What's New at Drake 2023

Following are brief descriptions of some of the updates and enhancements to the Drake Tax program and Drake Software's peripheral programs, along with changes to tax forms and tax laws. For a more complete look at these changes and how they affect you and your business, consult the *2023 Drake Tax Manual* and applicable supplements, available on the CD and from your User Account. For a highlight of this year's biggest changes, click the blue play button to watch the 2023 What's New video, presented by your favorite Drake Software trainers.

Important IRS Changes

The following sections address important information regarding the 2023 tax season. Unless otherwise stated, all changes are effective for the 1040 package ***only***. Items with an ⓘ icon are designated as "in development" and will be available later in Drake Tax 2023.

Inflation Reduction Act (IRA) of 2022

The Inflation Reduction Act, passed August 16, 2022, is a 10-year plan aimed to curb inflation by reducing the federal government budget deficit and lowering prescription drug prices while investing in and promoting green domestic energy production and manufacturing. The IRA brings with it many tax changes that affect tax year 2023.

New Forms and Schedules

As a result of the IRA, the following forms are new for tax year 2023 and have been added to Drake Tax:

- **Form 7205, Energy Efficient Commercial Buildings Deduction** — 1040, 1120, 1120-S, 1065, 1041, and 990 packages

- **Form 7207, Advanced Manufacturing Production Credit** — 1040, 1120, 1120-S, 1065, 1041, and 990 packages
- **Schedule A (Form 8936), Clean Vehicle Credit Amount** — 1040, 1120, 1120-S, 1065, 1041, and 990 packages

Modified Forms and Schedules

The following forms have been reworked as a result of the IRA:

- **Form 3468, Investment Credit** — The form has been expanded from three to ten pages and is used to take the following credits (1040, 1120, 1120-S, 1065, and 1041 packages):
    - Qualifying Advanced Coal Project Credit
    - Qualifying Gasification Project Credit
    - Qualifying Advanced Energy Project Credit
    - Advanced Manufacturing Investment Credit
    - Energy Credits
    - Rehabilitation Credit
- **Form 3800, General Business Credit** — Form 3800 has been expanded from three to eight pages and redesigned to support provisions from the IRA and Creating Helpful Incentives to Produce Semiconductors Act of 2022 (CHIPS) (1040, 1120, 1120-S, 1065, 1041, and 990 packages).
- **Form 4626, Alternative Minimum Tax – Corporations** — Previously retired in 2017, Form 4626 has been revived and reworked to report corporate alternative minimum tax applicable to corporations with a 3-year average annual applicable financial statement income (AFSI) of more than $1 billion. Current guidance indicates that, for tax year 2023, all corporations may need to complete Part I of Form 4626 to determine if there is an alternative minimum tax. After the IRS releases official instructions regarding Form 4626, preparers can use screen **4626** to complete Form 4626 (1120 package).
- **Form 5695, Residential Energy Credits** — The former Nonbusiness Energy Property Credit has been expanded and renamed the Energy Efficient Home Improvement Credit, and the former Residential Energy Efficient Property Credit has been redesigned as the Residential Clean Energy Credit. The Energy Efficient Home Improvement Credit has been extended to property placed in service through December 31, 2022; the Residential Clean Energy Credit rate for property placed in service from 2022 – 2033 is 30%. As a result of these changes, screen **5695** (Residential Energy Credits) has been redesigned and split into two tabs.
- **Form 8835, Renewable Electricity Production Credit** — The form has been expanded from one page to three pages, with Part I used to collect information on the qualifying facility (1040, 1120, 1120-S, 1065, and 1041 packages).
- **Form 8936, Clean Vehicle Credits** — The former Qualified Plug-in Electric Drive Motor Vehicle Credit has been renamed Clean Vehicle Credits, and the form has been reduced from two pages to one page, with many of the removed lines now located on Schedule A (Form 8936). Use the new screen **936A** to record vehicle information on Schedule A (Form 8936) (1040, 1120, 1120-S, 1065, 1041, and 990 packages).

New Spanish Forms

In an ongoing effort of to promote inclusion, the IRS has created Spanish versions of the following forms; these forms are now supported in Drake Tax:

- Form 1040-SS, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) / ***Declaración de Impuestos Federal sobre el Trabajo por Cuenta Propia (Incluyendo el Crédito Tributario Adicional por Hijos para Residentes*** Bona Fide ***de Puerto Rico)*** — Replaces Form 1040-PR
- Schedule C (Form 1040), Profit or Loss From Business / ***Ganancias o Pérdidas de Negocios***
- Schedule F (Form 1040), Profit or Loss From Farming / ***Ganancias o Pérdidas de Negocio Agropecuario***
- Schedule H (Form 1040), Household Employment Taxes / ***Impuestos sobre el Empleo de Empleados Domésticos***
- Schedule SE (Form 1040), Self-Employment Tax / ***Impuesto sobre el Trabajo por Cuenta Propia***

Other Forms and Schedules

The following forms have also been added or updated for tax year 2023.

Form 1040-SS

Form 1040-SS has been reduced to two pages and is now supported in Spanish. Like 1040 returns, Schedules C, F, and SE are now automatically attached to the return as needed.

Form 1099-K

Per the American Rescue Plan Act of 2021, taxpayers who received $600 or more in aggregate payments during the year from a qualifying third-party payor must be issued Form 1099-K and report its information on their tax return. Originally, reporting changes were set to take place in 2022 but have since been delayed. (See Notice 2023-10 and Notice 2023-74.)

For tax year 2023, Form 1099-K continues to be issued for taxpayers who receive more than $20,000 in payments over more than 200 transactions from a single qualifying third-party payor.

> Even if the taxpayer does not receive Form 1099-K, transactions that would otherwise be reported on Form 1099-K are still taxable.

Form 7206

Form 7206, Self-Employed Health Insurance Deduction, has replaced the Self-Employed Health Insurance Deduction Worksheet (Schedule 1, Form 1040, Line 17) previously published in IRS Pub. 535. Complete this form using screen **SEHI** (Form 7206 – SE Health Insurance) as in years past.

Expired Forms and Screens

The following forms and screens have been removed from Drake Tax:

- Form 1040-PR, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) / ***Declaración de Impuestos Federal sobre el Trabajo por Cuenta Propia (Incluyendo el Crédito Tributario Adicional por Hijos para Residentes*** Bona Fide ***de Puerto Rico*** — Replaced with Form 1040-SS; screen **SSPR** has been renamed screen **SS**
- Form 8910, Alternative Motor Vehicle Credit — Expired in 2022; screen **8910** has been removed from the 1040, 1120, and 1041 packages. Use screen **8910** for 1120-S and 1065 returns only if an 8910 pass-through credit is present; these credits flow to Part II of Form 8910.
- Self-Employed Health Insurance Deduction Worksheet (Schedule 1, Form 1040, Line 17) — Replaced with Form 7206, Self-Employed Health Insurance Deduction

e-File Mandates

The following forms are subject to e-file mandates beginning tax year 2023.

