



USER'S MANUAL TAX YEAR 2015

Drake Software User's Manual

Tax Year 2015

Support.DrakeSoftware.com
(828) 524-8020

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Quick Reference

Following is information for registering your EFIN with Drake, and contact information for Drake's banking department and partners, Drake Support, and the Internal Revenue Service.

Validating EFINs at Drake Software

To register your EFIN or another ERO's EFIN that you transmit for, send us a copy of your e-file application summary using one of the following methods:

- (Preferred) Email to efin@drakesoftware.com
- Fax to (828) 349-5733 (Please include your Drake Account Number on the cover sheet.)
- Upload a copy via the EFIN Management tool

You can get a copy of your Application Summary by signing into your IRS e-Services account. See Knowledge Base Article 11426 for detailed instructions. You may call the IRS Helpline at (866) 255-0654 for additional help or to request a copy of your Application Summary to be faxed to you.

If you have any questions, call Drake Compliance at 866-273-9032.

For more information, see "Uploading or Confirming EFIN with Drake" on page 293.)

Drake Banking Department

Contact Information for Drake Software's Banking Department:

- Mail Drake Software
 ATTN: RAL Department
 235 E. Palmer St.
 Franklin, NC 28734
- Phone (828) 524-8020
- Fax (828) 349-5745
- Email RALS@DrakeSoftware.com

Bank Partners

For contact information on Drake's Banking partners, go to *Support.DrakeSoftware.com* and enter your EFIN and password to reach the Support website. From the blue menu bar on the left, go to **Partner Program > Bank Partners** and then choose your bank.

Drake Accounting Department

To fax IRS EFIN information to Drake's Accounting Department: (828) 524-9549.

To fax EFIN validation documents: (828) 349-5733. (See "Validating Your EFIN" on page 292 for information.)

Contacting Drake Support

Email Support — *Support@DrakeSoftware.com* — Recommended for simpler Drake Software questions.

Telephone Support — (828) 524-8020 — Recommended for more complicated Drake Software questions.

Fax Support — (828) 349-5718 — We reply to faxes with faxes, not phone calls

GruntWorx Support — Email *GruntWorxsupport@drakesoftware.com* or call (828) 349-5505

Client Write-Up Telephone Support — (828) 349-5547

Drake Support Hours

December 1, 2015 – April 20, 2016
Monday – Friday: 8 a.m. – 10 p.m. ET
Saturday: 8 a.m. – 6 p.m. ET

April 21 – November 30, 2016
Monday – Friday: 8 a.m. – 9 p.m. ET
Saturday: 9 a.m. – 5 p.m. ET

Other Drake Support Email Addresses

Following are department email addresses at Drake Software:

Department	Contact
Accounting	<i>Accounting@DrakeSoftware.com</i>
Education	<i>Education@DrakeSoftware.com</i>
e-Filing	<i>EF@DrakeSoftware.com</i>
Support (General)	<i>Support@DrakeSoftware.com</i>
Support (State-specific)	<i>XXstate@DrakeSoftware.com</i> (Replace XX with state abbreviation)
Conversions	<i>Support.DrakeSoftware.com</i>
Client Write-Up	<i>Client_wu@DrakeSoftware.com</i>

For more on the many helpful resources provided by Drake Software, see Chapter 10, "Resources and Support."

IRS Phone Numbers and Websites

Website	www.irs.gov
Individual return assistance	(800) 829-1040
Business return assistance	(800) 829-4933
Exempt organizations, Retirement Plan Administrators, Government Entities	(877) 829-5500
People with hearing impairments	(800) 829-4059 (TDD)
e-File application and help	(866) 255-0654
Help Desk (U.S./Canada)	(800) 876-1715
Help Desk (International)	(319) 464-3291
Refund hotline	(800) 829-1954
Order forms and publications	(800) 829-3676
Social Security Administration	(800) 772-1213
Taxpayer Advocate Service	(877) 777-4778
Suspected identity-theft victims	(800) 908-4490
Register for EFINs	www.irs.gov > for Tax Pros > e-Services > Registration Services
Information on PTINs	(877) 613-7846 or www.irs.gov > for Tax Pros > Registration & Testing > Register for or renew your PTIN

NOTE To call, write, or visit the local taxpayer advocate office for your state, refer to Publication 1546 on the IRS website (www.irs.gov).

To report an individual or company that is not complying with the tax laws, phone, mail, or visit your local IRS walk-in office.

Phone: From within the U.S. (800) 829-0433

International callers (215) 516-2000

Mail: Send written correspondence to the IRS Service Center where the return was filed, or complete Form 3949-A and mail it to:

Internal Revenue Service

Fresno, CA 93888

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1 Introduction

Drake Software has some exciting changes and additions for the 2015 tax season: Link-Backs, DoubleChecks, and LookBack, new forms, new screens, and new worksheets, new partnership K-1 allocations, enhanced email setup, footers for letters and new billing options, **Home** window Alerts...the list goes on and on.

Please read the following introduction that includes information on how to use your manual and describes the software's new features for tax year 2015. Then take some time to familiarize yourself with the *Drake Software User's Manual: Tax Year 2015*. Knowing where the information is located will save you time and make tax season go much smoother.

About Your Drake Software User's Manual

The *Drake Software User's Manual* has been developed for Drake customers to provide clear, up-to-date, easy-to-find instructions and guidelines for using the software. Use this manual in conjunction with other Drake resources such as the online and onscreen help features, tutorials, training, and phone support. Be sure to take advantage of our extensive index and the "search" feature, both of which will help you locate information more efficiently in the 2015 manual.

The electronic version of the manual is updated throughout the season. The best way get the latest edition of the manual is by going to *Support.DrakeSoftware.com* > **Training Tools > Manuals**. (You can also connect to *Support.DrakeSoftware.com* through the software. From the toolbar bar of the **Home** window in Drake, go to **Support > Drake Software Support Website**.) We suggest copying the PDF manual to your desktop for easy access.

This manual is also available in paper format that you can order from the Drake Support site (*Support.DrakeSoftware.com* > **Training Tools > Manuals**) for \$25. To keep your printed manual updated, Drake Software publishes addenda pages when changes are warranted. Addenda pages are shipped with each software CD and are available on the Drake Support site.

What's New in Drake for 2015

Each year, Drake strives to offer the most efficient and comprehensive tax software in the industry while staying current with the latest technology. To that end, we have a wide-ranging list of additions and enhancements to the software in general and to the tax programs in particular that should make your 2016 tax-filing season the smoothest ever.

Program Enhancements for 2015

Following are brief descriptions of changes we've made to the tax software. For details, cross-references are provided to the relevant pages of this manual.

LinkBacks

LinkBacks provide a way to locate the source of data on a tax return—in other words, the data-entry screens on which the information was entered. The link (available in Enhanced View mode only) allows you to open a screen and go directly to the relevant line to review your data entry and make changes.

See “LinkBacks” on page 249.

LookBack

In the past, the best way to compare the prior year's data entries with the current year's screens was to have the prior year's version of Drake and the current year's version open at the same time, clicking back and forth between them.

Starting with Drake 2015, you can use the new LookBack feature to see Drake14's data entry on Drake15's screens.

With Drake15 open to a data-entry screen, press the F11 key and any field on the open screen that contained data last year will be highlighted. Press F12 and the actual amounts from 2014 will be displayed.

For details, see “LookBack” on page 87.

DoubleCheck

The DoubleCheck feature gives you a way to mark which items in a tax return have been reviewed. In Enhanced View mode, just run your mouse pointer over a text box or check box of a form or statement and click to place a green check mark next to any item deemed “verified,” or click twice to “flag” the item for further review.

The DoubleCheck feature also provides a way to keep notes as you go.

For details, see “DoubleCheck” on page 251.

Alerts

The new **Alerts** section of the **Home** window keeps you informed with links to Drake broadcast emails, by alerting you to important dates, and by keeping you up to date on the status of Drake's system. Possible alerts might include reminders of filing deadlines or announcements of delayed e-file transmissions, “ack” files, or bank transactions.

Alerts are refreshed every 15 minutes. Your system must be connected to the Internet for this feature to work.

Highlighting Lines

Click a field and the whole line is highlighted, making it easier to read. (See Figure 1-1.) This feature is available in all packages, federal and state.

16b	Taxable portion of pensions above.....	<input type="checkbox"/> Early distribution, calculate penalty	16b +/-		+/-
19	Unemployment compensation (enter the full amount from Form 1099-G, box 1).....		19 +/-		+/-
	Portion of above unemployment repaid in 2015.....		19 +/-		+/-
20a	Net Social Security benefits received for 2015.....		20a	1234	
	Lump-sum benefits earlier years - TOTAL received.....		20a		
	Lump-sum benefits earlier years - TAXABLE portion.....		20b		
	Net railroad Social Security equivalent Tier 1 benefits received for 2015.....		20c		

Figure 1-1: Click in a field to highlight the entire line

Changes to Practice Management Features and Tools

Practice management tools and features are those peripheral features in Drake Software that help you manage your office. From assigning employees' tasks to managing preparation and transmission of tax returns to gathering, preparing, disseminating, and storing forms, documents, and correspondence to scheduling appointments for offices large and small, the practice management features in Drake can give you control of just about every aspect of your business.

The following enhancements make the practice management features more useful:

Organizers

To make our organizers more “user friendly,” we’ve condensed and consolidated the organizers this year, which will save you time and money. More information can be entered on each page of an organizer, and when printed, fewer pages will be used.

The new organizers should be easier for your clients to understand and complete.

We’ve also added a “New Client” organizer that you can generate for clients without a return already in Drake. The organizer is printed with all fields empty so the taxpayer can fill in all of his or her own tax data.

For details on using Drake’s organizers, see “Organizers and Proformas” on page 100.

Email Program

Drake has simplified the way you set up your email account in the software. And once you set it up, you will not have to set it up separately for the Drake Document Manager and for the Scheduler. The DDM and Scheduler will use the email settings you entered at **Help > E-mail** from the **Home** window unless you want to use another program for those tools.

For details on setting up and using the Drake email program, see “Email Through Drake” on page 344. To use a separate email program for your Scheduler, see “Setting Up Scheduler Options” on page 106. To use a separate email program for your DDM, see “Setting up Your Document Manager” on page 395.

Customizable Footers for Client Results Letters

We've given you another way to customize your letters with footers. Add your firm's contact information (firm name, address, phone number, email address, etc.) or move the page number from the top of the page to the bottom by using the footers feature.

For details on customizing your letters, see "Setting Up Letterhead, Footers, Margins, and Borders" on page 58.

Simplified and Comprehensive Bills

Drake Software can generate three types of bills for you to send your clients: a "comprehensive" bill that itemizes all charges; a simplified one-page "summary" bill that includes only the return preparation fee, any bank product fees, and certain other fees, and the "Classic" bill, the style of bill that Drake has produced for years.

For details on customizing your bills, see "Choosing a Bill Format" on page 62.

Statement Pricing

All statements produced by Drake Software now appear in the pricing files and can be charged for.

For details on pricing, see "Pricing Setup" on page 46.

Scheduler

If you use Scheduler to send email appointment reminders to your clients, you have the choice of using the your computer's default email program or a separate email program you set up in the tax software. To use the former, you do nothing; to use the latter, it takes just two mouse clicks to select that option.

For more information, see "Scheduler" on page 105.

Drake Document Manager Enhancements

An improved search feature in the Drake Document Manager allows you to find not only client folders but also individual documents within the folders.

Another change involved access. If you access the DDM from the desktop icon instead of from inside the tax software, you'll be required to enter your preparer ID and password.

And if you want to use your computer's default email program to send email messages and .PDF copies of forms and returns from the Document Manager, you no longer have to set it up in the DDM. The only email setup you must do in the DDM is if you set up a separate email program for use in your tax software and you want to use that one with you DDM.

For more information on the DDM, see "Setting up Your Document Manager" on page 395

SecureFilePro

SecureFilePro is offering an additional way to share and receive files. “Guest Exchange” provides a convenient and secure way for you to send and receive files without having to create and set up a SecureFilePro client account.

See “SecureFilePro” on page 425 for more information on Guest Exchange.

Video Clips

Last last year, we began including short “how-to” video clips in the software. Designed to provide quick visual help on specific software features, the videos are available on various setup and data-entry screens throughout the software. (Internet access is required.)

We’ve added even more videos this year—more than 100 and climbing!—and updated many from last year. We’ve also saved them all to a central location to make it easy to find the one you want. From the toolbar on the **Home** window of Drake, click **Support > Drake Software Video Tutorials**.

See “Video Clips” on page 341 for more information.

Changes to PPR

Customers who have opted for the Pay Per Return version of Drake Software should note this important change: Beginning with Drake15, preparers must be connected to the Internet to purchase and redeem (or “activate”) PPR returns.

For details on using the PPR product, see the *Pay Per Return* manual, available from the CD or the Drake Support website (*Support.DrakeSoftware.com > Training Tools > Manuals*). You can also connect to *Support.DrakeSoftware.com* through the software. From the toolbar bar of the **Home** window in Drake, go to **Support > Drake Software Support Website**.)

Changes to the Tax Packages

There have been changes to most of the tax packages within Drake Software. Following are some highlights. For details, be sure to read Chapter 5, “Return Preparation,” and Chapter 14, “New Features in Other Packages,” for more information.

Changes to Forms and Screens in 1040 Package

Here are the changes, improvements and enhancements we’ve made to Drake’s Individual Package.

Advance Bank Products

Drake’s banking partners are offering “Advance” products this year, giving you the option of offering your clients a no-cost (for your clients) advance against their tax refund in the form of a check, debit card, or direct deposit. Amounts of the advance vary by financial institution. In some cases, the customer can also opt for a refund transfer and your tax preparation fees for the RT will be deducted from the customer’s tax refund.

See “Advance Products” on page 277.

ACA Changes

We've made a few changes to the way you will complete the Affordable Care Act information this year, and in how we generate informational notes that help you make sure you've met ACA reporting requirements.

The first big change is the new **Premium Look Up and Calculation (PLUC)** screen. We've replaced the **MAW** screen with the **PLUC** screen and added tools to help you easily look up the plan rates and send them to the Marketplace Affordability Worksheet (WK_89654). An Internet connection and your client's ZIP code is all you need to look up the premium amount of second-lowest cost Silver Plans and lowest cost Bronze Plans for your clients. With one mouse click, you send the results to Form 8965 and to the Marketplace Affordability Worksheet.

