
2. Choose to print either the topic or the selected book and all subtopics.
3. Click **OK** to send the topic or topics to the printer.

TIP

Workstations running NWCLIENT may encounter an error when accessing the Help System. To correct this issue, run F:\Drake06\Help\FixHelp.exe on each workstation. (Replace 'F' with your server drive letter.)

DATA ENTRY HELP

There are several ways to access help in data entry.

- Press F1 or SHIFT + ? in any data entry field.
- Right-click in any data entry field and select **View Help**.
- Click **Screen Help** where available. Various screens in data entry offer screen-level help, presenting a detailed explanation of the screen and associated forms. For details, see “Screen Help” on page 22.

Access the **Frequently Asked Questions** screen in all packages by typing `FAQ` in the **Selector** field in data entry. For details, see “Frequently Asked Questions (FAQ)” on page 99.

The following options are available:

- **Addenda Pages** — Print pages to insert into your manual.
- **Addenda Instructions** — View instructions on addenda pages and how they work.
- **Manual** — Print a version of the manual that includes all addenda pages.

E-MAIL

The E-mail program enables you to send and receive e-mail messages using your 1040.com e-mail address. Use E-mail for the following:

- During tax season, use it to receive Drake broadcast e-mails containing important IRS and state updates and alerts, and news and tips for using Drake software.
- Send e-mail messages to Drake Support and easily attach client files.
- Send bulk e-mail to your clients or other contacts.
- Create customized e-mail messages using the custom query tool. Send these personalized messages to multiple clients and save a lot of time.
- Use it as your everyday e-mail program.

To access, go to **Help** > **E-Mail**.

Check Mail

To check mail, click **Send/Receive**, or go to **File** > **Check Mail**. If you wish to check the status of your mailbox before checking for mail, click **File** > **Check Mailbox Status**.

NOTE

Once mail is downloaded to a computer, it cannot be downloaded by another computer with the same EFIN. Mail downloads only *once* per EFIN. Offices with multiple computers with the same EFIN should have one person be responsible for downloading and forwarding e-mail.

Messages

Downloaded messages appear in your **In** box. Double-click a message to open it.

The other boxes listed in the left pane are:

- **Out** — Messages appear here once they have been sent.
- **Drafts** — If you try to close a message before sending it, you are prompted to save a draft to be completed later. Click **Yes** or **No** to indicate if you want to save a draft.
- **Trash** — Deleted messages are stored in **Trash**. To permanently delete a message, select it and click **Delete**. Messages deleted from **Trash** cannot be recovered.

Compose

To compose a new mail message, click **New**. Enter a **To** address, a **Subject** line, and a message in the text box at the bottom. Mail cannot be sent without a subject and a message. To send the message, click **Send**.

TIP If you have trouble sending mail, check your e-mail options. From within the E-mail program, go to **Setup > Options**. Choose the appropriate method and click **Save**.

- **Reply** — Select a message and click Reply, or, with the message open, click Reply. The original message is included in the reply message.
- **Forward** — Select a message and click **Forward,** or click **Forward** in an open message.
- **Delete** — Select a message and click **Delete**, or click Delete in an open message. Deleted messages go to **Trash**.

Attach Files

Use one of the following methods to attach files to an e-mail message.

Add Client File

When contacting Drake Support with an issue, you may be asked to attach a client file to an e-mail. To do so, complete the following procedure:

1. In the **New Message** window, click **Attach**.
2. Click **Add Client File(s)** in the **Attachment** window.
3. Enter the client SSN or EIN, then click **OK** to open **Attach Client File(s)**, which lists all files saved in the client's **2007 DDM** folder.
4. Select a file (hold down the CTRL button to select multiple files) and click **OK**.

NOTE For more details on the DDM and saving client files, see "Document Manager" on page 235.

5. The attached client file is listed in **Attachments**. To add more files, click **Add Client File** again. To remove a file, select the file and click **Remove**.

6. Click **Done** when finished.

Add File

Use this conventional option to add other types of files to an e-mail message.

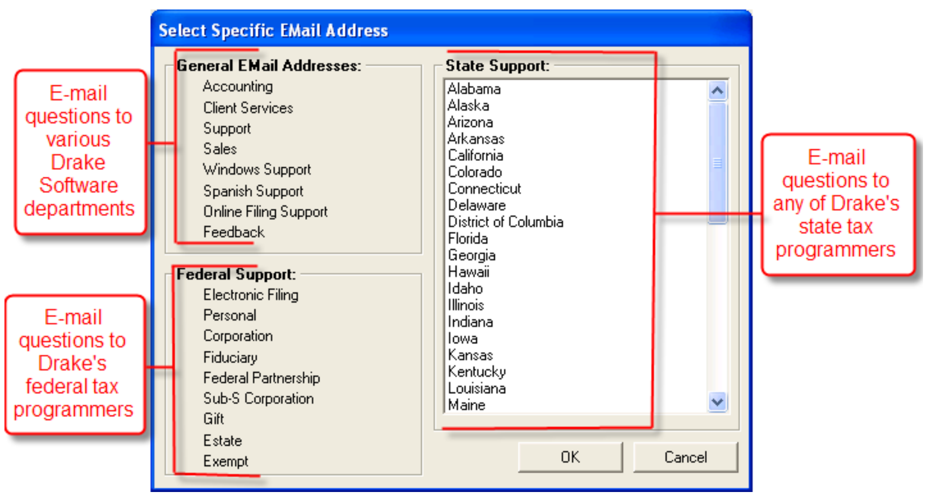
1. In the **New Message** window, click **Attach**.
2. Click **Add File** in the **Attachment** window**.**
3. Browse for the file and click **Open**.
4. The attached file appears in **Attachments**. To add another file, click **Add File**. To remove a file, select the file and click **Remove**.
5. Click **Done** when finished.

Address Book Options

Click **To** in the **New Message** window to access address-book options.

Drake Software Support Address Book

The Drake Support Address Book displays general e-mail addresses at Drake such as Support, Accounting, Spanish Support, and federal and state programmers. To insert an address in the **To** field, click on a **General** e-mail address or, a **Federal** programmer category, double-click the desired state, or highlight the state and click **OK**.



Drake Software Client Address Book

An e-mail address is entered on screen **1** of a client's return can be accessed from the **Drake Software Client Address Book**. To fill this address book for the first time, go to **Tools > Repair Index Files**. Select an e-mail address from the left pane and click **Add** to add them to the recipient list on the right. To finish, click **Done**.

Local Address Book

The **Local Address Book** can be filled with e-mail addresses of your choice. To add an address, click **Add**. Enter first name, last name, and e-mail address. Click **Done**.

Select e-mail address from the left pane and click **Add** to add them to the recipient list on the right.To finish, click **Done**.

An address book from outside of Drake can be imported into your Local Address Book. Click **Import** and browse to the address book file and click **Open**.

Report Generated Recipient List

The **Report Generated Recipient List** option enables you to run a customized report from your client and EF data to generate a list of e-mail addresses. Keywords selected during the query are used to create e-mail. Keywords inserted into the body of the e-mail message fill with the client's information.

1. Click To from the New Message window and select Report Generated Recipient List.
2. From the **Report Manager**, select to either run a predefined report, edit a predefined report, or create a report from scratch. The report generated is used to create an e-mail list. For details on creating reports, see "Reports" on page 223.
3. When reporting is complete:
   - Click **Yes** to send a custom e-mail message to each client, including the selected report data.
   - Click **No** to send a generic e-mail message to all e-mail addresses generated by the report.
   - Click **Cancel** to discard the e-mail.
4. If **Yes** is selected, a blank e-mail address appears. In the **To** field is a note indicating that the recipient list includes those e-mails generated during the query. To view this list, double-click the **To** field. Here you may view addresses and remove any address you don't want to include.
5. A **Keyword Selector** also appears with a list of keywords available for insertion into your e-mail. To add a keyword, double-click it from the **Keyword Selector**.
6. Compose the e-mail, inserting keywords. Click **Send** to send the same e-mail to each client, but with the keywords personalizing the message.

TIP

Close the completed e-mail before sending and you are prompted to save it in the **Drafts** folder. The e-mail is saved along with the generated report list and keywords. To send the saved e-mail, click the **Drafts** box from the main screen.

Creating an Alternative Reply Address

The E-mail program uses your 1040.com e-mail address, which is your EFIN@1040.com (for example, 777777@1040.com), as your sender and reply address. You can change this address to an alternative address.

To create an alternative reply address, take the following steps in the E-mail program:

1. Go to **Setup** > **Options**.
2. At the bottom of **E-mail Options**, select **Use Alternative Reply-To Address**.
3. Enter an **Alternative Address** to replace your 1040.com address.
4. Click **Save**.

Broadcast E-mail

Drake sends broadcast e-mail notifications to all clients at their 1040.com accounts to pass along news tax law changes, IRS alerts, Service Center announcements, etc.

SOFTWARE MANUAL

The *Drake Software Manual* supplies detailed instruction on setting up and using the software. The printed manual you receive with your software is being continuously enhanced with addenda pages, addenda instructions, and a printable PDF of the manual, including all updates. Addenda pages are on Drake's Support site (**Training Tools > Manuals** > **Drake Software**).

DRAKE SUPPORT CONTACT INFORMATION

Department	E-mail Address
Accounting	Accounting@DrakeSoftware.com
Electronic Filing	EF@DrakeSoftware.com
Support	Support@DrakeSoftware.com — (828) 524-8020
Conversions Support	Support@DrakeSoftware.com — (828)-349-5546
Client Write-Up Support	Client_wu@DrakeSoftware.com — (828) 349-5547

To reach any department, call (828) 524-8020 or fax (828) 349-5718.

State Support Contact Information

For state-specific support questions, call (828) 524-8020.

State and State-Support E-mail Address		State and State-Support E-mail Address	
Alabama	alstate@DrakeSoftware.com	Montana	mtstate@DrakeSoftware.com
Alaska	akstate@DrakeSoftware.com	Nebraska	nestate@DrakeSoftware.com
Arizona	azstate@DrakeSoftware.com	Nevada	nvstate@DrakeSoftware.com
Arkansas	arstate@DrakeSoftware.com	New Hampshire	nhstate@DrakeSoftware.com
California	castate@DrakeSoftware.com	New Jersey	njstate@DrakeSoftware.com
Colorado	costate@DrakeSoftware.com	New Mexico	nmstate@DrakeSoftware.com
Connecticut	ctstate@DrakeSoftware.com	New York	nystate@DrakeSoftware.com
Delaware	destate@DrakeSoftware.com	North Carolina	ncstate@DrakeSoftware.com
District of Columbia	dcstate@DrakeSoftware.com	North Dakota	ndstate@DrakeSoftware.com
Florida	flstate@DrakeSoftware.com	Ohio	ohstate@DrakeSoftware.com
Georgia	gastate@DrakeSoftware.com	Oklahoma	okstate@DrakeSoftware.com
Hawaii	histate@DrakeSoftware.com	Oregon	orstate@DrakeSoftware.com
Idaho	idstate@DrakeSoftware.com	Pennsylvania	pastate@DrakeSoftware.com
Illinois	ilstate@DrakeSoftware.com	Rhode Island	ristate@DrakeSoftware.com
Indiana	instate@DrakeSoftware.com	South Carolina	scstate@DrakeSoftware.com
Iowa	iastate@DrakeSoftware.com	South Dakota	sdstate@DrakeSoftware.com
Kansas	ksstate@DrakeSoftware.com	Tennessee	tnstate@DrakeSoftware.com
Kentucky	kystate@DrakeSoftware.com	Texas	txstate@DrakeSoftware.com
Louisiana	lastate@DrakeSoftware.com	Utah	utstate@DrakeSoftware.com
Maine	mestate@DrakeSoftware.com	Vermont	vtstate@DrakeSoftware.com
Maryland	mdstate@DrakeSoftware.com	Virginia	vastate@DrakeSoftware.com
Massachusetts	mastate@DrakeSoftware.com	Washington	wastate@DrakeSoftware.com
Michigan	mistate@DrakeSoftware.com	West Virginia	wvstate@DrakeSoftware.com
Minnesota	mnstate@DrakeSoftware.com	Wisconsin	wistate@DrakeSoftware.com
Mississippi	msstate@DrakeSoftware.com	Wyoming	wystate@DrakeSoftware.com
Missouri	mostate@DrakeSoftware.com		

FAX COVER LETTER FOR SUPPORT

Name:	Company Name:
EFIN:	
Phone Number:	Fax Number:
To (department or individual):	
Computer Operating System (check one):	❑ Windows 98 ❑ Windows 2000 ❑ Windows Vista ❑ Windows NT ❑ Windows ME ❑ Windows XP
Are you working on a network?	❑ Yes ❑ No
If this fax is concerning a prior-year Drake program, what year?	Program Year ____________

Give us a brief description of the situation:

PRACTICE MANAGEMENT

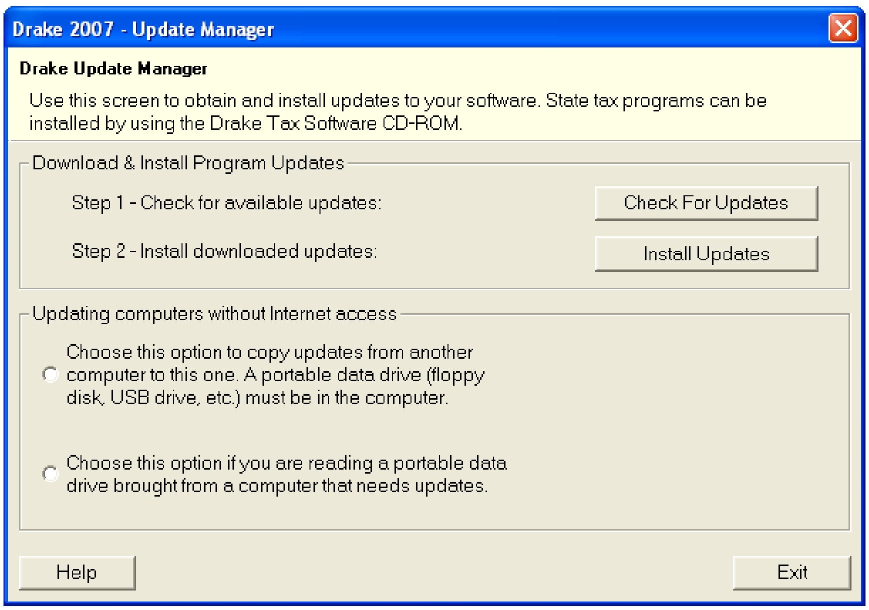
Tools

This chapter covers the various tools and file-maintenance utilities available on the **Tools** menu, and details on other utilities and tools in Drake.

Installing Updates

Install updates daily to ensure you always have the latest version of the software, complete with modifications to reflect the most recent tax-law changes

NOTE Create an Update Profile before installing updates. (See "Update Profile Setup" on page 44 for details.) You may also choose to automate the update process when creating an Update Profile.



Downloading Updates

To download updates, go to **Tools** > **Install Updates** and complete the following steps:

1. Click **Check For Updates**. The system compares your files with available updates to determine what updates are required. Updates are listed in the **Download Manager**, which displays the total number of files and total download size and lists each component, along with the number of updates per component and total size.
2. Clear (uncheck) any components that you do *not* want to download.
3. Click **Get Updates**.

NOTE The **1040 & Primary** component is required and cannot be cleared. Selecting components to download from the **Download Manager** ensures time is not wasted on unnecessary updates. If you components appear in the **Download Manager** that you do not wish to download, consider modifying your **Update Profile** at **Setup > Update Profile**.

Installing Updates

If your Update Profile is set to download updates but not install them, complete the following steps from **Tools > Install Updates**.

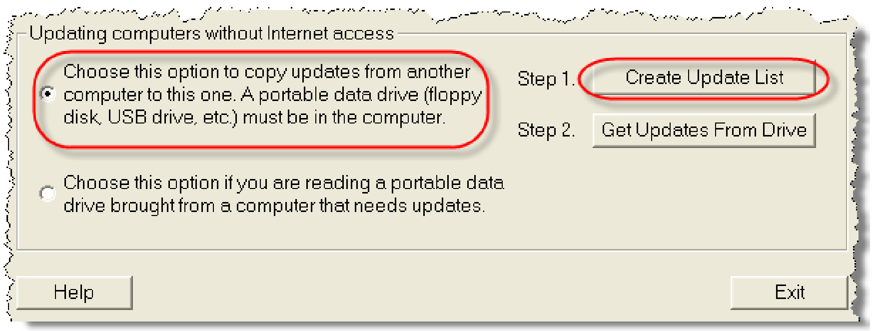
1. Click **Install Updates**.
2. Click **Yes**. (If **No** is selected, the process stops. If another computer on your office network is in the program during this process, a message appears to reboot your system.)
3. Click **Proceed** to begin the updating.
4. When files are updated, click **Exit**.

Copying Updates

For computers without Internet access, updates can be copied from updated computers with Internet access. The following procedure outlines the steps required to copy updates.

PART 1: Complete the following steps from the computer that *needs* updates:

1. Go to **Tools > Install Updates**.
2. Insert or connect a media storage device (such as a USB jump drive) into the computer.
3. Under the **Updating computers without Internet access**, click to the first option.

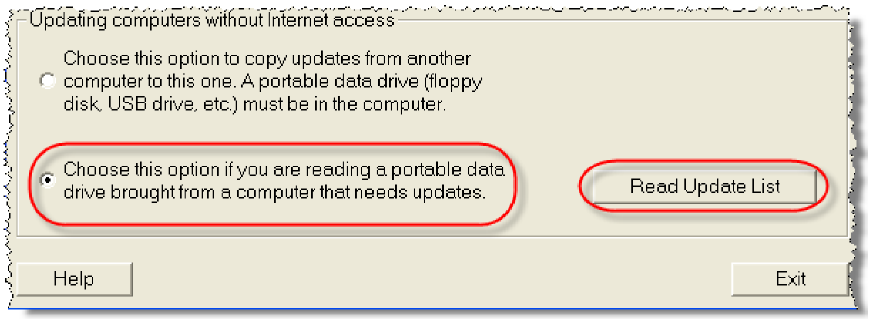


4. Click **Step 1**, **Create Update List**. In **Select a location to copy file to**, browse to the location of the media storage device.
5. Click **Save.**
6. When prompted, click **OK**. Click **OK** again.
7. Remove the storage media device from the computer.

The file PATCHLIST.TXT is now stored, listing the updates installed on this computer.

PART 2: Complete the following steps from the computer designated to *supply* the updates.

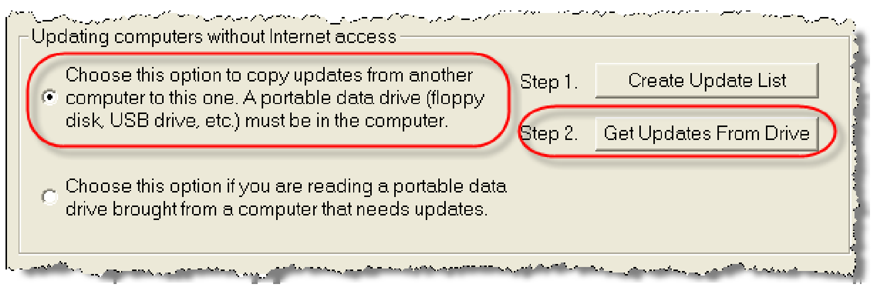
1. Insert or connect the media storage device into the computer (the device used in part 1).
2. Click the second option under **Updating computers without internet access**.



3. Click **Read Update List**, then browse to PATCHLIST.TXT.
4. **Open** PATCHLIST.TXT. If update files are needed, they are copied to the media storage device. If no updates are needed, you are prompted to click **OK**.
5. Remove the media storage device from the computer.

PART 3: Complete the following from the computer that *needs* updates:

1. Insert or connect the media storage device to the computer.
2. Click the first option under, **Updating computers without Internet access**.



3. Click to select **Step 2**, **Get Updates From Drive**.
4. Browse to PATCHLIST.TXT file.
5. Click **OK** to download update files.
6. Under **Download & Install Program Updates**, click **Install Updates** to begin installing the updates.

Download Fonts

Special software based fonts, or *Softfonts*, are required to print tax forms. Most laser printers do not come with these fonts installed. They must be downloaded to the printer's memory each time the printer is turned on. Drake Software has included downloadable software fonts in the program. These fonts work with HP-compatible laser printers and allow preparers to produce federal and state tax forms. When the printer is turned off, these fonts are lost from memory. Download the fonts again when the printer is turned back on.

By default, Drake downloads fonts with each print job. To change font download settings, go to **Setup** > **Printing** > **Printer Setup.** From **F7 Options**, select the correct option from the the **PCL Soft Font Option** list.

Complete the following steps to manually download fonts.

1. To download fonts, go to **Tools** > **Download Fonts**.

2. Click **Download** to open the **Download Fonts** dialog.
3. Select the printer from the printer list.
4. Click **Download**. As downloading proceeds, the font download status is displayed.
5. Click **Exit** when the download is complete.

Blank Forms

Print blank tax forms and interview sheets from **Blank Forms**. Some forms not available in data entry may be available as a blank form.

IMPORTANT

IRS Revenue Procedure 96-48 requires that a copy of the Paperwork Reduction Act Notice be distributed on federal tax forms. When providing a blank copy of a federal form to a client, a copy of the notice must be included. To access it, go to **Tools > Blank Forms > Federal**, select Individual and open **PAPERWRK.PG**.

Viewing and Printing Blank Forms

To view or print blank forms, complete the following procedure:

1. Go to **Tools** > **Blank Forms**. Form categories are listed in the left pane of the **Blank Forms** window, and all available forms for selected categories are displayed on tabs.
2. Click a category in the left pane. Categories include federal, proformas, organizers, all states, and some cities.
3. Form names and descriptions are displayed. If necessary, select a tab category.
4. Scroll through the form listing to locate a form. Forms are listed in numerical and alphabetical order as applicable. Click a column header to sort the forms in ascending or descending order.
5. Select a form and click **View** or press ENTER to view it. Click **Print** to print the form.

NOTE

If a state prohibits printing of blank state forms, contact the state revenue office to obtain blank forms.

Repair Index Files

Repair files on a regular basis as part of your general file maintenance routine. Certain events may require files to be repaired.

The following events may require that index files be repaired:

- Repair the Name Index after using **Backup/Restore** to restore files.
- Repair the EF Index if the **Search EF Database** is not functioning properly.
- Repair the Name Index if a file for data entry does not open.
- Repair EIN Database when adding records to it.
- Repair index files to update the CSM index.

Also, when a client is deleted through **Tools** > **File Maintenance** > **Delete Client Files**, index files should be repaired in order to remove the client from the **Open a Return**.

To repair index files, complete the following steps:

1. Go to **Tools** > **Repair Index Files**, or press CTRL + R.
2. Select to **Repair All**, or to repair the **EF Index**, **EIN Index**, **CSM Index**, or **Name Index**.
3. Click **Continue** to begin the repairing process.
4. If name index was selected, select a **Name Index Option**.
5. Click **OK**.
6. Once repair maintenance is completed, click **Exit** to return to the main menu.

NOTE Repairing the name index takes approximately one minute per every 2,000 clients.

FILE MAINTENANCE

Use file maintenance tools to perform data-file management tasks, including backing up and restoring files; importing, exporting, changing, or deleting files; copying and moving data and configuration files to other computers or for use as backups; and locking and unlocking computers to control access.

File maintenance tools are located on the **Tools** > **File Maintenance** submenu.

BACKING UP AND RESTORING FILES

Use **Backup** and **Restore** to prevent losing client data or to move client files to another machine. Files backed up to other locations can be used to restore lost data if necessary. If multiple machines are used for tax preparation in one office, files can be moved to other computers, or to a single machine to create a master file.

IMPORTANT Backup and store files at an off-site location.

NOTE For assistance with using a CD-RW, refer to your software vendor’s user manual.

Backup

Choose **Backup** and select from several options: back up a single file, all file types, or groups of files. An advanced option allows you to select files from multiple groups. File types have been grouped into logical sections with multiple filter and sort options.