Form 5227

1041

Per final regulations (T.D. 9972) issued in February 2023, filers are required to file Form 5227 electronically if they file 10 or more returns in the aggregate in a calendar year. The regulations are effective for returns required to be filed for tax years ending on or after December 31, 2023. A filer required to file at least 10 returns of any type during the calendar year ending with or within the tax year must file their returns electronically. “Returns” for purposes of these instructions include information returns (for example, Forms W-2 and Forms 1099), income tax returns, employment tax returns (including quarterly Forms 941), and excise tax returns. The failure to file a return electronically when required is deemed a failure to file the return even if the filer submits a paper return.

e-File development for Form 5227 is currently underway, and e-file will be activated for Form 5227 in Drake Tax 2023 at a later time. If the preparer is not subject to the Form 5227 EF mandate, they can print Form 5227 and paper file it as directed in the instructions for Form 5227.

8868 extensions for Form 5227 are not required to be e-filed.

Form 8940

990

As part of ongoing efforts to improve services for the tax-exempt community, Form 8940, Request for Miscellaneous Determination, must now be completed and e-filed via the *Pay.gov* website. The link **Form 8940, Request for Miscellaneous Determination** has been added to screen **MISC** to direct preparers to the appropriate location for completing Form 8940.

Refer to IRS News Release IR-2023-70 for additional details, including additional miscellaneous requests now made using Form 8940.

Corporate Transparency Act (CTA)

1040
1120
1120-S

Effective January 1, 2024, the CTA requires reporting companies (1120 and 1120-S companies, as well as certain self-employed individuals with Schedules C), both domestic and foreign, that do business in the United States to report beneficial ownership information (BOI) and company applicants to the Financial Crimes Enforcement Network (FinCEN). For reporting purposes, a beneficial owner is any individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, exercises substantial control over the reporting company or owns or controls at least 25% of the ownership interests of the reporting company. Refer to 31 U.S.C. §5336(a)(3)(B) for a full list of exempted beneficial owners.

Businesses that exist or are registered prior to January 1, 2024, have until January 1, 2025, to file initial reports, whereas businesses created or registered on or after January 1, 2024, have 90 days after official registration or creation. Initial reports must contain:

- Identifying information on the reporting company:
  - Legal name, trade name, and DBA
  - Address of principal place of business
  - Jurisdiction in which the business was formed or first registered
  - Tax ID number
- Identifying information on beneficial owners and company applicants:
  - Legal name
  - Date of birth
  - Current address
  - State or federally recognized ID number (passport, driver's license, etc.)
  - Image of state or federally recognized ID

In lieu of acceptable identification documentation, an individual or company may provide a unique identifier assigned by FinCEN (FinCEN Identifier).

BOI reports must be filed with FinCEN. Included in **Tools > Blank Forms** is a Beneficial Owner Information Reporting Data Entry Checklist to aid beneficial owners in gathering the information they need to complete their report. (Search `BOIR`.) Updated reports must be filed when key information regarding the reporting entity or company applicant changes, or if there is a change in beneficial ownership (including changes to identifying information); updates or corrections must be submitted within 30 days of the change. Access the BOI page of FinCEN directly from screen **FAQ**.

To help preparers track which taxpayers and entities have filed BOI reports, a **Beneficial Owner Information** section has been added to screen **MISC** (Miscellaneous Codes/Notes). These fields are for reporting purposes only, and, when completed, can be used to produce informational BOI reports via the Drake Tax Report Manager. See Knowledge Base article "18339: Creating a Beneficial Ownership Information (BOI) Report" for instructions on creating these reports. Refer to the FinCEN BOI FAQ page for additional information.

General Program Updates

The following sections contain information regarding additional Drake Tax 2023 updates.

Additional Support for Certain Forms

- The following forms currently exist in Drake Tax and are now supported in additional packages:
    - Form 2553, Election by a Small Business Corporation (added to 1065 package)
    - Form 3468, Investment Credit (added to 990 package)
    - Form 3800, General Business Credit (added to 1120-S and 1065 packages)
    - Form 8835, Renewable Electricity Production Credit (added to 990 package)
    - Form 8908, Energy Efficient Home Credit (added to 990 package)
    - Form 8936, Clean Vehicle Credits (added to 1120, 1120-S, 1065, and 990 packages)
    - Form W-9, Request for Taxpayer Identification Number and Certification (added to 1120, 1120-S, and 1065 packages)
- All pages of Schedules K-2 and K-3 are now available.
- Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals), has been added for 1065 returns. Use screen **WBEN** (Certificate of Foreign Status of Beneficial Owner) to enter data from Form W-8BEN. Data entered on this screen flows directly to Form W-8BEN; no calculations are performed.
- Corrected Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, can now be e-filed with amended returns in Drake Tax. To produce a corrected

Form 5471, complete the following steps using screen **INFO** (for 1040 returns) or **SUPP** (for 1120, 1120-S, 1065, and 990 returns):

a. Enter the appropriate **Multi-form code for 5471** for which the corrected Form 5471 is being filed.

b. Select **COR** from the **Supplemental Information Selection** drop list.

c. Enter an **Explanation** identifying the changes.