Secondly, screen **HC**, used for reporting General Health Care Coverage Information and accessed from the **Health Care** tab of the **Data Entry Menu**, has been simplified this year.

For one thing, screen **HC** is shorter, with fewer questions for you to answer and fewer decisions for your clients to make. For another, the software now "assumes" the taxpayer owes a penalty when the tax household is not in compliance and automatically computes the Individual Shared Responsibility Payment. The taxpayer can no longer "opt out" of the payment.

Another change this year is the "Preparer's Summary of Affordable Care Act." Generated with each return, the Summary consists of a table displaying the healthcare coverage for each person in the taxpayer's tax household, with codes identifying each person's coverage status.

Unlike last year, the Return Notes that the program generates with ACA reporting information are no longer grouped with other Return Notes under the NOTES heading in View mode. ACA Return Notes, and the "Preparer's Summary of Affordable Care Act" mentioned above, will be grouped in View mode under the heading "ACA NOTES."

We've also added a new section on **ACA Information** to the **FAQ** screen.

For more information on completing ACA requirements in Drake, see "Affordable Care Act" on page 174.

Long-Term Care

Accessible through the **Health Care** tab of the **Data Entry Menu**, the **Long-Term Care Premiums (LTC)** screen gives you a place to report the premiums paid, and for whom they were paid, for long-term health care.

For more information, see "Long-Term Care" on page 173.

Healthcare Coverage Tax Credit

The Healthcare Coverage Tax Credit has been reinstated for 2015 and Form 8885 is again used to calculate the HCTC. This federally funded tax credit helps eligible individuals and families pay for their health insurance premiums.

The **8885** screen is located on the **Health Care** tab of the **Data Entry Menu**.

For details, see "Form 8885" on page 181.

Foreign Account Questions

The “Foreign Account” questions—“Did (the taxpayer) have financial interest in or signature authority over a foreign account...”—for Schedule B, Part III, that used to be located on screen **INT**, 1099-INT Interest Expense, of the 1040 package have been moved.

For taxpayers who did not have an interest in or signature over such an account, you now answer that question on screen **1**, Name and Address (Figure 1-2 on page 11).

The screenshot shows a software interface with several dropdown menus at the top: 'Resident state' (set to NC), 'Resident city', 'School district' (set to 0000), and 'School Dist Code'. Below these is a section titled 'Foreign Account Questions'. It contains the text: 'If taxpayer has any interest in or authority over any foreign account or foreign trust, answer questions on this screen.....' followed by a blue hyperlink 'Foreign Accounts'. To the right, there is a checkbox labeled 'No Foreign Accounts - Answer Sch B, Part III questions NO'.

Figure 1-2: Foreign accounts question and link on screen **1**

For taxpayers who did have an interest in or signature over such an account, click the link on screen **1** to open the new **Foreign Accounts** screen.

For more on Schedule B, Part III, and completing the **Foreign Account** screen, see “Schedule B, Part III” on page 131.

IDS Screen

Because more and more states are requiring identification documentation from taxpayers and spouses, Drake has added a new **IDS** screen to the 1040 package.

Accessible from the **Electronic Filing and Banking** section of **General** tab of the **Data Entry Menu** (or by entering **IDS** in the selector field and pressing **ENTER**), the **IDS** screen has fields and drop lists for recording such forms of identification as driver’s license, state-issued photo ID, military ID, passport, green card, for both the taxpayer and spouse.

To save you data-entry time, this ID information will be used with bank products, so the **ID** fields have been removed from the bank screens.

The ID information will also flow to any state returns that require it.

For more information on bank screens, see “Bank Screens in Data Entry” on page 284.

Schedule 8812 for W-7 Filers

You can produce Schedule 8812, Child Tax Credit, for taxpayers with a dependent child who has no taxpayer ID but is eligible for the Child Tax Credit.

See “Producing Schedule 8812 for Form W-7 Filers” on page 198.

ABLE Account

The Achieving a Better Life Experience (ABLE) account provision was signed into law in December 2014. Recognizing the special financial burdens faced by families raising children with disabilities, ABLE accounts are designed to enable people with disabilities and their families to save for and pay for disability-related expenses.

See “ABLE Account” on page 163 for details on entering ABLE amounts into Drake.

Additional Info Tab on 8949 Screen

The 8949 screen now has two tabs: **1099-B/8949** tab, which is the screen you are used to seeing, and the **Additional Info** tab, which, when data is entered, produces a copy

of Form 1099-B for states that require source documents for e-file purposes. Nothing entered on the new **Additional Info** tab will flow to the federal return.

Identity Theft

If someone has stolen a client's identity, or if you or the client believe such a theft has occurred, and the client would like the IRS to mark his or her account to identify questionable activity, you can fill out Form 14039, Identity Theft Affidavit, through Drake Software. Screen **1403** is accessible from the second **Other Forms** tab of the **Data Entry Menu**.

See "Identity Theft" on page 223 for more details.

NOTE

If the taxpayer or spouse was a victim of identity theft, you now enter his or her IRS-assigned PIN in the **Identity Protection PIN** fields on the **PIN** screen.

If a dependent of the taxpayer has received an Identity Protection PIN, enter it on screen **2**, Dependents, in the **IP PIN** check box in the lower right corner of the screen.

Form 56

Due to IRS changes in Form 56, Notice of Fiduciary Relationship, Drake15 now includes a tabbed screen **56**. Part I of the form is completed from the **Part I** tab of the screen; Parts II, III, and VI of the form are completed from the **Parts II & III** tab.

Screen **56** is accessible from the first **Other Forms** tab of the **Data Entry Menu**.

Form 56 must be filed separately from Form 1040. See "e-Filing Special Returns and Forms" on page 301 for information on filing this return through Drake Software.

FAFSA Worksheet

You can now print the Free Application for Federal Student Aid (FAFSA) worksheet through Drake Software. This worksheet will help your client collect and organize financial information needed to complete the application.

The new **FAFS** screen is accessible from the second **Other Forms** tab of the **Data Entry Menu** in the 1040 package. Use the fields on this screen to override the amounts generated by the program from data entry elsewhere in the program.

To complete and submit the application, go to *fafsa.ed.gov*.

EIC Troubleshooter

Go to the **PRNT** screen, accessible from the **Miscellaneous** tab of the **Date Entry Menu** in the 1040 package, and mark the **EIC not being calculated?** check box and generate a Return Note stating why the EIC calculation is not being made for the open return.

Go to **Setup > Options > Form & Schedule Options** and select Always show reason for no EIC and the Return Note stating why the EIC calculation is not being made for the open return is generate automatically.

For more, see "Forcing EIC Calculations" on page 197.

Exempt Foreign Income

Fields for tax-exempt foreign income were added to the **SE** screen for income that was earned in foreign countries and for which self-employment tax was paid to the foreign country. If the taxpayer or spouse is self-employed in another country and is paying in to that country's self-employment system, then the taxpayer or spouse does not have

to pay self-employment tax on that income on his or her 1040 return. Attach a copy of a form showing that the tax was paid in the foreign country to the U.S. tax return. The return will have to be paper-filed.

Source Documents Screen

The new **DOCS** screen, accessible from the second **Other Forms** tab of the **Data Entry Menu** (or by typing **DOCS** in the selector fields and pressing **ENTER**), comprises a list of links to Knowledge Base articles to help you find where data from certain seldom-used 1095, 1098, and 1099 forms is entered in Drake Software.

Click a link—such as **Interest on Student Loan** under **1098-E**—to see a KB article with more information on the subject. There are also some links that open the Drake screens where the data in question should be entered.

Depletion Worksheet

We've added an Oil and Gas Depletion Worksheet to the 1040 package to calculate oil and gas depletion and give your clients the best possible deduction.

For details, see "Oil and Gas Depletion Worksheet" on page 168.

Section 59e Deduction

An enhancement to the program this year allows us to handle section 59e deductions.

If the taxpayer has a section 59e deduction, select that deductible item from the **Other deductions** drop list on a screen **K1 (K1P or K1S)**. The program then carries the amount of that deduction to page 2 of Schedule E and makes an entry on Form 6251, Alternative Minimum Tax.

For more details, see "Section 59e Deduction" on page 169.

Multiple Packages

The following changes and enhancements affect the following tax packages as noted. For a more complete description of the changes to the business packages, go to Chapter 14.

Additions to ES Screen

(*All Packages*) Three significant changes were made to the Estimated Taxes (**ES**) screen for 2015:

- The program automatically generates federal estimated tax payment vouchers when they are required—for instance, when the taxpayer has a balance due of \$1,000 or more—unless you choose to not generate the vouchers.
- If you are not filing four quarterly vouchers—for instance, if filing too late to pay first quarter payment—the program now adds the amount of the missed payment to the next available voucher. Enter "0" in the **Estimate amt** voucher field for quarter the payment was not be made.
- An **Increase/Decrease calculated estimates by...** text box was added to the **ES** screen that allows you to adjust the total estimated taxes due.

See "Estimated Taxes" on page 190 for details.

Form 4562

(*1040, 1041, 1065, and 1120S packages*) Drake will now produce one Form 4562 for each property on Schedule E and Form 8825 instead of one 4562 per Schedule E or 8825.

**EF “ACK”
Page**

(1120, 1120S, 1065, and 1041 packages) Similar to federal Form 9325, Acknowledgment and General Information for Taxpayers who File Returns Electronically, generated with 1040 returns, the federal and state business packages now generate an “EF_ACK” page for the federal main forms of a package, and a (ST)EF_ACK page for main state forms. This Drake-generated form acknowledges that a return has been transmitted through Drake and accepted by the IRS or the corresponding state.

See “EF “ACK” Page” on page 429.

**Short-Year
Return**

(1120, 1120S, and 1065 packages) Instead of using the **ELEC** screen for short-year return election information, that information now goes on the new **YEAR** screen, available on the **Miscellaneous** tab of the **Data Entry Menu**, or from a **ShortYear** link on screen **1**.

See “Short-Year Return Screen” on page 429

**General
Business
Credits**

(1040, 1041, 1120, and 990 packages) Screen **3800** (General Business Credits) and screen **GBC** (General Business Credits Carryforwards and Carrybacks) have been enhanced and improved to simplify the way you claim business credits and enter credit carryforwards and carrybacks.

For details on changes for the business packages, see “General Business Credits” on page 432.

**Form 1099-
PATR**

(1040 and 1041 packages) Enter the distribution amount from Form 1099-PATR, Taxable Distributions Received from Cooperatives, on the **PATR** screen, accessible from the **Income** tab of the **Data Entry Menu**.

For details, see “1099-PATR” on page 160.

**Form 1099-
OID**

(1040 and 1041 packages) Screen **OID** gives you a place to enter interest income from Form 1099-OID, Original Issue Discounts.

For details, see “1099-OID” on page 133.

**Royalties
Worksheet**

(1120S and 1065 packages) Drake has added a new worksheet for reporting royalties expenses and income to the S Corporation and Partnership packages.

Instead of generating Form 8825, Rental Real Estate Income and Expenses, when royalty income and expenses are listed on screen **8825** (and **Royalties** is selected from the **Type of properties** drop list), Drake now generates the Royalty Worksheet (“WK_SROY” in View mode).

See “Royalties Worksheet” on page 430.

Form 5471

(1040 and 1120S packages) Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, has been added to the 1040 and 1120S packages of Drake Software. This form is used by certain U.S. citizens and residents who are officers, directors, or shareholders in certain foreign corporations. Taxpayers who must file this form are described in the IRS instructions.

If your client must file this form, go to screen **5471** (accessible from the second **Other Forms** tab) and enter the relevant information. Form 5471 will be e-filed with the return. File by the due date (including extensions) for that return.

For details on using this form, see the IRS instructions for Form 5471.

Business Packages

The following changes have been made to the business packages in Drake. For a more complete description of the changes, go to Chapter 14. More details will be included in the business supplemental manuals, to be published in early 2016 and available from *Support.DrakeSoftware.com*, or through the software (From the toolbar bar of the **Home** window in Drake, go to **Support > Drake Software Support Website**.)

1099 Screens

We added a state-only **1099** screen to the **States** tab of the **Data Entry Menu** in several of the business packages.

- Screen **99M** (1099-MISC) for miscellaneous income and **99G** screen for Unemployment Compensation was added to the 1041 package.
- Screen **99M** (1099-MISC) for miscellaneous income and screen **W2G**, Gambling Income, was added to the 1120, 1120S and 1065 packages.

Schedule K

(*1120S and 1065 packages*) To promote greater accuracy in allocating Schedule K data to the individual partner's Schedules K-1, and to improve the detailed statements provided to shareholders or partners on their K-1s, Drake has streamlined data entry for Schedule K line items with a redesigned screen **K**. Screen **K** is now a "tabbed" screen, with separate tabs for data entry of **Income, Deductions, Credits, AMT and Basis, and Other Information**.

Each of the tabs includes more "Other" items—such as "Other" income, "Other" deductions, "Other" credits—allowing a more detailed supplemental K-1 statement than ever before.

For details, see "Screen K" on page 430.

Multiple Foreign Transactions

(*1120S and 1065 packages*) Foreign transactions are now entered on screen **KFT** (Schedule K Foreign Transactions), accessible from the **General** tab of the **Data Entry Menu** or from a link on the **Credits** tab of screen **K**. Screen **KFT** makes it possible to report multiple foreign transactions. The program also generates a "Foreign Transaction Statement" that lists all of the partnership's or S corporation's foreign transactions, and a separate "K-1 Foreign Transaction Statement" reporting these foreign transactions for the individual partner or shareholder.

See "Multiple Foreign Transactions" on page 431.

Partnership (1065) Package

Following are changes and enhancements made to the 1065 package.

Special Allocations

Preparers familiar with Drake Software will notice that the many K-1 override fields that have previously been on screen **K1** and used to allocate amounts to partners are

gone. In Drake15, you change allocations to partners on the new **Special Allocation** screen, reached by clicking an **SA** link on screen **K**.