To begin backing up files from the hard drive, complete the following steps:

1. Select **Tools** > **File Maintenance** > **Backup**.
2. **Browse** to the file-storage location. (This can be a Universal Naming Convention (UNC) name, a drive path, or a drive letter. Subdirectories are also available.)

3. Click **OK**.
4. Select the type of files to back up.
   - **Single SSN or EIN —** Enter an SSN or EIN and press ENTER to enable **Backup**.

NOTE If a number is entered in the **Single SSN or EIN** field, only that file is backed up.

   - **All File Types —** Back up every file type available for backup in Drake Software.
   - Select one of the three listed file types and all files included in the group selected are backed up: Setup Files (Pricing, Setup Information Files), System Files (Database, IRS, Bank, and Scheduler Files), Client Files (1040, 1120, 1120S, 1065, 1041, 706, 990).
5. To back up files from each group (Setup Files, System Files, Client Files), check the appropriate box and click **Advanced**. The **Advanced Backup** dialog box displays a list of all files from the previously selected file type.

NOTE The files listed on **Advanced Backup** contain only the file types selected. For example, if the **Client File** group is not checked, then *no* client files (1040, 1120, 1120S, 1065, 1041, or 990) are displayed.

6. To filter or sort files by date, check **Files with a date newer than** and select a date. Files with a date 'equal to' or 'newer' than the date selected are listed. All of the file level filters refresh the list with the matching files each time a new filter is selected. If no filter is selected, all of the files of the previously selected file types are displayed. Once a filter is selected, files matching the criteria are listed.
7. Click **Backup**. Files are backed up to a folder at the root of the selected drive or subdirectory. The folder name always starts with DS and is followed by the eight-digit date, a dash, and the number of the backup for the day. For example, the second backup file of September 28, 2007, would be titled DS09282007-02.

Restore

Use **Restore** to copy data files from a media storage device to a computer. Use this feature, along with the **Backup** tool, to transfer files from one computer to another or to restore lost files.

To restore files, take the following steps:

1. Select **Tools** > **File Maintenance** > **Restore**.
2. **Browse** to the location of the files to restore. **Select folder to restore from** lists all of subdirectories created during backup. Folder directories are displayed in month/day/year format (example: September 28, 2007).

NOTE The **Restore** button is enabled when a restore location is entered.

3. Select a **Restoration Type**.
4. Select **Restore All Files in Folder** or **Restore Select Files in Folder**.
5. Click **Restore**.
6. Click **Exit** when restoration is complete.

Change SSNs on File

It is sometimes necessary to change the SSN or EIN on a client file. For example, a couple may divorce and the spouse becomes the primary taxpayer, or a business may receive a new EIN. Use the **Change SSNs on File** to change the SSN or EIN of a client file.

IMPORTANT It is not sufficient to change the SSN/EIN in data entry; you must use the **Change SSNs on File** tool for this purpose.

To change the SSN or EIN for the client data file, complete the following procedure:

1. Select **Tools** > **File Maintenance** > **Change SSNs on File** on the menu bar.
2. Enter the current SSN or EIN (without spaces, dashes, or additional characters) in the **Current SSN/EIN on file** text box.
3. Enter the new SSN or EIN for the file.
4. Click **OK** or press ENTER.
5. Press ESC or click **Exit** when finished.

Export Client/EF Data

Use exporting tools to export data from client files and EF Database files to either a text file or a .csv file. The exported information can then be imported into other programs, such as Microsoft Word, Excel, or Access. Use the following procedure to export data:

1. Go to **Tools** > **File Maintenance** > **Export Client/EF Data**.
2. Select to **Export Client Data Files** or **Export EF Data Files**.
   - If exporting client data files, the path for CLIENT export is displayed. Change the default path if desired.
   - If exporting EF data files, the file and path names are displayed. Change the default path if desired.
   - To export to .csv format, click **Export to CSV (Comma Separated Values)**.
3. To include test returns, click **Include Test Returns**.
4. Press ENTER or click **OK**.
5. Click **Exit** when export is complete.

Password-Protect Files

The **Password Protect** tool allows you to protect your files from unauthorized access. If a file has been locked, it cannot be opened until unlocked with a password.

IMPORTANT Write down the password and keep it in a secure location. The file *cannot* be unlocked without it. Drake software cannot retrieve a password for you.

Locking and Unlocking

1. Select **Tools > File Maintenance > Password Protect Files** on the menu bar.
2. Type the SSN or EIN on the return. Press TAB.
3. Enter an eight-character password. Press TAB.
4. Re-enter the same eight-character password. Press ENTER.
5. Click **OK**.
6. Press **Yes** to continue.
7. Press ESC when finished.

Unlock Client Files

If a return has been set to lock upon e-file acceptance, the return can be viewed but not changed until the files have been unlocked. Use **Unlock Client Files** to open the lock applied in **Setup** > **Options**.

NOTE To unlock files in data entry, a preparer must have security rights. See “Setting up Preparer Security” on page 41. If a preparer has no access to this feature, an informational message is displayed.

To unlock a return:

1. Select **Tools** > **File Maintenance** > **Unlock Client Files** from the menu bar.
2. Enter the SSN/EIN for the return.
3. Press ENTER or click **OK**.

The return is unlocked and opens data entry.

Delete Print Files

Since print files appear on the EF transmission selection list, a preparer may want to delete print files for returns that are not yet ready to send. To delete print files:

1. Select **Tools** > **File Maintenance** > **Delete Print Files** on the menu bar.
2. To select the files to delete, do one of the following:
   - Click the desired files
   - Click **Select All** or **Unselect All** as applicable.

3. Click **Delete**.

NOTE Print files are *temporary* files that can be re-created by calculating the return(s).

Delete Client Files

Client files and print files can be deleted by using **File Maintenance** options. A client file is created when a return is prepared. A print file is created when a return is calculated. Print files are used for electronic filing and are stored in the system for the number of days designated in **Setup** > **Options** before being automatically removed.

NOTE If you are not accessing files on a network, the deleted files go to the recycle bin.

To delete a client file from the database:

1. Select **Tools** > **File Maintenance** > **Delete Client Files** from the menu bar.
2. Type the SSN or EIN. Press ENTER.
3. Select **Yes** to delete the client file, or **No** to cancel and close the screen.
4. Press ENTER or click **Yes**.
5. Press ESC to return to the menu

Change Return Type

Use **Change File** to change a return to another file type without having to create a new file.

When a return type is changed, the following information is transferred for all returns:

- Name, address, telephone, and county
- Fiscal year
- All depreciation data, including screens **6**, **7**, **8**, **9**, and **10**.

In Corporate-to-S-Corporation conversions, balance sheet and Schedule A information also transfer.

IMPORTANT Not all data is transferred. Before using **Change File Type**, back up the original file.

To change a return type:

1. Select **Tools** > **File Maintenance** > **Change File Type** on the menu bar.
2. Enter the SSN or EIN of the file to convert.
3. Click **OK** or press ENTER.
4. Select the new file type (**Individual**, **Corp**, **Sub-S Corp**, **Fiduciary**, **Partnership**, or **Tax Exempt**).

5. Click **OK** or press ENTER.
6. When the conversion is complete, click **Exit**.

QuickBooks Import

Use **QuickBooks Import** to import QuickBooks files into Drake Software.

IMPORTANT Always back up Drake files and the QuickBooks files prior to importing client files.

Prepare the QuickBooks File

Before QuickBooks files can be imported into Drake Software, they first must be placed into an import file inside QuickBooks.

To create the import file from inside QuickBooks, select **Report/Accountant > Taxes/Income > Tax Summary.**

Click the **Print** tab to bring up the **Print** dialog box:

1. Select the option button to the left of FILE.
2. Select **ASCII text file** and press ENTER.
3. Enter a file name of eight-characters or less with no spaces.

Import Quickbooks Data

To import data from a QuickBooks import file into Drake Software:

1. Select **Tools > File Maintenance > QuickBooks Import**.
2. Click **Next**.
3. In **Step 1**, type in the name of the import file created from QuickBooks, or **Browse** to the QuickBooks file. The file extension is .txt. Drake searches the local hard drive (C:) for the import file created by QuickBooks.
4. In **Client ID Number**, enter the EIN/SSN for the file to be imported. The program searches for a Drake file with the same EIN/SSN. If no Drake file is found with that EIN/SSN, you are prompted to create the file.
5. Answer **Yes** and select a file type. You are asked to confirm the file type selected.
   - If **Yes**, the file type is confirmed and the program begins importing the file.
   - If **No** because the file type is entered incorrectly, the program displays the **Change File Type** screen. Make necessary changes to the file type.

NOTE If the answer is **Yes**, but the QuickBooks file type does not match, you are prompted to convert the QuickBooks file while importing—for example, if there is a QuickBooks S-corporation file to import into a Drake C-corporation file.

Once the SSN/EIN is matched, information from the QuickBooks file is imported into the Drake Software file.

NOTE After importing the QuickBooks files, enter **Inventory** amounts and details for **Other Deductions** and items requiring details on the return.

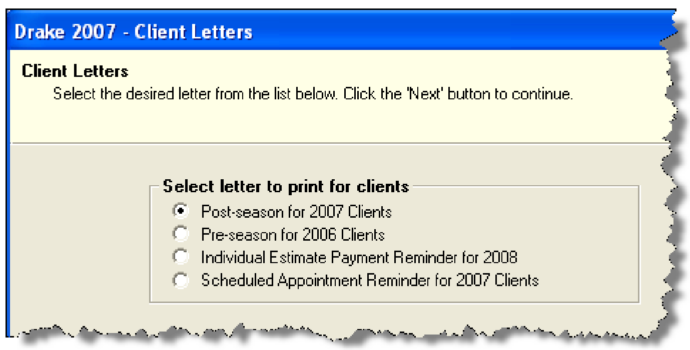
LETTERS

Go to **Tools** > **Letters** to access batch printing of letters, mailings labels, envelopes, and postcards.

LETTERS

Preseason, After-Season, Estimate, and Schedule letters can be printed for one or multiple clients. To edit letters before generating them, see "Letters Setup" on page 55.

1. Go to **Tools** > **Letters** > **Letters** to open **Client Letters**.



2. Select a letter type to print for clients and click **Next** to open **Client Selection**.
3. Complete one of the following tasks:
   - **Print a letter for a client** — Enter the client's SSN/EIN and click **Next**. Click **Print**.
   - **Print a letter for multiple clients** — Click **Next** to open **Client Letters Filters Selection**. Select filtering and sorting options. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.) Click **Next**, then click **Print**.

MAILING LABELS

Print mailing labels based on clients, firms, or service centers. You can also use the **Mailing Labels** tool in running reports.

1. Go to **Tools** > **Letters** > **Mailing Labels** to open **Mailing Labels**.
2. Select a label type from the list, then take any needed actions, described below. Some labels may be edited.
   - **Client Addresses** – Select filter/sort options from **Filter Selection**. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.)
   - **Single Client Addresses** – Enter the SSN/EIN of client.
   - **Birthday Addresses** – Enter the start date and end date range.
   - **Firm Addresses** – Select the firm number.

- **EF Service Centers** – Select the service center number.
- **IRS 'Mail To' Address** – Select the return type and region number.
- **State 'Mail To' Address** – Select the state and return type.
- **User Defined** – Select if you want to enter a label directly.
- **Labels for Folders** – Select filter/sort options from **Filter Selection**. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.)
- **Prior Year Clients** – Select filter/sort options from **Filter Selection**. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.)

3. Click **Next**.
4. In the **Mailing Labels** dialog box, enter mailing label settings.
5. Click **Finish**.
6. In the **Print Labels** dialog box, select a printer and press **Print** to print the labels.

NOTE

Service center addresses are available in **Tools** > **Letters** > **Mailing Labels** > **EF Service Centers**.

Printing Client Labels From Data Entry

New for 2007 **-** Print single mailing or folder labels from within return data entry to a label printer.

NOTE

Currently, this feature has been tested only with the DYMO LabelWriter 400 Label Printer. The data will print on any label size, but DYMO Label Writer labels, size 30252, are recommended because they work well for printing folder labels and mailing labels. Size 30252 labels are included in the DYMO printer starter kit.

Before printing, ensure that the label printer is installed properly per the manufacturer's instructions. This label option is designed to print to a dedicated label maker.

To print a single label, complete the following steps:

1. From within return data entry, go to screen **1**.
2. Choose a name format for the label. Right-click the gray area and select **Client Labels > Name Format**. Click to select **LastName, FirstName** or **FirstName, Last Name**. Once you've select a format, it is not necessary to complete this step again unless changing the name format.
3. Right click the grey area and select **Client Labels**. Choose from the following label types:
   - Mailing Labels
   - Folder Label - SSN/EIN, Name
   - Folder Label - Name
4. Select the label printer from the **Print** dialog box. Click **OK** to print the label.

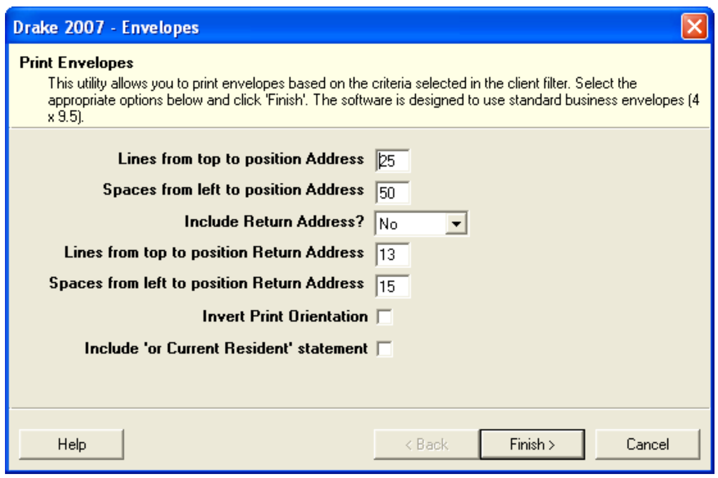
ENVELOPES

Not all printers are capable of printing envelopes. Verify that your printer has this capability before using the "Print Envelopes" function in the program.

NOTE Always test-print an envelope before printing an entire selection.

This option prints addresses on envelopes.

1. From the menu bar choose **Tools** > **Letters** > **Envelopes**.
2. Select filtering and sorting options from the **Filter Selection** box. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.)
3. Click **Next**.
4. Modify the **Basic Search Options** if desired and click **Continue**.
5. In the **Envelopes** dialog box, make changes to update the envelope formatting information.



6. Click **Finish.**
7. Click **OK** or press ENTER, then click **Print Envelopes**.

POSTCARDS

This option prints addresses on postcards.

1. From the menu bar choose **Tools** > **Letters** > **Postcards**.
2. Select filtering and sorting options from the **Filter Selection** box. If a more complex filter is needed, click **Edit Filters**. (See "Filter Manager" on page 228.)
3. Click **Next**.
4. Modify the **Basic Search Conditions** if desired, then click **Continue**.
5. In the **Postcards** dialog box, update the postcard formatting information as needed.
6. Click **Finish** to open the **Print Postcards** dialog box.
7. Click **Print**.

AMORTIZATION

The **Amortization** tool prepares loan repayment schedules and provides various loan scenarios.

Select **Tools** > **Amortization** and complete the following fields on the **Amortization** dialog box:

- **Schedule Title** — This is the title that appears at the top of the amortization schedule.
- **Loan Amount** — Enter the original amount of the loan.
- **Amortization Periods** — Enter the number of payments to be made over the life of the loan. For example, if the loan is for two years and monthly payments are required, enter 24 for the number of **Amortization Periods**.
- **Payments Per Year —** Enter the number of payments to be made each calendar year.
- **Annual Interest —** Enter the annual interest amount for the loan. The interest for each monthly period is calculated automatically. If the interest is unknown but the payment amount is known, leave the **Annual Interest** field blank.
- **Payment Amount —** In most cases, Drake calculates the payment amount based on the other information entered. If the **Payment Amount** field is left blank and the interest amount is entered in the **Annual Interest** field, the program calculates the payment and displays it in this field. If, however, the interest amount is unknown and the payment amount is known, enter the payment amount in the **Payment Amount** 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** — There are two types of payments supported: **Fixed Payment** and **Fixed Principal**. The default is **Fixed Payment**.
- **Date of First Payment —** Enter the date the first payment for the loan is due. This entry is used to determine the dates for subsequent payments.

After the information is entered, click **Calculate** to create the Amortization Schedule. Click **Print** to send the schedule to the printer or click **Save** to save the schedule for future viewing through **Reports** > **Report Viewer**.

EDIT EIN DATABASE

When an EIN is entered in data entry, it is stored in the EIN database. Use the **Edit EIN Database** tool to edit EIN information.

1. On the menu bar, go to **Tools** > **Edit EIN Database**.

2. Enter the desired EIN and click **Edit** or press ENTER.

NOTE If the EIN is not known, enter the name or a few letters of the name. For example, enter WAL for Wal-Mart. As you type the letters, the list is searched.

3. Select the employer from the list and press ENTER or double-click the name.

4. Once the **Edit EIN/Employer Listing** window opens, edit any of the available fields.
   - Click **Cancel** to revert to the saved information.
   - Click **Delete** on the primary screen to delete the EIN from the database.

5. Click **Save**.

Print a List of EINs

To print a list of all EINs in the database, click **Print**, then select the **EIN**, **Company Name**, **City**, **State**, or **Zip Code** from **Sort Options**. Click **OK** or press ENTER to display the list is in the **Report Viewer.** Click **Print**.

The list can also be exported to Excel.

Add a New Record

To add a new record, click **New** in the **Edit EIN Database** window. Enter data for the new EIN, then click **Save**. A list is displayed showing the new record.

Scheduler

For details on the Scheduler, see "Scheduler" on page 75.

City Tax Rates

For use with Ohio cities only. Use the **City Tax Rate Editor** to edit and add tax rates, credits, and addresses to be used when creating Ohio city returns. To view and edit the city tax details, take these steps:

1. Go to **Tools** > **City Tax Rates**.
2. Select the desired city from the list. Press ENTER or TAB. The city's details fill the text boxes.
3. To change information, edit the boxes where necessary and click **Update.**

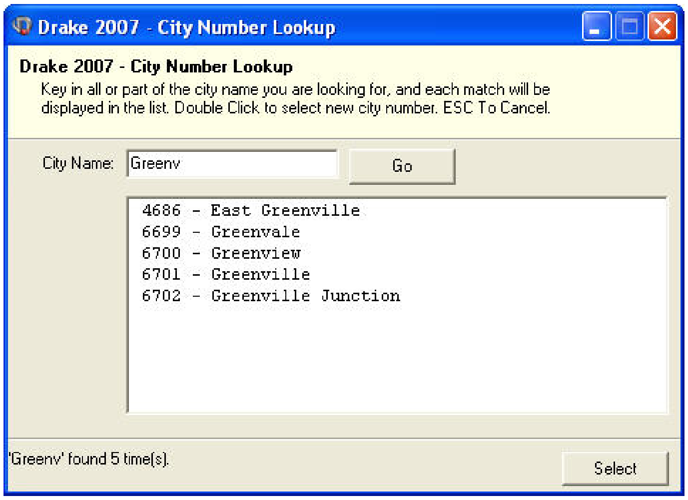
NOTE Verify Ohio city tax rates and addresses before preparing returns Ohio returns.

Zip Code Editor

New for 2007! The ZIP Code Editor enables you to revise Drake's ZIP code database in your software should the USPS change, add, or re-assign a ZIP code during the tax year.

Take the following steps to assign a ZIP code to an existing city using the ZIP code database:

1. To open the ZIP Code Editor, click the My Computer icon on your desktop, then go to \DRAKE07\FT\zipedit.exe and double-click to launch the editor.
2. Enter the new ZIP code to be assigned, then click **Look Up** or press **Enter**. If the ZIP code already applies to an area, the applicable city code appears in the **New City Number** field.
3. Click **Search** to open the **City Number Lookup** dialog box.
4. Enter the city name. The search displays both partial and exact matches for the city codes (not ZIP codes), as shown in the following example.



5. Double-click the desired selection. The program inserts the new city number for the ZIP code entered.
6. Confirm that the city is correct, then click **Yes**.
7. Click **Save**. The ZIP code you entered in the **ZIP Code** field will now be applied to the selected city in Data Entry.

Pre-Prepared Entry

The pre-prepared entry tool allows a previously prepared return to be entered in Drake Software. To enter a pre-prepared return in Drake, complete the following steps:

1. Go to **File** > **Pre-Prepared Entry**.
2. Select a form. Click a form from the Pre-Prepared Entry screen, type the form in the **Make A Selection** field, or press the corresponding F1 - F8 keys.
3. Fill in the fields with return data and press ESC to save the form.
4. Continue to enter form data until complete.
5. Click **View** or **Print** from the toolbar.

QUICK ESTIMATOR

The Quick Estimator allows you to prepare an individual return and quickly calculate the results.

WARNING! Do not electronically file or mail the return generated in the **Quick Estimator** to the IRS. If the return is filed from the **Quick Estimator**, an amended return is required.

Go to **File** > **Quick Estimator**. Select a return to open or create a new return using the client's SSN. If a return previously prepared in the program is selected, the **Quick Estimator** does not override entries previously made.

NOTE A return created in the **Quick Estimator** counts as one Pay Per Return.

Enter W-2, Unemployment, Advanced EIC, Social Security, and retirement information. A total for all dividend, interest and other income is entered in the **Int/Div/Other Income** field. Other income includes amounts from Schedules C, E, F, and forms 1099-MISC, and K1. The amount entered in this field carries to line 8a on the 1040 return. If the return is entered in Drake Software data entry, information from this field would flow to lines 9a-14 and lines 18, 19, and 21. For estimating purposes only, it is entered in the **Int/Div/Other** field in the **Quick Estimator**.

NOTE Because all interest, dividend, and other income is entered in one field, the RAL, Bonus, and preparer fees may not be reflected accurately on the bill. The income may be overestimated or underestimated.

Enter the IRA deductions in the **IRA/Adjustments** field. This is the only adjustment reported in the **Quick Estimator**.

The **Quick Estimator** will produce only one return if filing a Married Filing Separate return. The preparer must generate a separate return for the other spouse.

Enter the total number of dependents, number of children qualifying for the Child Care Credit, EIC, and Child Care in the applicable fields. The appropriate credit amounts are generated but individual names are not shown on the return.

The potential RAL and Bonus amounts may be calculated by checking the **RAL** and **Bonus** fields.

There are two override fields: **Override RAL amount** and **Prep fees w/h**. Amounts entered in these fields override amounts entered on the **Firm** screen.

To calculate a return in the **Quick Estimator**, press CTRL + C. The return may also be viewed.

IMPORTANT Remember, this is only for estimating taxes. A full return should be prepared later. Information from the **Quick Estimator** flows to the full tax program and may need adjusting.

Reports

Drake Software offers several reporting options from the **Reports** menu. This chapter reviews the Report Manager, Report Viewer, Depreciation List, Fixed Asset Manager.

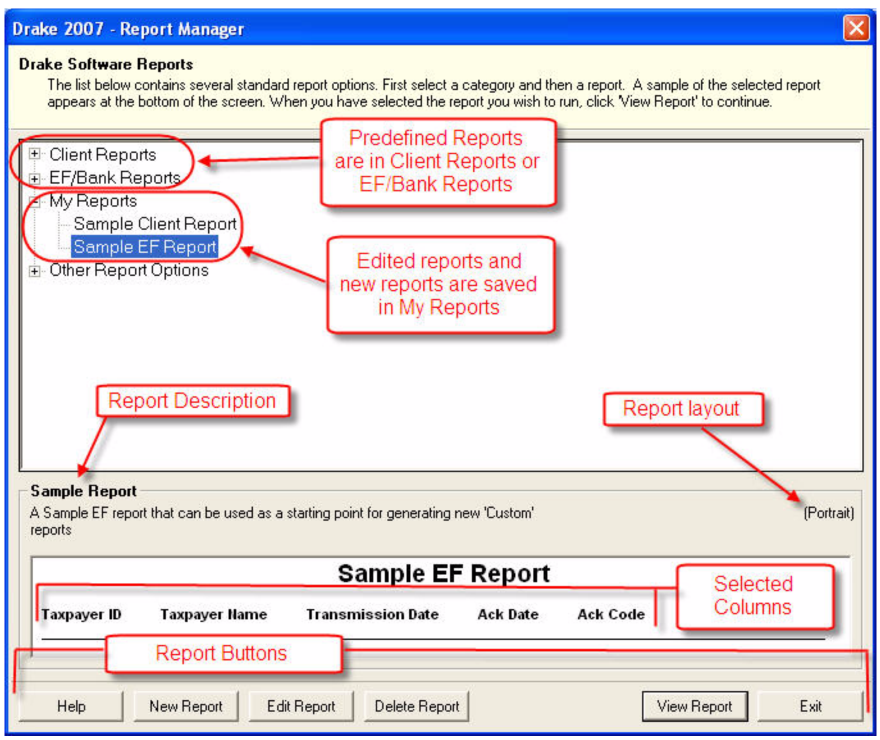
REPORT MANAGER

The **Report Manager** provides a centralized location for managing reports. Choose from predefined reports, edit existing reports, or create new reports using custom filters. Include current- and prior-year data in reports, and saved reports as CSV (comma separated value), Excel, or TXT (Notepad) files.