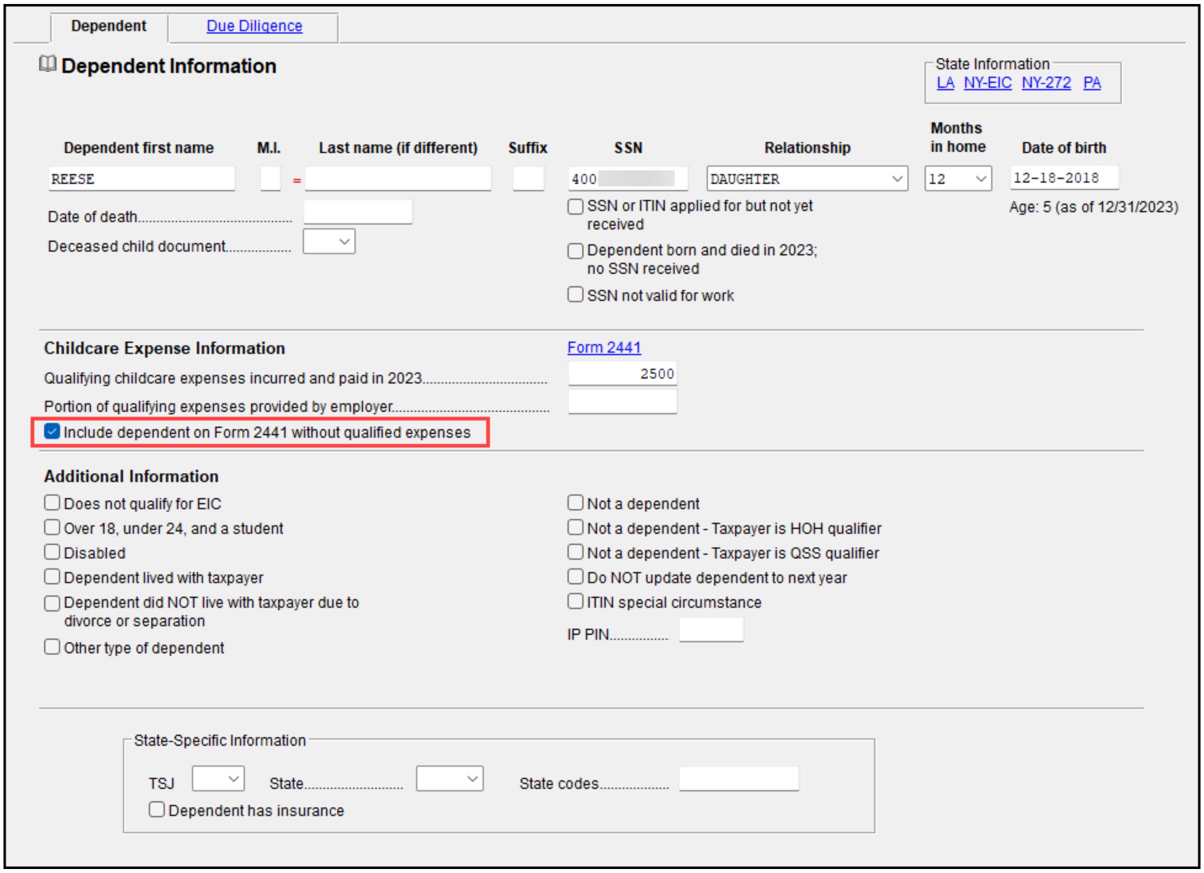
Screen Changes and Enhancements

- **Screen 1 (Name and Address)** — A **Change of address from last year** field has been added to the **Mailing Address** section. If this option is marked, the taxpayer is not required to file Form 8822, Change of Address.
- **Screen 1099 (1099-R, Retirement)** — A **Rollover or conversion into another account** option of **C – IRA converted to Roth IRA** has been added to the **Rollover and Conversion Information** section of screen **1099**. Selecting this option automatically carries the **Taxable amount** or **Partial rollover or conversion amount** to line 16 of Form 8606, eliminating the need to make partial distribution conversion adjustments on screen **3**.
- **Screen 2 (Dependents)** — Screen **2** has been redesigned and separated into two tabs: **Dependent** and **Due Diligence**. The **Due Diligence** tab needs to be completed only if the taxpayer is claiming the Earned Income Credit (EIC), (Additional) Child Tax Credit ((A)CTC), or Other Dependent Credit (ODC) for the associated dependent. If required due diligence information is missing or invalid, an EF Message now specifies from which dependent the error originates.

  A check box to **Include dependent on Form 2441 without qualified expenses** has also been added to the **Dependent** tab. Any dependent for whom this option is marked is used to calculate the Child and Dependent Care Credit limit on Form 2441.

  Divorced or separated taxpayers who otherwise qualify for the Child Tax Credit and also possess a completed Form 8332 (or similar statement) signed by the custodial parent can easily claim the Child Tax Credit by selecting the corresponding check box in the **Overrides** section on the **Due Diligence** tab of screen **2**.

Figure 1: An Overview of the **Dependent** Tab of Screen **2**



- **Screen 4684 (Casualty and Theft Losses)** — A **Main home exclusion (if applicable)** field has been added to line 3/21. Use this field to enter the maximum amount of excludable gain due to the destruction of the taxpayer's main home, and enter the full **Insurance or other reimbursement** amount in the second field on line 3/21. Drake Tax automatically produces and e-files the required statement with the return.
- **Screen 8697 (Look-Back Method – Completed Contracts)** — Multiple Forms and screens **8697** can now be created in Drake Tax, allowing more than three years to be reported for any individual contract. All screens **8697** with the same **EIN** are automatically grouped onto the same Form 8697; totals are printed on the first page, and amounts for each year are broken down on additional pages (1040, 1120, 1120-S, 1065, and 990 packages).
- **Screen 8839 (Qualified Adoption Expenses)**
    - Option **E – Adoption final, employer had a written plan but paid no benefits** has been added to the **Child with special needs** drop list. When selected, page 2 of Form 8839 is prepared, regardless of data entry. If no employer benefits are added from Form W-2, line 20 of Form 8839 ("Employer-provided adoption benefits you received in 2023") equals "0" (zero).
    - A **Prior-year carryover allowed** check box has been added for current-year MFS taxpayers whose status was MFJ in the year qualified adoption expenses first became allowable for the credit. When selected, all data on screen **8839** is ignored except for carryovers.
    - The five-year carryforward limitation for the Adoption Credit is now automatically tracked. Fields for the prior five tax years have been added to screen **8839** to begin the

tracking process; any remaining carryforward will be updated automatically to Drake Tax 2024.

- **Screen AUTO (Auto Expense Worksheet)** — Screen **AUTO** is used to report actual expenses or mileage in Drake Tax. When an **AUTO** screen is completed, an Auto Expense Detail Worksheet ("Wks Auto" in View/Print mode) is produced with a breakdown of the auto expenses. For individual returns, Drake Tax uses the worksheet to automatically determine and apply the more advantageous deduction—the one based on actual expenses or mileage.

  For Drake Tax 2023, the Auto Expense Detail Worksheet and **AUTO** screen have been added to the 1120, 1120-S, and 1065 packages. Data entered on screen **AUTO** flows to the screen indicated in the **For** drop list and, if entered in the corresponding section, also flows to Section B of Form 4562. When data is entered in the **100% Business Use Expenses** section, Wks Auto is produced.

  Additionally, beginning in Drake Tax 2023, more than six vehicles can be recorded and tracked for Form 4562, Part V, Section B. To track multiple vehicles, create one screen **AUTO** per vehicle or additional screens **9** (4562, Parts V(B) and V(C)) as needed; vehicle usage data entered on screen **AUTO** should ***not*** be duplicated on screen **9** and vice versa. Vehicles in excess of six are reported on a Federal Supporting Statement that is transmitted with the return (1040, 1120, 1120-S, 1065, and 1041 packages).

Standard mileage rates are not allowed to be used for the calculation of deductible business expenses for partnerships or corporations (Rev. Proc. 2006-49).