Use the **SA** screen to override the allocation of any of the items on screen **K** for any or all of the listed partners. These allocations can be entered in dollar amounts or percentages.

For details, see “Special Allocations” on page 432.

Foreign Tax Withheld

The new screen **8813**, Partnership Withholding Payment Voucher, allows you to produce vouchers for paying this year's quarterly payments on foreign tax withheld, and to produce vouchers for making 2016 payments. The filing and mailing instructions are listed on screen **8813**.

Screen **8813** is accessible from the **Other Forms** tab of the **Data Entry Menu**.

Fiduciary (1041) Package

Drake has made the following additions and enhancements to the 1041 package. For a more complete list, go to “Fiduciary Package (1041)” on page 434.

Distribute Capital Gains

For 2015, we have added an easier way to distribute total capital gains and income to the beneficiaries. On screen **1** of the 1041 package, mark the **Distribute all income** or **Distribute NET capital gains** check boxes to distribute all income and capital gains to the beneficiaries' Schedules K-1.

See “Distribute Capital Gains” on page 434.

Tax-Exempt Income

We've added line 12 of Schedule B to screen **4**, Schedules A, B, & G, as an override field. The software still does the calculation for this line on Schedule B—the amount of tax-exempt income on line 11, “Total distributions”—without an entry here, but there might come a time when you wish to override the calculated amount. You can now make that override on line 12.

Distribution Screen

We've added a distribution screen (**DIST**) to the 1041 package to report distributions on Form 5227 for split-interest trusts. Access the **DIST** screen from the **5227** tab of the **Data Entry Menu**. Entries on the **DIST** screen flow to the Schedules K-1 based on percentages entered on the **K1** screens.

Form 5227 must be paper-filed. See Drake's Knowledge Base for articles on filing the form.

Gift (709) Package

Drake made a some enhancements to the Gift (709) package for generating Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return.

See “Tax-Exempt (990) Package” on page 435.

Tax-Exempt (990) Package

An electronic payment screen (**PMT**) has been added to the 990 package for payment on Form 990PF only. The **PMT** screen can be accessed from the **Form 990PF** tab of the **Data Entry Menu**, or by entering **PMT** in the selector field and pressing **ENTER**.

See “PMT Screen” on page 435 for more information.

Manual Supplements

In early 2016, Drake will publish supplements to this manual. These supplements provide basic procedures for using Drake's 1120, 1120S, 1065, 990, 1041, and 706 packages. They will be available from *Support.DrakeSoftware.com* (from the blue menu bar, go to **Training Tools > Manuals**) or through the software (from the toolbar bar of the **Home** window in Drake, go to **Support > Drake Software Support Website**).

Contacting Drake Support

In addition to the manual, on-screen Help, and online resources, Drake Software offers unparalleled telephone and email support. See “Contacting Drake Support” on page 2 for more information on contacting Drake Support.

NOTE The filing deadline for 1040 returns is Monday, April 18, 2016. Note that Drake's tax-season support hours are effective through April 20.

For more on the many helpful resources provided by Drake Software, see Chapter 10, “Resources and Support.”

IMPORTANT

State and federal tax rules and regulations can change at any time. Read the Drake shipment letters and broadcast email throughout the season to stay up to date on the latest changes to the software and in the state and federal tax laws.

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2 Installation & Setup

Read this section before installing your 2015 Drake program.

Drake's tax software is available for download through the Drake Support website and via a CD service (available at an extra cost). All federal packages (1040, 1120, 1120S, 1065, 1041, 990, 706, and 709), the Drake Document Manager, practice returns, banking practice files, and e-file software for sending test returns to Drake are included with the installation. The *Drake Software User's Manual: Tax Year 2015* (in PDF format) and various informational fliers are also available for download from the website and are included on the CD.

The 2015 year-end update of Drake's Client Write-Up (CWU) accounting, payroll, and accounts payable program is also available for download from the website or from the CD. (The 2016 version is released in January.)

Software for state programs, e-filing, banking, the Tax Planner, city tax rates, and forms-based entry will be available in January through regular software updates (see "Update Manager" on page 355) or included in a subsequent CD shipment in January for CD subscribers. Federal and state programs are updated with each software release thereafter.

IMPORTANT

Your serial number and Drake customer account number are required for installing the software. If you are installing Drake Software from a CD, the number was included on your packing slip with the CD shipment. If you are downloading the software from the Support website, the serial number and account number are included in your confirmation email.

You can retrieve your serial number from the Drake Support website (*Support.DrakeSoftware.com* > **My Account** > **My Serial Numbers.**)

System Requirements

Supported Operating Systems:

- Windows Vista
- Windows 7
- Windows 8
- Windows 10
- Windows Server 2008/2012

NOTE All operating systems are expected to be running the latest service pack.

Minimum System Requirements:

- Windows 10 - 1 GHz 32-bit or 64-bit processor and 1 GB of RAM(32-bit) or 2 GB of RAM(64-bit)
- Windows 7, 8, Server 2008 and Server 2012 – 1 GHz 32-bit or 64-bit processor and 1 GB of RAM(32-bit) or 2 GB of RAM(64-bit)
- Windows Vista - 800 MHz processor and 512 MB of RAM
- Monitor capable of 1024 x 768 screen resolution
- CD Drive (unless choosing download option)
- 1 GB of available hard drive space
- Internet Explorer 9.0
- Internet access (required for regular updates)
- High Speed Internet Access (strongly recommended)
- HP compatible laser printer with support for the PCL-5e printer language and the Arial font (strongly recommended)
- Adobe Reader

NOTE These are the minimum requirements to run most Drake Software products. For superior performance, we recommend system upgrades above the stated minimums. Actual requirements will vary based on your system configuration, and the features and other programs you wish to install.

Recommended System Requirements:

- Windows 7 Professional 64 bit, 2.8 GHz Processor, 4 GB RAM Or Windows 10 Professional 64 bit, 3.2 GHz Processor, 8 GB RAM
- Monitor capable of 1280 x 1024 screen resolution
- High Speed Internet Access
- HP compatible laser printer with support for the PCL-5e printer language and the Arial font

Additional Recommended Requirements:

- TWAIN compliant scanner for scanning capabilities within the Drake Document Manager (strongly recommended)
- Microsoft .NET Framework v4.0 or greater
- Microsoft Excel

NOTES

The preceding specifications are *minimum* requirements. For best results, upgrade your system to exceed these requirements.

If you do not have Windows Vista or newer and want to back up your data on CD, you must use your own CD burner software—not the Drake backup tool—to perform the backup.

Downloading the Software

Download the program from the Drake support site by following these steps:

1. Go to *Support.DrakeSoftware.com*.
2. Enter your EFIN and Drake password.
3. From the **Resources Overview** page, click **Download Center** (or from the blue sidebar menu, select **Resources > Download Center**).
4. From the **Drake Software** list on the left side of the **Download Center** page, select **Drake Software 2015**.
5. Read the License Agreement.
6. Scroll to the bottom of the page and click **Download**.
7. (Internet Explorer only) When the **File Download - Security Warning** window is opened, select **Save** to save the software to your computer or server.
8. When the download is complete, click **Run** if using Internet Explorer, (or click **View Downloads** and then **Run**) or click the **Drake15_Federal.exe** icon then **Run** if using Google Chrome, and then click **Yes** to begin the installation process.
9. Follow the steps to install the software to the drive of your choice. You will need your account number and the serial number (included in the confirmation email you received when you purchased the software).

Installing from CD

Using Windows Vista? A system administrator or user with OS access must install your tax software.

Before installing your software, close all open programs on your computer. Table 2-1 outlines the installation process for the first and subsequent CD shipments. Note that the Document Manager is installed by default. If you don't want to install the Document Manager, clear the applicable check box in Step 8.

Table 2-1: CD Installation

Step	First CD Shipment	Subsequent CDs
1	Insert the 2015 Drake CD into the drive. Wait for the Drake 2015 Software Programs window to be opened.	Insert the 2015 Drake CD into the drive. Wait for the Drake 2015 Software Programs window to be opened.
2	Click Install Drake 2015 Tax Software .	Click Install Drake 2015 Tax Software .
3	Read and accept the Drake Software 2015 License Agreement. Click Next .	Read and accept the Drake Software 2015 License Agreement. Click Next .

Table 2-1: CD Installation

Step	First CD Shipment	Subsequent CDs
4	Note that Install 2015 Drake Tax Software is marked by default. (States are not available on this shipment.) Click Next .	(Optional: Select Install State Tax Programs .) Click Next .
5	Select a drive or select New to install to a new location. (Optional: Select Install test returns if you are going to test e-file capabilities.)* Click Next .	Select a drive, or select New to install to a new location. Click Next .
6	Enter your account number and the serial number located on your software packing slip. Click Next .	Enter your account number and the serial number located on your software packing slip. Click Next .
7	If you chose New in step 5, select an installation drive and click Next .	Select an installation drive from the list of available drives. Click Next .
8		Select states to install from the States on CD listing. Click Next .
9	Click Install and wait for the Installation Complete window to be displayed. Installation could take several minutes.	Click Install and wait for the Installation Complete window to be displayed. Installation could take several minutes.

If a previous version of Drake is detected on your system, the **Update Admin Preparer and Setup Information** window is displayed after installation. If you do not want to update now, click **Skip**; otherwise, click **Next**. Click **Finish** and **Exit** to close the **Drake 2015 Software Programs** window.

* Test returns are installed automatically if you are installing Drake15 to a new location. If a drive letter is not displayed in Step 5, the software has determined that there is not enough space on the drive.

To download state programs, open Drake Software to the **Home** window, go to **Tools > Install State Programs**, and choose the option to install states from the Internet. (State programs are not available before January 2015.)

Initial Login

To open and log in to Drake for the first time:



1. Double-click the Drake Software 2015 icon on your desktop.
2. Enter your account number and serial number in the appropriate fields of the **Software Activation** dialog box (see Figure 2-1 on page 23.)
3. Click **OK**.

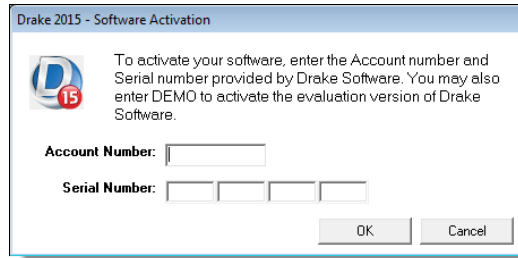


Figure 2-1: Logging in as ADMIN

IMPORTANT

If the NWCLIENT.EXE was run and finished successfully, but there is no Drake icon on the Desktop, use the following steps or contact Drake Support for assistance at (828) 524-8020.

In some cases, an OS that is released after the software's release may not produce the needed desktop icon.

If you are comfortable navigating in the network file structure, from each workstation:

1. Go to **My Computer** (or click the **Start** button on the far left side of the task bar and select **Computer**).
2. Select the network server.
3. Double-click **Drake15**.
4. Open the folder **FT**.
5. Right-click **Drake15.EXE** and select **Send to > Desktop (create shortcut)**.

Contact Drake Support at (828) 524-8020 for assistance.

Setup Assistant

The Setup Assistant is opened automatically the first time you log in to Drake. Designed to guide you through the software setup screens, the Setup Assistant appears each time the program is opened until all required setup items are completed. A green check mark (Figure 2-2 on page 24) indicates that a setup item is complete. A red "X" indicates an incomplete setup item.

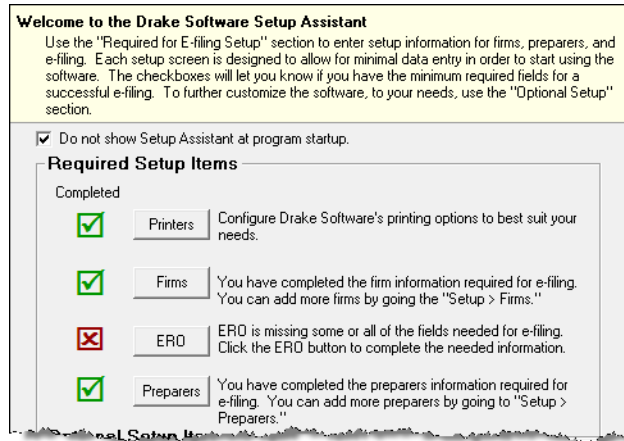


Figure 2-2: Setup Assistant

You are not required to use the Setup Assistant. To stop it from opening at program startup, select **Do not show Setup Assistant at program startup** (Figure 2-2). Go to **Help > Setup Assistant** to return to the Setup Assistant at any time.

Running Drake on a Network

Your network's designated server should meet or exceed the system requirements listed on page 19. As computers are added to the network, RAM and processing speed of the server and the workstations should be upgraded to improve performance.

NOTE

Your office's network must be properly configured for Drake to run correctly. Drake cannot provide technical support for the network itself. Consult an IT professional for network setup and support.

Single Workstations and Network Options

The location where you install Drake (see step 9 in "Downloading the Software" on page 21 or step 7 in Table 2-1 on page 21) will be the default location for all current and prior-year client files and returns, and the default location for such configuration settings as firm and preparer setup, reports, macros, letters, pricing files, preparer notes, and schedules. Unless you have files stored in different locations, or you have a unique network setup, it shouldn't be necessary to make any changes to your data locations.

Administrators have the option of changing these data locations to conform to a particular network setup. To do so, from the **Home** window, go to **Setup > Data Locations** to open the **Data Locations** dialog box (Figure 2-3 on page 25).