From the **Home** window, go to **Reports** > **Report Manager.**

THE REPORT MANAGER WINDOW

The Report Manager uses a standard tree format. Click a plus sign [+] to the left of a report options (or highlight an option, and from the numeric keypad of your keyboard, press the plus sign) to expand a category list and display the available reports in that category. Click a minus sign [-] to the left of one of the report options (or press the minus key on the numeric pad of your keyboard) to collapse the list, hiding the reports in a category.



Predefined Reports

Predefined reports are available in the **Client Report** and **EF/Bank Report** categories. You can use predefined reports as a basis for creating customized reports. When planning reports for your office, consider beginning with a predefined report that already includes most of the information you require.

My Reports

My Reports consists of new reports you create, either by editing predefined reports or by starting with a blank report. All new report formats are automatically saved here.

Other Report Options

Other Report Options includes reports compiled from the CSM, Scheduler, or Fixed Asset Manager. Also choose from **Depreciation Lists**, **Hash Totals**, and the **Alabama Extension Bulk Web File Report**.

Alabama Returns Only: Alabama has a web portal for filing single extensions and uploading files that contain bulk-filed extensions. The information for creating the bulk file is already available in our program; it simply has to be collected and put into the correct CSV file format.

Go to the **EXT** screen under the **AL** tab for any package in data entry and check **Generate an extension**. Next, select to **Add to Bulk Extension file**. If you haven't renewed your account with the Alabama Department of Revenue, click the **Create an 2007 Bulk File Account with AL DOR** link to go to the AL DOR site. This account must be renewed annually.

Collect the necessary information and put it into the client's return. When several of these returns have been calculated, you can get a report to view or print. Also, a file is created on your computer entitled \Drake07\Report\AL-EXT.CSV. The report and the CSV file contain only the extensions that are calculated that day.

Upload to the DOR site and simultaneously "web-file" several extensions electronically.

Drake does not track whether the extensions are accepted or rejected, but the information on each extension is available on the state's Web site in **Preparer Report**.

Sample Report View

When you select a report from **Report Manager**, a **Sample Report** is displayed with a description (if available) of the selected report and a sample of the print layout, including the title and all columns. This display is reflects changes as report details are updated.

Portrait and Landscape Report View

To the right of the **Sample Report** is a description of the report layout: **Portrait**, **Landscape**, or **Potentially too wide**. Layout is determined by the number of report columns. **Potentially too wide** means some data may be cut off in printing—even if **Landscape** is used—because too many are columns selected. The report is still suitable for viewing in the **Report Viewer** using scroll bars.

Report Buttons

- **Help** — Click to access the Help System.
- **New Report** — Click to create a new report from scratch.
- **Edit Report** — Edit a report's settings and save as a new report. Edited predefined reports are saved in **My Reports**.
- **Delete Report** — Delete a report. Only reports listed under **My Reports** can be deleted.
- **View Report** — View a saved report, or use the most current data to view a new report.

Right-Click Menus

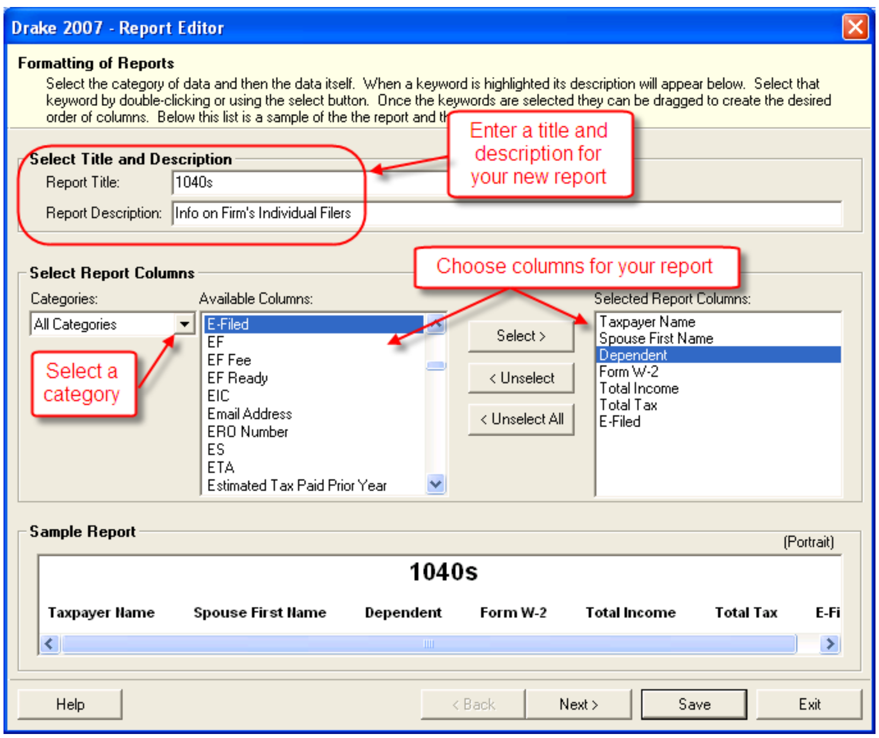
Right-click a report from the tree to view the following menu of items:

- **View Report** — View a selected report. Click **Yes** to re-create the report using the most current data.
- **Edit Report** — Open the **Report Editor** for the selected report.
- **Add to 'My Reports'** — Add the selected report to **My Reports**.
- **Add a New Report** — Open **Specify Report Type - Report Editor**, the first step in creating a report.

Creating a Report: Procedure 1

New reports are saved in **My Reports**. They can be re-created or edited and saved as other reports. To create a new report, complete the following steps:

1. From the **Report Manager**, click **New Report**.
2. Select a report type and click **OK** to open the **Report Editor**.
   - **Electronic Filing & Banking** reports are based on EF Database data.
   - **Tax Return Data** reports are based on return data entry and calculation data.



3. Enter a **Report Title** and **Report Description**.
4. (Optional) Select and sort report columns.

Report columns are listed in categories. Select a category to view column keywords in the **Available Columns** list. Double-click a keyword to add it to **Selected Reports Columns** (or use the **Select**, **Unselect**, and **Unselect All** buttons). Click and drag the columns in the **Selected Report Columns** list until they are in the desired order.

TIP

Place your mouse pointer over a keyword in the **Available Columns** list to display a tooltip description of the item.
See “Report Keywords” on page 251 for a list of keywords and descriptions.

5. After previewing the **Sample Report**, click **Save**, or click **Next** to continue to Procedure 2.

CREATING A REPORT: PROCEDURE 2

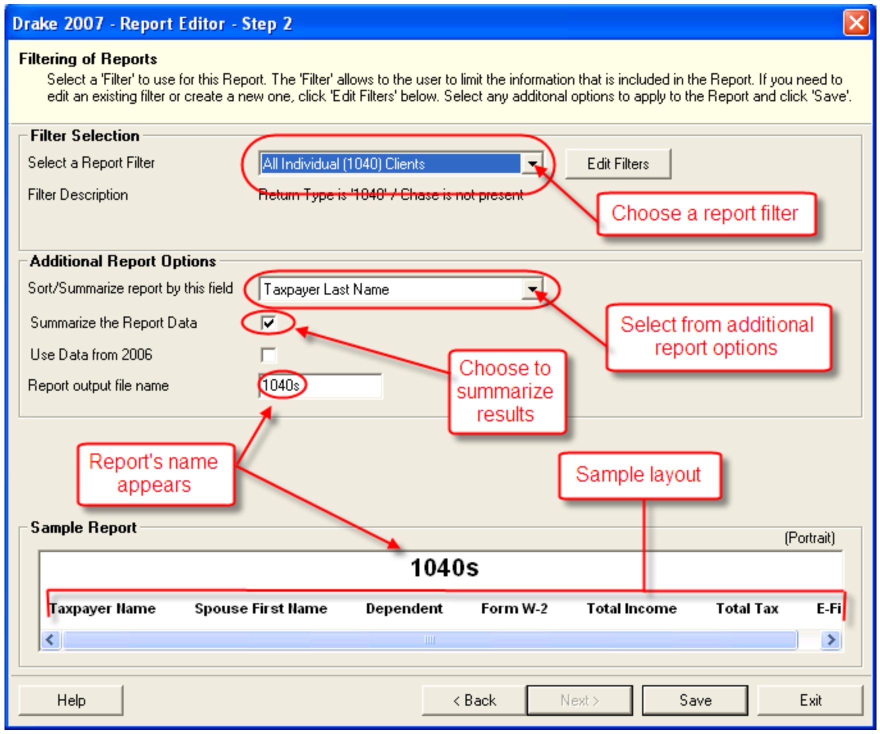
Step 2 involves setting custom filters and implementing options. To set custom filters, use the following procedure after completing Procedure 1.

1. Select filtering and additional options from the **Report Editor - Step 2** screen.
   - **Select a Report Filter** — Choose a report filter. When a filter is selected, a description for the filter appears below it. If no filter is desired, select **All Clients**.

NOTE

To edit a filter or create a new filter, click **Edit Filters**. (For details on editing filters, see “Filter Manager” on page 228.)

   - **Sort/Summarize report by this field** — Choose a keyword by which to sort the report. This list includes all the keywords in the report, in addition to taxpayer ID, taxpayer last name, ZIP code, preparer number, firm number, and DCN.
   - **Summarize the Report Data** — Calculate and total each column. Not all reports benefit from summarizing. Several report keywords—**Count**, **Average**, and **Percentage**—can be added to a report to enhance the summary.



- **Use Data from 2006** — Select to run a report using 2006 data. (Reports query 2007 data by default.
- **Report output file name** — Enter a report output name. This name must be fewer than nine characters in length. Use this name to locate the report in the **Report View/Print Utility**. (See “Report View/Print Utility” on page 232.)

IMPORTANT Reports with identical output names are overwritten in the **Report View/Print Utility**. To have multiple instances of the same report, you must rename the output file.

2. Click **Save**. The new report is stored in **My Reports**. (See “Viewing a Report from the Report Manager” on page 231.)

Editing a Report

Report editing provides flexibility in customizing report output. Any predefined or previously created report can be edited. Edited reports are saved to **My Reports**. To edit a report, take the following steps in the **Report Manager**:

1. Click a category and subcategory from the report tree to locate the desired report, then highlight the report.
2. Click **Edit Report** to open **Report Editor - Step 1**.
3. Click **Save** after editing**.** The report is stored in **My Reports**

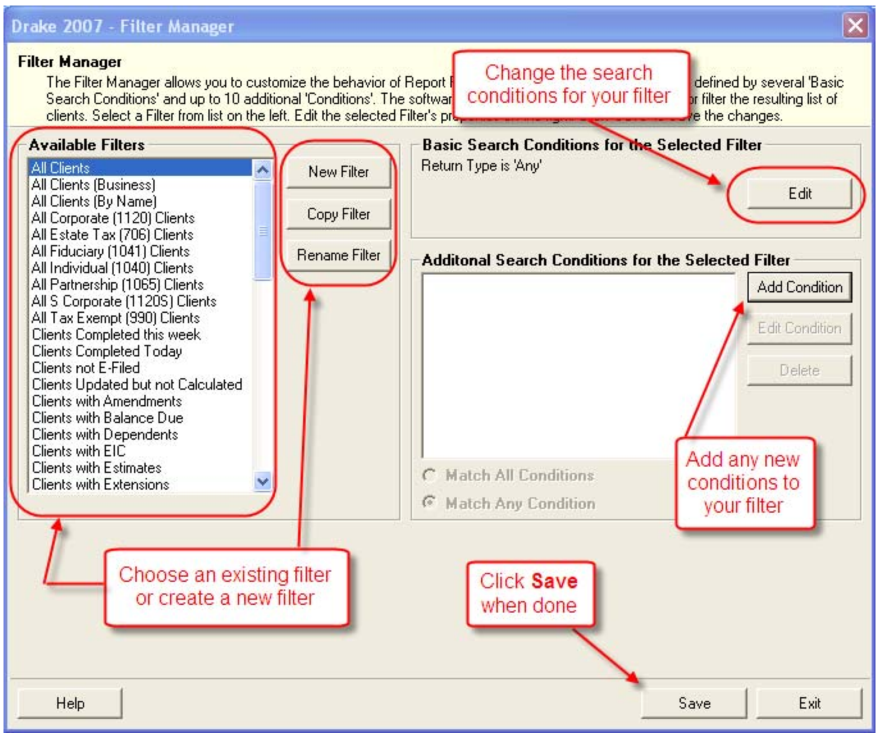
DELETING A REPORT

Only a report in **My Reports** can be deleted. To delete a report, complete the following steps, select the report to delete, then click **Delete Report**. You will be prompted to confirm the deletion.

FILTER MANAGER

Use the **Filter Manager** to customize report filters and refine output. To access the **Filter Manager**, click **Edit Filters** from **Report Editor - Step 2**. (See "Creating a Report: Procedure 2" on page 226.)

The **Available Filters** consist of **Basic Search Conditions for the Selected Filter** and **Additional Search Conditions for the Selected Filter**.



The **Available Filters** list includes predefined filters and custom filters. Highlight a filter to view the **Basic Search Conditions for the Selected Filter** in the top right portion of the screen. You can edit these basic search conditions and add as many as 10 additional custom search conditions.

SELECTING A FILTER

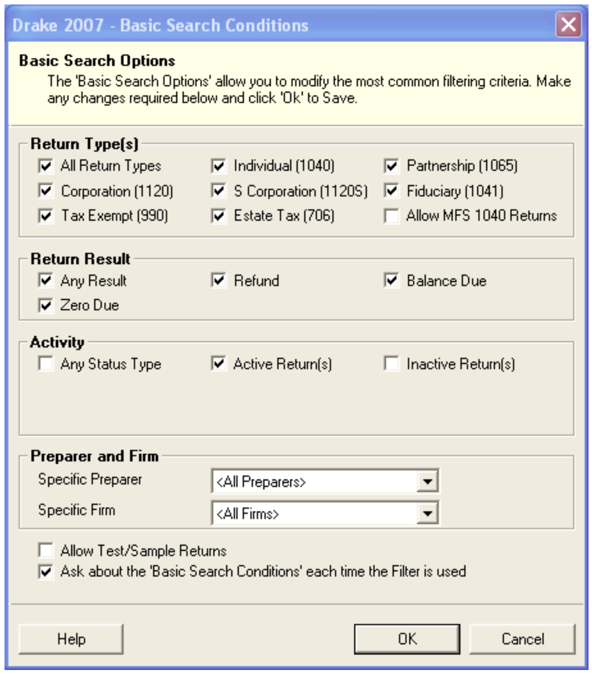
Click a filter to select it. If one is not available to suit your needs, edit or create a filter. All new filters are added to the **Available Filters** and can be edited as needed.

- **Create a filter** — Click **New Filter**, enter a **Filter Name**, and click **OK**.
- **Copy a filter** — Click **Copy Filter**, enter a **Filter Name** and click **OK**.
- **Rename a filter** — Click **Copy Filter**, replace the **Filter Name**, and click **OK**.

Basic Search Conditions

When you select a filter, the **Basic Search Conditions for the Selected Filter** appear in the **Filter Manager**. To edit a filter's basic search conditions, complete the following steps:

1. Click **Edit** from **Basic Search Conditions for the Selected Filter** to open **Basic Search Conditions**.

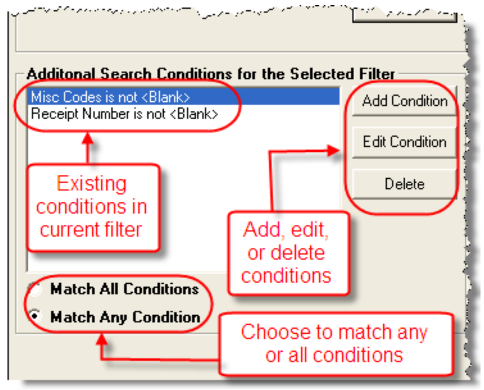


2. Modify the **Basic Search Options** by selecting the desired properties, described below:
   - **Return Type(s)** — Types of packages to include in the report.
   - **Return Results** — Filter by returns with **Any Result** or with **Refund** only**, Balance Due** only, or **Zero Due** only
   - **Activity** — Filter by **Any Status Type** or by **Active** or **Inactive Returns** only.
   - **Preparer and Firm** — Filter by **Specific Preparer** and **Firm**.
   - **Allow Test/Sample Returns** — Select to include test or sample returns in the report.
   - **Ask about the 'Basic Search Conditions' each time the Filter is used** — If this option is selected, the **Basic Search Conditions** dialog box will open each time you create the report, allowing you to customize filters at that time.
3. Click **OK** to save the options.

Additional Search Conditions

Add as many as 10 more search conditions a filter. Set a report to **Match All Conditions** or **Match Any Condition** that you have added.

- **Match All Conditions** — Report output meets all conditions (narrow results).
- **Match Any Condition** — Report output meets any of the conditions (broader results).

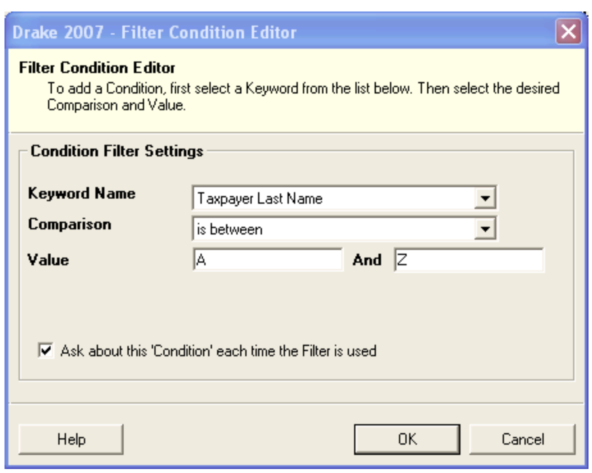


To add search conditions, complete the following steps:

1. From the **Filter Manager**, highlight a filter in **Available Filters**.
2. From the **Additional Search Conditions for the Selected Filter** section, click **Add Condition**.
3. In the **Filter Condition Editor**, select a **Keyword Name**.
4. Select a **Comparison** option. The comparison selections vary according to the keyword selected, and determine whether a value is needed.

NOTE If a comparison requires a value, the **Value** field appears. The value entry can be either alphabetic or numeric. For example, if **AGI** is selected and the comparison selected **is equal to**, the value entered must be numeric. If **Taxpayer's Last Name** is selected, and **starts with** is the comparison, the value must be alphabetic.

5. (Optional) Select **Ask about this 'Condition' each time the Filter is used** to have the **Filter Condition** editor open each time a report is viewed using this filter—giving you an opportunity to enter a new value if necessary.



Editing Search Conditions

Complete the following steps to edit a search condition:

1. Select a filter from **Available Filters**.
2. Double-click a condition in the **Additional Search Condition for the Selected Filter** list, or select the condition and click **Edit Condition**.
3. After editing the condition, click **OK**.

Deleting Additional Search Conditions

To delete a search condition in the **Filter Manager**, select a filter from the **Available Filters**, then select the condition and click **Delete**.

Viewing a Report from the Report Manager

To view a report, complete the following steps from **Reports > Report Manager**:

1. Locate and select the report in the report tree-view.
2. Click **View Report**. If a **Basic Search Conditions** box appears, make any desired changes and click **Continue**. (See “Editing Search Conditions” on page 231.)

   If a previously saved version of the report is detected, you are prompted to click **Yes** to create the report again using the most current data, or click **No** to open the previously saved report.

   - If **Yes** — The report is re-created using current data. If a **Basic Search Conditions** box appears, make any desired changes and click **Continue**. (See “Editing Search Conditions” on page 231.)
   - If **No** — The previously-run report is opened.

   The report is displayed in a **Report Viewer**.

Report Viewer

All reports open in a **Report Viewer**. From this window, view, print, or export the report. Also, all previously run reports can be viewed from the **Report View/Print Utility**, or **Report Viewer**, located on the **Reports** menu.

The **Report Viewer** toolbar provides the following functions:

- **Print** — Prints the report.
- **Export** — Opens the report in your choice of formats: XLS (Excel), CSV (comma separated value), or TXT (Notepad). When exporting to CSV, the file is saved in Drake07\Reports. Select a different location by browsing from the **Save CSV file** window.
- **First**, **Previous**, **Next**, **Last** — Navigates to the first page, the next page, the previous page, or the last page of the report. Keyboard arrow keys and PAGE UP and PAGE DOWN keys also navigate the report window.
- **Font** — Allows you to choose the font size, from 8, 9, 10, 12, 14, and 16 point.
- **Exit** — Exits the **Report Viewer**.

Report View/Print Utility

All reports, including those created in the **Report Manager** and during the EF process, are accessible from the **Report View/Print Utility**. The name, date generated, and description of each report are listed. Click a column header to sort the list in ascending or descending order.

To access the **Report View/Print Utility**, go to **Reports > Report Viewer**. To view or print a report, in the **Report Viewer**, double-click the report in the report list or select it and press ENTER.

Depreciation List

Create a report displaying depreciation information for one or more clients. Start by selecting **Reports > Deprecation List** from the **Home** window. Complete one of the following procedures in the **Depreciation List Client Selection** dialog box.

To print a depreciation list for one or more specified clients:

1. Enter the SSN/EIN in the blank field and click **Add Client**. Continue this until all the desired clients are entered.
2. Click **Next**.
3. Choose to **Print to Printer**, **Export to File**, or **Cancel**.

To filter your client database and print a depreciation list:

1. Click **Next** to open the **Basic Search Conditions** dialog box.
2. Edit settings as desired (see "Basic Search Conditions" on page 229) then click **Continue**.
3. Choose to **Print to Printer**, **Export to File**, or **Cancel.**

NOTE The **Depreciation List** report is also accessible from **Other Report Options** in the **Report Manager** (**Reports > Report Manager**).

Fixed Asset Manager

Use the **Fixed Asset Manager** to run reports based on client assets. Customize reports by content, style, and type of depreciation. Run single reports or use macros to create a set of reports. Run reports on one or more clients.