- **Screen HOME (Sale of Residence)** — A **1099-S was received** option has been added to the **Miscellaneous** section of screen **HOME**. Mark this box to carry the gain or loss of the home to Form 8949.
- **Screen LOSS (Loss Carryovers)** — An **NOL Deduction Override** field has been added to screen **LOSS**; an entry in this field overrides the "Net operating loss deduction" amount on Form 1120 and suppresses the Carryover/Carryforward Worksheet ("Wks CARRY" in View/Print mode) (1120 package).
- **Screen PROP (Gross Estate Property)** — Additional **Beneficiary Information** tabs have been added to screen **PROP**, allowing up to 63 beneficiaries to be entered per property (706 package).
- **Screen SEP (SE Pensions)** — A **Schedule 1, line 16, self-employed SEP, SIMPLE, and qualified plans** override field has been added to screen **SEP**. Use this field if you do not want to use the Worksheets for Self-Employed Rate and Deduction (WK_SEP) to determine the taxpayer's maximum deductible contribution. Use the **For** and **Multi-form code** fields on screen **SEP** to associate data entered in the new override field with the appropriate business activity for the purpose of computing qualified business income.

Functionality Changes

- Distributions in excess of basis from partnerships now flow from screen **K1P** to screen **8949**.

- State pass-through entity tax estimates entered on the **2024 ESTIMATED TAXES TO BE PAID FOR NEXT YEAR** section of screen **ES** now automatically flow to the "PTE taxes" line of the Taxes and Licenses Attachment ("Wks Tax/Lic" in View/Print mode) as well as the "Taxes and licenses" line of the main form. The type of data that flows depends on the accounting method selected on screen **1**. To override the amount that flows from screen **ES**, use the **ST/City PTE taxes (from ES screen)** field on the Taxes and Licenses screen (accessed from screen **DED > Detail** link) (1120-S and 1065 packages).

New/Updated Worksheets and Statements

- **Form 2441, Line 9** — The **2022 Expenses Paid in 2023** section on screen **2441** has been replaced with a **Worksheet for 2022 Expenses Paid in 2023** link. Use this link to enter data regarding qualified dependent expenses incurred in 2022 but not paid until 2023. When any amount is entered on lines 1 – 11, the IRS Form 2441 Worksheet for 2022 Expenses Paid in 2023 ("Wks 2441" in View/Print mode) is produced, and the result flows to line 9b of Form 2441. If an override is entered on line 13, no worksheet is produced, the amount flows directly to line 9b, and statement **441** must be created using screen **SCH**.
- **Diagnostic Summaries ("Summary" in View/Print mode)** — Additional information has been added to diagnostic summaries for enhanced reporting, including the signing officer's name and title, as well as the entity's email address; tax and overpayment amounts have also been added for partnership returns (1120, 1120-S, 1065, 1041, and 990 packages).
- **Estimated Tax Worksheet for Corporations** — This worksheet is now automatically produced (1120 package).
- **Roth Basis Computation Worksheet (ROTH_BAS)** — 401(k) and other qualified plans that are rolled over to a Roth IRA are now reported on ROTH_BAS when code **G – Taxable direct rollover to Roth, reported directly on Form 1040** is selected from the **Rollover or conversion into another account** drop list on screen **1099**.
- **Statement in Lieu of Form 3115** — (*applicable only to certain fiscal-year filers with a tax year beginning of 2022*) Per Rev. Proc. 2023-8, if a corporation is changing the method of accounting for specified research or experimental expenditures to capitalize such expenditures to a specified research or experimental capital account and wants to amortize these expenditures over a 5-year period for domestic research (15 for foreign research), the corporation can file a statement in lieu of Form 3115. Use screen **115S** to create this statement ("Statement LIEU" in View/Print mode) (1120 package).
- **Tax Return Comparison 2021/2022/2023 ("Comparison" in View/Print mode)** — The amount of itemized deductions is now always included on the Comparison worksheet, even if the taxpayer takes the standard deduction, unless the option **Do NOT print itemized deductions on the Tax Return Comparison if claiming the standard deduction** is marked on screen **PRNT**. To begin the tracking process, itemized deduction amounts from 2021 and 2022 must be entered on screen **COMP**; itemized deduction amounts will be updated automatically to Drake Tax 2024.
- **Worksheet for Accrued Market Discount Adjustment in Column G ("Wks 8949" in View/Print mode)** — Select the **Use worksheet for accrued market adjustment** check box on screen **8949** to produce "Wks 8949." This worksheet is used to determine the adjustment amount that flows to column (g) of Form 8949 and the related bond-sale interest to be reported on the return.

Enhancements to Practice Management

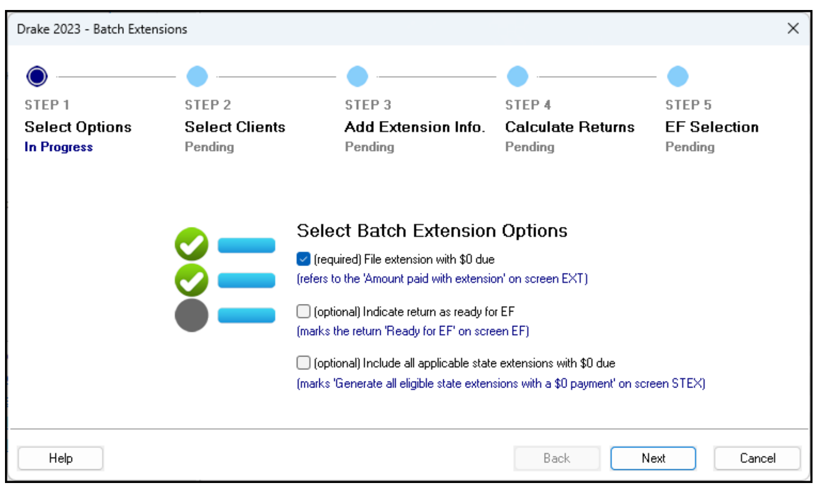
Many of Drake Software's changes throughout this past year have been dedicated to improving your user experience and making Drake Software an easier to use, more efficient, comprehensive product suite you can rely on at all stages of tax preparation. These changes are happening in stages, which will allow the next generation of Drake Tax to do far more than its predecessor.

While this transition is underway, Drake Software would like to extend its gratitude for your patience and understanding. Many more user-requested updates than those following are currently in development, and Drake Software is excited to unveil them when complete.

Batch Extensions

Beginning with Drake Tax 2023, preparers can e-file extensions for multiple federal 1040 and individual state returns at once (in batches). In order to use this feature, all federal extensions must be filed with $0 due; if **Require 'Ready for EF' indicator on EF screen** is activated at **Setup > Options > EF** tab, the option **Indicate return as ready for EF** is also required.

Figure 2: New **Batch Extensions** Window



From the Drake Tax **Home** window, select **EF > Prepare Extensions** to begin the batch extension process, and follow the on-screen steps.

While extensions with a balance due *cannot* be filed in batches, the batch extension feature can still automatically complete much of the data entry needed for transmitting them. Proceed through the batch extension process as though the returns had zero due with the extension, but do *not* transmit them for e-file. Afterward, open the return, and enter the applicable **Amount paid with extension** on screen **EXT**. All other screens related to filing extensions are already complete. From here, transmit the extension using the method you have in years past.