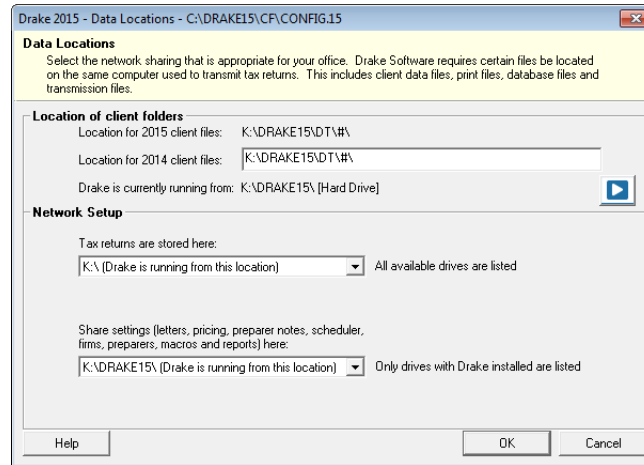


Figure 2-3: Network information is entered at Setup > Data Locations

Networks

Install Drake to your network’s server or to all workstations of a “peer-to-peer” network. Table 2-2 shows a comparison of the two network options:

Table 2-2: Comparison of Network Option

Server Only (Preferred Setup)	All Workstations ("Peer-to-Peer" Setups)
For firms with a robust network setup	For firms without resources to use a single server
Simplified setup and updates	Updates must be installed to each computer
No need to “stagger” DCN counter	Could be necessary to “stagger” DCN counter

Server Networks

Once your network has been mapped and Drake is installed on a server, complete the following steps at *each* workstation:

1. If you are not installing the program on a Windows 8 machine, click **Start**. (The blue **Start** button is located at the lower-left corner of your computer screen.)
 - (Windows 7) type “RUN” and press ENTER
 - (Windows XP and earlier) click **Run...**
 - (Windows 8) move your mouse to the top right of your screen and click **Search**, type “RUN,” then click **Run**
2. Type F : \DRAKE15\NWCLIENT\NWCLIENT . EXE (substituting your server drive letter for “F”) in the **Run** dialog box.
3. Click **OK**.
4. Click **OK**. The server-only system is now in place.

Once this process has been completed at *each* workstation that will be using Drake, you will be able to access the Drake program from any of these workstations.

By default, all workstations use the same configurations (for letters, pricing, firms, preparers, etc.), as those set up on the server. To use configurations set up elsewhere (for instance, on each individual workstation):

1. From the **Home window** in Drake, go to **Setup > Data Locations** to open the **Data Locations** dialog box (Figure 2-3 on page 25).
2. From the **Share settings (letters, pricing...)** drop list in the **Network Setup** section, choose the drive where you've made the configuration settings.
3. Click **OK**.

By default, all prior-year files are stored on the server. To access prior-year files stored elsewhere:

1. From the **Home window** in Drake, go to **Setup > Data Locations** to open the **Data Locations** dialog box.
2. In the **Location of client folders** section (Figure 2-3 on page 25), enter the location where you wish to store and access prior-year files in the **Location for 2014 client files** text box.
3. Click **OK**.

Other Network Configurations

Some network setups—such as “peer-to-peer” networks—do not have an actual server. Each station runs Drake independently but one computer—a designated “server”—is used for transmitting returns. For such setups, follow the instructions in “Downloading the Software” on page 21 or “Installing from CD” on page 21 to install Drake onto *each* workstation.

Once Drake is installed on all your workstations and your network has been mapped, one of your workstations should be designated as the “server,” and the other workstations should link to the “server” in the following manner:

1. From the **Home window** in Drake, go to **Setup > Data Locations** to open the **Data Locations** dialog box. (See Figure 2-3 on page 25.)
2. In the **Network Setup** section, select the drive of the workstation designated as the “server” from the **Tax returns are stored here** drop list.
3. Click **OK**.

By default, all workstations using Drake on a “peer-to-peer” network use the configuration files as set up on the individual workstations. To share the same configuration files as the “server” or some other workstation:

1. From the **Home window** in Drake, go to **Setup > Data Locations** to open the **Data Locations** dialog box.
2. In the **Network Setup** section of the **Data Locations** dialog box (Figure 2-3 on page 25), choose the drive letter where you've stored the configuration settings from the **Share settings...** drop list.
3. Click **OK**.

By default, all prior-year files are stored on the individual workstations. If your workstations should share the prior-year files:

1. From the **Home window** in Drake, go to **Setup > Data Locations** to open the **Data Locations** dialog box.

2. In the **Location of client folders** section of the **Data Locations** dialog box, enter the drive letter of the “server” workstation in the **Location for 2014 client files** text box.
3. Click **OK**.

All computers on the peer-to-peer network must have access to the “server’s” drive – the drive on which the tax returns are stored and from which the returns will be e-filed. Map to the “server’s” *drive*—not to the Drake15 *folder*.

IMPORTANT

All drives properly mapped and with Drake Software installed will appear in the **Tax returns are stored here** drop list and the **Share settings...** drop list. If the drive of the “server” does not appear in these lists, consult an IT professional. Drake cannot provide technical support for the network itself.

CAUTION

Do not change the Data Locations settings during tax season!
If a change is necessary, contact Drake Support.

Software Setup

Perform setup procedures *before* attempting to prepare or e-file returns. Some setup procedures are required; others are optional.

Table 2-3: Setup Procedures: Required and Optional

Required Setup Procedures	Optional Setup Procedures
Firm(s) (See “Firm Setup” on page 28.)	Options (See “Setup Options” on page 35.)
ERO (See “ERO Setup” on page 30.)	Pricing (See “Pricing Setup” on page 46.)
Preparer(s) (See “Preparer Setup” on page 31.)	Macros (See “Macros Setup” on page 48.)
Data Locations (See “Single Workstations and Network Options” on page 24.)	Letters (See “Introduction to Letters in Drake” on page 50.)
Pay Per Return (PPR clients only; see PPR manual on CD or from <i>Support.DrakeSoftware.com</i> , go to Training Tools > Manuals .)	Colors (See “Color Setup” on page 64.)
	Printing (See “Printing Setup” on page 64.)

If you used Drake last year, you can bring forward most required program settings from your 2014 program. See “Updating Settings” on page 99 for details.

Logging in as an Administrative User

Log in as ADMIN to enter setup information. The administrator can access all tools, functions, and setup routines in Drake Software, including firm, preparer, and security setup, network setup, the **Administrative Options** tab of **Setup > Options**, and tracking information on the **ADMN** screen in data entry. (These features can be made avail-

able or unavailable to non-administrative users. See “Setting Up Preparer Security” on page 32.)

Setting an ADMIN Password

An ADMIN password is not required. If your firm chooses to have an ADMIN password, keep a record of the password. *Drake cannot retrieve lost or forgotten log-in passwords.*

To set a password for the ADMIN account (optional):

1. From the Drake **Home** window, select **Setup > Preparer(s)**.
2. Click the Administrator (ADM) row, and then click **Edit Preparer**.
3. In the **Login Information** section, enter a password in the **Password** text box. A password can be up to eight characters (alphabetic and/or numeric) and is not case-sensitive.
4. Re-enter the password in the **Password (Repeated)** text box.
5. Click **Save**, and then click **Exit**.

Shortcut: Double-click the ADM row to edit it.

Firm Setup

Firm setup must be completed before preparing and e-filing returns. If data is inaccurate or missing, tax returns might be e-filed with incorrect information.

To ensure that all information needed for e-filing is entered for a firm, those firms with incomplete information are highlighted in red in the **Firm Setup** grid. Fields required for e-file are marked by red text.

NOTES

You can import the information from your firm's bank application into the Drake program. (See “Banking Information,” following)

For more on the options available in the **Banking Information** section of Firm Setup, see Table 7-2 on page 282.

Adding a Firm



To add a firm in Firm Setup:

1. From the Drake **Home** window, go to **Setup > Firm(s)**.
2. Click **Add** to activate the bottom half of the **Firm Setup** window.
3. Enter your firm's general and banking information. Fields required for e-file are indicated by red text.
 - **General Information** — Enter contact and identification information, including firm name, address, phone and fax numbers, contact name, email address, Employer Identification Number (EIN), any state ID number, and the firm's Electronic Filer's Identification Number (EFIN). If the firm is not located in the U.S., enter the applicable province or state, country, and postal code.
 - **DCNs** are no longer assigned to returns for IRS purposes and no longer cause IRS rejects because of duplicate DCNs. DCNs are used, however,

for Drake tracking purposes, offices that e-file from multiple non-networked computers can still have DCN conflicts. See the following note.

NOTE

Offices that use multiple computers that are not networked must “stagger” DCNs to avoid duplication. DCNs should be staggered before any 2015 returns are created. For instructions on staggering DCNs, see “Staggering DCNs” on page 299.

- **Non-paid-prep** — If the firm is not a paid preparer, enter a non-paid code here. Acceptable codes are **VI** (VITA), **VT** (VITA–T), **TE** (TCE–X), **IP** (IRS–PREPARED), AND **IR** (IRS–REVIEWED).
- **Banking Information** — Choose a bank and include add-on fees.
 - If you’ve completed your online Drake bank application through the Enterprise Office Manager (EOM), click **Retrieve** to import your banking information directly from the bank application. (For information on the EOM, see “Banking Application” on page 280.)
 - If you choose not to retrieve your bank information, select a bank and enter the applicable add-on fee and the name of the person or entity that will receive the add-on fee. (This name will appear on the client’s “Bank Information Sheet,” generated with the return.) For more on available options, see Table 7-2 on page 282. For more on individual bank selections, see Chapter 7, “Banking.”
 - If you signed up for Audit Protection (see “Audit Protection” on page 117 for more details), mark the **Using Audit Protection through Protection Plus** check box on the lower right corner of the **Firm Setup** window. Enter an amount from **\$1 to \$59** (inclusive) in the **Protection Plus Markup Amount** field if you wish to increase the price charged the taxpayer.
 - If your firm is a franchise/network, and you’ve signed up for Protection Plus Franchise/Network, enter your Master EFIN, the name, and the amount of markup.

The total of Protection Plus Markup Amount and the Franchise/Network Markup cannot exceed \$59.

NOTES

To view Protection Plus reports, log in to *Support.DrakeSoftware.com* and go to **My Account > Bank Application**. Log in to the EOM with your EFIN and Drake password, then, from the blue menu bar, click **Reporting > Protection Plus Summary** or **Protection Plus Enrollments**.

4. Click **Save**. The program assigns a number to each firm entered in **Firm Setup**.

NOTES

To view a report of the revenue you’ve earned from the additional (add-on) fees for e-filing, log in to *Support.DrakeSoftware.com* and go to **My Account > Bank Application**. Log in to the EOM with your EFIN and Drake password, then, from the blue menu bar, click **Reporting > AOF**.

These fees are listed when the returns are *funded*, not as the returns are transmitted.

Additional Options

To edit, add, or delete firms, or to print a list of firms set up in Drake, click one of the icons from the toolbar (Figure 2-4):

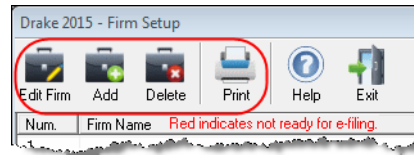


Figure 2-4: The Firm Setup toolbar

ERO Setup

An Electronic Return Originator (ERO) must complete ERO Setup in order to e-file returns, download software updates, and access the online e-file database.

To set up your firm as an ERO in Drake:

1. From the Drake **Home** window, go to **Setup > ERO** to open the **Electronic Filing Setup** dialog box.
2. In the **General Information** section, enter the account number, EFIN, Drake password, name, address, ZIP code, and EIN of the ERO. Fields required for e-filers are marked by red text. (See Figure 2-5.)

Drake 2015 - Electronic Filing Setup - C:\DRAKE15\CF\CONFIG.15

Electronic Filing Setup
Enter Electronic Return Originator information below. All General Information fields, except Telephone Number, are needed for e-filing. Click help for Connection Settings information.

General Information

Account Number: 100001 EFIN: 123456
Drake Password: *****

Serial Number: Edit Serial C3C5 010F 002C FD80

Transmitter Name: THE TAX DOOD
Transmitter Address: 1234 Main Street
City, State, Zip Code: Franklin, NC 28734
Federal EIN: 101010101
Telephone Number: (828)828-8282

Connection Settings
Choose the appropriate settings below:
If necessary, consult with your technician or contact Drake Support for assistance.

1. Always use my existing Internet connection [DSL/Cable/LAN/Dial-up]
2. Dial whenever an Internet connection is not present
3. Not Recommended: Always launch a new dial-up connection

When dialing, use this connection: [Dropdown]

Franchise/Network Information (Admin only)
Master EFIN: [Text] Fee: [Text] Name: [Text]

Disclosure of Use of Tax Information by Preparers of Returns
Need consent to disclose tax return information to this franchisor/network: [Text]

Help OK Cancel

Red represents fields needed for a successful e-filing.

Figure 2-5: Setup > ERO

NOTE

Click the **Use Firm #1 Info** button (Figure 2-5) to import the information for the first firm listed in **Setup > Firm(s)** directly into the **General Information** section of the **Electronic Filing Setup** window.

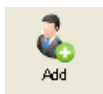
3. In the event you must edit your serial number, mark the **Edit Serial** check box (see Figure 2-5 on page 30) and enter the changes. Otherwise, leave this section blank.
4. Under **Connection Settings**, make a new choice if you wish to change from the default setting (**Always use my existing Internet connection**) which works for most computers. Contact Drake Support if you have trouble connecting to Drake.)
5. If your firm is a franchise or network, complete the **Franchise/Network Information** fields. (See “Franchise/Network Requirements” on page 275.) Otherwise, leave this section blank.
6. If applicable, type in the **Disclosure or Use of Tax Information** field the name of the franchise or network to which tax information must be disclosed in order to apply for bank products. (The field facilitates compliance with IRS Regulation 7216; see “Tax Preparer Requirements” on page 271.)
7. Click **OK**.

Preparer Setup

Preparer Setup fields and preparer security must be completed before a preparer can begin preparing and e-filing returns. All preparers must be entered in Preparer Setup. Data-entry operators can also be entered. Each time a name is added to Preparer Setup, a number is assigned to that name.

TIP Include data-entry operators in Preparer Setup to (1) track data-entry information and (2) easily set up Front Office preparers in the Scheduler. (See “Scheduler” on page 105.)

Adding a Preparer



Information entered here determines what preparer information appears on the tax returns. To add a new preparer in Drake:

1. From the Drake **Home** window, go to **Setup > Preparer(s)**.
2. Click **Add** to activate the bottom half of the **Preparer Setup** window.
3. Enter **General Information**. Fields required for e-filers are indicated by red text. Note that a PTIN is required by the IRS.
4. Enter **Login Information**. Note that a login name is needed for e-file. Use of a password is optional.
5. If applicable, click **Registration** to enter the preparer's state registration ID (California, Maryland, New York, Oregon, and Virginia only). Click **OK** to save.
6. Indicate **Return Signature Options**.
 - **PIN Signature** — Enter a five-digit **PIN Signature**.
 - **Use PIN for:**
 - **8879 PIN Signature** — Select to activate the 8879 PIN signature.
 - **Alternative Electronic Signature** — Select to automatically fill any field requiring electronic signature with the preparer's name. (Do not select the **Alternative Electronic Signature** check box if you are planning to use the “Rubber Stamp” feature of the e-Signature tool.)