Start by going to **Reports > Fixed Asset Manager**. Then, to create a **Fixed Asset Manager** report, complete the following steps:

1. Select a report type from the first list. Choose from eight report types:
   - **Depreciation Schedules** — List asset number, description, date in service, method and recovery period, percentage, basis, prior depreciation, salvage value, current-year Section 179 expense, and current depreciation. This report is sorted by the asset number and department number, separated by a decimal. Example of an asset number: 122.01.
   - **Listings** — List asset number, description, date in service, federal method and recovery period, listed automobile and business percentage, cost, federal basis, current-year Section 179 expense, federal prior-year depreciation, federal depreciation, state depreciation, AMT depreciation, book depreciation, tax schedule code, and date disposed. This report is sorted in the same way as **Depreciation Schedules**.
   - **Section 179 Assets** — List items that expensed during the current year. List includes asset number, description, date placed in service, cost, Section 179 expense amount, prior-year carryover, and the current year Section 179 deduction.
   - **Dispositions** — List items disposed of within the current year. List includes asset number, asset description, date acquired, date sold, gross sales price, depreciation amount, cost or other basis, and loss or gain.
   - **Department Summary** — Produce an asset summary sorted by department or schedule. Summary includes department, or schedule, cost, federal basis, current Section 179 amount, federal depreciation, state depreciation, alternative depreciation, and book depreciation.
   - **Year Summary** — Produces a summary of assets on a yearly basis, grouped by department. For each department, there is a summary line for each year up to 10 years prior. This report also totals depreciation for 11 years and prior. This report is always sorted by department then year. The items on this report include year acquired, cost, prior federal depreciation, current federal depreciation, total federal depreciation, state prior depreciation, state current depreciation, and total state depreciation.
   - **Preference Report** — Lists assets placed in service after 1986. List includes asset number, department number, data placed in service, method and recovery period, basis, current depreciation, alternative depreciation, and preference amount.
   - **Auto Code Print** — Produces a report based on the macro setup for each client selected. The reports can be composed of any of the described reports and any valid options associated with them. See "Fixed Asset Manager Macros" on page 234 for details.
2. Select a report format/tracking method (**Federal**, **State**, **Alternative**, or **Book**).
3. Select a sorting method (**Full Schedule**, **By Department**, or by **Form/Schedule**).
4. Click **Run Report**.
5. In **Asset Manager Client Selection**, choose to create a report for one or more specific clients, or to create a filtered report based on all clients.
   - **Create a report for one or more clients** — Enter SSN/EIN in the blank field and click **Add Client**. Repeat for all desired client, then click **Next**.
   - **Create a filtered report based on all clients —** Click **Next** to open the **Asset Manager Filter Selection** dialog box. Select a filter or sort option. To edit filters, click **Edit Filters**. (See "Filter Manager" on page 113 for details.) Click **Next**.
6. Choose to **Print to Printer**, **Export to File**, or **Cancel**

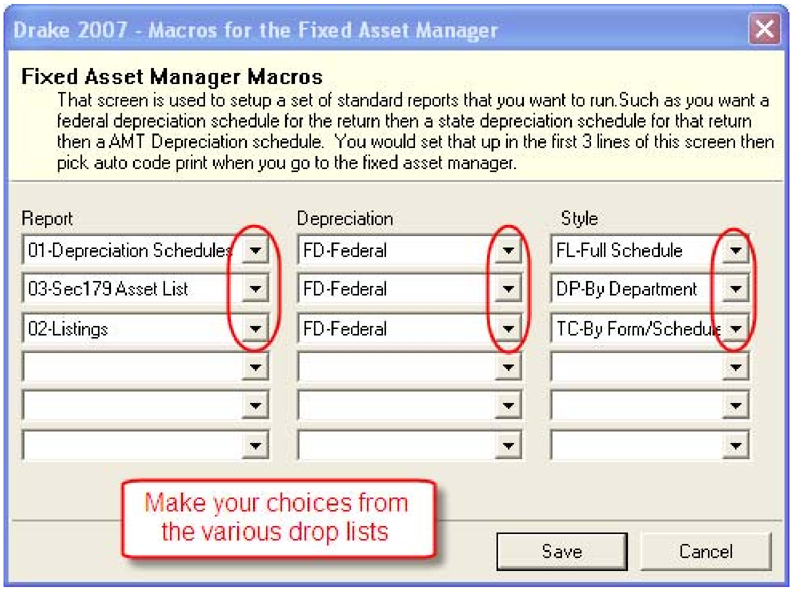
Click **Cancel** to close the **Fixed Asset Manager**.

FIXED ASSET MANAGER MACROS

Use Fixed Asset Manager macros run a set of standard reports to run at one time. For example, to run a string of three Fixed Asset Manager reports, designate the three reports in **Fixed Asset Manager Macros**. Then choose **Auto Code Print** as the report type when running a report in the **Fixed Asset Manager**.

To set up macros, complete the following steps from **Reports > Fixed Asset Manager**:

1. Click **Edit Macros**.



2. Choose **Report**, **Depreciation**, and **Style** for all reports to run in the set, then click **Save**.
3. Choose **Auto Code Print** as the **Report** type from the first list and click **Run Report**.
4. Choose to **Print to Printer**, **Export to File**, or **Cancel.**

Click **Cancel** to close the **Fixed Asset Manager**.

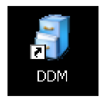
Suite Products

Integrate Drake Software suite products with Drake tax software to run your business more efficiently. The suite includes the Document Manager, Tax Planner, and Client Write-Up programs. All three are free of charge and are installed from your Drake Software CD.

This chapter's focuses are the Document Manager and Tax Planner. For Client Write-Up instruction, refer to the *Client Write-Up Manual*, available on the Drake Support Web site, **Training Tools > Manuals**.

Document Manager

The DDM is installed with Drake Tax Software. Look for the DDM icon on your desktop.



Use the Drake Document Manager (DDM) to create an electronic organizational file structure for storing office documents. Use the DDM to store PDF versions of tax returns, scanned Form 8879s, copies of driver's licenses, and any other documents related to your business.

NEW FOR 2007

New in 2007, you can password-protect files within DDM; create new text, Word, or Excel files; and open the DDM to the last selected folder.

You can also link external documents to a DDM folder. Linked documents do not have to be moved into the document manager structure.

Also new in 2007, you can select and attach multiple documents from a DDM folder to an e-mail message. Previously, you could attach only one document per e-mail.

The DDM file structure has three main levels. Think of it as a virtual filing cabinet with drawers in the cabinet and folders in the drawers. Level 1 is the cabinet, Level 2 is the drawer, and Level 3 is the folder. Folders may also have sub-folders. Documents reside in the folders and sub-folders. Before storing items in the DDM, determine the type of file structure to use. Also, review each setup option to determine which items your office may require.

Setting up the DDM

Review the following setup sections before you begin working in the DDM.

Technical Requirements

The DDM application takes very little disk space, but you may need more space to store your office files. Drake recommends that the storage drive have approximately 1GB (gigabyte) of space available for each year of storage for an average-sized office. Most new computers have at least a 20GB hard drive; if you own a new computer owners, storage should not be an issue.

Long file names can be used, although this naming convention may not function properly on older systems that limit file names to eight or fewer characters.

Installing the PDF Printer

Even if you already have PDF creation software on your computer, install the PDF995 folder off of your Drake CD to take full advantage of all of the DDM integration features. For details on installing PDF995, “Printing Setup” on page 63.

Choosing a File Structure

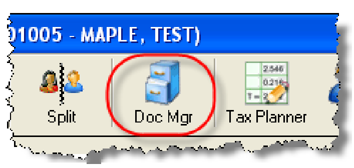
The DDM allows you to store files in a file structure. Build a file structure entirely from scratch, or integrate with Drake Tax Software to create a file structure automatically—or implement a combination of both approaches.

IMPORTANT Plan your file structure before creating it in the DDM. Be aware that the structure can be difficult to rearrange once it is in place and contains files.

Integrating with Drake

Some benefits of integrating the DDM with Drake Tax Software are as follows:

- A predefined file structure is created in the DDM. It has a **Clients** filing cabinet, drawers labeled **0-9** and **A-Z**, folders in each drawer for each client labeled by last name or business name, a **Tax** sub-folder, and a **2007** sub-folder.
- When you create a return for a new client in Drake Software, the **New Return** dialog box requires entry of the client’s first and last name (or business name for business returns). This ensures a new client folder is created in the DDM. (See “Creating and Opening Returns” on page 8 for more on creating a new return.)
- The **Doc Mgr** button in data entry opens the DDM to the client’s tax-year folder.



- When tax returns are printed using PDF995 software (see “PDF Printer Setup” on page 65), they are saved to the correct DDM folder.
- Files saved in a client’s folder can be attached through the Drake e-mail program. For more details, see “E-mail” on page 195.

To implement the Drake document file structure, complete the following steps:

1. From the Home window, go to **Setup** > **Printing** > **Document Manager**.
2. Set the **Document Manager Location**. If the default location is incorrect, click **Search**, then click **Yes** to choose the appropriate location.
3. Check **Allow Drake to set up Document Manager client folders (recommended)**.
4. Click **Save**

NOTE If the Drake file structure is introduced into an existing system, the Drake structure is *added to* the existing system. The Drake structure does not overwrite it.

Creating Your Own File Structure

It is not necessary to use the Drake file structure. You can create an entire filing system according to your own specifications. If you do use the Drake structure, you can still add additional cabinets, files, and folders to your filing system.

Selecting Setup Options

Access **Setup Options** from **DDM** window (**File** > **Options**). Options are as follows:

- **Document Manager Data Path** — To store DDM data in a location other than the DDM, enter the data path here. **Browse** as needed to the desired location.
- **Use this scan device** — By default, the DDM chooses a scanner. To choose a different scanner, select it from the list.
- **Turn off scanner interface** — Enable or disable the DDM's default scanner interface. You may need to view the scanner interface window when making a scan, especially if options not available in the DDM are required, such as scanner resolution or color.
- **Build index when DDM starts** — The DDM index (used for searching the DDM) must occasionally be rebuilt to ensure proper functionality. Select to enable or disable the option to rebuild the index each time the DDM starts.

TIP Choosing to rebuild the index each time the DDM starts does not interfere with DDM operation. Choose to rebuild the index by going to **File > Rebuild Search Index**.

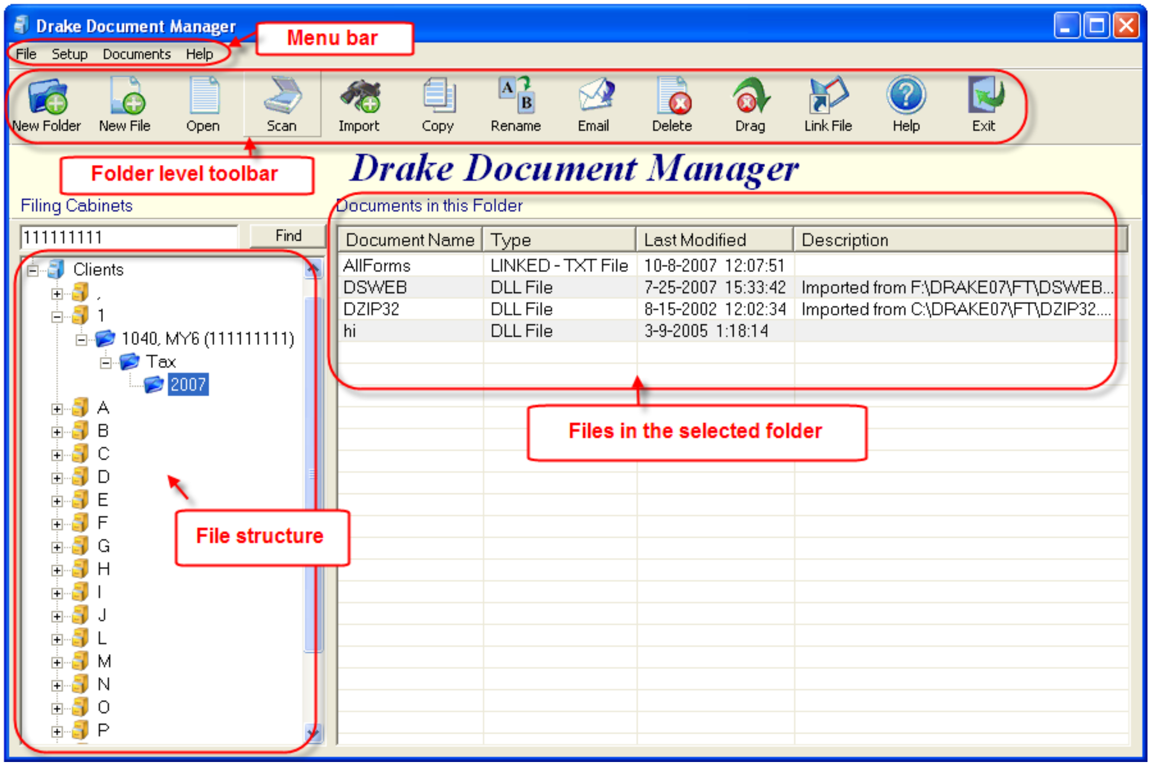
OPENING THE DDM

Click the DDM icon to open the DDM.

NOTE To access the DDM from data entry, click **Doc Mgr** from the toolbar. If your software is integrated with the DDM, you will be able to DDM open folder of the active return.

The DDM Window

The **Drake Document Manager** window consists of the file structure in tree-view and listing of files in the selected folder.



Filing cabinets are organized in a standard tree format. Click a plus sign (+) to expand a portion of the tree and view its contents, and click a minus sign (-) to collapse and hide a portion of the tree. (Or with a folder selected, press the (+) or (-) keys on the numbers pad of the keyboard.)

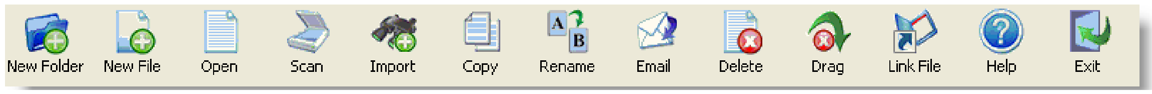
Navigating the DDM

Select a folder to view a listing of its files. The DDM displays document name, type, the date the file was modified, and description. Click column headers to sort by columns.

Like other windows in Drake, the DDM has a menu bar and toolbar. If a hot key exists for a menu item, it is listed to the right of the menu item. You can also access toolbar selections from the menu bar. To view a description of a toolbar button, hold the mouse pointer over it.

Each toolbar button launches a different function. Depending on your level in the DDM, different buttons are accessible. For example, from the cabinet level, you can add only drawers and cabinets, so only these buttons are available.

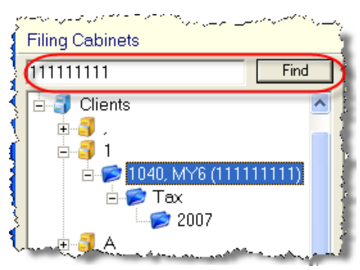
From folder level, the following speed buttons are available:



- **New Folder** — Create a new folder.
- **New File** — *New!* Open a new text, Word, or Excel file.
- **Open** — Open the selected document.
- **Scan** — Scan a document into the DDM.
- **Import** — Import a document from another location.
- **Copy** — Export a document to another location.
- **Rename** — Rename the selected document.
- **Email** — E-mail the selected document.
- **Delete** — Delete the selected document.
- **Drag** —Disable the drag-and-drop feature.
- **Link File** — *New!* Link to a file outside the DDM.
- **Help** — Open the Help system.
- **Exit** — Close the DDM.

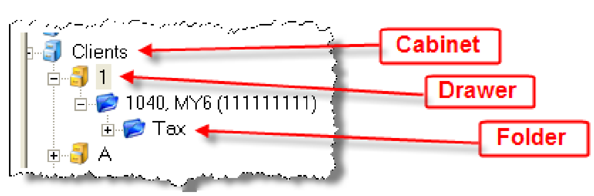
Searching the DDM File Structure

To find a cabinet, drawer, or folder in the DDM, enter part of the name to **Find** and click **Find**. The file location is highlighted in the tree.



Building a File Structure

If you are building your own file structure, Drake recommends that you map it out on paper before creating it in the DDM. Additional cabinets, drawers, and folders can be added to a Drake-integrated file structure. As each level is created, an icon representing that level appears in the left pane of the DDM, creating a tree structure.



Creating DDM Cabinets

Filing cabinets are the first level of the filing structure. The Drake filing system creates a **Clients** cabinet, but you might want to separate clients by return types and have an **Individual** and a **Business** cabinet instead. Regardless of the structure you choose, cabinet are required for storing drawers and folders.

To create a cabinet in the DDM, click **New Cabinet** (or go to **Setup > New Cabinet**, or press F2). Enter a cabinet name and click OK. The new cabinet appears in the left pane. Repeat to create additional cabinets.

NOTE File cabinets are not stored inside file cabinets. Each cabinet is for Level-1 storage. Drawers are for Level-2 storage, and folders are for Level-3 storage.

Creating DDM Drawers

Add drawers to cabinets for file-storage. The Drake filing system uses alphabetically labeled drawers for each client. To add a drawer to a cabinet, highlight the cabinet you want to use. Next, click **New Drawer** (or go to **Setup** > **New Drawer**, or press F2). Enter a name for the drawer and click **OK**. The new drawer appears in the left pane. Repeat as needed.

Creating DDM Folders

Documents are stored at the folder level. Store folders in drawers, and create sub-folders inside folders as needed. The Drake filing system creates a folder with the client's name, a sub-folder labeled **Tax**, and sub-folders for each tax year.

To create a folder, highlight the drawer or folder that will house the new folder. Next, click **New Folder** (or go to **Setup** > **New Folder**, or press F2). Enter a name for the folder and click **OK**. The new folder appears in the left pane within the drawer or folder you selected. Repeat as needed.

Once you have created cabinets, drawers, and folders, you can begin adding files to the DDM.

WORKING WITH FILES IN THE DDM

This section's focus is on adding and managing files in the DDM.

Adding Files to Folders

The DDM supports many file types. Import, scan, or link files to the DDM. Once added to a folder, the file is listed in the right pane of the DDM window.

NOTE The following instructions for adding files to the DDM can be performed from the toolbar or through the **Documents > Add Document** menu.

Importing Files

To import a file, select a folder to store the document and click **Import** from the toolbar. **Browse** to the document to import, then click **Save**. The DDM copies the document into the selected folder.

Scanning Files

Scan documents into the DDM with a flat-bed or document feeder scanner. A flat-bed scanner scans one page at a time, creating one PDF at a time. A scanner with a document feeder scans multiple pages and makes one document of many pages.

IMPORTANT To be compatible with the DDM, a scanner must be TWAIN compliant. Most newer scanners are TWAIN compliant. Review scanner specifications before purchasing.

Begin the scanning process from the DDM, which locates and uses your system's default scanner. A **Scanner Cannot be Located** message implies that the scanner may not be TWAIN compliant or may be improperly installed.

To scan a document, complete the following steps:

1. Select a folder in which to store the file.
2. Click **Scan > Use Scanner Bed** or **Use Document Feeder** as applicable.
3. Select a file type. Documents may be saved as PDF, BMP, GIF, JPG, TIF, or PNG.
4. Enter a name for the file and click **OK**.

TIP To facilitate search and retrieval of DDM files, establish a naming convention early.

Linking Files

New for 2007! Create a link between the DDM and a document outside the DDM. The DDM maintains the link to the external document, so if the document is updated, the link remains and you do not have to replace the document in the DDM.

To create a link to a file in the DDM, select the folder in which to store the link, then **Browse** to the document to import and click **Save**. The new link is shown in the **Type** column of the DDM.

Creating a New Text, Word, or Excel File

New for 2007! Create a new text, Word, or Excel file. You must have Word or Excel to create one of these types of files. Click **New File** from the DDM toolbar and choose to create a **New Text File**, **New Word File**, or **New Excel File**.

Managing DDM Files

Select a file before completing the following functions.

Browse the file structure tree in the left pane and select the folder where the file is stored. After selecting the folder, the contents of the folders are displayed in the DDM window right pane.

- **Open a DDM File** — Double-click a file, or right-click it and select **Open**.
- **Copy a DDM File** — Click **Copy**, **Browse** to the desired location, and click **Save**.
- **Export a DDM File** — Right-click a file and select **Export** (or press F7).
- **Rename a DDM File** — Click **Rename** (or right-click the file and select **Rename** or press F6). Enter a new name and click **OK**.
- **Enter a DDM File Description** — Right-click a file and select **Properties** to open the **Drake Document Manager Audit Log**. Enter a **Description** and click **Save**.
- **E-mail a DDM File** — Click **Email** (or right-click a file and select **Email**, or press F8). The default e-mail program on your computer is opened with the files attached.

NEW FOR 2007

Attach multiple files to an e-mail message. Hold down the SHIFT key to select multiple files before selecting the **Email** function.

NOTE

Files can also be attached through the Email program. See “E-mail” on page 195.

- **Delete a DDM File** — Click **Delete** (or right-click a file and select **Delete**). The DDM prompts you to confirm the deletion.

Dragging and Dropping Files in the DDM

The drag-and-drop feature allows files to be moved into the DDM from other locations on your computer. You can also drag and drop files within the DDM. To enable the drag-and-drop feature, click **Drag**. The following image is displayed:

Use your mouse to drag and drop the selected file to the new location.

Password-Protecting DDM Files

New for 2007! Protect files with a password in the DDM. With password protection enabled, a password must be entered before accessing files in the DDM

- **Assign a Password to a File** — Right-click a file and select **Password Protection**. Enter the password twice, then click **Continue**.

NOTE Passwords have an eight-character limit and are case-sensitive.

- **Open a Password-Protected File** — The **Password Protection** dialog box launches when you try to open the file. Enter the password and click **Continue**.
- **Remove or Change a Password** — The **Password Protection** dialog box launches when you try to open the file. Enter the password and click **Continue**. When prompted to enter and reenter a new password, enter a new password or leave the fields blank to remove all password protection and click **Continue.**

Viewing File Audit Logs

Each time an action occurs for a file, the DDM makes note of it in an audit log kept in the properties of the file. An *action* includes importing, linking, exporting, copying, moving, opening, and renaming. The audit log records of the action, the date it was taken, and the user who performed the action. To view the audit log for a file, right-click a file and select **Properties**, or press F9.

DRAKE TAX PLANNER

Use the Drake Tax Planner to help your clients plan how events such as the birth of a child, a marriage, or becoming a single parent affect their finances and tax liability. The Tax Planner allows you to realistically forecast short- and long-term income and tax situations.

NEW FOR 2007

Click the **Wages**, **Schedule C**, **D**, **F**, or **E** lines from the **Income** tab in data entry to open an additional worksheet for these items.
New calculated credits and deductions added for 2007: Student Loan and Interest Deduction, Tuition and Fees Deduction, SEP Deduction, Elderly or Disabled Credit, Education Credit, Adoption Credit, AMT with Capital Gains.

Import a client's return data into a Tax Planner worksheet in Excel with predefined layouts and functions. Enter data and adjust numbers accordingly. Changes are applied to the current year and any future years designated in the planner. Each worksheet contains Tax Planner-specific functions and typical Excel worksheet functions.

TECHNICAL REQUIREMENTS

To run the Tax Planner, you must have Excel 2000 or later installed on your computer.

INSTALLING THE TAX PLANNER

The Tax Planner is installed during the Drake Tax Software installation. The installation creates an icon on the desktop. The Tax Planner can also be accessed from the **Data Entry Menu** toolbar.

CREATING A TAX PLANNER

There are two ways to set up a client in the Tax Planner:

- Click **Tax Planner** on your desktop and create a file from scratch. This method requires direct entry on each tab of the Tax Planner.
- Open a completed return in Drake Software and click the **Tax Planner** button in data entry. The return is calculated, the Tax Planner opens, and the client's current-year information is imported. This information can be edited once it is in the Tax Planner.