New Products

Part of Drake Software's ongoing commitment to excellence is to provide customers with not only a wider variety of products but ones that fall within their budget. To achieve this, Drake Tax is now available in three tiers—PPR, 1040, and Pro—ensuring you pay for only what you need. And to make sure ***you*** get paid the money you deserve, Drake Software has launched a new modern payment facilitation solution: Drake Pay™.

Drake Tax 1040 and Drake Tax Pro

Drake Tax preparers who prepare 1040 returns only can now take advantage of Drake Tax 1040, allowing them to get the full Drake Tax experience at a lower price. Should preparers need to file a business return, they can do so at the same pay-per-return (PPR) price of $49.99 per return. Preparers can upgrade to Drake Tax Pro at any time for the retail price difference ($400).

Practitioners who prepare many tax returns of different types should purchase Drake Tax Pro to get the best value.

Drake Pay

This year, Drake Software partnered with Infinicept®—a leading provider of embedded payment solutions with an outstanding reputation in the financial services industry—to redefine and expand the payment acceptance solution we offer our clients. Drake Pay is Drake Software's new payment facilitation offering that, unlike e-Pay, accepts many modern payment methods, allowing preparers to get their money faster, all with enhanced security.

With Drake Pay, preparers have more ways to collect payments from their customers, including credit, debit, and contactless payments—but more importantly, clients can rest easy knowing they are using a no-compromise security payment acceptance solution. Via Infinicept's Launchpay™ solution, Drake Pay customers are able to take advantage of Launchpay's certified technology, which conforms to all Payment Card Industry (PCI) Secure Software standards; the technological components used by Launchpay are also included on the Validated Payment Software list maintained by the PCI Security Standards Council. Drake Pay clients will also have access to free educational resources related to payment safety and security

Drake Pay is integrated with Drake Tax®, Drake Zero®, Web1040®, and Drake Portals™. With the launch of Drake Pay, clients can no longer sign up for e-Pay. Existing e-Pay customers are encouraged to sign up for Drake Pay; however, once signed up, customers can no longer use e-Pay. e-Pay clients who refrain from signing up for Drake Pay can continue to use e-Pay services through October 31, 2024—e-Pay's official sunset date.

Collect payments within Drake Tax by manually entering card information or via a compatible point-of-sale (POS) system. (For instructions on purchasing compatible devices, see Knowledge Base article 18413.) The device must then be configured at **Setup > Printing and Device Setup > Drake Pay**; control who can access POS configurations with group security (**Setup > Preparer(s) > Security > Edit Group Security Settings > Setup** tab **> Printing and Device Setup > Drake Pay**). Transactions made in Drake Tax using

Drake Pay are automatically updated on the taxpayer's **BILL** screen. For more on using Drake Pay within Drake Tax, refer to the *2023 Drake Tax Manual*.

Visit the Drake Pay information page to learn more. To sign up for Drake Pay, log in to your User Account (*Support.DrakeSoftware.com*), and choose **Products > Drake Pay**.

For customer assistance, email DrakePaySupport@DrakeSoftware.com or call (828) 349-5724.

— Drake Pay Manager —

The Drake Pay Manager (*DrakePay.DrakeSoftware.com/Manager*) lets you view detailed transaction information on payments made using Drake Pay, as well as void and refund payments. A transaction can be voided only if the bank has yet to issue funds; otherwise, it must be refunded.

The Drake Pay Manager can be launched from the Drake Software User Manager (*User.DrakeSoftware.com*) and can be accessed only by those with sufficient permissions. View Knowledge Base article "18332: Drake Pay Manager" to learn more.

e-File Task Consolidation

Released March 13, 2024, the **e-File Status** feature on the Drake Tax **Home** window is an expansion upon the existing e-File Database. e-File Status helps consolidate e-file tasks—including **EF > Transmit/Receive > Acks Only** and **EF > Process Acks**—while allowing you to check your firm's up-to-date e-file records using the EF Database you are already familiar with (**EF > Search EF Database**). The new e-File Status can be accessed only by those with sufficient Drake Tax security permissions.

Upon clicking **e-File Status**, you are given the option to check for and process new acknowledgments from recently e-filed returns. If you have new acknowledgments from Drake Software that need to be processed, a red indicator appears on the e-File Status icon. All information received through e-File Status is automatically added to the EF Database, accessible from both Drake Tax and the Support site (*Support.DrakeSoftware.com* **> Reports > E-file Status Lookup**).

Additional Form 9325 Email Notifications

In addition to federal 1040-series returns (1040, 1040-NR, 1040-SS, and 1040-X), taxpayers and business entities can now be automatically notified when any of the following returns are accepted by the IRS or state taxing authority:

- Individual state returns
- Federal business returns (1120, 1120-S, 1065, 1041, and 990)
- State business returns
- FBARs

Notifications are sent to the taxpayer's or entity's email address on screen **1** (or screen equivalent). As in prior years, 1040-series returns will continue to have a PDF version of Form 9325 attached to the acceptance email; all other returns will receive only an email, satisfying the IRS requirement of a Form 9325 equivalent. Email notifications are ***not*** sent for accepted extensions.

To receive automatic acceptance emails, the option **Email 9325 Notice to Taxpayer** must be activated in Drake Tax (**Setup > Options > EF** tab); this option can be overridden for 1040-series returns on a per-return basis using the **Email 9325 notice to taxpayer** drop list on screen **EF**. Preparers can modify the "From" email address displayed on the email via their User Account (**Account > Account Info > Form 9325 "From" email address**).

Additional Business Return Resources

This year, Drake Software focused on providing business return preparers additional tools and support, including:

- **Organizers** — Added for 1120, 1120-S, 1065, 1041, and 990-T returns
- **Drake Tax Planner™** — Added for 1120, 1120-S, and 1065 returns.
- **Firm-Level Protection Plus** — Now offered for 1120, 1120-S, and 1065 packages for $75 per return. To learn more about or sign up for Protection Plus, sign in to your User Account (*Support.DrakeSoftware.com*), and navigate to **Products > Audit Defense**.
- **Web1040® Business Returns** — Customers who purchase Web1040 can now download the desktop version of Drake Tax PPR from their User Account (*Support.DrakeSoftware.com* **> Downloads > Drake Tax**), allowing them to file business returns as needed. Web1040 clients cannot use the desktop version of Drake Tax to upgrade to Drake Tax Pro or create individual returns.