To apply for a PTIN, go online at www.irs.gov/For-Tax-Pros and click **Register for or renew your PTIN**.

- **PDF Rubberstamp** — For information on the rubber stamp and electronic signature features, see “Electronic Signatures” on page 252. Click the blue arrow to see a short video (Internet access required).

IMPORTANT

The alternative electronic signature is printed on the “Preparer’s signature” at the bottom of returns that have not been e-filed and on returns where the preparer and ERO are different (for example, if an override field on screen 1 is used). To have the alternative electronic signature printed on a return that has been e-filed, you must re-enter this number in the **PIN for preparer’s alternative e-signature** field on the **PRNT** screen for that return.

7. If applicable, enter the firm’s **Republic Bank Identification Number (RBIN)**.
8. Enter **Power of Attorney Information** (necessary for Form 2848, Power of Attorney and Declaration of Representative).
 - **Preparer designation** — Select the designation under which the preparer is authorized to practice before the IRS.
 - **CAF Number** — Enter the preparer’s Central Authorization File (CAF) number assigned by the IRS.
 - **Lic.Enrollment** — Enter a bar, license, certification, registration, or enrollment number, if applicable.
 - **Jurisdiction** — Enter the jurisdiction in which the preparer is authorized to practice before the IRS. If the preparer is an IRS Enrolled Agent (EA), enter the EA number here.
9. Enter **W-7 Acceptance Agent** information for the preparer, if applicable.
10. Select a preferred language. A selection here overrides the global selection made at **Setup > Options > Data Entry** tab, **Language Options** section. The default setting is English.

You are now ready to set up preparer security. If you click **Save** at this point, you will be reminded that security rights must be set before the preparer can access any features in the program. If you choose to close Preparer Setup now, be aware that you will have to return at some point to set the preparer’s security rights.

NOTE

If no PTIN has been entered, you will be asked if you want to exit the window without entering a PTIN. Click **Yes**, or click **No** and enter a PTIN before saving and exiting. A PTIN is required for e-file.

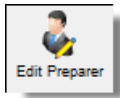
To proceed, go to Step 2 in the following section, “Setting Up Preparer Security.”

Setting Up Preparer Security

This feature establishes security settings for an individual preparer. To assign the same security level to many preparers, the **Group Security** feature may be a better option. See “Setting Up Group Security” on page 33 for more information.

NOTE

Only administrative users can set security rights. Settings must be established before a preparer can begin working in the software.



To customize security settings for a preparer:

1. From **Setup > Preparer(s)**, select a preparer and click **Edit Preparer**.
2. Select **Security > Custom Security**.
3. In the **Preparer Security Setup** window, select a menu from the menu bar, and then select the items to which the preparer should be allowed access. Items left blank will be inaccessible to the preparer. (See Figure 2-6.)

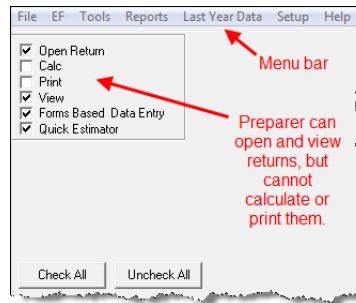


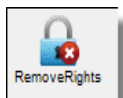
Figure 2-6: Security setup

4. Click **Save**. When prompted, click **OK**. Click **Save and Exit** to close **Preparer Setup**.

Other options available under the **Security** button are shown in Table 2-4.

Table 2-4: Preparer Security Options

Security Option	Description
Set Security to Allow No Options	Employee cannot access any part of the program.
Set Security to Allow All Options	Employee can access all parts of the program, except for ADMIN-only features.
Set Security Equal to Existing Preparer	Employee is given security settings to match those of another preparer on the list.
Add Preparer to Security Group	Add preparer to a pre-established security group. (See "Setting Up Group Security," following.)
Front Office (Scheduling Only)	Employee can access the Scheduler only.
Administrator (Full ADMIN Rights)	Employee can access all parts of the program, including administrative-only features.

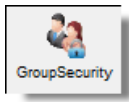


To remove security rights from *all* preparers (other than administrative users), go to **Setup > Preparers**, click **Remove Rights**, and click **Yes**. To remove rights for an individual employee, set that person's security to **Set Security to Allow No Options**.

Setting Up Group Security

Only an administrative user can apply security settings to a group of preparers. You can create as many security groups as needed, but a preparer can belong to only one security group at a time. (If you add a preparer to a second group, the preparer is removed from his or her current group and added to the new one.)

To apply group security:



1. From **Setup > Preparer(s)**, click **Group Security** to open the **Group Security** dialog box. Three security levels, shown in Figure 2-7, are available by default. If preparer data is brought forward from last year and there are preparers with any of these security levels, they are automatically added to the appropriate group.

- **Admin** — Users with administrative rights; group cannot be deleted
- **Front Office** — Front Office rights for non-preparers (Scheduler access only)
- **Full** — Users with full access to everything except administrative features

2. Choose one of the following options:

- To add a group, click **Add Group**. Under **Security Group General Information** (Figure 2-7), enter a **Group ID** and a **Group Description**.
- To edit an existing group, double-click the group row near the top of the **Group Security** dialog box (or highlight the group and click **Edit Group**).

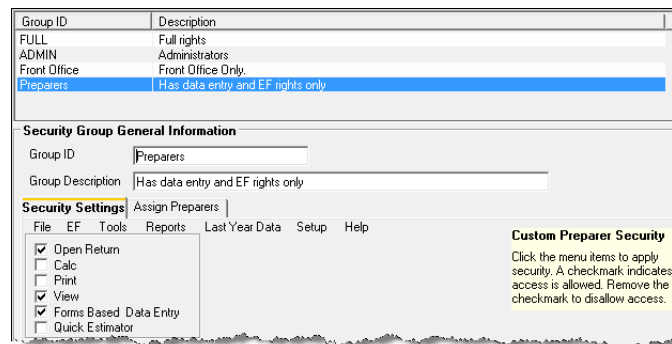
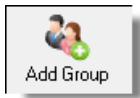


Figure 2-7: Security Group General Information section of **Group Security** dialog box

3. Under **Security Settings**, click to mark the boxes representing the features to which the group should have access. (Accessible features cannot be edited for the Full or Admin groups.) Click **Check All** to mark all boxes shown in all menu categories. Click the tabs (**File**, **EF**, **Tools**, etc.) and make selections.
4. Under the **Assign Preparers** tab:
 - To add a preparer, select the preparer to be assigned to the group from the **Available Preparers** list. (Double-click a name or click the name and click **Select**.)
 - To remove a preparer, select the preparer from the **Preparers in Security Group** list. (Double-click a name or click the name and click **Unselect**.)
5. Click **Save**.

NOTE

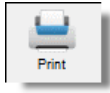
You do not have to assign preparers when creating a group. You may assign preparers to a group at any time by returning to the **Group Security** dialog box.

To delete a group, select the group's name and click **Delete Group** and then **Yes**. Note that a group must be empty (must contain no preparers) in order to be deleted.

Group Security Reports

The Group Security feature allows you to view and print two reports related to group security settings:

- **Group Security report** — Lists group security settings for each group. Groups are listed in order of creation, with default groups first.
- **Group Preparers report** — List all groups and their assigned preparers.

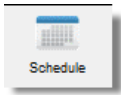


Reports are shown in the Report Viewer, from which you can print or export the reports. To access reports, click **Print** in the **Group Security** toolbar. The program displays the “Group Security” report first. To access the “Group Preparers” report, click **Exit** in the **Report Viewer** toolbar. Once the “Group Preparers” report is open, click **Exit** again to return to the **Group Security** dialog box.

Once generated, both reports will be available through the Report Viewer. (From the **Home** window, go to **Reports > Report Viewer**.)

Other Features

To create a preparer's daily schedule:



1. From **Setup > Preparer(s)**, select a preparer and click **Edit Preparer**.
2. Click **Schedule**.
3. Select day and “in” and “out” times.
4. Click **Apply**, and then click **Save** to save the schedule.

See “Scheduler” on page 105 for more information on using the Drake Scheduler.

From **Setup > Preparer(s)**, you can print a list of preparers or run a search on preparers. To access these features, click the icons on the **Preparer Setup** toolbar (Figure 2-8).

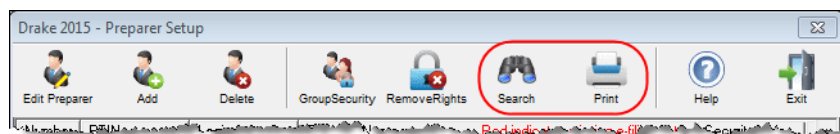


Figure 2-8: The Search and Print icons on the Preparer Setup toolbar

Pay Per Return Setup (PPR Clients Only)

For information on setting up PPR, see *Drake Software User's Manual Supplement: Pay Per Return (PPR)*, available on the Drake Support site at Support.DrakeSoftware.com (**Training Tools > Manuals**), through the software (from the toolbar on the **Home** window of Drake, go to **Support > Drake Software Support Website > Training Tools > Manuals**) or on your Drake CD.

Setup Options

Options Setup is not required for completing or e-filing tax returns.

Drake's tax software is shipped with the most common preferences set as the defaults. Use Options Setup (accessible by clicking **Setup > Options** from the **Home** window) to view or change the defaults for the various options available. Options are catego-

rized into tabs, as shown in Figure 2-9 on page 36. (Only administrative users have the **Administrative Options** tab.)

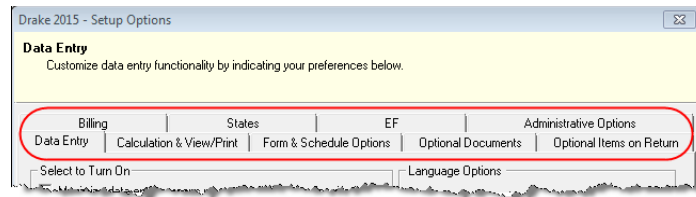


Figure 2-9: Tabs in Options Setup

Tables from Table 2-5 through Table 2-12 describe the options available on each tab in Options Setup.

Data Entry Options

Options under the **Data Entry** tab are described in Table 2-5.

Table 2-5: Options Setup: Data Entry

Option	Description
Maximize data entry screens where possible for easier viewing	Increase the size of the Drake screen to fill your monitor. Effective at all monitor resolutions.
Size data entry screens to show most fields without scrolling	Decrease the size of large Drake screens so they fit on your monitor. Effective only when monitor resolution is set to 1024x768 or smaller.
Disable sizing of data entry screens	Keep preparer from resizing screens. Effective usually for monitor resolution set to 800 x 600 or smaller.
Tab to ZIP code field (skip city/state and use ZIP code database)	Press the TAB key while entering an address in data entry to bypass the City and State fields and go directly to the ZIP field. City and State fields are completed automatically based on the ZIP code entered.
Show notes/reminders to preparer when opening a return	Show all notes and reminders from the NOTE and PAD screens every time you open a client file that contains notes or reminders.
Verify SSN when creating new return	Require double entry of SSN or EIN, helping eliminate erroneous entries.
Enable Windows standard keystrokes	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
Autofill preparer and firm number on new returns	Automatically enter the firm number and preparer number where required on data entry screens.
Magnify data entry	Enlarge the active field for easier reading.
Activate W-2 wage and federal withholding verification fields	To ensure accuracy of data entry, require wage and withholding amounts be entered twice on the W2 screen.
Do not restrict minimum font size in 800x600	This is a sizing option for computers using an 800x600 resolution. If this option is selected, the program will not attempt a font substitution to retain readability. Text on screens will shrink to fit as needed.
Use grid data entry format on available screens	Type information into a spreadsheet environment, which can result in faster data entry. This feature is available for the Dependents , INT , DIV , 8949 , D , and 4562 screens.

Table 2-5: Options Setup: Data Entry

Option	Description
Language Options (1040 package only)	Choose between English and Spanish for menus, data entry screens, field-specific help text, and error codes.
Letter case for data entry	Choose between all uppercase letters and mixed case.
Display warning for missing required fields	Choose to receive a warning: whenever a required field is empty; once per data-entry session; not at all.

Calc & View/Print Options

Options under the **Calculation & View/Print** tab are described in Table 2-6.

Table 2-6: Options Setup: Calculation & View/Print

Option	Description
Autocalculate tax return when exiting data entry	Returns are automatically calculated every time you exit the return.
Display client fee on Calculation screen	Allow the fees charged for return preparation to appear on the Calculation Results window.
Print only one overflow statement per page	Each overflow statement is printed on a separate piece of paper.
Go directly to form when accessing View or data entry mode	Go from a data entry screen to the corresponding form in View mode when you go to View mode. When the Data Entry button is clicked in View mode, the program returns to the data entry screen.
Audible notification of calculation error messages	When calculating a return, the program produces a "beep" to indicate an EF Message.
Redact SSN, EFIN, PTIN	Masks taxpayer's, preparer's, and ERO's identification number on printed sets
Layout for depreciation schedule	Select Portrait to produce the depreciation schedule vertically using 8.5 x 11 paper; select Landscape to produce it horizontally.
Pause option for calculation	Choose the circumstances under which the Calculation Results window appears, allowing a review of calculation results before proceeding to View mode.
Number of days to store print files	Select to store print files from 1 to 9 days, or to have them removed once the return is selected for e-file. If a return is needed after the print file is removed, recalculate the return to re-create the print file.
Print sort options for Interest/Dividends	Choose how items entered on the INT and DIV screens are sorted when printed on Schedule B: alphabetically, numerically, or not at all.

Form & Schedule

Options under the **Form & Schedule Options** tab are described in Table 2-7.