OPENING A TAX PLANNER

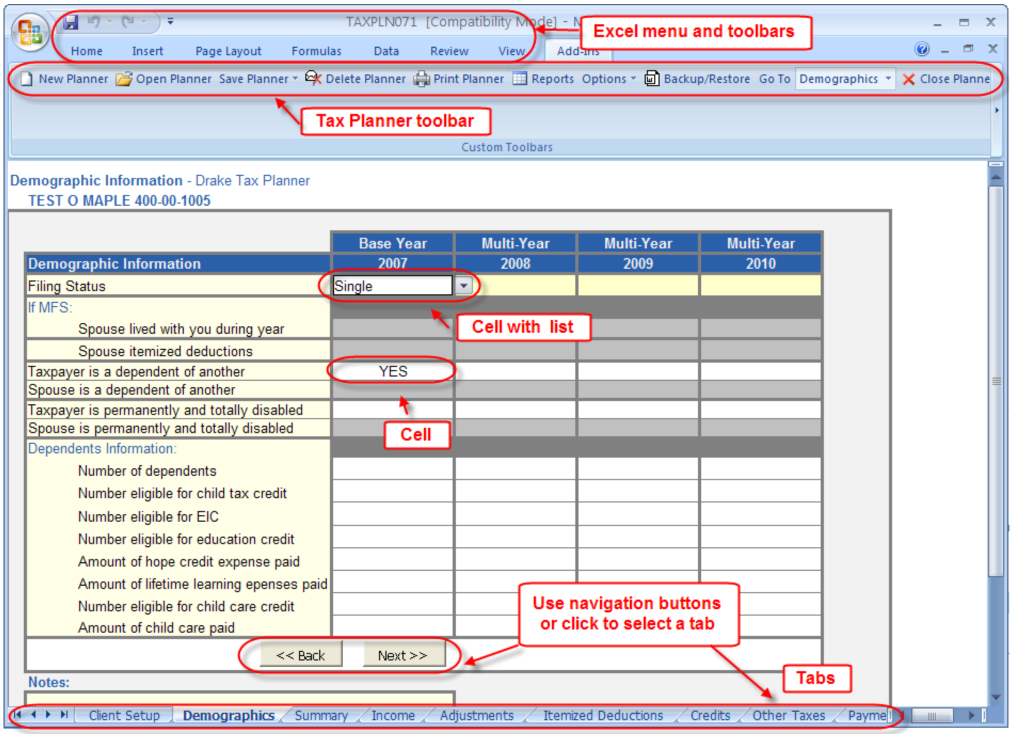
To open an existing planner, complete one of the following:

- Launch the Tax Planner from the icon on your desktop. From the toolbar, select **Open Planner**. Enter the SSN or last name or double-click the planner from the list to open.
- Click the Tax Planner icon in return data entry to open the planner file for the return.

THE TAX PLANNER LAYOUT

Across the top of the Tax Planner are **Excel Menu** bars, and just below the menu is a Tax Planner toolbar with Tax Planner-specific functions. Tabs representing setup and specific portions of the 1040 return are located across the bottom of the screen.

NOTE In Excel 2007, the Tax Planner toolbar items are located on the **Add-Ins** tab.



Tax Planner Toolbar

The Tax Planner toolbar provides functions specific to the Tax Planner.

- **New Planner** — Open a blank planner.
- **Open Planner** — Search for a populated planner to open.
- **Save Planner** — Save the planner as a .dtp (Drake Tax Planner) or .xls (Excel) file.
- **Delete Planner** — Open the **Delete Planner** dialog box
- **Print Planner** — Open the **Print Selector**.
- **Reports —** Open the **Client Report** dialog box.
- **Options —** Open a menu with **Send to DDM, Case Options,** and **Directories and Paths.**
- **Backup/Restore —** Open the **Backup and Restore** dialog box.
- **Go To —** Open to a planner worksheet of your choice.
- **Close Planner —** Close the Tax Planner.

Working in a Tax Planner

Read the following sections before you begin tax planning for your clients.

Tax Planner Cells and Tabs

When client information is imported from Drake Software, all applicable 2007 information and amounts are automatically filled in on the tabs.

Cells

Each tab contains data entered in cells. Some data is “read only” and cannot be changed and other cells can be edited by entering amounts directly into the cells. “Read only” cells are shaded gray. To enter data in cells, click a cell to activate it. The active cell is the one with a heavy black border — and sometimes an arrow with a drop list. If a cell is activated and an arrow appears to the right of the cell, click the arrow to view a list of selections.

Tabs

Each time a planner is created, the Tax Planner opens to the **Client Setup** tab. Each of the other tabs correspond with sections of the 1040. The **Summary** tab does not accept direct entries. Instead, click a cell from the **Summary** tab to jump to its corresponding tab where you can make direct entries.

To move through the tabs, click **Next** or **Back** on each screen, click a tab at the bottom of the window, or select **Go to** from the toolbar and select the desired tab.

Certain tabs are hidden. *New for 2007,* the **W-2**, **C**, **D**, **E**, and **F** tabs are accessible from the **Income** tab. Double-click a cell for one of these forms to open a worksheet for that form. After making entries, return to the **Income** tab and the worksheet is hidden. Hidden worksheets can be accessed form the **Go To** list on the toolbar.

Selecting a Planning Preference

Choose a planning preference from the **Client Setup** list. Select multi-year or multi-case:

- **Multi-year** — provides long-range planning for up to seven years. Select **Options** and choose **Case Options** to change the number of years or cases to create in the planner.
- **Multi-case** — provides current-year planning with up to seven user-defined scenarios.

TIP

You can have two planners, one multi-year and one multi-case, for each client. If you need more than one multi-year or multi-case planner for a client, save the second using a slightly different name. (For instance, go to **Save > Save As** and save the first as “Smith1”, and then **Save > Save As** and name the second “Smith 2”.

Selecting Tax Planner Options

The following options are available from the **Options** button on the Tax Planner toolbar:

- **Send to DDM** — Tax Planner files can be saved to an existing DDM client folder. From **Options**, choose **Send to DDM** to print the planner to PDF and save to the appropriate folder. See “Document Manager” on page 235 for DDM details.
- **Case Options —** From the **Case Selector**, select the number of cases or years to view and print. Click **Set selection as default** to set a number of years as a default setting.
- **Directories and Path** — Select a path for the Tax Planner to use (current path is displayed). Enter a **New** path if necessary. Files are saved to the specified location.

Tax Planner Data Entry

After manually creating a tax planner or exporting tax return data from Drake, you are ready to begin tax planning. Upon exportation, tax-return data automatically fills the planner for the current (base) year. Only changes for the applicable fields for the desired years or cases need to be made.

Amounts in the various planning fields are adjusted through any of the following methods:

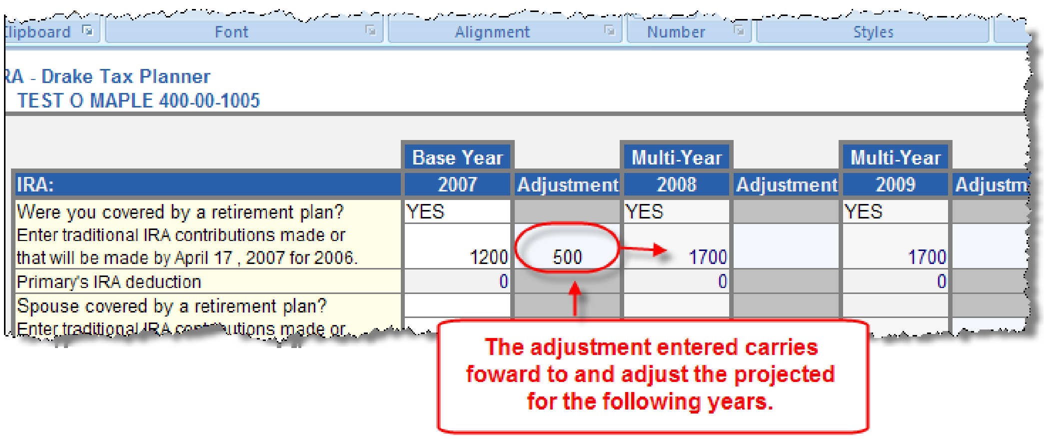
- Making entries in the **Adjustment** columns.
- Making direct entries in the cells.
- Copying or cutting and pasting from prior years.
- Completing worksheets

NOTE Data entry features are also available from a cell's right-click menu.

Making Adjustments

Enter a dollar amount or percentage in an **Adjustment** column. The cells in the **Adjustment** columns are formatted to dollar amounts by default. To change to percentages, enter the number with a percent symbol (**%**). The adjustment amount fills the same field in the projected years or cases.

To decrease an amount, enter a negative number or percentage by entering a minus sign (-) in front of the amount (for example, -5% or -5) in the **Adjustment** column.



To apply the adjustment to all future years or cases, right-click the cell with the newly-entered adjustment and select **Carry Adjustment Across**.

Direct Entries and Overrides

To make a direct entry in a cell, click a cell and enter an amount. To override a calculated amount, make an entry in a calculated cell or right-click the cell and select **Override Calculated Amt** to open the **Calculation Override** dialog box. Enter the override amount and click **OK**.

Copying, Cutting, and Pasting Amounts

To copy, cut, or paste amounts in a tax planner, right-click a cell and choose to either **Cut** or **Copy**. Then, right-click the desired cell and choose to **Paste** the cut or copied data. You can also press CTRL + C to copy, CTRL + X to cut, or CTRL + V to paste.

Opening Additional Worksheets

In some cases, a worksheet is available for entry of additional data.

- **Tax Planner Worksheets** — To access an additional tab or worksheet for a form or line in the planner, double-click the cell to jump to the worksheet.

NEW FOR 2007

Click the **Wages**, **C**, **D**, **F**, or **E** line from the **Income** tab to open an additional worksheet for these items.

- **Drake Detailed Worksheet** — To attach a detailed worksheet to a cell in the tax planner, press CTRL + W in a cell or right-click and select **Drake Detailed Worksheet**. Enter a description for each item and an amount, then click **Add.** Once all items are entered, click **Exit** and the total is displayed in the cell with a blue background.

Entering Notes in a Planner

A **Notes** section is available on each tab. Record pertinent comments or thoughts here.

Running Planner Reports

To access standard reports, click **Reports** from the tax planner toolbar and select a report. Standard charts and graphics are also available.

Printing a Tax Planner

Click **Print Planner** from the toolbar to access the **Print Selector**.

- Select one or multiple sheets or reports to print.
- Click **Print Preview** to preview your selection.
- Enter or select the number of **Copies** to print.
- Click **Save Selection** to save page selections as the default.

Click **Print** the print the planner after making selections.

Backing Up and Restoring Tax Planner Files

Use the **Backup/Restore Selector** to back up or restore Tax Planner client files.

Backing Up

To backup files, complete the following steps:

1. Click **Backup/Restore** from the Tax Planner toolbar.
2. In the **Backup/Restore Selector, choose** a backup location.
3. Click the browse button to open the **Browse for Folder** dialog box. After locating the file, click **OK**.
4. Choose the client files to back up.
   - Select **All Clients** to make a backup of all tax planner client files.
   - Select **Select Clients** to choose specific clients to backup. Click the browse button and browse to the location of the files. Hold down the CTRL key to select multiple clients. Click **Open**.
5. Click **OK** to backup files.

Restoring

To restore files, complete the following:

1. Click **Backup/Restore** from the Tax Planner toolbar.
2. In the **Backup and Restore Selector**, choose the **Restore** tab.
3. Select the location of the backup files to restore.

   Click the browse button to open the **Browse for Folder** dialog box. After locating the file, click **OK**.
4. Select backup files to restore.
   - Select **All Clients** to restore all backup files.
   - Select **Select Clients** to choose specific backup files to restore. Click the browse button and browse to the location of the files. Hold down the CTRL key to select multiple clients. Click **Open**.
5. Click **OK** to restore files.

After restoring files, rebuild the index so restored files appear in the **Open Planner**. From the **Restore** tab of the **Backup and Restore Selector**, click **Rebuild Index**.

Saving a Tax Planner

Tax Planner files have a .dtp (Drake Tax Planner) extension. Tax Planner files may be saved as Excel (.xls) files to e-mail to clients. Drake Software supports Excel 2000 and later.

Save a planner — Click **Save Planner** from the Tax Planner toolbar and choose to **Save** under the current name/location or **Save As** to a new name/location.

Save a planner as an Excel file — While in Excel, click **Save** or **File > Save As** and save the file to the desired name/location.

CLIENT WRITE-UP

Client Write-Up is free to Drake clients and is shipped on every release of Drake Software. Client Write-Up enable you to prepare and print both live and after-the-fact payroll, W-2, 1099, 940, 941, 943, 944, 941SS and 944SS. A number of reports, including multi-column profits and losses, pre-posted reports, comparative or single-column balance sheets, and payroll reporting are also available. Templates are included to allow easy creation of a Chart of Accounts and there is an export function to carry this information into Drake Software.

New for 2008, print vendor checks using Client Write-Up's Accounts Payable program.

This year, file 940, 941, 944, and 944SS and upload W2s, W3s, 1099s, and 1096s electronically.

Install Client Write-Up from your Drake Software CD. A manual is also available on the Drake Support website, **Training Tools** > **Manuals**.

NOTE Review the CWU manual to learn how to print W-2s, W-3s, 1099s, and 1096s on the fly, without using the live or ATF payroll function in Client Write-Up.

Appendix

Report Keywords

The following tables lists all client and electronic filing and banking keywords available for creating reports. For details, see “Reports” on page 223.

Client Keywords

Choose from the following keywords when creating reports on client data.

Keyword	Description
Check Amount 1	Amount of first check from bank
Check Amount 2	Amount of second check from bank
Check Amount 3	Amount of third check from bank
Check Amount 4	Amount of fourth check from bank
Check Amounts	Check amounts on the TRAC screen
Check Number 1	First check number as it appears on the “TRAC” screen
Check Number 2	Second check number as it appears on the “TRAC” screen
Check Number 3	Third check number as it appears on the “TRAC” screen
Check Number 4	Fourth check number as it appears on the “TRAC” screen
Check Numbers	Checks Numbers on the TRAC screen
Check pick up date 1	Date the first check was picked up by the taxpayer as entered on the “TRAC” screen
Check pick up date 2	Date the second check was picked up by the taxpayer as entered on the “TRAC” screen.
Check pick up date 3	Date the third check was picked up by the taxpayer as entered on the “TRAC” screen
Check pick up date 4	Date the fourth check was picked up by the taxpayer as entered on the “TRAC” screen
Check pick up dates	Check pick up dates on the TRAC screen
IRAL	Indicates that an IRAL was Requested on the Bank Screen
IRAL Accepted	Indicates that an IRAL Request was Accepted
IRAL Chase	IRAL Request indicator on the bank screen
IRAL Declined	Indicates that an IRAL Request was Declined
IRAL RB	IRAL Request indicator on the bank screen
IRAL Rejected	Indicates that an IRAL Request was Rejected
IRAL SBBT	IRAL Request indicator on the bank screen
Prefile	Indicates that a Prefile Loan was Requested on the Bank screen
Prefile Accepted	Indicates that a Prefile Loan Request was Accepted
Prefile Chase	Prefile Loan Request indicator on the bank screen
Prefile Declined	Indicates that a Prefile Loan Request was Declined
Prefile RB	Prefile Loan Request indicator on the bank screen
Prefile Rejected	Indicates that a Prefile Loan Request was Rejected
Prefile SBBT	Prefile Loan Request indicator on the bank screen
501C Contrib - SP	Contributions to section 501(c)(18) pension plan for spouse
501C Contrib - TP	Contributions to section 501(c)(18) pension plan for primary taxpayer
Alimony Paid 1 Spouse	First amount of alimony paid by the spouse
Alimony Paid 1 Taxpayer	First amount of alimony paid by the taxpayer
Alimony Paid 2 Spouse	Second amount of alimony paid by the spouse
Alimony Paid 2 Taxpayer	Second amount of alimony paid by the taxpayer
Apartment	Number of the apartment in the taxpayer's address

Keyword	Description
Casual Rent Expense - Spouse	Spouse's casual rent expense
Casual Rent Expense - Taxpayer	Taxpayer's casual rent expense
Casualty Cost	Cost of adjusted basis of a casualty loss or theft
Casualty Insurance	Amount of insurance or other reimbursement from a casualty or loss
Casualty Property Date	Acquired date of casualty or theft property
Casualty Property Description	Description of casualty property from Form 4684
Casualty Property Location	Location of Casualty Property
Casualty Property Type	Type of casualty loss or theft
City	City in the taxpayer's address
Client 06	Indicates the client was active in the “Prior Year”.
Client 07	Indicates the client is active in the “Current Year”.
Client Inactive	Indicates the client has not returned as a client from “Prior Year”.
Client New	Indicates the client is a new client for the “Current Year”.
Client Retention	Indicates the number of years as a client. Calculated from the “First Year” field on the “TRAC” screen.
Client Returning	Indicates the client is a returning client from the “Prior Year”.
County	County in which the taxpayer resides
Dep of Another - SP	Spouse is dependent of another
Dep of Another - TP	Primary taxpayer is dependent of another
Dependent - no EIC	Dependent is not eligible for earned income credit purposes
Dependent - Other	Dependent is not son, daughter, or child
Dependent Age	Age of the Dependent
Dependent Birthday	Dependent's Birthday for the current year based on the Dependent's Date of Birth
Dependent Child Care Expense	Qualifying Child Care Expenses for the Dependent
Dependent Date of Birth	Date of Birth for the dependent
Dependent Disabled	The Dependent is over 18 and Disabled
Dependent Employer Expense	Portion of Qualifying Child Care Expenses for the dependent paid by the employer
Dependent First Name	First Name of Dependent
Dependent Hope Credit	Hope Credit qualifying expense paid for the dependent
Dependent ID	SSN or ITIN of Dependent
Dependent Lifetime Learning Ex	Lifetime Learning Credit Expenses paid for the Dependent
Dependent Months in Home	Number of months in the home for the Dependent
Dependent No CTC	Dependent is not eligible for Child Tax Credit purposes
Dependent not with you	Dependent did not live in house due to divorce or separation
Dependent Relationship	Relationship of the Dependent
Dependent Student	The Dependent is over 18 and a Student
Dependent Suffix	Suffix of the Dependent
Dependent with you	The dependent lived with you
Dependents - At Home	Total of dependents who live at home
Dependents - Not At Home	Total of dependents who do not live at home
Dividends - 14%	Capital gain distribution subject to the 14% rate (section 1202 small business stock)
Dividends - 25%	Capital gain distribution subject to 25% rate (unrecaptured 1250 gain)
Dividends - Cap Gain	Total capital gain distribution
Dividends - Ord	Ordinary Dividends
Dividends - Qual	Qualified Dividends
Dividends - Withholding	Amount of federal income tax withheld from dividend distributions
Dividends-Investment Expense	Investment Expenses related to dividend income

Keyword	Description
Due Date	Return Due Date
EIC	Earned income credit amount
Email Address	Email Address for the Taxpayer
Estimated Tax Paid -Prior Year	Total of estimated tax payments in prior year
Estimated Tax Payment 1	First estimated tax payment for next year
Estimated Tax Payment 2	Second estimated tax payment for next year
Estimated Tax Payment 3	Third estimated tax payment for next year
Estimated Tax Payment 4	Fourth estimated tax payment for next year
Estimated Tax Payments	Total of estimated tax payments made throughout the year
Excess SS/RRTA	Excess social security and tier 1 RRTA tax withheld
Executor	Name of the Executor on an Estate Tax Return
Executor First Name	First Name of the Executor on an Estate Tax Return
Executor Last Name	Last Name of the Executor on an Estate Tax Return
Filing Status	Filing status of 1040 return
Firm Name	The name of the Firm based on the Firm Number entered on the Name and Address Screen
First Year	Client's first year from the "TRAC" screen.
Fiscal Year End	Date the fiscal year ends
Fiscal Year Start	Date fiscal year begins
Form 2350 Indicator	Indicator for 2350 on the EXT screen. X, E, B, or P possible. To check for all, set filter for not
Form 4835 - Net	Net profit or loss from each form 4835
Form 4868 Indicator	Indicator for 4868 on the EXT screen. X, E, B, or P possible. To check for all, set filter for not
Form 990 Type	Type of 990 Return (X=990, E=990EZ, P=990PF)
Form Count	Number of Forms present on a return
FS HOH	Filing Status is Head of Household
FS MFJ	Filing Status is Married Filing Joint
FS MFS	Filing Status is Married Filing Separate
FS QW	Filing Status is Qualified Widower
FS Single	Filing Status is Single
In Care Of Address	The "in care of" line
Interest - Accrued	Amount of accrued interest
Interest - Bond Adj	Adjustment for amortizable bond premium on interest income
Interest - Nominee	Amount of interest that is nominee interest
Interest - OID	Adjustment amount of original issue discount applied to interest income
Interest - Other Exempt	Amount of "other exempt" interest included in interest income
Interest - PAB	Amount of interest income from a private activity bond after 8/7/1986
Interest - Penalty	Early withdraw penalty for interest income
Interest - Per Payer	Displays interest income not including US government interest, per payer (per screen).
Interest - SFM	Seller-financed mortgage indicator
Interest - St Muni	Amount of interest income from resident state municipal interest
Interest - St Other	Amount of interest income from other (not resident) state municipal interest
Interest - Withholding	Amount of federal tax withholding from interest income
Interest Income	Interest Income not including US government interest
IRA Deductions	Total IRA Deductions for this return.
Jury Pay - Spouse	Jury pay for spouse
Jury Pay - Taxpayer	Jury pay for primary taxpayer
Katrina	Field is Y if the return is marked as a Katrina victim
KEOGH Benefit plan - TP	Taxpayer's contribution to defined benefit plan
KEOGH Benefit Plan-SP	Spouse's contribution to defined benefit plan

Keyword	Description
KEOGH Contribution Plan-SP	Spouse's contribution to defined contribution plan
KEOGH Contribution Plan-TP	Taxpayer's contribution to defined contribution plan
Keystrokes	Number of keystrokes used in Data Entry
Non-conventional Fuel	Amount of credit from a non-conventional source (Form 8907)
Phone Number	Phone number of taxpayer
Reforestation spouse	Forestation or reforestation expenses for spouse
Reforestation taxpayer	Forestation or reforestation expenses for primary taxpayer
Resident City	City in which the taxpayer resides
Resident State	State in which the taxpayer resides
Return Type	Type of return submitted
RRTA Tip Tax	RRTA tax on unreported RRTA tip income
Schedule C - Gross	Gross schedule C amount totaled from all schedule Cs
Schedule E - Gross	Gross schedule E amount totaled from all schedule Es
Schedule F - Gross	Gross Schedule F amount totaled from all schedule Fs
Schedule K1 Address	Address from the Schedule K1
Schedule K1 City	City from the Schedule K1
Schedule K1 ID	ID Number from the Schedule K1
Schedule K1 Name	Name from the Schedule K1
Schedule K1 Phone	Phone number from the Schedule K1
Schedule K1 State	State from the Schedule K1
Schedule K1 Zip Code	Zip Code from the Schedule K1
Scholarships - SP	Taxable scholarships for the spouse
Scholarships - TP	Taxable scholarships for the primary taxpayer
School District	School district of the taxpayer
SE Health Insur -SP	Self-employed health insurance deduction for spouse
SE Health Insur -TP	Self-employed health insurance deduction for primary taxpayer
Sec 453A	Section 453A amount (regarding special rules for non-dealers and their disposition of property)
Sec 72M Excess	Section 71(m)(5) Excess Benefits penalty tax
Sec 72P Tax	Tax related to section 72(P) (regarding loans treated as distributions)
SEP/SIMPLE Spouse	SEP and/or SIMPLE contribution for the spouse
SEP/SIMPLE Taxpayer	SEP and/or SIMPLE contribution for the primary taxpayer
Soc Sec - Received	Total amount of social security payments received for this return
Soc Sec - Taxable	Total of social security benefits which are taxable.
Spouse Age	Age of the Spouse
Spouse Best Call Time	Best time to call the spouse
Spouse Birthday	Spouse's Birthday for the current year based on the Spouse's Date of Birth
Spouse Cell Phone	Cell phone number for spouse
Spouse Date of Birth	Date the spouse was born
Spouse Date of Death	Date the spouse died
Spouse Email Address	Email Address for the Spouse
Spouse Evening Phone	Evening phone number for the spouse
Spouse First Name	First name of spouse
Spouse ID	Spouse ID (SSN)
Spouse Last Name	Last name of spouse
Spouse Middle Initial	Middle initial of spouse
Spouse Name	Spouse's Full Name
Spouse Occupation	Occupation of the spouse as listed on the “Demographics” screen
Spouse Suffix	Suffix of spouse's name