Updated Pricing and Form Order

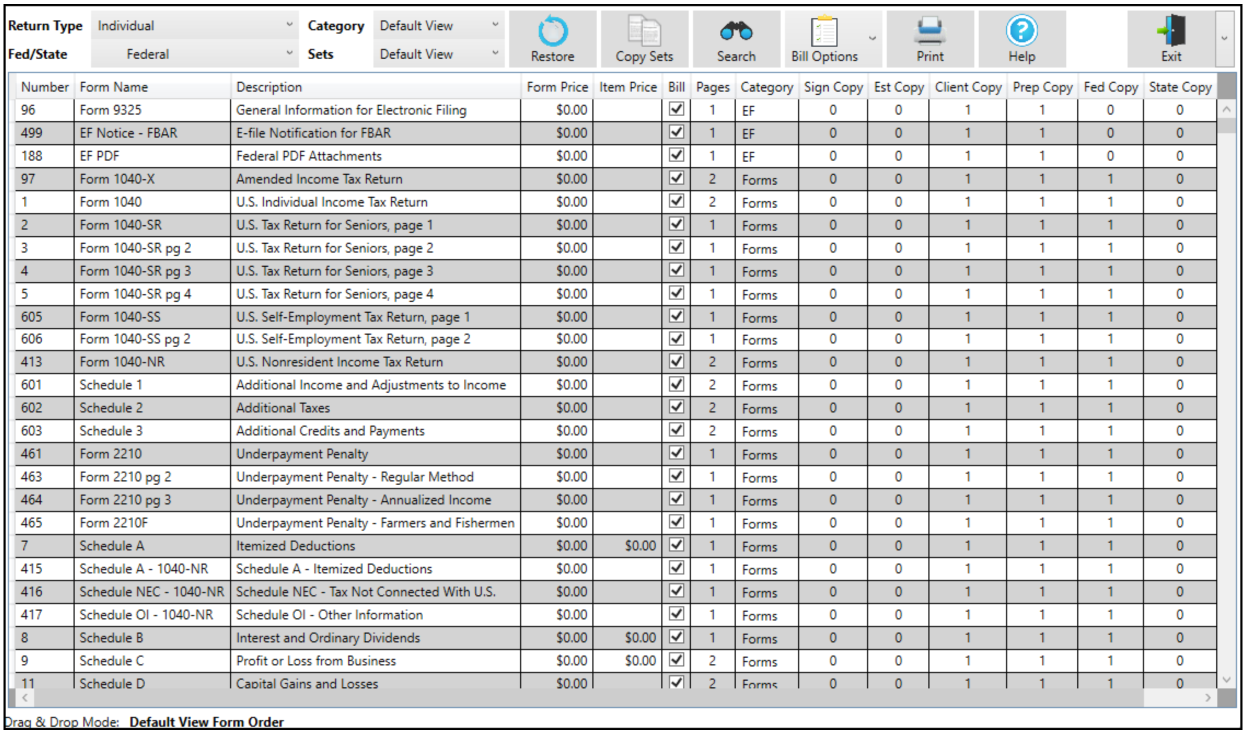
The new **Pricing Setup** window has combined and optimized the functionality of the prior-year **Pricing Setup**, **Printing**, **Sets**, and **Sort Form Order** windows.

In one convenient location, choose the applicable **Return Type** and use the **Fed/State** drop list to filter by federal, state, and city forms. Double-click any field to adjust a variety of details, including form descriptions, global prices, and the quantity and type of copies in specific sets. Click, drag, and drop multiple forms at once to modify the order in which they appear in View/Print mode (available when the **Category** is **Default View**), and easily indicate what documents to display on client bills. **Search** the current list view for desired forms, using the arrow keys to navigate through the search (or, alternatively, use F3 and SHIFT+F3), and copy one set over another. Change a form's **Category**, and select the **Bill Options** icon to quickly indicate what types of documents to include on client bills. You can also sort the current list by column headers; to reset the current list view (unsort via column headers), exit and reopen Pricing Setup.

By default, all changes are saved automatically. To disregard all changes made during your current Pricing Setup session, click the arrow beside **Exit** and select **Exit without save**.

See the [*2023 Drake Tax Manual*]() for more on Pricing and Form Order Setup.

Figure 3: Updated **Pricing Setup** Window

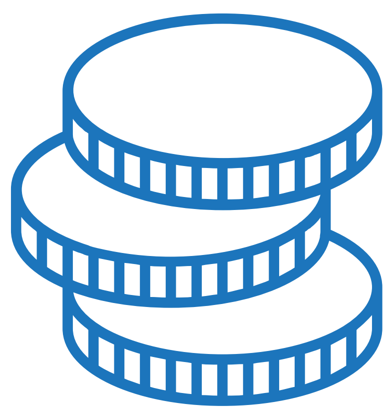


Number	Form Name	Description	Form Price	Item Price	Bill	Pages	Category	Sign Copy	Est Copy	Client Copy	Prep Copy	Fed Copy	State Copy
96	Form 9325	General Information for Electronic Filing	$0.00		☑	1	EF	0	0	1	1	0	0
499	EF Notice - FBAR	E-file Notification for FBAR	$0.00		☑	1	EF	0	0	1	1	0	0
188	EF PDF	Federal PDF Attachments	$0.00		☑	1	EF	0	0	1	1	0	0
97	Form 1040-X	Amended Income Tax Return	$0.00		☑	2	Forms	0	0	1	1	1	0
1	Form 1040	U.S. Individual Income Tax Return	$0.00		☑	2	Forms	0	0	1	1	1	0
2	Form 1040-SR	U.S. Tax Return for Seniors, page 1	$0.00		☑	1	Forms	0	0	1	1	1	0
3	Form 1040-SR pg 2	U.S. Tax Return for Seniors, page 2	$0.00		☑	1	Forms	0	0	1	1	1	0
4	Form 1040-SR pg 3	U.S. Tax Return for Seniors, page 3	$0.00		☑	1	Forms	0	0	1	1	1	0
5	Form 1040-SR pg 4	U.S. Tax Return for Seniors, page 4	$0.00		☑	1	Forms	0	0	1	1	1	0
605	Form 1040-SS	U.S. Self-Employment Tax Return, page 1	$0.00		☑	1	Forms	0	0	1	1	1	0
606	Form 1040-SS pg 2	U.S. Self-Employment Tax Return, page 2	$0.00		☑	1	Forms	0	0	1	1	1	0
413	Form 1040-NR	U.S. Nonresident Income Tax Return	$0.00		☑	2	Forms	0	0	1	1	1	0
601	Schedule 1	Additional Income and Adjustments to Income	$0.00		☑	2	Forms	0	0	1	1	1	0
602	Schedule 2	Additional Taxes	$0.00		☑	2	Forms	0	0	1	1	1	0
603	Schedule 3	Additional Credits and Payments	$0.00		☑	2	Forms	0	0	1	1	1	0
461	Form 2210	Underpayment Penalty	$0.00		☑	1	Forms	0	0	1	1	1	0
463	Form 2210 pg 2	Underpayment Penalty - Regular Method	$0.00		☑	1	Forms	0	0	1	1	1	0
464	Form 2210 pg 3	Underpayment Penalty - Annualized Income	$0.00		☑	1	Forms	0	0	1	1	1	0
465	Form 2210F	Underpayment Penalty - Farmers and Fishermen	$0.00		☑	1	Forms	0	0	1	1	1	0
7	Schedule A	Itemized Deductions	$0.00	$0.00	☑	1	Forms	0	0	1	1	1	0
415	Schedule A - 1040-NR	Schedule A - Itemized Deductions	$0.00		☑	1	Forms	0	0	1	1	1	0
416	Schedule NEC - 1040-NR	Schedule NEC - Tax Not Connected With U.S.	$0.00		☑	1	Forms	0	0	1	1	1	0
417	Schedule OI - 1040-NR	Schedule OI - Other Information	$0.00		☑	1	Forms	0	0	1	1	1	0
8	Schedule B	Interest and Ordinary Dividends	$0.00	$0.00	☑	1	Forms	0	0	1	1	1	0
9	Schedule C	Profit or Loss from Business	$0.00	$0.00	☑	2	Forms	0	0	1	1	1	0
11	Schedule D	Capital Gains and Losses	$0.00		☑	2	Forms	0	0	1	1	1	0