Table 2-7: Options Setup: Form & Schedule

Option	Description
Print Schedule A only when required	Produce Schedule A only when taxpayer qualifies to itemize.
Print Schedule B only when required	Produce Schedule B only when taxpayer has enough interest income to require filing Schedule B.
Print Form 4562 only when required	Produce Form 4562, Depreciation and Amortization, only when the tax return requires it.
Print Form 6251 only when required	Produce Form 6251, Alternative Minimum Tax, only when the tax return requires it.
Next year depreciation schedule	Produce a depreciation schedule for next year in addition to the one for this year.
W-2/1099-R forms	Produce and display in View mode all W-2 and 1099-R forms with the return.
Print two W-2/1099-Rs per page	If return has more than one W-2 or 1099-R form, print two per page.
Carryover worksheet	Produce any carryover worksheets associated with the return.
Print page 2 of Schedule K-1...	Produce page 2 of Schedule K-1 for Forms 1120S, 1065, and 1041.
Print ES vouchers...	Prints ES vouchers only when screen ES exists.
Always show reason for no EIC	Generate Return Note explaining reason taxpayer not getting EIC.
Form 8879 bank account options	Select bank account printing options on Form 8879.
1040A/EZ suppress	Automatically suppress Form 1040A or 1040EZ.
Select to Turn On ___ list if greater than...	Produce lists of these items (W-2, W-2G, 1099-M, 1099-R, dividends, interest, K-1) when the selected number in the drop list is exceeded.

NOTE

Many of these settings can be adjusted on a per-return basis. See "Making Changes on the Fly" on page 69.

Optional Documents

Options under the **Optional Documents** tab are described in Table 2-8.

Table 2-8: Options Setup: Optional Documents

Option	Description
Folder coversheet	Generate a folder cover sheet on which is printed the taxpayers' names and the name, address, and phone number of the preparer's firm.
Prior year(s) comparison form	Produce a comparison sheet containing data from the current-year and prior-year returns.
Return summary	Produce a return summary with every return prepared.

Table 2-8: Options Setup: Optional Documents

Option	Description
Bill summary	Produce a summary of the taxpayer's bill with each return.
Federal filing instructions	Display detailed federal filing information, including: the date to file, form to be filed, address to file, and payment amount. The instructions are listed as FILE-INST.PG in View mode. Printed by default. Clear the check box to disable, or use the PRNT screen to activate or disable on a single return.
State filing instructions	Display detailed state filing information, including: the date to file, form to be filed, address to file, and payment amount. The instructions are listed as "STINST.PG" ("ST" refers to the state abbreviation; for example, OHINST.PG for Ohio instructions). Printed by default. Clear the check box to disable, or use the PRNT screen to activate or disable on a single return.
Labels	Print a sheet of "mail to" addresses on Avery 5160 labels
Envelope Sheet (address drop lists)	Choose the size of the envelope on which to print the addresses of the taxpayer, the IRS Service Center, the state tax department, the city tax office, and for Forms K-1.
Estimated payment coversheet	Print coversheet with the address for estimated payments to Nelco ENV500 envelope dimensions for 1040 and 1041 returns with quarterly taxes.
NELCO hyperlink	Click this link to go to the NELCO website to order such Drake-compatible products as envelopes, IRS forms, and checks.
Letter Options (all packages)	Select the results letter templates to be used for each package. The selected template will be generated with each return in that package. For more information on each template, see Table 2-14 on page 56.
Include privacy letter with returns	Select this option to print the privacy disclosure letter with every return.
Include engagement letter with returns	Select this option to generate engagement letters for all packages when the return is calculated. At the end of the letter template are spaces for client and preparer signatures. Engagement letters can also be produced prior to completion of the return using Tools > Letters > Letters .
Include customized supplemental letter with returns	Print a customized letter that can be used for various purposes. (See Table 2-14 on page 56.)
Include K-1 letter with returns	Print the cover letter for individual K-1s (1065, 1120S, and 1041 packages).
Referral Coupons (3 per sheet)	Enter the number of sheets per return or the coupon amount.

NOTE

To override the default letter for an individual client, see "Overriding Letters Setup" on page 75.

Optional Items on Return

Options under the **Optional Items on Return** tab are described in Table 2-9.

Table 2-9: Options Setup: Optional Items on Return

Option	Description
Date on return	The default is the current date. 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).
Print dates for taxpayer and spouse signatures (excludes 1040)	Select this option to print the signature dates for taxpayer and spouse signatures on the return (excluding 1040).
Taxpayer phone number	Select this option to print the taxpayer's phone number entered on screen 1 .
Third party designee	Select the preparer number of the preparer designated as the third-party designee to be printed on the main form of the return.
Rounding amounts	Select Dollar or Penny rounding. Dollar rounding is required for e-file. With penny rounding, penny amounts are printed on all forms.
Interest and Penalty Calculation	Calculate penalties and interest on returns filed after the due date based on interest rates entered. For more information, see "Penalty and Interest Calculation" on page 227.

Billing *New for 2015:* Drake now offers three bill selections: a comprehensive itemized bill, a one-page summary bill, and the "Classic" bill Drake has always produced. See "Selecting a Bill" on page 62.

You can customize your clients' bills using the same Client Communications Editor you use to edit and customize your client results letters. See "Customizing a Bill" on page 63.

For more information on accepting credit card payments from your customers, see "Accepting Payments" on page 267.

Options under the **Billing** options tab are described in Table 2-10.

Table 2-10: Options Setup: Billing

Option	Description
Select Bill format:	
	Comprehensive Bill: Generates an itemized client's bill. (All packages)
	Summary Bill: Generates an summarized client's bill. (All packages)
	Classic Bill: Use the same format and features as prior years of Drake Software. Use Classic Bill to continue billing the same as in prior years.
Options for both billing formats:	
– Show preparer fees withheld from bank product	Print the preparer fees withheld from the bank product amount on the bill.

Table 2-10: Options Setup: Billing

Option	Description
– Sales tax rate	Enter the sales tax rate to add to each bill as a decimal or a whole number. Number must be greater than 1. For example, 4.5 would represent a sales tax rate of 4.5%.
– Billing statement format	Select from among seven formatting options, including: - Bill by time (preparing bill based on time spent preparing return multiplied by preparer's hourly rate as defined in Setup > Preparers) - Bill by form (preparing bill based on forms necessary to complete return by price entered in Setup > Pricing); program prepares a bill summary along with the option selected here unless the Bill Summary option is cleared at Setup > Options, Optional Documents tab.
Header on bill	Select among options for the header to be printed on the bill.
Options for Classic Bill only:	
– Print taxpayer's phone number on the bill	Print the taxpayer's phone number (entered on screen 1) on the bill.
– Print taxpayer's e-mail address on the bill	Print the taxpayer's email address (entered on screen 1) on the bill.
Custom Paragraph Options	
– Options	Choose to have a custom paragraph printed at the top of the customer's bill or at the bottom.
– Paragraph Content	Write the custom paragraph you want added to the customer's bill in the supplied text box.

States To select options for state returns, select the **States** tab, and then select a state abbreviation from the drop list. When the options are displayed, select to activate or disable them as desired and click **OK**. Available options depend on the chosen state. For more on specific states, see the **FAQ** screen for each state program.

e-File Options under the **EF** tab are described in Table 2-11. Some can be adjusted for an individual return from the **EF** screen in data entry.

Table 2-11: Options Setup: EF

Option	Description
Auto-generate taxpayer(s) PIN	Have the software assign a randomly generated PIN. (1040 only)
Require 'Ready for EF' indicator on EF screen	Require the Ready for EF indicator on the EF screen to be marked before a return can be selected for e-file.
Lock client data file after EF acceptance	Lock the client's data file once it has been e-filed. Opening a locked file requires you to acknowledge a warning screen before you can edit the return. You can also access a locked file at Tools > File Maintenance > Unlock Client Files .

Table 2-11: Options Setup: EF

Option	Description
Print 9325 when eligible for EF	Print Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, for every eligible return.
Suppress federal EF	Prevent e-file of the federal return.
Print EF status page	Generate the EF Status page for any return that is eligible for e-file.
Alert preparer when bank product is not included	Alert the preparer via an EF message that a return does not include a bank product (To override, see "Overriding Bank-Product Alert" on page 302.)
Activate imperfect return election in data entry	Activate Imperfect Return Election check box on EF screen in data entry.
Allow selection for EF from the 'Calculation Results' screen	Allow preparer to send the currently active return directly from the Calculations Results window to the e-file queue. (The return is then transmitted automatically the next time you e-file returns.)
Enable prompting before automatic transmission of 'Check Print Records'	Allow program to notify you before it transmits the Check Print records.
Email 9325 Notice to Taxpayer (automatic from Drake Processing Center)	Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, is automatically emailed to taxpayer when return is accepted. (Client's email address must be present on screen 1.) Override this selection on the EF screen.
Require E-Signatures on all electronically signable forms (1040 only)	Require all preparers to take advantage of Drake's e-Signature capabilities. For details on these capabilities, see "Electronic Signatures" on page 252. Override this selection on the EF screen.
Disallow EF for DoubleCheck flag	Requires all DoubleCheck flags in View mode be removed before return is EF-eligible.
Default ERO	Choose a preparer number, Paid Preparer , or None to indicate the ERO name that should appear on return documents. This choice can be overridden on screen 1 and the PREP screen in data entry.
Combine EF steps (Select, Transmit, Post Acks)	Combine all e-file steps. From EF > Transmit/Receive , click Send/Receive to transmit selected returns, pick up any new acknowledgments, and process the acknowledgments in one step.
Transmit return data to Drake for multi-office web reports	Send Client Status Manager (CSM) data automatically to the Multi-Office Manager (MOM) during the EF process.
State EF	Suppress e-file of all state returns, or select states to suppress while other state returns remain eligible.
EF Selection Report Options	Customize EF selection reports by specifying which columns (such as SSN/EIN, client name, refund/balance due, etc.) should be included in the EF selection report.

Admin. Options To access the **Administrative Options** tab, a user must have administrative rights. Options under the **Administrative Options** tab are described in Table 2-12.

Table 2-12: Options Setup: Administrative Options

Option	Description
Use customized data entry selection menu	Mark the check box, click the top Customize box, and then select the package and package type to customize. Click Load Menu . When the Data Entry Menu is opened, clear the check mark from items to disable them. Click Save . The selected (unchecked) items will not be visible or accessible to any user other than those with administrative rights. (See "Locking Screens" on page 44.)
Customize user-defined data entry fields	Create option lists for the Miscellaneous Codes fields on screen 1 and the Adjustments and Payments fields on the BILL screen. For step-by-step instructions on this feature, see "Customized Drop Lists" on page 44.
Use customized flagged fields on all returns	Select this box, click Flag , and select a package type. When the Data Entry Menu is opened, click the desired screen and click each field to flag. Click a field a second time to clear it. Press Esc to save your changes. Note: This option is available for federal packages only.
Lock fields	Select Use customized flagged fields on all returns , click Flag , and select a package type. When the Data Entry Menu is opened, click the desired screen, right-click a field, and select Lock Field . No one without Administrator access can enter data in a locked field. Click the field or right-click and select Unlock Field to remove the lock. Press Esc to save your changes. Note: This option is available for federal packages only.
Apply current-year Admin flag settings when updating from prior year	Flags set globally in 2014 are set globally after updating data from Last Year Data > Update from 2014 to 2015 .
Print due diligence documents	Print due diligence documents generated from the EIC1, EIC2, EIC3, and EIC4 screens.
Require applicable due diligence screens to be completed	Require that applicable fields on the EIC1, EIC2, EIC3, EIC4 screens be completed before the return can be e-filed.
Enable logged in preparer's Personal Client Manager	Display the Personal Client Manager on the Drake Home window for the logged-in preparer (check box is marked by default).
Display program update availability to:	Select which preparer groups can view update availability. Selections are Administrators (users with administrative rights) and All/Update Rights .
Bank Products - State laws regarding fees: Charge ALL taxpayers the same fees	Select this box to charge all clients the same supplementary fees (software, franchise/network, and additional fees), regardless of whether a bank product is included. For more information, click the Program Help link.
Drake PDF Printer Password Options	Choose to automatically password-protect any generated PDF documents. Passwords can be assigned to PDF documents that are sent through Drake. The default password format is the first four characters of the client's name plus the last five digits of the client's ID. The Default password drop list includes other format options. These settings can be overridden during printing from the Print Selection dialog box.

Table 2-12: Options Setup: Administrative Options

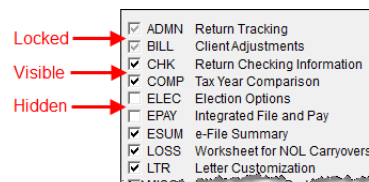
Option	Description
Return Status Notification Programs	Use this option to receive return status notification through RefundPoint or ABCvoice. Select to generate 7216 consent forms for the customer to sign. Select to require contact information (phone number and/or email address on screen 1, or on the ABCV screen (for ABCvoice) or on the CALL screen (for RefundPoint).

Locking Screens

An administrative user can “lock” selected screens, making them inaccessible to other users. Selections made here do not apply to users with administrative rights.

1. Go to **Setup > Options, Administrative Options**.
2. Select **Use Customized data entry selection menu**.
3. Click **Customize**.

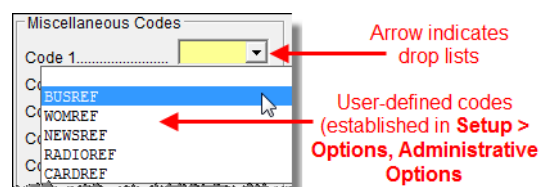
After loading a menu, click a screen's check box to lock the screen or to make it visible or hidden. (Default is “visible.”) Examples are shown in Figure 2-10 and described following.

**Figure 2-10: Locked, Visible, and Hidden screens**

- **Visible** — Menu items with a *black check mark* are both visible and accessible.
 - **Locked** — Menu items with a *shaded check mark* are not visible or accessible.
 - **Hidden** — Menu items with *no check mark* are not visible but can be accessed using the selector field.
4. Click **Save** to save any changes or **Cancel** to close the menu with no changes saved.