Keyword	Description
SSA (Net)	Net benefits received from social security administration
State	State in address
Street Address	Street address
Suite	Suite number in the Taxpayer's address
Tax - IRA etc	Additional tax on IRAs, other qualified retirement plans, etc.
Taxpayer Age	Age of the primary taxpayer
Taxpayer Best Call Time	Best time to call the primary taxpayer
Taxpayer Birthday	Taxpayer's Birthday for the current year based on the Taxpayer's Date of Birth
Taxpayer Cell Phone	Cell Phone number for primary taxpayer
Taxpayer Date of Birth	Date the taxpayer was born
Taxpayer Date of Death	Date the taxpayer died
Taxpayer Daytime Phone	Daytime phone number for the taxpayer
Taxpayer Email Address	Email Address for the primary Taxpayer
Taxpayer Evening Phone	Evening phone number for the taxpayer
Taxpayer First Name	First name of taxpayer
Taxpayer ID	Taxpayer (SSN or ITIN)
Taxpayer Last Name	Last Name of the Taxpayer
Taxpayer Middle Initial	Middle initial of taxpayer
Taxpayer Name	Name of taxpayer
Taxpayer Name2	Taxpayer full name in Last, First format
Taxpayer Name3	Full name of the primary taxpayer
Taxpayer Occupation	Occupation of the taxpayer as listed on the “Demographics” screen
Taxpayer Status	Status for the Taxpayer as shown in the Client Status Manager
Taxpayer Suffix	Suffix of taxpayer's name
Total Income	Sum of all the income amounts on a return
Total Tax	Amount of total tax
Unemployment Compensation	Total of unemployment compensation
W2 Advance EIC	Amount of EIC Advanced
W2 Allocated Tips	Amount of employee allocated tips
W2 Box 12 Amount 1	Box 12 Amount 1 on the W2
W2 Box 12 Amount 2	Box 12 Amount 2
W2 Box 12 Amount 3	Box 12 Amount 3 on the W2
W2 Box 12 Amount 4	Box 12 Amount 4 on the W2
W2 Box 12 Amounts	Box 12 Amounts on the W2
W2 Box 12 Code 1	Box 12 Code 1 on the W2
W2 Box 12 Code 2	Box 12 Code 2 on the W2
W2 Box 12 Code 3	Box 12 Code 3 on the W2
W2 Box 12 Code 4	Box 12 Code 4 on the W2
W2 Box 12 Codes	Box 12 Codes on the W2
W2 Box 14 Amount 1	Box 14 Amount 1 on the W2
W2 Box 14 Amount 2	Box 14 Amount 2 on the W2
W2 Box 14 Amount 3	Box 14 Amount 3 on the W2
W2 Box 14 Amounts	Box 14 Amounts on the W2
W2 Box 14 Code 1	Box 14 Code 1 on the W2
W2 Box 14 Code 2	Box 14 Code 2 on the W2
W2 Box 14 Code 3	Box 14 Code 3 on the W2
W2 Box 14 Codes	Box 14 Codes on the W2
W2 Dep Care	Dependent Care benefits from W-2

Keyword	Description
W2 EIN	Employer identification number from W-2
W2 Employer Address	Employer Address on Form W-2
W2 Employer City	City where employer is located from Form W2
W2 Employer Name	Name of the Employer from form W-2
W2 Employer State	State of employer on form W2
W2 Employer Zip Code	Zip code where employer is located from Form W2
W2 Federal Withheld	Federal tax withheld on form W2
W2 Local Tax 1	First Local Tax on the W2
W2 Local Tax 2	Second Local Tax on the W2
W2 Local Tax 3	Third Local tax on the W2
W2 Local Tax 4	Fourth Local Tax on the W2
W2 Local Taxes	Local Taxes on the W2
W2 Local Wage 1	First Local Wage amount from W2
W2 Local Wage 2	Second Local Wage amount from W2
W2 Local Wage 3	Third Local Wage amount from W2
W2 Local Wage 4	Fourth Local Wage amount from W2
W2 Local Wages	Local Wages on the W2
W2 Localities	Localities listed on the W2
W2 Medicare Wages	Amount of Medicare wages from FormW2
W2 Medicare Withheld	Amount of Medicare withheld from Form W2
W2 Nonqual Plan	Non-qualified plan amount from W2
W2 SS Tips	W2SS tips from W2
W2 SS Wages	Amount of SS wages from Form W2
W2 SS Withheld	Amount of SS withheld from Form W2
W2 State Code 1	First state listed on the W2
W2 State Code 2	Second state listed on the W2
W2 State Code 3	Third state listed on the W2
W2 State Code 4	Fourth state listed on the W2
W2 State Codes	State listed on the W2
W2 State Tax 1	First State Tax amount from W2
W2 State Tax 2	Second State Tax amount from W2
W2 State Tax 3	Third State Tax amount from W2
W2 State Tax 4	Fourth State Tax amount from W2
W2 State Taxes	State Taxes listed on the W2
W2 State Wages	State Wages on the W2
W2 State Wages 1	First State Wage amount from W2
W2 State Wages 2	Second State Wage amount from W2
W2 State Wages 3	Third State Wage amount from W2
W2 State Wages 4	Fourth State Wage amount from W2
Year End	End of Year Date
Zip Code	Zip code in address
Interest Income - Total	Total amount of interest income on a return.
EF Ready	Ready for EF indicator on the “TRAC” screen
E-filed	Indicates that a Return has been E-Filed and Accepted
Fed Ack Code	Acknowledgement Code for Federal 1040
Fed Ack Date - Last	Most recent federal acknowledgement Date
Paper Return	Paper Document Indicator from “EF” screen
State Ack Code 1	First state Acknowledgement Code from “TRAC” screen

Keyword	Description
State Ack Code 2	Second state Acknowledgement Code from “TRAC” screen
State Ack Code 3	Third state Acknowledgement Code from “TRAC” screen
State Ack Code 4	Fourth state Acknowledgement Code from “TRAC” screen
State Ack Code 5	Fifth state Acknowledgement Code from “TRAC” screen
State EF Code 1	First State EF abbreviation from “TRAC” screen
State EF Code 2	Second state Abbreviation from “TRAC” screen
State EF Code 3	Third state abbreviation from “TRAC” screen
State EF Code 4	Fourth State abbreviation from “TRAC” screen
State EF Code 5	Fifth State abbreviation from “TRAC” screen
Trans Date-First	Date of the first transmission of a return
Trans Date-Last	The Date of the last transmission of a return
1040-ES	Input Screen for estimated tax payments for current year and overrides for next year's estimates
8867/8812	Earned income credit and additional child tax credit entry screen
ADJ	Form 1040 adjustments (entry screen only)
Amended	Amended Income Tax Return
AUTO	Auto expense worksheet for schedule C
BILL	Client Bill adjustments and payments screen
Chase	Chase entry screen
CHK	Checking information screen
CIDP	Crop Insurance and Disaster Payments (for schedule F or Form 4835)
CLGY	Ministerial income computations (clergy)
Dep Elections	Additional depreciation elections
Dependent	Dependent exists for this return
Direct Deposit	“Direct Deposit Information” screen
EF	“EF Selection” screen
ES	Estimated tax payments
ETA	Income changes for recomputation of federal tax estimates
Extension	Extension screen used in this return
Form 1040 - Credits	Form 1040 - credits, other taxes, and payments (entry screen only)
Form 1040NR	1040 Nonresident - Nonresident alien income tax return
Form 1040X	Form 1040X - amendment screen for current year returns
Form 1045	Form 1045 - Application for Tentative Refund
Form 1045 -NOL	Form 1045 - Schedule A net operating loss
Form 1045A/B	Form 1045 Schedule A - net operating loss and Schedule B - net operating loss carryover
Form 1098	Form 1098 - Mortgage Interest
Form 1099-A	Form 1099-A
Form 1099-C	Form 1099-C - cancellation of debt
Form 1099-Div	1099-Div - dividend income
Form 1099-G	Form 1099-G - Unemployment Compensation
Form 1099-INT	Form 1099-INT - Interest Income
Form 1099-M	Form 1099-Misc
Form 1099-R	Form 1099-R Retirement / Pensions
Form 1116	Form 1116 - Foreign Tax Credit
Form 1120-H	Form 1120-h - US income tax returns for homeowners associations
Form 1120W	Form 1120W - corporation estimated tax
Form 1120X	Form 1120X - Amended US Corporation Income Tax Return
Form 1122	Form 1122 - authorization and consent of subsidiary corporation to be included in a consolidated inc.
Form 1139	Form 1139 -Application for Tentative Refund for Current Year Loss Carryback

Keyword	Description
Form 1310	Form 1310 - Refund due a Deceased Taxpayer
Form 2106	Form 2106 - Employee Business Expenses
Form 2120	Form 2120 - Multiple Support Declaration
Form 2210	Form 2210 - Penalty for Underpayment of Estimated Tax
Form 2439	Form 2439 - Notice to Shareholder of Undistributed Long-term Capital Gains
Form 2441	Form 2441 - “Child and Dependent Care Expenses” input screen
Form 2553	Form 2553 - Election by a Small Business Corporation
Form 2555	Form 2555 - Foreign Earned Income
Form 2758	Form 2758 - Application for extension of time to file
Form 2848	Form 2848 - Power of Attorney and Declaration of Representatives
Form 3468	Form 3468 - Investment Credit
Form 3469	Form 3469 - computation of investment credit
Form 3800	Form 3800 - General Business Credit for 1040 returns
Form 3903	Form 3903 - Moving Expenses
Form 4136	Form 4136 - Federal Tax on Fuels Credit
Form 4137	Form 4137 - Computation of Social Security Tax on Unreported Income
Form 4255	Form 4255 - Recapture of Investment Credit
Form 4506	Form 4506 - Request for copy of tax return
Form 4562	Form 4562 - Depreciation
Form 4626	Form 4626 - Alternative Minimum Tax - adjustments & preferences
Form 4684	Form 4684 - Casualties and Thefts
Form 4797	Form 4797 - Gains and Losses from Sales of Assets
Form 4835	Form 4835 - Farm Rental Income
Form 4852	Form 4852 - Substitute for form W-2/1099-R
Form 4868 PIN	Signature page for paperless PIN returns for form 4868
Form 4952	Form 4952 - Investment Interest Expense Deduction
Form 4970	Form 4970 - Tax on Accumulation Distribution of Trusts
Form 4972	Form 4972 - Tax on Lump-sum Distributions
Form 5329	Form 5329 - Additional Taxes on IRA, MSA, etc
Form 56	Form 56 - Notice Concerning Fiduciary Relationship
Form 5695	Form 5695 - Residential Energy Credits
Form 5884	Form 5884 - Work Opportunity Credit
Form 6198	Form 6198 - Computation of Deductible Loss
Form 6251	Form 6251 - “Alternative Minimum Tax” screen
Form 6252	Form 6252 - Installment Sales
Form 6478	Form 6478 - Credit for Alcohol Used as a Fuel
Form 6765	Form 6765 - Credit for Increasing Research Activities
Form 6781	Form 6781 - Section 1256 Contracts and Straddles
Form 8027	Form 8027 - Employers Annual Information Return of Tip Income & Allocated Tips
Form 8050	Form 8050 - Direct Deposit or Direct Debit of Tax
Form 8082	Form 8082 - Notice of Inconsistent Treatment or Administrative Adjustment
Form 8264	Form 8264 - Application for Registration of a Tax Shelter
Form 8271	Form 8271 - Tax Shelter Reporting
Form 8275	Form 8275 - Disclosure Statement
Form 8283	Form 8283 - Noncash Charitable Contributions
Form 8379	Form 8379 - Injured Spouse Claim and Allocation
Form 8396	Form 8396 - Mortgage Interest Credit
Form 8582	Form 8582 - Passive Activity Loss Limitations

Keyword	Description
Form 8582-CR	Form 8582-CR - Passive Activity Credit Limitations
Form 8586	Form 8586 -Low Income Housing Credit
Form 8594	Form 8594 - Asset Acquisition Statement
Form 8606	Form 8606 - Nondeductible IRA's
Form 8609	Form 8609 - Low-income Housing Credit Allocation Certification
Form 8611	Form 8611 - Recapture of low-income housing Credit
Form 8615	Form 8615 - Tax Computation for Children under 14 with Investment Income
Form 8801	Form 8801 - Credit for Prior Year Minimum Tax
Form 8814	Form 8814 - Parent's Election to Report Child's Interest and Dividends
Form 8815	Form 8815 - Exclusion of Interest from Series EE Bonds
Form 8820	Form 8820 - Orphan Drug Credit
Form 8822	Form 8822 - Change of Address
Form 8824	Form 8824 - Like-kind Exchanges
Form 8825	Form 8825 - Rental Real Estate
Form 8826	Form 8826 - Disabled Access Credit
Form 8828	Form 8828 - Recapture of Federal Mortgage Subsidy
Form 8829	Form 8829 - Office in Home
Form 8830	Form 8830 - Enhanced Oil Recovery Credit
Form 8834	Form 8834 - Qualified Electric Vehicle Credit
Form 8835	Form 8835 - Renewable Electricity Production Credit
Form 8839	Form 8839 - Qualified Adoption Expense
Form 8844	Form 8844 - Empowerment Zone Employment Credit
Form 8845	Form 8845 - Indian Employment Credit
Form 8846	Form 8846 - Credit for Employer SS and Medicare Taxes Paid on Certain Employee Tips
Form 8847	Form 8847 - Credit for Contributions to Selected Community Development Corporations
Form 8853	Form 8853 - Medical Savings Account (MSA)
Form 8857	Form 8857 - Request for Innocent Spouse Relief
Form 8859	Form 8859 - District of Columbia First-time Home Buyer Credit
Form 8860	Form 8860 - Qualified Zone Academy Bond Credit
Form 8861	Form 8861 - Welfare-to-Work Credit
Form 8862	Form 8862 - Information to Claim Earned Income Credit After Disallowance
Form 8863	Form 8863 - Education Credits
Form 8864	Form 8864 - Biodiesel Fuels Credit
Form 8864/8896	Form 8864 - Biodiesel Fuels Credit and Form 8896 - Low Sulfur Diesel Fuel Production
Form 8866	Form 8866 - Interest Computation under the Look-back Method
Form 8868	Form 8868 - Application for Extension of Time to File an Exempt Organization Return
Form 8873	Form 8873 - Extraterritorial Income Exclusion
Form 8874	Form 8874 - New Markets Credit
Form 8880	Form 8880 - Credit for Qualified Retirement Savings Contributions
Form 8881	Form 8881 - Credit for Small Employer Pension Plan Startup Costs
Form 8881/2	Form 8881 Credit for Small Employer Pension / 8882 Credit for Employer-provided Child Care
Form 8881/8882	Form 8882 - Credit for Employer-provided Child Care Facilities and Services
Form 8882	Form 8882 - Credit for Employer-provided Child Care Facilities and Services
Form 8884	Form 8884 - New York Liberty Zone Business Employee Credit
Form 8885	Form 8885 - Health Insurance Credit for Eligible Recipients
Form 8889	Form 8889 - Health Savings Accounts (HSAs)
Form 8900	Form 8900 - Qualified Railroad Track Maintenance Credit
Form 8903	Form 8903 - Domestic Production Activities Deduction

Keyword	Description
Form 8906	Form 8906 - Distilled Spirits Credit
Form 8907	Form 8907 - Nonconventional Source Fuel
Form 8908	Form 8908 - Energy Efficient Home Credit
Form 8909	Form 8909 - Energy Efficient Appliance Credit
Form 8910	Form 8910 - Alternative Motor Vehicle Credit
Form 8911	Form 8911 - Alternative Fuel Vehicle Refueling Property Credit
Form 8912	Form 8912 - Clean Renewable Energy Bond Credit and Gulf Bond Credit
Form 8913	Form 8913 - Credit for Federal Excise Tax Paid
Form 8914	Form 8914 - Additional Exemption for Housing Displaced Katrina Individuals
Form 8915	Form 8915 - Qualified Hurricane Retirement Plan Distributions and Repayments
Form 8916	Form 8916 - Reconciliation of Schedule M-3
Form 90-22.1	Form 90-22.1 - Report of Foreign Bank and Financial Accounts
Form 9465	Form 9465 - Installment Agreement Request
Form 966	Form 966 - Corporate Dissolution or Liquidation
Form 970	Form 970 - LIFO (Last-in-first-out) Application
Form 982	Form 982 - Reduction of Tax Attributes Due to Discharge of Indebtedness
Form 996	Form 996 - Corporate Dissolution or Liquidation
Form W-2	1040 Wage and Tax Statement
Form W-2G	W2G - gambling income
Form W-4	Form W-4 - Personal Allowances Worksheet
From W-7	Form W-7 - application for IRS individual taxpayer identification number
Gift Tax	Federal 709 (Gift Tax)
Gift Tax Schedule A	Federal 709 (Gift Tax) Schedule A
Gift Tax Schedule B	Federal 709 (Gift Tax) Schedule B
GO Zone	“Gulf Opportunity Zone” screen
Home	Sale of Primary Home
INCOME	“Income” data entry screen
K1L	Schedule K1 Cover letter
LTR	Custom paragraph for the letter
MFS	“Community Property State Income Allocation Worksheet" entry screen
MISC	“Miscellaneous Codes and Foreign Address” entry screen
NOL CO/CB	“Net Operating Loss Carryover/Carryback” entry screen
NOTES	“Notes” entry screen
OBC	OBC - other business credits (formerly form 3800)
PIN	Signature Page for paperless PIN returns
PIN 2350	Signature page for paperless PIN returns for form 2350/9465/56
PMT	Electronic funds withdrawal information
PREP	“Preparer Information” screen
PRINT	“Print Options” entry screen
QE	Quick Estimator
RB	“Republic RAL/ERC/ERD” information screen
RENT	RENT - rental other than real estate
ROTH	Form 8606 - nondeductible IRA contributions, IRA basis, and nontaxable IRA distributions
RRB	1099-R - railroad retirement benefits
SBBT	“Santa Barbara RAL/RT” information screen
SCH	“Unformatted Attachment to Return” entry screen
SCH 2	Subsidiary Schedule
SCH 3	Unformatted Attachment to Return

Keyword	Description
SCH 4	Subsidiary Schedule for Schedule M-3
Schedule A	Schedule A - Itemized deductions
Schedule B	Schedule B - Other Information
Schedule B - Dividends	Schedule B - Dividend Income (1099-DIV)
Schedule B - Interest	Schedule B Interest income (1099-INT)
Schedule C	Schedule C -Business Income
Schedule D	Schedule D - Capital Gains and Losses
Schedule D C/O	Schedule D - Loss Carryovers
Schedule E	Schedule E - Rental and Royalty Income or Loss
Schedule E Part II	“Schedule E Part II - Partnerships and Corporations” direct entry screen
Schedule E Part III	Schedule E Part III - Estates and Trusts
Schedule E Part IV	Schedule E Part IV - REMICs (real estate mortgage investment conduits)
Schedule F	Schedule F - Farm Income
Schedule H	Schedule H - Household Employment Taxes
Schedule I	“Schedule I - Alternative Minimum Tax” override screen
Schedule J	Schedule J - Farm's Income Averaging
Schedule K	Schedule K - Other Information
Schedule K1	Shareholder's, Partner's or Beneficiary's Share of Income, Credits, Deductions, etc.
Schedule K1 1041	Schedule K1 from fiduciary returns (1041)
Schedule K1 1065	Schedule K1 from partnership returns (1065)
Schedule K1 1120S	Schedule K1 from Sub Chapter S Corporate returns (1120s)
Schedule L - Assets	Schedule L - Balance Sheet - Assets
Schedule L - Liabilities	Schedule L - Liabilities & Capital
Schedule M1	Schedule M1 - Reconciliation of Income (loss) per books with Income per Return
Schedule M2	Schedule M2 - Analysis of Unappropriated Retained Earnings
Schedule M3	Schedule M3 - Net Income/Loss Reconciliation
Schedule M-3	Schedule M-3 - Net Income/loss reconciliation
Schedule M-3 2	M-3 Income/loss reconciliation, part 2
Schedule M-3 3	Schedule M-3 - Reconciliation of Income Part 2/Part III
Schedule M-3 4	Schedule M-3 Part 3 Expense/Deduction Items
Schedule PH	Schedule PH - US Personal Holding Company Tax
Schedule R	Schedule R - Credit for the Elderly or the Disabled
Schedule SE	Schedule SE - Self-Employment Tax
SEHI	Self employed health insurance deduction and self-employed pensions
SS-4	SS-4 - application for employer identification number
SSA	“SSA-1099 - Social Security Benefit Statement” entry screen
STAX	“State and Local General Sales Tax Deduction” worksheet
STM	Attached statement of explanation
TRAC	Return Tracking screen
VER	Verification of W-2 (entry screen only)
AL EXT Date	Alabama Extension Date for Bulk Web File report
AL EXT Info	Alabama Extension Detail Information for Bulk Web File report
Average	Gives the average for the immediately preceding column
Calculated	Number of times the return was calculated.
Count	Displays on the report the total number of items that are being summarized
Date Came In	Date the Taxpayer first came in from the TRAC screen
Date Changed	Date the return was last changed
Date Completed	Date the return was marked as completed

Keyword	Description
Date Last Calc	Date 1040 return was last calculated from the TRAC screen
Date Promised	Date promised from TRAC screen
Date Started	Date the return was started from the TRAC screen
Date Updated	Date the return was updated from last year
Misc Code 1	Miscellaneous Code 1
Misc Code 2	Miscellaneous Code 2
Misc Code 3	Miscellaneous Code 3
Misc Code 4	Miscellaneous Code 4
Misc Code 4	Miscellaneous Code 4
Opened	Number of times that return has been opened in data entry mode.
Percentage	Gives the percentage for the immediately preceding column
Receipt Number	Receipt Number entered on “Demographics” screen
Accounts Receivable	Net amount from the BILL form
Bal Due - BILL	Balance due amount on the BILL form
Bill Adj Amount 1	First adjustment amount on the BILL Screen
Bill Adj Amount 2	Second adjustment amount on the BILL screen
Bill Adj Amount 3	Third adjustment amount on the BILL screen
Bill Adj Description 1	First adjustment description on the BILL Screen
Bill Adj Description 2	Second adjustment description on the BILL Screen
Bill Adj Description 3	Third adjustment description on the BILL Screen
Bill Discount	Percentage Discount entry on the Bill Screen
Bill Increase	Percentage Increase entry on the Bill Screen
Bill Pay Amount 1	First amount for payment on bill screen
Bill Pay Amount 2	Second amount for payment on bill screen
Bill Pay Amount 3	Third amount for payment on bill screen
Bill Pay Amount 4	Fourth amount for payment on bill screen
Bill Pay Amount 5	Fifth amount for payment on bill screen
Bill Pay Amount 6	Sixth amount for payment on bill screen
Bill Pay Date 1	First Date for payment on bill screen
Bill Pay Date 2	Second Date for payment on bill screen
Bill Pay Date 3	Third Date for payment on bill screen
Bill Pay Date 4	Fourth Date for payment on bill screen
Bill Pay Date 5	Fifth Date for payment on bill screen
Bill Pay Date 6	Sixth Date for payment on bill screen
Bill Pay Description 1	First description for payment on bill screen
Bill Pay Description 2	Second description for payment on bill screen
Bill Pay Description 3	Third description for payment on bill screen
Bill Pay Description 4	Fourth description for payment on bill screen
Bill Pay Description 5	Fifth description for payment on bill screen
Bill Pay Description 6	Sixth description for payment on bill screen
Data Entry Number	Number of data entry operator
EF Fee	Electronic filing fee withheld from the refund anticipation loan amount
ERO Number	Number of Electronic Return Originator
Fee	Total amount of fees as calculated on the BILL form
Fee - TRAC	Fees entered on the “TRAC” screen
Fees Paid to Preparer	Amount of fees already paid to the preparer as keyed on the BILL screen
Firm Name Override	Override for the Firm Name
Firm Number	Number of the firm