Drag & Drop Mode: **Default View Form Order**

Due to several tools being combined with Pricing Setup, the following paths now redirect to the **Pricing Setup** window:

- From the Drake Tax **Home** window menu bar:
  - **Setup > Pricing**
  - **Setup > Printing > Printer Setup**
- On the View/Print mode toolbar:
  - **Setup > Form Order**
  - **Setup > Pricing**
  - **Setup > Printing > Sets**
  - **Setup > Printing > Set Form Order**
  - **Setup > Sets**
- When right-clicking a form in View/Print mode:
  - **Setup > Form Order**
  - **Setup > Pricing**
  - **Setup > Sets**



The ability to change pricing on-the-fly is still available. From View/Print mode, right-click the desired form, and choose **Setup > Form Properties**. When adjusting the **Form Price** or **Item Price**, decide whether you want the updated price to **Apply to this return** only or **Apply to all returns**. **Save** when finished.

Simplified Installation

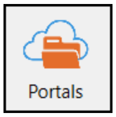
The Drake Tax installation process has been revamped for tax year 2023 to make getting started easier than ever. Installation steps have been rearranged in a more logical manner, and helpful quick links are now available as you progress through the installation process. These links redirect you to a variety of useful locations, including Knowledge Base articles, video tutorials, and the **Account Info** page of your User Account. Use the new **Software Installation** menu bar to easily navigate to previously viewed installation steps. If additional peripheral programs are needed, the **Drake Tax Prerequisites Setup Wizard** is opened once you have finished installing Drake Tax; follow the steps to install the needed programs.

Miscellaneous Enhancements

The below list references only a few of the many resources that have been updated for tax year 2023:

- Beginning with Drake Tax 2023, you can create custom *Summary* checklists for new clients using the same process that you do for existing and returning clients. This feature is available in all packages. To create a custom checklist for a new client, from the **Home** window of Drake Tax, go to **Last Year Data > Organizers > Summary Organizer**, and click the **Organizer for new clients** link; once you are on the **New Client Organizer Options** window, choose **Custom Editor**. See the *2023 Drake Tax Manual* or Knowledge Base article "15028: Organizers – Custom Pages" for more on using the Custom Editor.
- Batch-printed organizers saved to Drake Documents or Drake Portals can now be password-protected. The default password format is established in **Setup > Options > Administrative Options** tab.
- **EF & Account Information (ERO)** and **Scheduler Appointments & Settings** are now updated by default when updating settings from Drake Tax 2022 to Drake Tax 2023.
- To better protect tax return preparer and taxpayer data, executable (.exe) and dynamic-link library (.dll) files can no longer be emailed using Drake Tax (**Email – Compose Message** window **> Attach** or **Add > Application Log**).
- In a continued effort to upgrade existing Drake Software applications and websites for ease of usability, as well as part of Drake Software's single sign-on migration, Drake Forums (*Forums.DrakeSoftware.com*) has been retired and replaced with the Drake Software Community (Drake Community Forum) (*Community.DrakeSoftware.com*). This community is the perfect place to connect with other Drake Software users, get answers to questions, and stay up-to-date on the latest trends and best practices in your field. Log in to *Community.DrakeSoftware.com* using your Drake Software credentials to get started.
- Appendix C, e-File Mandates, has been removed from the *2023 Drake Tax Manual* and can now be accessed via Knowledge Base article "18322: State e-File Mandates."

Drake Portals

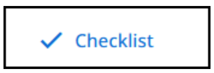


With more preparers than ever working with their clients via virtual means, Drake Portals continues to prove its value to preparers across the U.S. For this reason, the Web version of Drake Portals can now be easily accessed from the **Home** window of Drake Tax.

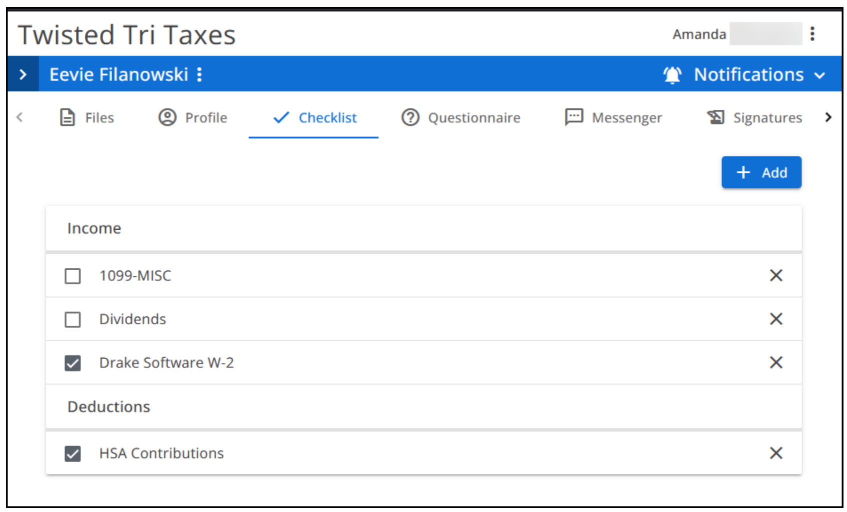
With Drake Software's ongoing mission to increase the efficiency and ease of tax return preparation, Drake Portals has several new features for tax year 2023.

Collect Documents Faster

— Checklists —



Mirroring the ability to create checklists in Drake Tax, preparers can now create checklists for clients within Drake Portals, making it clear what information the preparer needs to complete the taxpayer's return. Checklists function just like a to-do list; the preparer chooses a category, adds a description, and the item is added to the appropriate list. The client is then notified via email that they have a new checklist item, with a direct link to the **CheckList** page of their account. Clients can upload documents directly from their checklist; items are marked as complete once the client uploads a file. Uploaded checklist items are automatically sent to the client's **To Preparer > CheckList** folder on the firm's Drake Portals site.