Customized Drop Lists

Your firm can create drop lists for the **Miscellaneous Codes** on screen 1 and the **Adjustment** and **Payment** description fields on the **BILL** screen. Once you have created a drop list, it appears in the selected field. In Figure 2-11, a drop list has been created for **Miscellaneous Code 1** on screen 1. As shown in the example, **Code 1** has the user-defined referral codes BUSREF (business reference), WOMREF (word-of-mouth reference), NEWSREF (newspaper reference), etc.

**Figure 2-11: Screen 1 drop lists and user-defined miscellaneous codes**

To create a drop list like the one in Figure 2-11 on page 44:

1. From the **Home** window, select **Setup > Options** and click the **Administrative Options** tab.
2. Click the second **Customize** button (Figure 2-12).

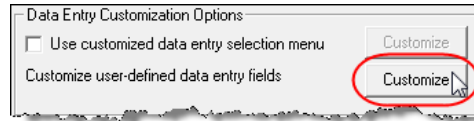


Figure 2-12: Click **Customize** to customize user-defined data entry fields

Double-click a field to select it quickly.

3. In the **Customizable Dropdowns in Data Entry** dialog box, select an item and click **Edit**. The **Customizable Dropdowns - Edit Entries** dialog box is opened.
4. In the fields of the **Add Entry** section (Figure 2-13), enter a **Code** (eight or fewer characters) and a **Description** (25 or fewer characters).

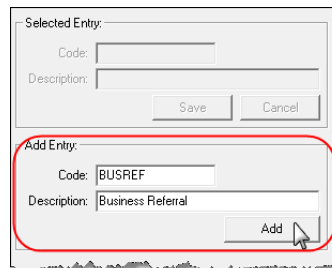


Figure 2-13: Enter code and description in the **Add Entry** fields

5. Click **Add**.
6. Repeat the previous two steps for additional drop list items. When added, items are displayed in the **Entry List** on the left side of the dialog box (Figure 2-14).

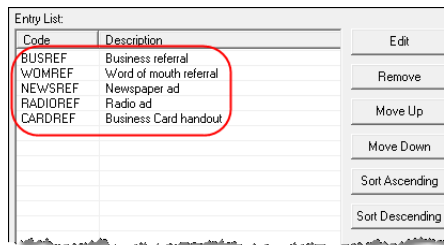


Figure 2-14: Entry list of **Edit Entries** dialog box

The **Edit Entries** dialog box also offers the following options:

- Changing the order of a listed item — Use the **Move Up**, **Move Down**, **Sort Ascending**, and **Sort Descending** buttons to change the order of items in the drop list (Figure 2-14.)
- Removing a listed item — Select an item and click **Remove** (Figure 2-14.)

Double-click a item to select it quickly.

- Editing a listed item — Select an item to edit and click **Edit**. The **Selected Entry** fields are activated. Make changes and click **Save**.

NOTES

You can also create drop lists for the **Adjustments** and **Payments** fields of the **BILL** screen.

When viewing a customized drop list in data entry, click F1 to see the item descriptions.

Click **Save Changes** to close the **Edit Entries** dialog box, then click **Exit** to return to the **Administrative Options** tab. The drop lists are now available in data entry.

Description Drop Lists

New for 2015: We've added customizable drop lists for the **Percentage discount** and **Percentage increase** line of the **BILL** screen. Follow the procedure described in "Customized Drop Lists" on page 44, and in Step 3, scroll down to **Bill Screen - Percentage Discount** or **Bill Screen - Percentage Increase**. Follow the rest of the procedure to add the drop lists to the **BILL** screen (Figure 2-15).

Figure 2-15: Add drop lists to “Percentage” lines of the **BILL** screen

Pricing Setup

Use Pricing Setup to enter prices and allow Drake to calculate charges and generate them on the client's bill. Prices can be defined for each form and, on some forms, for each item. You can also enter minimum and maximum charges for a completed return.

NOTE

Bank-product fees are established in **Setup > Firm(s)**.

To set up pricing:

1. From the **Home** window, go to **Setup > Pricing**.
2. Select a package from the **Form** box of the **Pricing Setup** window. All forms for that package are displayed in the grid below. View items by category by clicking the tabs at the top of the grid (Figure 2-16 on page 47).

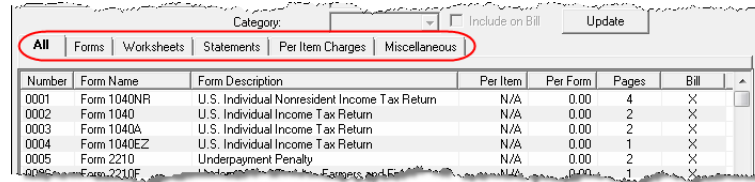


Figure 2-16: Tabs allow you to view categories of documents that can be priced.

Use the scroll bar or arrow keys to find forms. Double-click a form to select it quickly.

3. Select a form in the grid and press ENTER (or double-click the form).
4. (Optional) Edit the **Form Description**. This description is printed on the client bill if **Include on Bill** is selected.

CAUTION *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.
 - If **Per Item** pricing is allowed, the price entered will apply to *all* instances of the selected form that are printed for a return. (To view all items for which per-item pricing is allowed, click the **Per Item Charges** tab; see Figure 2-16.)
6. (Optional) If you wish to move an item from its default tab to a different tab, click the **Category** drop list and make a selection. The item will then appear under the newly selected tab (Figure 2-16).
7. Click **Update** and then click **Save**.

Repeat these steps for each form, or set pricing for only the most commonly used forms. You can price other forms from within the individual returns that require them. (For more information, see “Overriding the Bill Amount” on page 73.)

Fee Options

The program includes options to add a custom fee and a financial product assistance fee. Both fees are included in the “Forms” section of the bill.

- **Custom fee** — The custom fee is charged on all client returns. Use item 0387 in the **Pricing Setup** window to assign a fee name, description, and amount.
- **Financial product assistance fee** — Use this option (item 0212 in Pricing Setup) to add a charge to all returns that include a bank product. This fee is *not* included on the bill if any of the following are true:
 - The firm state is Arkansas, Illinois, Maine, Maryland, or New York (See Program Help link in **Setup > Options, Administrative Options** tab.)
 - In **Setup > Options, Administrative Options** tab, the option to charge all taxpayers the same fees is marked
 - In **Setup > Pricing**, the **Include on Bill** box is not marked for this fee

Minimum & Maximum Fees

To set minimum and maximum fees to be charged for a return:

1. Scroll down to Forms 0255 and 0256 (the minimum and maximum fee settings).

Use the scroll bar or arrow keys to find forms.

2. Double-click a row and enter the fee. Repeat for the other form, if desired.
3. Click **Update**, and then click **Save**.

NOTE If incorrect charges are generated on bills, check the minimum and maximum fees to see if the settings are affecting the totals.

Macros Setup

Macros are a series of commands and functions that allow you to accomplish tasks by pressing a combination of keys. Also called *keyboard shortcuts*, some macros are already available in the program; for example, CTRL+V opens View mode. You can edit existing macros or create new ones to meet your office's needs.

You can also use macros for data that is used often by your office. For example, if many of your local clients use Small Town Bank, you can arrange for the program to enter "Small Town Bank" every time you press a particular key combination.

Using Macros

To insert macro data, place the cursor in the field and press the applicable keyboard shortcut (macro) combination. To view available macros, press CTRL+SHIFT+M from within a field to open the **Data Entry - Macros** window. To insert macro data from the list, select a macro and click **Execute** (or double-click the row). The **Data Entry - Macros** window is closed automatically.

Creating New Macros

To create your own macros in Drake:

1. From the Drake **Home** window, go to **Setup > Macros**. The **Setup Macros** dialog box shows the macros (**Hot Key** column) and their associated tasks (**Data** column).
2. Double-click a line to open the **Edit Macro** window and enter a new macro or edit an existing macro.
3. In the **Edit Macro** pane, construct a simple formula of words and operators that will enter the data you choose. Symbols for non-character shortcuts are listed in Table 2-13 on page 49.
4. Click **Save**.

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

For instance, to create and use a macro to enter the address "1234 Peachtree Street, Atlanta, GA 30331, Fulton County," using the keys ALT+L for your macro:

1. From the Drake **Home** window, go to **Setup > Macros**.
2. In the **Setup Macros** window, double click the **Alt-L** line.
3. In the **Setup Macros - Edit Macro** window, type 1234 Peachtree Street>> Atlanta>GA>30331>Fulton>>GA
4. Click **Save**.
5. Go to screen 1 in Drake.
6. Click in the **Street address** field and press ALT+L.

The macro enters 1234 Peachtree Street for the **Street address** line, skips the **Apt #** field and enters Atlanta in the **City** field, enters GA in the **State** field,

enters 30331 in the **ZIP** code, enters **Fulton** in the **County** field, then jumps ahead two fields and enters **GA** in the **Resident State** field.

TIP

If a single macro is to allow data entry in multiple fields, use heads-down mode and right angle brackets (>) to jump to a field.

Example: The macro `EF>#24>X>#~` would open the EF screen (`EF>`), toggle heads-down data entry mode to ON (`#`), go to field 24 (`24>`), select the box to **Suppress Federal/State EF and all Bank Products** (`X`), toggle heads-down mode to OFF (`#`), and save the data and escape the EF screen (`~`).

“Recording” Macros

Click the **Record** button on the **Edit Macro** window and you can use key strokes to enter certain operators when building macros. For instance, click **Record** and:

- The ENTER key or the TAB key inserts the “field forward” (>) operator.
- SHIFT+ENTER or SHIFT+TAB inserts the “field back” (<) operator.
- ALT+D inserts the “date” ([D]) operator.
- ESC inserts the “escape from screen” (~) operator.
- CTRL+N inserts the “heads-down mode” (#) operator.

The following tables lists all the operators used in building macros:

Table 2-13: Macro Symbols

Symbol	Action
<	Move cursor back one field. If the (<) symbol is inserted <i>in front of</i> selected data in a macro, the program moves the cursor back one field from the active field before inserting the data. If inserted <i>after</i> the data, the program inserts the data in the active field then moves the cursor back a field.
>	Move cursor forward one field. If the (>) symbol is inserted <i>in front of</i> the selected data in a macro, the program jumps ahead one field from the active field before inserting the data. If inserted <i>after</i> the selected data, the program inserts the data first, and then moves the cursor forward a field.
~	Escape. If the (~) symbol is inserted <i>after</i> the selected data in a macro, the program inserts the selected data, saves the data, and exits the screen.
[D]	Insert date. If [D] is part of a macro, the program enters the current date into the active field.
#	Open heads-down data entry mode. If the (#) symbol is inserted <i>after</i> the selected data in a macro, the program enters the data then activates heads-down data entry. To have heads-down closed from the macro, add a second (#) symbol. (See “Heads-Down Data Entry” on page 94.)
*	Bypass the Existing Forms List when performing the task set by a macro. Enter an asterisk (*) only once in any macro, and place it at the beginning of the macro. (When you open a screen that has multiple records, an Existing Forms List is displayed, and you have the choice of selecting an existing record or creating a new one. To bypass the New Record option and open the first record listed, enter the (*) symbol in front of the macro. For example, *C opens the first Schedule C record. To open the second record, enter a 2 inside brackets ([2]), thus the macro *C[2] opens the second C screen, *C[3] opens the third, etc.)
[New]	Perform the assigned task on a new record. For example, *C[New] opens a new C screen. The asterisk (*) bypasses the Existing Forms list. It must be present for the [New] function to work properly.
[Home]	Return to first field on a screen. If [Home] is inserted into a macro, the cursor moves to the first field on the screen.

Table 2-13: Macro Symbols

Symbol	Action
[End]	Move to last field on a screen. If [End] is inserted into a macro, the cursor moves to the last field on the screen.
[FF: #]	Cursor jumps ahead a prescribed number of fields. For instance, [FF:5] jumps the cursor ahead five fields. This macro is not compatible with macros that use, or are initiated in, heads-down mode.
[FB: #]	Cursor jumps back a prescribed number of fields. For instance, [FB:5] would jump the cursor back five fields.
[FJ: #]	Cursor jumps to the prescribed field number. For instance, [FJ:25] would jump the cursor to field # 25. (Obtain field numbers by viewing the screen in heads-down mode (press CTRL+N). This macro is not compatible with macros that use or are initiated in heads-down mode.
+	Prevents a macro from clearing a flagged field.
[PAGEDOWN]	Move to the next screen in a list. For instance, in a return with several W2 screens, Dependents screens, or 4562 detail screens, press the macro to move from one screen to the next.
[PAGEUP]	Move to the previous screen in a list. For instance, in a return with several W2 screens, Dependents screens, or 4562 detail screens, press the macro to move from one screen to the next.
[NEXTTAB]	Move from one linked screen to the next linked screen. For instance, for clients who receive a K-1 from a partnership, press the macro and go from the 1065 K1 13-20 screen to the Basis Worksheet screen.
[PREVTAB]	Move from a linked screen to the previous one. For instance, for clients who receive a K-1 from a partnership, press the macro and go from the Basis Worksheet screen to the 1065 K1 1-12 screen.

Introduction to Letters in Drake

The letters program is designed to generate various types of client results letters, many of them based on data from the client's tax return and the client's filing, payment, or refund preferences. For example, if a return with a federal *balance due* has been *e-filed* and the client has opted to *mail a check* to the IRS, the accompanying client results letter will state the *balance due amount*, provide the *e-file information*, and give *instructions for mailing the check*.

There are also engagement letters, extension letters, letters with amended returns, payment reminders, appointment reminders, preseason and postseason letters, cover letters—all of these can be edited and customized in the letters program—and letter templates that can be used as a blueprint for building your own custom letters.

All editing is done through the Client Communications Editor. To open the editor, from the **Home** window of Drake, go to **Setup > Communications Editor**.

Editing Modes

There are two “modes” used for viewing and editing letters: “Full Editing” mode and “Outline” mode.

Outline mode was designed to take away the complexity of editing the letter. Instead of scrolling through a long letter, looking for particular text, keywords, or paragraphs

to edit, through Outline mode you can find the section you're looking for with just a few clicks. You can easily move entire sections of a letter with the drag-and-drop feature.

If you prefer editing letters as it has been done in the past, you can easily toggle between "Full Editing" mode and "Outline" mode of the letters program. For more on Outline mode, go to "Outline Mode" on page 57.