Keyword	Description
Paid Prep City	City override of paid preparer
Paid Prep EIN	Employee identification number override for the paid preparer
Paid Prep First Name	First name of paid preparer override
Paid Prep Last Name	Last name of paid preparer override
Paid Prep SSN	Social security number override for the paid preparer
Paid Prep State	Override of state of paid preparer
Paid Prep Street	Street address override of paid preparer
Paid Prep Zip	Zip code override for paid preparer
Payments -Track	Payments amount from “TRAC” screen
Prepared Direc Deposit	Total amount expected to be deposited in preparer's account from RAL bank.
Preparer Name	The name of the Preparer based on the Preparer Number entered on the Name and Address Screen
Preparer Name Override	Override for the Preparer Name
Preparer Number	Number of preparer
RAL Prep Fee	Refund anticipation loan preparation fee as display on the BILL form.
4562 AMT Depreciation	Current Year AMT Depreciation on Form 4562
4562 Bonus Depreciation	Bonus Depreciation on Form 4562
4562 Book Depreciation	Current year Book depreciation from Form 4562
4562 Cost	Asset cost on the 4562
4562 Date Acquired	Date Acquired on the 4562
4562 Date Sold	Date sold on Form 4562
4562 Depreciation	Current Year depreciation on Form 4562
4562 Description	Asset description on Form 4562
4562 Form	Form Reference on Form 4562
4562 ICC	Investment Credit Code on Form 4562
4562 Life	Depreciation Life selected on Form 4562
4562 LPT	Listed Property Type on the 4562
4562 Method	Depreciation method selected on the 4562
4562 MFC	Multi Form code on Form 4562
4562 Prior 179	Prior Section 179 expense deduction on Form 4562
4562 Prior Bonus	Prior Bonus depreciation on Form 4562
4562 Prior Depr	Prior Depreciation on Form 4562
4562 PT	Property Type on Form 4562
4562 Sales Price	Sales price on Form 4562
4562 Sec 179	Section 179 expense deduction calculated on the 4562
4562 ST	State Code on Form 4562
4562 ST Bonus Depreciation	State Bonus Depreciation on Form 4562
4562 ST Depreciation	State current year depreciation on Form 4562
4562 ST Life	State Life on Form 4562
4562 ST Method	State Method on Form 4562
4562 ST Prior 179	State prior Section 179 Expense Deduction on Form 4562
4562 ST Prior Bonus	State prior Bonus Depreciation on Form 4562
4562 ST Prior Depr	State Prior Depreciation on Form 4562
4562 ST Sec 179	State Section 179 Expense Deduction on Form 4562
AGI	Adjusted gross income
Alimony Received	Total amount of alimony received on return
Alt Min Tax	Alternative minimum tax amount (1040 only)
Applied	Overpayment Applied to next year's taxes
Balance Due	Amount of tax due

Keyword	Description
Child Tax Credit - Additional	Total amount of additional child tax credit
Dividends - Ordinary - Total	Displays the total ordinary dividends on a return. This includes the qualified dividend amount.
Estimated Tax Paid -Prior Year	Total of estimated tax payments in prior year
Estimated Tax Payment 1	First estimated tax payment for next year
Estimated Tax Payment 2	Second estimated tax payment for next year
Estimated Tax Payment 3	Third estimated tax payment for next year
Estimated Tax Payment 4	Fourth estimated tax payment for next year
Estimated Tax Payments	Total of estimated tax payments made throughout the year
Exemptions	Number of total exemptions
Form 1040 Type	Type of 1040 return (2 for 1040, 3 for 1040A, or 4 for 1040EZ)
Interest and Dividends	Total amount of interest and dividends
IRA Deductions	Total amount from IRA and pensions
IRA/Pensions	Total amount from IRA and pensions
Itemized/Standard Deduction	Either the total of the itemized deductions or the standard deduction.
Overpayment	Overpayment of federal taxes
Refund	Refund due to taxpayer
Refund Method	How the taxpayer will receive their refund
Schedule C - Net	Net profit or loss from each schedule C
Schedule C - Total	Total Schedule C amount from all schedule C's
Schedule E - Net	Net profit or loss from each schedule E
Schedule E - Total	Total Schedule E amount from all schedule E's
Schedule F - Net	Net profit or loss from each schedule F
Schedule F - Total	Total Schedule F amount from all schedule F's
Self Employment Tax	Tax on self employment as shown on the SE form
Soc Sec - Received	Total amount of social security payments received for this return
Soc Sec - Taxable	Total of Social Security benefits which are taxable.
State AGI	Adjusted gross income for state
State AGI (Spouse)	State adjusted gross income for spouse (when applicable)
State Amended Due	Balance due for state amended returns
State Amended Refund	Refund to taxpayer for state amended returns
State Applied	State overpayment applied to next year
State Applied1	State overpayment applied voucher 1
State Applied2	State overpayment applied voucher 2
State Applied3	State overpayment applied voucher 3
State Applied4	State overpayment applied voucher 4
State Balance Due	State balance due
State Balance Due2	State balance due for second tax (varies by state)
State Balance Due3	State balance due for third tax (varies by state)
State Estimate	Total of state estimated tax vouchers
State Estimate1	State estimated tax voucher 1
State Estimate2	State estimated tax voucher 2
State Estimate3	State estimated tax voucher 3
State Estimate4	State estimated tax voucher 4
State Form	Form name or number (up to 8 characters)
State Income	Total income for state purposes
State Income (Spouse)	Total spouse income for state purposes
State Name	Name of state on state return
State Overpayment	Amount of overpayment to state

Keyword	Description
State Penalty	Amount of penalty calculated for state
State Refund	State refund
State Refund2	State refund for second tax (varies by state)
State Refund3	State refund for third tax (varies by state)
State Tax	Amount of tax for state purposes
State Tax Bracket	State tax bracket
State Tax Rate	State Tax Rate
State Tax2	Second state tax amount (varies by state)
State Tax3	Third state tax amount (varies by state)
State Taxable	Taxable income for state purposes
State Taxable (Spouse)	Spouse taxable income for state purposes
Taxable Income	Total taxable income
Taxable Refund	Amount of refund that is taxable
Total Assets	Total Assets on the Return
Total Tax	Amount of total tax
W2 Wages	Form W-2 Federal wage amount
Wages	Total wages
Withholding	Total amount of federal tax withholding for a return

EF/Banking Report Keywords

Use the following keywords when creating reports on electronic filing and banking data.

Keyword	Description
Add On Fee	Software add on fee as entered on the firm setup screen
Bank Accepted	Indicates that a bank product was accepted
Bank Code	Bank (blank = no bank, "B1 " = Bank1/Chase, "RB "=Republic Bank, "SB "=Santa Barbara
Bank Declined	Indicates that a bank product was declined
Bank Fee	Fees paid to the bank
Bank Flipped	Indicates that a bank product was 'flipped'
Bank Pending	Indicates that a bank product is pending
Bank Product	Indicates that a return includes a bank product
Card	Card number for Stored Value Card products
Check Amount 1	Amount of check 1
Check Amount 2	Amount of check 2
Check Amount 3	Amount of check 3
Check Amount 4	Amount of check 4
Check Amount 5	Amount of check 5
Check Amount 6	Amount of check 6
Check Amount 7	Amount of check 7
Check Amount 8	Amount of check 8
Check Amounts	Total amount of all checks issued to the taxpayer
Check Clear 1	blank (check not yet available), A=Available, P=Printed
Check Clear 2	blank (check not yet available), A=Available, P=Printed
Check Clear 3	blank (check not yet available), A=Available, P=Printed
Check Clear 4	blank (check not yet available), A=Available, P=Printed
Check Clear 5	blank (check not yet available), A=Available, P=Printed
Check Clear 6	blank (check not yet available), A=Available, P=Printed
Check Clear 7	blank (check not yet available), A=Available, P=Printed
Check Clear 8	blank (check not yet available), A=Available, P=Printed
Check Clear Date 1	Date that check 1 cleared
Check Clear Date 2	Date that check 2 cleared
Check Clear Date 3	Date that check 3 cleared
Check Clear Date 4	Date that check 4 cleared
Check Clear Date 5	Date that check 5 cleared
Check Clear Date 6	Date that check 6 cleared
Check Clear Date 7	Date that check 7 cleared
Check Clear Date 8	Date that check 8 cleared
Check Flag 1	blank (check not yet available), A=Available, P=Printed
Check Flag 2	blank (check not yet available), A=Available, P=Printed
Check Flag 3	blank (check not yet available), A=Available, P=Printed
Check Flag 4	blank (check not yet available), A=Available, P=Printed

Check Flag 5	blank (check not yet available), A=Available, P=Printed
Check Flag 6	blank (check not yet available), A=Available, P=Printed
Check Flag 7	blank (check not yet available), A=Available, P=Printed
Check Flag 8	blank (check not yet available), A=Available, P=Printed
Check Number 1	Number of check 1
Check Number 2	Number of check 2
Check Number 3	Number of check 3
Check Number 4	Number of check 4
Check Number 5	Number of check 5
Check Number 6	Number of check 6
Check Number 7	Number of check 7
Check Number 8	Number of check 8
Check Print Date	Date check was printed
Check Print Date 1	Date check 1 was printed
Check Print Date 2	Date check 2 was printed
Check Print Date 3	Date check 3 was printed
Check Print Date 4	Date check 4 was printed
Check Print Date 5	Date check 5 was printed
Check Print Date 6	Date check 6 was printed
Check Print Date 7	Date check 7 was printed
Check Print Date 8	Date check 8 was printed
Check Product 1	R=RAL, C=RAC/BONUS, S=State check
Check Product 2	R=RAL, C=RAC/BONUS, S=State check
Check Product 3	R=RAL, C=RAC/BONUS, S=State check
Check Product 4	R=RAL, C=RAC/BONUS, S=State check
Check Product 5	R=RAL, C=RAC/BONUS, S=State check
Check Product 6	R=RAL, C=RAC/BONUS, S=State check
Check Product 7	R=RAL, C=RAC/BONUS, S=State check
Check Product 8	R=RAL, C=RAC/BONUS, S=State check
Check Status 1	Status of check 1
Check Status 2	Status of check 2
Check Status 3	Status of check 3
Check Status 4	Status of check 4
Check Status 5	Status of check 5
Check Status 6	Status of check 6
Check Status 7	Status of check 7
Check Status 8	Status of check 8
Check Type 1	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 2	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 3	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 4	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 5	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 6	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check

Check Type 7	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Check Type 8	C=Check, S=SVC, D=Direct Deposit, B=Bank Printed Check
Current Type	Current bank product type. R = RAL, C=RAC,BONU$
DD Amt IRS	Total amount of funds deposited by IRS
DD Amt IRS Missing	Amount of taxpayer's refund that is unfunded or underfunded by IRS deposits at the bank
DD Amt IRS 1	IRS direct deposit amount
DD Amt IRS 2	IRS direct deposit amount
DD Amt IRS 3	IRS direct deposit amount
DD Amt IRS 4	IRS direct deposit amount
DD Amt State	State direct deposit amount
DD Date - State	Date of state direct deposit
DD Date 1	Date of IRS direct deposit
DD Date 2	Date of IRS direct deposit
DD Date 3	Date of IRS direct deposit
DD Date 4	Date of IRS direct deposit
DD Prep Date	Date prep fees where deposited
DD Proc Fee	Fees paid to the bank for opening Direct Deposit account
DD SB Amt	Amount of service bureau fees direct deposited
DD SB Date	Date that service bureau fees were direct deposited
Debt - Chase	Prior debt to Bank One/Chase
Debt - Chemical Bank	Prior debt to Chemical Bank
Debt - CO BK	Prior debt to CO BK
Debt - FB DE	Prior debt to FB DE
Debt - FSB	Prior debt to FSB
Debt - MEL	Prior debt to MEL
Debt - RCB	Prior debt to RCB
Debt - REP	Prior debt to REP
Debt - SBBT	Prior debt to Santa Barbara Bank and Trust
Decline Number	Reason the loan was declined. An updated list can be obtained from your bank.
EF Fee	Amount paid to preparer for e-filing the return as entered on the firm setup screen
Flipped	Indicated a RAL that was 'Flipped' to a 2-week check
Fees Deposited	Amount that HAS BEEN direct deposited to the preparer
IRAL	Indicates that a return was submitted for an Instant RAL
IRAL Accepted	Indicates that a return was accepted for an IRAL
IRAL Amount	Instant refund anticipation loan amount
IRAL Declined	Indicates that a return was declined for an IRAL
Loan Amount	Amount of selected loan
Loan Status	Status of bank loan BLANK = No loan product, P=Pending, A=Accepted, D=Declined, R=Rejected
Loan Status History	Status of the loan, narrative history of all bank acks received
Non Return	Indicates the record is for a non-return loan product
Original Type	Original bank product type R = RAL, C=RAC,BONU$

Partial loan	Partial loan amount
Prep Fee	Amount of preparer fee
Prior Check Number 1	If check 1 was printed again, this is the prior check number
Prior Check Number 2	If check 2 was printed again, this is the prior check number
Prior Check Number 3	If check 3 was printed again, this is the prior check number
Prior Check Number 4	If check 4 was printed again, this is the prior check number
Prior Check Number 5	If check 5 was printed again, this is the prior check number
Prior Check Number 6	If check 6 was printed again, this is the prior check number
Prior Check Number 7	If check 7 was printed again, this is the prior check number
Prior Check Number 8	If check 8 was printed again, this is the prior check number
RAL	Indicates a return with a RAL
RAL Prep Fee	Refund anticipation loan fee as entered on the Firm setup screen
RAL Prep Fee - State	State refund anticipation loan fee as entered on the Firm setup screen
RAL Signed Date	Date the refund anticipation loan application was signed
Service Bureau Fees	Fees paid to the service bureau of the preparer
2Week - State	Postal abbreviation of state for which a state Bonu$/RAC/RT/ERC amount exists
2Week - State Amount	Amount of state Bonu$/RAC/RT/ERC that exists
2Week - Account	Bonu$/RAC/RT/ERC direct account number
2Week - Check	Indicates a return with a 2week check
2Week - RTN	Bonu$/RAC/RT/ERC direct routing transit number
2Week - Type	Bonu$/RAC/RT/ERC direct account type. C=Checking; S=Savings
Address - 1	First line of address. This line is often used as a "care of" line and may be blank.
Address - 2	Second line of address. This is the primary street address.
AGI	Adjusted gross income
City	City of the taxpayer's address
Debt Code2	IRS debt code with full description
Duplicated	Indicates that a return was duplicated
EDT	Indicates that a return record is for a EDT document such as an extension or payment agreement
Email	Email address of taxpayer
Fee Expected	Amount that is expected to be direct deposited to the preparer
Fee Total	Total amount of all fees that have been withheld from the taxpayer's refund
Filing Status	Filing status of return from demographics screen
Filing Status - State	Filing status on state return
Form 4136	Form 4136 indicator
Form 8914 Amount	Form 8915 amount
Form 8915 Amount	form 8915 amount
Katrina	Katrina victim indicator
PIN - Spouse	Spouse's personal identification number
Pending	Indicates that a return is pending
Phone - Primary	Taxpayer's primary phone number
Phone - Secondary	Taxpayer's secondary phone number
Phone Number	Phone number for taxpayer

Rejected	Indicates that a return was rejected
SSN - Spouse	Spouse's Social Security Number
Spouse age	Spouse's age based on date of birth
Spouse Date of Birth	Spouse's birth date
State	State of primary taxpayer's address
State Accepted	Indicates that a state return was accepted
State Duplicated	Indicates that a state return was duplicated
State Only	State Only Indicator
State Pending	Indicates that a state return is pending
State Rejected	Indicates that a state return was rejected
Taxpayer Age	Primary taxpayer's age based on date of birth
Taxpayer Date of Birth	Taxpayer's birth date
Taxpayer ID	ID (SSN or EIN) of primary taxpayer
Taxpayer Last Name	Last name of the taxpayer
Taxpayer Name	Name of the primary taxpayer
Taxpayer Name2	Taxpayer's full name in Last, First format
Unfunded amount	Amount of taxpayer's checks + fees that is currently unfunded or underfunded by IRS deposits
W2 - Substitute	Substitute W2 indicator
W2 Count	Number of W-2's in the return
Zip	Zip code of primary taxpayer's address
Accepted	Indicates that a return was accepted
Ack Code	Federal acknowledgement code
Ack Code - State	State acknowledgement code
Ack Date	Date of federal acknowledgement
Ack Date - State	Date of state acknowledgement
DCN	Document Control Number (unique per SSN - re-used for every transmission)
DD Account	IRS direct deposit bank account number
DD Account - State	Account number for state direct deposit
DD Account Type	Type of account for IRS direct deposit. C=Checking; S=Savings
DD Account Type - State	Type of account for state direct deposit. C=Checking; S=Savings
DD RTN	Routing transit number used in IRS direct deposit
DD RTN - State	State routing transit number for direct deposit
Debt Code	Debt code: I=IRS debt, F=FMS debt (student loans, child support, etc.), B=both IRS and FMS debt
Extension	Indicates that an extension was filed
Never Accepted	Indicates that a return that has never been accepted by the IRS
Never Accepted - State	Indicates that a return that has never been accepted by the state
PIN - Taxpayer	Taxpayer's personal identification number
Reject Codes	Summary of the reject codes that are present on the return
Reject 1 - Code	Reject code for first reject. To look up the reject code, see the "Search EF Database" utility.
Reject 1 - Form	Rejected form name

Reject 1 - Instance	Instance of rejected form. For example first or second schedule C.
Reject 1 - Sequence	Sequence number of the reject. Sequence numbers correspond to IRS documentation.
Reject 2 - Code	Reject code for first reject. To look up the reject code, see the "Search EF Database" utility.
Reject 2 - Form	Rejected form name
Reject 2 - Instance	Instance of rejected form. For example first or second schedule C.
Reject 2 - Sequence	Sequence number of the reject. Sequence numbers correspond to IRS documentation.
Reject 3 - Code	Reject code for first reject. To look up the reject code, see the "Search EF Database" utility.
Reject 3 - Form	Rejected form name
Reject 3 - Instance	Instance of rejected form. For example first or second schedule C.
Reject 3 - Sequence	Sequence number of the reject. Sequence numbers correspond to IRS documentation.
RSN	Return Sequence Number (unique document identifier for a transmission return)
Service Center	Name of service center
State Filed	Two-character state abbreviation of the state return filed
Transmission Date	Date the return was transmitted
Transmission Time	Time the return was transmitted.
TRSN	Transmitter Return Sequence Number of the filed return
Extension Only	Extension only indicator.
Form 8836	Form 8836 indicator
Form 8862	Form 8862 indicator
Form 9465	Form 9465 ONLY indicator. This is used for installment agreements.
Average	In a summary report the 'average' field provides the average for the preceding column
Count	In a summary report the 'count' field provides the number of items that were summarized
Misc 1	Misc 1 field from demographics screen
Misc 2	Misc 2 field from demographics screen
Misc 3	Misc 3 field from demographics screen
Misc 4	Misc 4 field from demographics screen
Misc Codes	Combination of the Misc codes that are present on a return
Percentage	In a summary report the 'percentage' field provides the percentage for the preceding column
Data Entry Number	Number of data entry operator
ERO	Electronic Return Originator number
ETIN	EFIN that transmitted
Fees deposited	Amount that has been direct deposited to the preparer
Fees not deposited	Amount that has not been direct deposited to the preparer
Firm Name	Name of the Firm
Firm Number	Firm number (or EFIN) that prepared the return
NonPaid	Non-Paid Preparer indicator

Prep Fee	Amount of preparer fee
Preparer Name	Name of the Preparer
Preparer Number	Number of preparer for this return
SBIN	Service Bureau EFIN
Self-Prepared	Self-preparer return originator
Balance Due	Balance due amount on federal return
Balance Due - State	Calculated balance due for state returns
EIC	Amount of earned income credit
Refund	Refund amount on federal return
Refund - State	Refund expected from state return
Return Type	Number of return's main form

Letters Keywords

The following table lists all keywords and conditional paragraphs available for customizing letters. For details on creating letters, see “Letters Setup” on page 55.

Keyword	Description
Appointment Date	Date of tax-preparation appointment
Appointment Date/Time Paragraph	Inserts paragraph for scheduled date and time of client tax-preparation appointment
Appointment Time	Time of tax-preparation appointment
Bank Check Amount 1	Bank product check amount from Return Tracking (TRAC) screen
Bank Check Amount 2	Bank product check amount from Return Tracking (TRAC) screen
Bank Check Amount 3	Bank product check amount from Return Tracking (TRAC) screen
Bank Check Amount 4	Bank product check amount from Return Tracking (TRAC) screen
Bank Fee	Fees charged by bank for bank product
Bank Fees Paragraph	Inserts applicable paragraph if bank fees are present
Bank Product Paragraph	Inserts applicable paragraph if bank product is present
Beneficiary Address	Beneficiary address
Beneficiary Name	Beneficiary name
City Direct Debit Date	Date city balance due will be directly withdrawn from taxpayer account
City Direct Debit Paragraph	Inserts applicable paragraph if city direct debit is selected for e-filed return
City Direct Deposit Paragraph	Inserts applicable paragraph if city direct deposit is selected
City Estimate Detail by Quarter	City estimate detail by quarter
City IncomeTax Balance Due	Balance due from city income tax return being prepared
City IncomeTax Balance Due Paragraph	Inserts paragraph for balance due on city return, income tax
City IncomeTax Due Date	Due date of city income tax
City IncomeTax E-Filing Paragraph	Inserts applicable paragraph if electronic filing is selected for city income tax return
City IncomeTax MAIL TO Address	City MAIL TO Address, income tax
City IncomeTax Paper Filing Paragraph	Inserts applicable paragraph if electronic filing is NOT selected for city income tax return
City IncomeTax Refund	Refund from city income tax return being prepared
City IncomeTax Refund Paragraph	Inserts paragraph for refund from city income tax return
City IncomeTax Tax Description	Tax description from city income tax return being prepared
City IncomeTax Zero Due Paragraph	Inserts paragraph for zero due on city return, income tax
City Name	Name of city, if city return is being prepared

City No Direct Debit (EF) Paragraph	Inserts applicable paragraph if direct debit is NOT selected for e-filed city return
City No Direct Debit (Paper) Paragraph	Inserts applicable paragraph if direct debit is NOT selected for paper-filed city return
City No Direct Deposit Paragraph	Inserts applicable paragraph if direct deposit is NOT selected for city return
City OtherTax Balance Due	Balance due from city return being prepared, other tax type
City OtherTax Balance Due Paragraph	Inserts paragraph for balance due on city return, other tax type
City OtherTax Due Date	Due date of city return, other tax type
City OtherTax MAIL TO Address	City MAIL TO Address, other tax type
City OtherTax Refund	Refund from city return being prepared, other tax type
City OtherTax Refund Paragraph	Inserts paragraph for refund from city return, other tax type
City OtherTax Return Paragraph	Inserts paragraph for city return, other tax type
City OtherTax Tax Description	Tax description from city return being prepared, other tax type
City OtherTax Zero Due Paragraph	Inserts paragraph for zero due on city return, other tax type
City Return Paragraph	Inserts paragraph for city return
City Taxpayer Bank	Taxpayer's bank for city direct deposit or direct debit
City Taxpayer Bank Account Number	Taxpayer's bank account number for city direct deposit or direct debit
City Taxpayer Bank Account Type	Taxpayer's bank account type for city direct deposit or direct debit
City Total Estimate	Total city estimate amount
Current Date	Today's date
Current Tax Year	Current tax year
DCN	Declaration Control Number (DCN) of return
Dependent Name and SSN	Name and SSN of dependent(s)
End Paragraph	Ends a conditional paragraph
End of Letter	End of letter
Entity Name	Name of business, partnership, organization, or decedent (for 706)
Estimate Payment Number	Estimate payment number for federal or state estimate
Federal Additional Child Tax Credit	Amount of additional child tax credits on federal return
Federal AGI	Adjusted Gross Income (AGI) on federal return
Federal Amended Bal Due Paragraph	Inserts paragraph for balance due on federal amended return
Federal Amended Balance Due	Amended balance due from federal return
Federal Amended Refund	Amended refund from federal return
Federal Amended Refund Paragraph	Inserts paragraph for refund on federal amended return
Federal Amended Return Paragraph	Inserts paragraph for federal amended return