— Direct Requests —

To request a document from a client on-the-fly, click the three vertical dots beside the taxpayer's name, and select **Request Files**. Enter a message, telling the client what you need, and **Submit** the request. An email is sent to the client, containing a unique link that is valid for 24 hours. From this link, the client can upload the requested documents without having to log in to their portal. Received files are automatically saved in the applicable client's **To Preparer** folder.

Export Reports and Messages

Get a comprehensive view of everything happening within your business using the reports feature. View in-depth reports on files, questionnaires, signature documents, client profiles, payments, and bills. Each category can be filtered by text, dates, and creators, as well as by actions performed. Once your report is exactly how you want it, click the three vertical dots beside **Reports** and select **Export** to automatically download a .csv file of the current report. Messages can also be searched, filtered, and exported.

Access Additional Client and Help Resources

- Preparers now have two quick ways to view client details:
  - **Profile Information** — To view basic return information, including demographic information for the taxpayer, spouse, and dependents, select the **Profile** tab within the client's folder. You can also view whether or not the taxpayer has marked the information as complete.
  - **Client Information** — To see details about a client's account, click the three vertical dots beside the taxpayer's name, and select **Client Info**. A pop-up displays the taxpayer's email address, ID number (that you can mask or unmask), whether or not they activated their account, the amount of space they are using, their last login, and their taxpayer type (individual, business, etc.).

- Find the answers to your questions using the new Drake Portals Help feature. With one set of FAQs tailored to preparers and another to clients, users have access to all the information they need and nothing they don't. This Help also has a dedicated What's New page, letting users know how to take advantage of new features the moment they are released. Access FAQs from the portal login page by clicking **Help**, located in the upper-right corner, or within the portal by clicking the three vertical dots beside the preparer's or client's username.
- For clients that need an extra hand using their portal, use the new client view. To enter client view, click the three vertical dots beside the taxpayer's name and select **View as Client**. A new tab is opened, allowing you to see the client's portal in real time. You cannot edit anything within the client's portal, but it is a great way to confirm what your client can see and help them navigate their portal.
- Still need help? Contact Drake Portals support from their new direct line: (828) 349-5725.

Create and Send Signable Documents

With Drake Portals, preparers have the freedom to add signature fields to any uploaded PDF document. This means that preparers can create their own documents (or take any existing document), save them as .pdf files, and upload them to the portal. Preparers can add up to two signees and multiple signature fields before sending the document to the client. The client can then sign and send the file back to the preparer. All signatures are legally binding and are deducted from the preparer's e-sign balance.

To create and send a signable document from your portal:

1. Choose the client to whom you wish to send the document, and select the **Signatures** tab.
2. Click **Add**.

3. Locate and open the PDF document to which to add signature fields.
4. Select or add the clients who will sign the document. Up to two signees can be added for each document. Fill out each signee's information and click **Next**.

- Previously entered client information is saved and does not have to be re-entered.
- It is important that accurate information be entered for each signee. The signee will not be able to sign documents if any information is incorrect.

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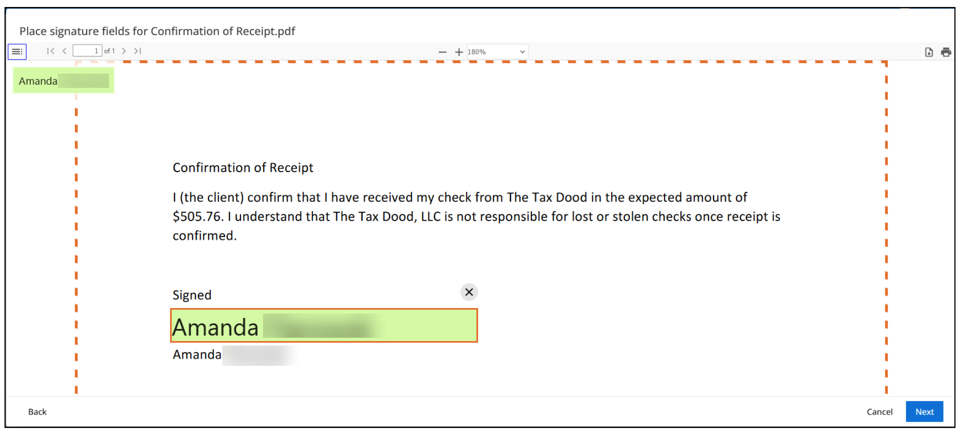
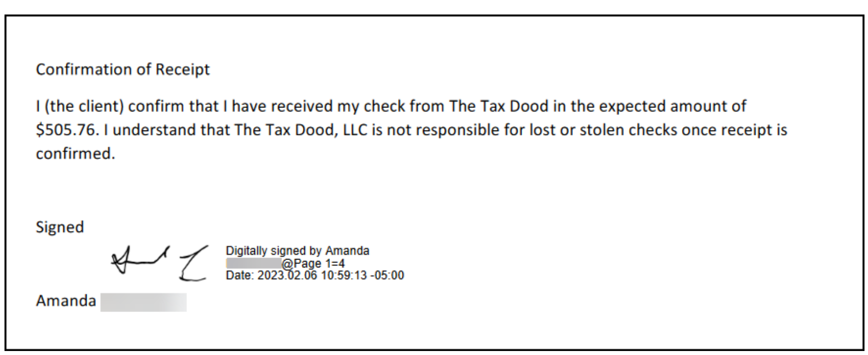
5. A PDF signature window is opened. Choose the applicable signee on the far-left and drag the signature box to the desired location on the document. Click **Next** when you are finished adding signature fields.

Figure 4: Adding Signature Fields to a PDF Document



6. **Send** the document to the client. Your e-sign balance is automatically adjusted.
7. An email is sent to the client, informing them that they have documents to sign. The client must verify their identity the first time they are asked to sign a document and must correctly answering several questions. Per IRS requirements, if the client does not answer three out of four questions correctly, they cannot electronically sign documents for the remainder of the calendar year. You are notified once signing is complete.

Figure 5: The Result of a Signed PDF


Confirmation of Receipt

I (the client) confirm that I have received my check from The Tax Dood in the expected amount of $505.76. I understand that The Tax Dood, LLC is not responsible for lost or stolen checks once receipt is confirmed.

Signed

Digitally signed by Amanda
@Page 1=4
Date: 2023.02.06 10:59:13 -05:00

Amanda

Removed for 2023 and 2024: The IRS now permits only ***online*** IRS-approved software to submit applications for Form 94x online signature PINs. As Drake Accounting is considered a desktop software, 94x PIN applications can no longer be filed through Drake Accounting, and the **PIN Application** section has been removed from **Client > Edit** (**Add**) **> e-File Options** tab.

If the business has not already obtained an 94x online PIN, they can still file 94x-series returns using a reporting agent PIN. See Knowledge Base article "15677: Reporting Agent PIN (DAS)" for more information.