Federal Amended Zero Due Paragraph	Inserts paragraph for zero due on federal amended return
Federal Balance Due	Balance due from federal return
Federal Balance Due Paragraph	Inserts paragraph for balance due on federal return
Federal Bank Product	Type of bank product(s) selected for federal refund
Federal and State Results	Federal results and state results from return
Federal Child Tax Credit	Amount of child tax credit on federal return
Federal Direct Debit Date	Date federal balance due will be directly withdrawn from taxpayer account
Federal Direct Debit Paragraph	Inserts applicable paragraph if federal direct debit is selected
Federal Direct Deposit Paragraph	Inserts applicable paragraph if federal direct deposit is selected
Federal Due Date	Due date of federal return
Federal EIC	Amount of Federal Earned Income Tax Credit
Federal Electronic Filing Paragraph	Inserts applicable paragraph if electronic filing is selected for federal return
Federal Estimate Amt for ES Letter	Amount of estimate due for the selected quarter(s)
Federal Estimate Detail by Quarter	Federal estimate detail by quarter
Federal Estimate Direct Debit Paragraph	Inserts paragraph if federal estimate payments are to be directly debited
Federal Estimate for 1120 and 990	Total amount of federal estimate for corporations and tax-exempt organizations
Federal Estimate No Dir Debit Paragraph	Inserts paragraph if federal estimate payments are to be mailed with vouchers
Federal Estimate Paragraph	Inserts paragraph for estimate on federal return
Federal Estimate Payment Address	Federal estimate MAIL TO address
Federal Estimate Payment Due Date	Federal estimate payment due date
Federal Extension (EF) Paragraph	Inserts paragraph for e-filed extension application for federal return
Federal Extension (Paper) Paragraph	Inserts paragraph for paper-filed extension application for federal return
Federal Extension Amount Being Paid	Amount to be paid with extension (entered on EXT screen)
Federal Extension Balance Due Paragraph	Inserts paragraph if estimate balance is due with extension of federal return
Federal Extension Direct Debit Date	Date federal extension payment will be directly withdrawn from taxpayer account
Federal Extension Direct Debit Paragraph	Inserts applicable paragraph if direct debit is selected for federal extension payment
Federal Extension Due Date	Due date of extension
Federal Extension Estimated Balance Due	Amount of estimated tax due with federal extension

Federal Extension No Dir Debit Paragraph	Inserts applicable paragraph if direct debit is not selected for federal extension payment
Federal Field Housing Value	Field Housing Value from EARN Screen
Federal Financial Agent MAIL TO Address	Mailing address of Federal Tax Deposit Processing Financial Agent
Federal Foreign Income Exclusion	Amount of Foreign Earned Income Exclusion on federal return
Federal MAIL TO Address	Federal MAIL TO Address
Federal No Dir Debit (Paper) Paragraph	Inserts applicable paragraph if federal direct debit is NOT selected for paper-filed return
Federal No Direct Debit (EF) Paragraph	Inserts applicable paragraph if federal direct debit is NOT selected for e-filed return
Federal No Direct Deposit Paragraph	Inserts applicable paragraph if federal direct deposit is NOT selected
Federal Overpayment	Overpayment from federal return
Federal Overpayment Applied	Overpayment applied from federal return
Federal Overpayment Applied Paragraph	Inserts paragraph for overpayment applied on federal return
Federal Overpayment Paragraph	Inserts paragraph for overpayment of federal return
Federal Paper Filing Paragraph	Inserts applicable paragraph if electronic filing is NOT selected for federal return
Federal Refund	Refund from federal return
Federal Refund Paragraph	Inserts paragraph for refund from federal return
Federal Tax Amount	Tax from federal return
Federal Tax Bracket	Tax bracket from federal return
Federal Tax Rate	Tax rate from federal return
Federal Taxpayer Bank	Taxpayer's bank for federal direct deposit or direct debit, account #1
Federal Taxpayer Bank Account Number	Taxpayer's bank account number for federal direct deposit or debit, account #1
Federal Taxpayer Bank Account Number2	Taxpayer's bank account number for federal direct deposit or debit, account #2
Federal Taxpayer Bank Account Number3	Taxpayer's bank account number for federal direct deposit or debit, account #3
Federal Taxpayer Bank Account Type	Taxpayer's bank account type for federal direct deposit or direct debit
Federal Taxpayer Bank2	Taxpayer's bank for federal direct deposit or direct debit, account #2
Federal Taxpayer Bank3	Taxpayer's bank for federal direct deposit or direct debit, account #3
Federal Total Balance Due	Total balance due from federal return
Federal Total Exemptions	Total number of exemptions claimed on federal return
Federal Total Overpayment Applied	Total overpayment applied from federal return
Federal Total Refund	Total refund from federal return
Federal Total Tax	Total tax from federal return

Federal Wages	Total amount of federal wages from return
Federal Zero Due Paragraph	Inserts paragraph for zero due on federal return
Federal 1st Qtr Estimate Amt Due	Federal estimate payment 1st quarter after overpayment applied
Federal 1st Qtr Total Estimate Amt	1st Qtr federal estimate amount, overpayment applied, and amount due
Federal 2nd Qtr Estimate Amt Due	Federal estimate payment 2nd quarter after overpayment applied
Federal 2nd Qtr Total Estimate Amt	2nd Qtr federal estimate amount, overpayment applied, and amount due
Federal 3rd Qtr Estimate Amt Due	Federal estimate payment 3rd quarter after overpayment applied
Federal 3rd Qtr Total Estimate Amt	3rd Qtr federal estimate amount, overpayment applied, and amount due
Federal 4th Qtr Estimate Amt Due	Federal estimate payment 4th quarter after overpayment applied
Federal 4th Qtr Total Estimate Amt	4th Qtr federal estimate amount, overpayment applied, and amount due
Fiduciary Name	Name of fiduciary
Firm Bank	Bank used for bank products
Firm E-mail Address	E-mail address of firm
Firm Name	Name of firm
Greeting Entity Name	Salutation displays entity name (Doe Widgets, Inc.)
Greeting First and Last Name	Salutation displays first and last names (John Doe or John & Mary Doe)
Greeting First Name	Salutation displays first name(s) only (John or John & Mary)
Greeting In Care of Name	Salutation displays In Care Of name (John Doe if recipient is in care of John Doe)
Greeting Title and Last Name	Salutation displays title(s) and last name(s) (Mr. & Mrs. Doe)
Indent TP Name & Address ## Spaces	Taxpayer's name and address, indented by an adjustable number of spaces
IRAL Paragraph	Inserts paragraph for IRAL
Misc Codes	All miscellaneous codes from Data Entry Screen 1
Misc Codes1	Miscellaneous codes from Data Entry Screen 1 (Code 1 field)
Misc Codes2	Miscellaneous codes from Data Entry Screen 1 (Code 2 field)
Misc Codes3	Miscellaneous codes from Data Entry Screen 1 (Code 3 field)
Misc Codes4	Miscellaneous codes from Data Entry Screen 1 (Code 4 field)
NC Annual Report Paragraph	Inserts paragraph for NC Annual Report
Next Tax Year	Next tax year
Omit Logo and Letterhead	Cancels logo and letterhead on current page
Page Break	Inserts page break
Paid Preparer Fax	Fax number of paid preparer
Paid Preparer Name	Name of paid preparer
Paid Preparer Phone	Phone number of paid preparer
Paragraph from LTR Screen	Custom paragraph from LTR screen

Partner Address	Partner's address
Partner Name	Partner's name
Preparation Fee	Fee for tax return preparation
Prior Tax Year	Prior tax year
Projected RAC/Bonus Check Amount	Projected RAC/Bonus check amount
Projected RAL Check Amount	Projected RAL check amount
Projected Remaining Check Amount	Remainder of federal bank product amount after the first check
Proposed IRAL Check Amount	Proposed amount of IRAL check
RAC/Bonus Paragraph	Inserts paragraph for RAC/Bonus
RAL Check Paragraph	Inserts paragraph for RAL check
RAL Paragraph	Inserts paragraph for RAL
RAL Prep Fee	RAL preparation fee
RAL Prep Fee Paragraph	Inserts paragraph for RAL preparation fee
RAL Summary Information	RAL summary information
Receipt Number	Receipt number from Federal Screen 1
Referral Coupon Amount	Referral fee for individual referral coupon
Referral Coupon Footer Paragraph	Inserts paragraph for referral coupon footer
Referral Coupon Heading Paragraph	Inserts paragraph for referral coupon header
Referral Coupon Message Paragraph	Inserts paragraph for referral coupon message
Shareholder Address	Address of shareholder
Shareholder Name	Name of shareholder
Spouse Tax ID	Spouse's SSN or ITIN
ST IncomeTax Balance Due	Balance due from state income tax return being prepared
ST IncomeTax Balance Due Paragraph	Inserts paragraph for balance due on state income tax return
ST IncomeTax Due Date	Due date, state income tax
ST IncomeTax E-Filing Paragraph	Inserts applicable paragraph if e-filing is selected for state income tax return
ST IncomeTax Estimate Amt for ES Letter	Amount of state income tax estimate due for the selected quarter(s)
ST IncomeTax Estimate Detail by Quarter	State income tax estimate detail by quarter
ST IncomeTax Estimate MAIL TO Address	State income tax estimate MAIL TO address
ST IncomeTax Estimate Paragraph	Inserts paragraph for estimate on state income tax return
ST IncomeTax Estimate Payment Due Date	State estimate payment due date, income tax
ST IncomeTax MAIL TO Address	State MAIL TO Address, income tax
ST IncomeTax Overpayment	Overpayment from state income tax return being prepared

ST IncomeTax Overpayment Appl Paragraph	Inserts paragraph for overpayment applied on state income tax return
ST IncomeTax Overpayment Applied	Overpayment applied from state income tax return
ST IncomeTax Overpayment Paragraph	Inserts paragraph for overpayment on state income tax return
ST IncomeTax Paper Filing Paragraph	Inserts applicable paragraph if e-filing is NOT selected for state return, income tax
ST IncomeTax Refund	Refund from state income tax return being prepared
ST IncomeTax Refund Paragraph	Inserts paragraph for refund from state income tax return
ST IncomeTax Tax	Tax from state income tax return being prepared
ST IncomeTax Tax Bracket	Tax bracket from state return being prepared, income tax
ST IncomeTax Tax Description	Tax description from state return being prepared, income tax
ST IncomeTax Tax Rate	Tax rate from state return being prepared, income tax
ST IncomeTax Total Estimate	Total state income tax estimate amount
ST IncomeTax Zero Due Paragraph	Inserts paragraph for zero due on state income tax return
ST IncomeTax 1st Qtr Estimate Amt Due	State estimate payment 1st quarter after overpayment applied, income tax
ST IncomeTax 1st Qtr Estimate Detail	1st Qtr state estimate amount, overpayment applied, and amount due for income tax
ST IncomeTax 1st Qtr Overpayment Applied	State overpayment applied 1st quarter, income tax
ST IncomeTax 1st Qtr Total Est Amt	State estimate amount 1st quarter before overpayment applied, income tax
ST IncomeTax 2nd Qtr Estimate Amt Due	State estimate payment 2nd quarter after overpayment applied, income tax
ST IncomeTax 2nd Qtr Estimate Detail	2nd Qtr state estimate amount, overpayment applied, and amount due for income tax
ST IncomeTax 2nd Qtr Overpayment Applied	State overpayment applied 2nd quarter, income tax
ST IncomeTax 2nd Qtr Total Est Amt	State estimate amount 2nd quarter before overpayment applied, income tax
ST IncomeTax 3rd Qtr Estimate Amt Due	State estimate payment 3rd quarter after overpayment applied, income tax
ST IncomeTax 3rd Qtr Estimate Detail	3rd Qtr state estimate amount, overpayment applied, and amount due for income tax
ST IncomeTax 3rd Qtr Overpayment Applied	State overpayment applied 3rd quarter, income tax
ST IncomeTax 3rd Qtr Total Est Amt	State estimate amount 3rd quarter before overpayment applied, income tax
ST IncomeTax 4th Qtr Estimate Amt Due	State estimate payment 4th quarter after overpayment applied, income tax
ST IncomeTax 4th Qtr Estimate Detail	4th Qtr state estimate amount, overpayment applied, and amount due for income tax
ST IncomeTax 4th Qtr Overpayment Applied	State overpayment applied 4th quarter, income tax

ST IncomeTax 4th Qtr Total Est Amt	State estimate amount 4th quarter before overpayment applied, income tax
ST OtherTax1 Balance Due	Balance due from state return being prepared, other tax type #1
ST OtherTax1 Balance Due Paragraph	Inserts paragraph for balance due on state return, other tax type #1
ST OtherTax1 Due Date	State due date, other tax type #1
ST OtherTax1 Estimate Amt for ES Letter	Amount of state estimate due for the selected quarter(s), other tax #1
ST OtherTax1 Estimate Detail by Quarter	State estimate detail by quarter, other tax type #1
ST OtherTax1 Estimate MAIL TO Address	State estimate MAIL TO address, other tax type #1
ST OtherTax1 Estimate Paragraph	Inserts paragraph for estimate on state return, other tax type #1
ST OtherTax1 Estimate Payment Due Date	State estimate payment due date, other tax #1
ST OtherTax1 MAIL TO Address	State MAIL TO Address, other tax type #1
ST OtherTax1 Overpayment	Overpayment from state return being prepared, other tax type #1
ST OtherTax1 Overpayment Appl Paragraph	Inserts paragraph for overpayment applied on state return, other tax type #1
ST OtherTax1 Overpayment Applied	Overpayment applied from state return, other tax type #1
ST OtherTax1 Overpayment Paragraph	Inserts paragraph for overpayment on state return, other tax type #1
ST OtherTax1 Refund	Refund from state return being prepared, other tax type #1
ST OtherTax1 Refund Paragraph	Inserts paragraph for refund from state return, other tax type #1
ST OtherTax1 Return Paragraph	Inserts paragraph for state return, other tax type #1
ST OtherTax1 Tax	Tax from state return being prepared, other tax type #1
ST OtherTax1 Tax Bracket	Tax bracket from state return being prepared, other tax type #1
ST OtherTax1 Tax Description	Tax description from state return being prepared, other tax type #1
ST OtherTax1 Tax Rate	Tax rate from state return being prepared, other tax type #1
ST OtherTax1 Total Estimate	Total state estimate amount, other tax type #1
ST OtherTax1 Zero Due Paragraph	Inserts paragraph for zero due on state return, other tax type #1
ST OtherTax1 1st Qtr Estimate Amt Due	State estimate payment 1st quarter after overpayment applied, other tax type #1
ST OtherTax1 1st Qtr Overpayment Applied	State overpayment applied 1st quarter, other tax type #1
ST OtherTax1 1st Qtr Total Est Amt	1st Qtr state estimate amount, overpayment applied, and amount due, other tax type #1
ST OtherTax1 2nd Qtr Estimate Amt Due	State estimate payment 2nd quarter after overpayment applied, other tax type #1

ST OtherTax1 2nd Qtr Overpayment Applied	State overpayment applied 2nd quarter, other tax type #1
ST OtherTax1 2nd Qtr Total Est Amt	2nd Qtr state estimate amount, overpayment applied, and amount due, other tax type #1
ST OtherTax1 3rd Qtr Estimate Amt Due	State estimate payment 3rd quarter after overpayment applied, other tax type #1
ST OtherTax1 3rd Qtr Overpayment Applied	State overpayment applied 3rd quarter, other tax type #1
ST OtherTax1 3rd Qtr Total Est Amt	3rd Qtr state estimate amount, overpayment applied, and amount due, other tax type #1
ST OtherTax1 4th Qtr Estimate Amt Due	State estimate payment 4th quarter after overpayment applied, other tax type #1
ST OtherTax1 4th Qtr Overpayment Applied	State overpayment applied 4th quarter, other tax type #1
ST OtherTax1 4th Qtr Total Est Amt	4th Qtr state estimate amount, overpayment applied, and amount due, other tax type #1
ST OtherTax2 Balance Due	Balance due from state return being prepared, other tax type #2
ST OtherTax2 Balance Due Paragraph	Inserts paragraph for balance due on state return, other tax type #2
ST OtherTax2 Due Date	State due date, other tax type #2
ST OtherTax2 Estimate Amt for ES Letter	Amount of state estimate due for the selected quarter(s), other tax #2
ST OtherTax2 Estimate Detail by Quarter	State estimate detail by quarter, other tax type #2
ST OtherTax2 Estimate MAIL TO Address	State estimate MAIL TO address, other tax type #2
ST OtherTax2 Estimate Paragraph	Inserts paragraph for estimate on state return, other tax type #2
ST OtherTax2 Estimate Payment Due Date	State estimate payment due date, other tax #2
ST OtherTax2 MAIL TO Address	State MAIL TO Address, tax type #2
ST OtherTax2 Overpayment	Overpayment from state return being prepared, other tax type #2
ST OtherTax2 Overpayment Appl Paragraph	Inserts paragraph for overpayment applied on state return, other tax type #2
ST OtherTax2 Overpayment Applied	Overpayment applied from state return, other tax type #2
ST OtherTax2 Overpayment Paragraph	Inserts paragraph for overpayment on state return, other tax type #2
ST OtherTax2 Refund	Refund from state return being prepared, other tax type #2
ST OtherTax2 Refund Paragraph	Inserts paragraph for refund from state return, other tax type #2
ST OtherTax2 Return Paragraph	Inserts paragraph for state return, other tax type #2
ST OtherTax2 Tax	Tax from state return being prepared, other tax type #2
ST OtherTax2 Tax Bracket	Tax bracket from state return being prepared, other tax type #2

ST OtherTax2 Tax Description	Tax description from state return being prepared, other tax type #2
ST OtherTax2 Tax Rate	Tax rate from state return being prepared, tax type #2
ST OtherTax2 Total Estimate	Total state estimate amount, other tax type #2
ST OtherTax2 Zero Due Paragraph	Inserts paragraph for zero due on state return, other tax type #2
ST OtherTax2 1st Qtr Estimate Amt Due	State estimate payment 1st quarter after overpayment applied, other tax type #2
ST OtherTax2 1st Qtr Overpayment Applied	State overpayment applied 1st quarter, other tax type #2
ST OtherTax2 1st Qtr Total Est Amt	1st Qtr state estimate amount, overpayment applied, and amount due, other tax type #2
ST OtherTax2 2nd Qtr Estimate Amt Due	State estimate payment 2nd quarter after overpayment applied, other tax type #2
ST OtherTax2 2nd Qtr Overpayment Applied	State overpayment applied 2nd quarter, other tax type #2
ST OtherTax2 2nd Qtr Total Est Amt	2nd Qtr state estimate amount, overpayment applied, and amount due, other tax type #2
ST OtherTax2 3rd Qtr Estimate Amt Due	State estimate payment 3rd quarter after overpayment applied, other tax type #2
ST OtherTax2 3rd Qtr Overpayment Applied	State overpayment applied 3rd quarter, other tax type #2
ST OtherTax2 3rd Qtr Total Est Amt	3rd Qtr state estimate amount, overpayment applied, and amount due, other tax type #2
ST OtherTax2 4th Qtr Estimate Amt Due	State estimate payment 4th quarter after overpayment applied, other tax type #2
ST OtherTax2 4th Qtr Overpayment Applied	State overpayment applied 4th quarter, other tax type #2
ST OtherTax2 4th Qtr Total Est Amt	4th Qtr state estimate amount, overpayment applied, and amount due, other tax type #2
State Amended Balance Due	Balance due from state amended return being prepared
State Amended Balance Due Paragraph	Inserts paragraph for balance due on amended state return
State Amended Refund	Refund from amended state return being prepared
State Amended Refund Paragraph	Inserts paragraph for refund from amended state return
State Amended Return Paragraph	Inserts paragraph for amended state return
State Amended Tax Description	Tax description from amended state return being prepared
State Amended Zero Due Paragraph	Inserts paragraph for zero due on amended state return
State Bank Product	Type of bank product(s) selected for state refund
State Direct Debit Date	Date state balance due will be directly withdrawn from taxpayer account
State Direct Debit Paragraph	Inserts applicable paragraph if state direct debit is selected
State Direct Deposit Paragraph	Inserts applicable paragraph if state direct deposit is selected
State Extension Paragraph	Inserts paragraph for extension application for state return

State Name	Name of state, if state return being prepared
State No Direct Debit (EF) Paragraph	Inserts applicable paragraph if state direct debit is NOT selected for e-filed return
State No Direct Debit (Paper) Paragraph	Inserts applicable paragraph if state direct debit is NOT selected for paper-filed return
State No Direct Deposit Paragraph	Inserts applicable paragraph if state direct deposit is NOT selected
State Return Paragraph	Inserts paragraph for state return
State Taxpayer Bank	Taxpayer's bank for state direct deposit or direct debit
State Taxpayer Bank Account Number	Taxpayer's bank account number for state direct deposit or direct debit
State Taxpayer Bank Account Type	Taxpayer's bank account type for state direct deposit or direct debit
Tax Matters Contact Name	Tax Matters contact name
Taxpayer Bank RTN	Taxpayer bank Routing Transit Number (RTN), account #1
Taxpayer Bank RTN 2	Taxpayer bank Routing Transit Number (RTN), account #2
Taxpayer Bank RTN 3	Taxpayer bank Routing Transit Number (RTN), account #3
Taxpayer Name and Address	Taxpayer's name and address
Taxpayer Phone	Taxpayer's phone number
Taxpayer Tax ID	Taxpayer's SSN or ITIN

State Tax Type Summary for Letters

The following charts lists the state tax types referred to by the “Other Tax” letter keywords.

State	Package	Tax Type	Description
Alabama	S-Corporation	OtherTax1	Composite
		OtherTax2	Privilege Tax and Annual Report
	Partnership	OtherTax1	Composite
		OtherTax2	Privilege Tax and Annual Report
	Individual	OtherTax2	Privilege Tax and Annual Report
	Fiduciary	OtherTax2	Privilege Tax and Annual Report
	Corporation	OtherTax2	Privilege Tax and Annual Report
Arkansas	S-Corporation	OtherTax1	Franchise
	Partnership	OtherTax1	Franchise
	Fiduciary	OtherTax1	Franchise
District of Columbia	Partnership	OtherTax1	Franchise
	Individual	OtherTax1	Franchise
	Fiduciary	OtherTax1	Franchise
Florida	Individual	OtherTax1	Stamp
	Fiduciary	OtherTax1	Stamp
	Corporation	OtherTax1	Stamp

State	Package	Tax Type	Description
Indiana	Individual	OtherTax1	County
Kansas	S-Corporation	OtherTax1	Franchise
	Partnership	OtherTax1	Franchise
	Individual	OtherTax1	Franchise
		OtherTax2	Homestead
	Fiduciary	OtherTax1	Franchise
	Corporation	OtherTax1	Franchise
Michigan	Individual	OtherTax1	Single Business Tax
Minnesota	Individual	OtherTax1	Property Tax Credit
Mississippi	S-Corporation	OtherTax1	Franchise
	Corporation	OtherTax1	Franchise
Missouri	S-Corporation	OtherTax1	Kansas City
		OtherTax2	St. Louis
	Partnership	OtherTax1	Kansas City
		OtherTax2	St. Louis
	Individual	OtherTax1	Kansas City
		OtherTax2	St. Louis
	Fiduciary	OtherTax1	Kansas City
		OtherTax2	St. Louis
	Corporation	OtherTax1	Kansas City
		OtherTax2	St. Louis
New Hampshire	Partnership	OtherTax1	Interest and Dividends
	Individual	OtherTax1	Interest and Dividends
	Fiduciary	OtherTax1	Interest and Dividends
New York	S-Corporation	OtherTax1	NYC Income
	Partnership	OtherTax1	NYC Income
	Individual	OtherTax1	NYC Employment
		OtherTax2	NYC Business Tax
	Corporation	OtherTax1	NYC Income
		OtherTax2	MTA Surcharge
Ohio	Individual	OtherTax1	School District
Pennsylvania and Cities	Individual	OtherTax1	Spouse if a split return.
Rhode Island	Partnership	OtherTax1	Composite
	Individual	OtherTax1	Composite
	Fiduciary	OtherTax1	Composite

State	Package	Tax Type	Description
Tennessee	S-Corporation	OtherTax1	Franchise and Tax
	Individual	OtherTax1	Franchise and Tax
	Corporation	OtherTax1	Franchise and Tax
Texas	S-Corporation	OtherTax1	Franchise
	Partnership	OtherTax1	Franchise
	Individual	OtherTax1	Franchise
	Corporation	OtherTax1	Franchise

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