Choosing the Right Letter

There is a variety of letters to choose from in the Client Communications Editor, one to suit just about any need. For instance, if you do federal, state and city returns, you might choose the "Comprehensive Result Letter" that covers virtually every possible federal, state, and city tax return result: e-filing, paper-filing, balance due, credit or debit card payments, direct debit payments, zero due, refund, direct deposit, savings bond purchase with refunds, bank product refunds, installment agreements, or estimates. The "Federal, States, Cities Only" letter has much the same information without the state "Other Tax" paragraphs.

Preparers who do only federal and state returns might choose the "Federal, States Only" letter. Those who complete and file only federal returns can choose the "Federal Only" letter.

There are also "Custom Results Letter" templates you can use to build your own custom letter from scratch.

Because so much of the letters program is automatic, you may never have to edit the letter templates at all. If you do need to make changes, please continue reading this introduction to ensure that you understand how the templates and the Client Communications Editor are structured.

Changes made to the letter apply to both modes.

NOTE

To view a list of Rich Text Format (RTF) keyboard shortcuts for letters, from the menu bar at the top of the **Home** window, select **Help > Drake Software Help** (or press CTRL+F1). In the **Contents** tab, double-click **Setup**, double-click **Communications Editor**, then select **RTF Guide**.

Client Communications Editor

The Client Communications Editor, accessed from **Setup > Communications Editor**, is where you can read, edit, re-write, print, and save the letters contained in the program. You can also add your company letterhead and logo to the letters. In Full Edit mode, the right pane of the Editor displays the letter template; the left pane displays, in tree view, the applicable sections, paragraphs, and keywords (Figure 2-17 on page 52). Click [+] to expand a category, or click [-] to contract it. Hover your pointer over a keyword to view its description.

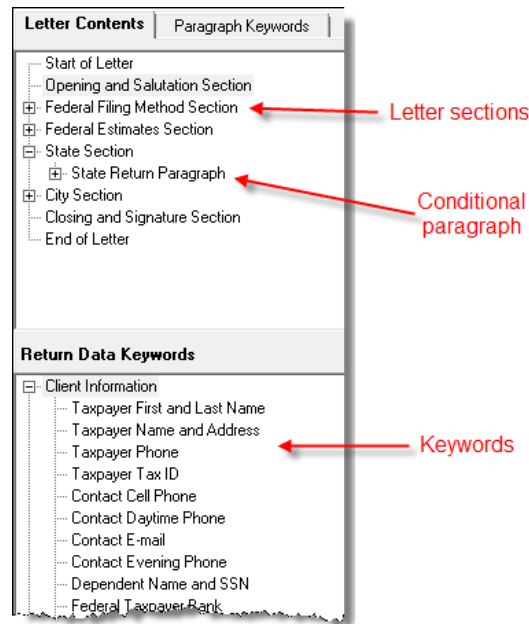


Figure 2-17: Category tree (left pane of Client Communications Editor)

While the results letters are designed with keywords inserted to handle most situations, additional keywords are available if you want to further customize the letter.

NOTE

By default, the Editor is opened in Outline Edit mode. Click the **Full Edit** mode to switch to the Full Edit mode. For more on Outline Edit mode, see “Outline Mode” on page 57.

Parts of a Letter

A letter in the Client Communications Editor (as seen in Full Edit mode) contains three categories of letter elements: keywords, text, and conditional paragraphs.

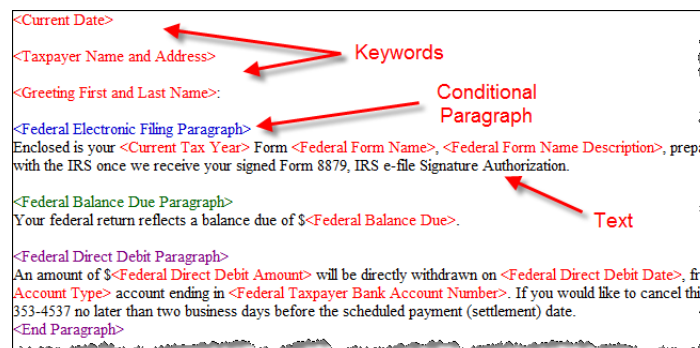


Figure 2-18: A letter template consists of keywords, text, and conditional paragraphs

Keywords are descriptions of the type of text the program will add to a letter. Keywords appear as red text within <angle brackets> and are replaced with certain text when the letter is generated. For example, the keyword “Current Date” is at the top of

each letter. When a letter is generated, the “Current Date” keyword is replaced with the current date. For more on keywords, see Appendix B: Keywords.

TIP To change the formatting (bold, italics, underline, font size, etc.) of keywords, highlight the entire keyword, including the angle brackets left and right of the keyword, then make a selection from the formatting bar.

IMPORTANT You may delete a keyword from a letter, or change the formatting, but do not change the text *within* a keyword.

Conditional paragraphs, which appear as blue text, also contain angle brackets. Each conditional text “paragraph” consists of a starting tag (such as <Federal Electronic Filing Paragraph>), the conditional text, and an <End Paragraph> tag. Note that both the starting and ending tags end with the word “Paragraph.”

The enclosed conditional text is printed only if a particular situation (the *condition*) applies in that letter. For example, the conditional paragraph in Figure 2-19 is generated only if the taxpayer has a *balance due*, is *paper-filing*, and has selected *not* to pay by direct debit.

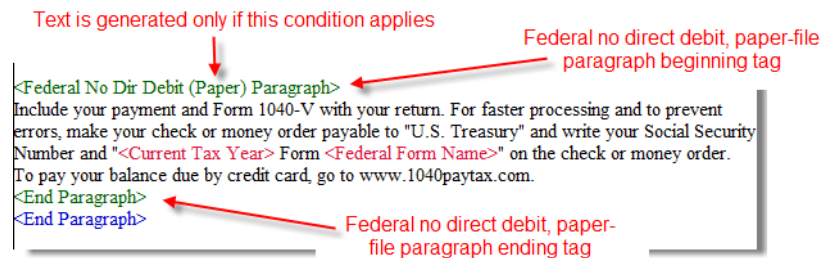


Figure 2-19: Conditional paragraph

The text of the letter (in black) is displayed exactly as it will be printed in the output of the letter.

TIP To help you quickly find what you’re looking for while in Full Edit mode, click the **Find** button from the toolbar to search for paragraphs and keywords within the letter.

Paragraph Nesting

Many conditional paragraphs are nested within larger ones. Different nesting levels are indicated by different colors. In Figure 2-20 on page 54, the **Federal No Dir Debit (Paper) Paragraph** from Figure 2-19 is nested inside the **Federal Balance Due Paragraph**. The green and purple text show where each paragraph begins and ends.

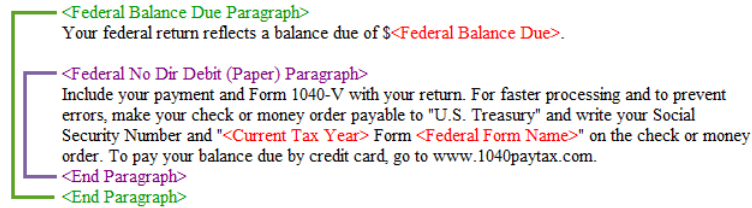


Figure 2-20: Nested Conditional Paragraph

In this example, the **Federal No Dir Debit (Paper) Paragraph** is generated *only* if the **Federal Balance Due Paragraph** is generated, and only if applicable for a return.

Letter Editing Options

To edit a letter:

1. In the Client Communications Editor, click **Open** and select a package and letter to edit.
 - a. In Outline mode, click a Section tag in the right-side pane then double-click a conditional paragraph to open an **Edit Paragraph** dialog box (see “Outline Mode” on page 57).
 - b. In Full Edit mode, the pane on the right displays the selected template; from the pane, click conditional paragraphs, keywords or text you want to edit. You can also click a Section tag from the **Letter Contents** tree on the left to open an **Edit Paragraph** dialog box. Click **Find** to search for words or paragraphs.
2. To edit the letter contents, add, edit, or delete text as you would in a program like Microsoft Word. From the formatting bar specify font properties, typeface (bold, italic, underlined), and alignment. Click the buttons to undo and re-do, or to copy, cut, or paste.
3. To add a keyword to the letter, select one from tree under the **Paragraph Keywords** tab in the left column (Full Edit mode) or from the tree on the left side of the **Edit Paragraph** dialog box (Outline mode). Click your mouse pointer in the letter pane where you want the new item to go. Double-click a keyword from the tree and the selected keyword is added to the letter. To delete a keyword, select it in the letter template and press DELETE.
4. To change the formatting of a keyword, or to delete a keyword from a letter:
 - a. Highlight the entire keyword, including the angle brackets left and right of the keyword.
 - b. Make your formatting change (*Do not change the text within the keyword!*) and click **OK**.
5. Click **Save**.

The Client Communications Editor is opened to the last letter template viewed.

CTRL+X deletes a selected item.

Naming a Template

Each template has a default name (see Table 2-14 on page 56). To assign a new name:

1. From the Client Communications Editor, click **Open** and select a letter template.
2. Click **Setup > Rename Letter**.
3. Enter a new name in the **Rename Letter** dialog box and click **OK**.

Press CTRL+N to quickly access the Rename Letter dialog box.

The new name is displayed in the **Client Communications Editor** title bar.

Restoring a Template

To restore a template to its original (default) format, open the template and select **Setup > Restore Original Letter**.

Viewing Letters for Sample Return

The preview feature allows you to open View mode and view a sample letter for one of 10 return types:

- An e-filed return with refund
- An e-filed return with balance due
- A paper-filed return with refund
- A paper-filed return with balance due
- An e-filed return with an extension
- An e-filed return with an extension and balance due
- A paper-filed return with a refund and an extension
- A paper-filed return with a balance due and an extension
- A paper-filed amended return with a refund
- A paper-filed amended return with a balance due

To access the preview feature, click the **Preview** button in the toolbar of the Client Communications Editor.

Bringing Forward a Template

To replace a current-year letter with a prior-year one:

1. From the **Client Communications Editor**, click **Open** and select a letter to replace.
2. Go to **Setup > Update Prior Year Letter** and click **OK** to open the **Update Letters** dialog box.
3. Select the drive of the Drake program that contains the prior-year letter.
4. Select a prior-year letter.
5. Click **Continue**.
6. When prompted, click **Yes**.

If you bring 2014 letters forward into the 2015 program, you will overwrite any changes you've made to the 2015 letters.

NOTES

Letters brought forward from the previous year can be edited in Outline mode but the Section tags will not be available.

Be sure to read through the replacement letter to ensure that the information is current.

Only one letter at a time can be updated.

Available Letters

Table 2-14 on page 56 lists all available letter templates. All letters can be modified using the Client Communications Editor. Templates with an asterisk (*) indicate let-

ters that can be generated individually or in batches separately from the tax return. (See "Letters" on page 368.)

Table 2-14: Available Letter Templates

Letter Template	Description
Comprehensive	Provides return results for the filed returns—federal, state, and city; gives info on federal, state, and city taxes (plus state and city "Other" taxes), bank products, refunds, payment methods, estimates, due dates, mailing instructions, etc., as applicable.
Custom Results (template)	Contains the same keywords and paragraph tags as the Comprehensive results letter but no pre-written letter is provided.
Summary (default letter)	Provides a summary of all pertinent return results: taxpayer information, return type, balance or refund due, payment or refund method, taxing authority mailing addresses or e-file information, estimates (if needed). This letter is shipped as the default letter. Go to Setup > Options > Optional Documents to change the default letter in the Letter and Bill Option drop list.
Federal Results Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal returns (no state or city returns).
Federal, States Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal and state returns (no state "Other" taxes or city returns).
Federal, States Cities Only	Contains the same keywords and paragraph tags as the Comprehensive results letter for federal, state, and city returns, including info on federal, state, and city taxes (but no state and city "Other" taxes)
Custom Results	Contains the same keywords and paragraph tags as the Comprehensive results letter but no pre-written letter is provided.
Extension Letter	Explains that an application for extension has been filed. Includes state and federal mailing instructions, if applicable.
Amended Letter	Similar to the results letter, but for an amended return.
Estimate Payment Reminder*	Provides details for making a 2016 estimate payment; individual (1040) package only.
Scheduled Appointment Reminder*	Informs prior-year clients of this year's appointment date and gives instructions for preparing for the appointment; individual (1040) package only.
Referral Coupon	Offers client a discount for referring another client; individual (1040) package only.
Preseason Letter*	Reminder to 2014 clients that tax season is coming up; all applicable packages.
Postseason Letter*	Letter thanking 2015 clients for their business; available for all applicable packages.
Customized Supplemental Letter	Fully customizable template that can be used to create a customer survey, package or product offering sheet, generic letter, client coupon, etc. (All packages)
Engagement Letter*	Standard engagement letter for tax services. (All packages)
e-File Status Letter*	Provides 2015 clients with an acknowledgment summary of their e-filed returns; available for all applicable packages.
Privacy Policy	Generic privacy policy for clients. (All packages)
Letterhead	Provides customization of letterhead. (All packages)

Table 2-14: Available Letter Templates

Letter Template	Description
Footer	Add customer footers to your letters.
Comprehensive Bill	Allows customization of itemized client's bills. (All packages)
Summary Bill	Allows customization of summarized client's bill. (All packages)
K-1 Cover Letter	Cover letter for a shareholder, partner, or fiduciary receiving a Schedule K-1; S corporation, partnership, and fiduciary packages only.
K-1 Amended Letter	Cover letter for a shareholder, partner, or fiduciary receiving a Schedule K-1 that has been amended; S corp, partnership, and fiduciary packages only.
Grantor Trust Statement	Cover letter for grantor trust statement; fiduciary package only.
Results Letter 706-A	Provides return results for the Additional Estate Tax Return. (Estate package)
Engagement Letter 706-A	Engagement letter for the Additional Estate Tax Return services. (Estate package)

Outline Mode

Rather than search through a letter template for the text and keywords you wish to edit, through Outline mode you can more quickly find the paragraph you wish to edit. The **Client Communications Editor**, as seen in Outline mode, displays Section tags in the standard option “tree” (Figure 2-21), with the various conditional paragraphs grouped under Section tags.

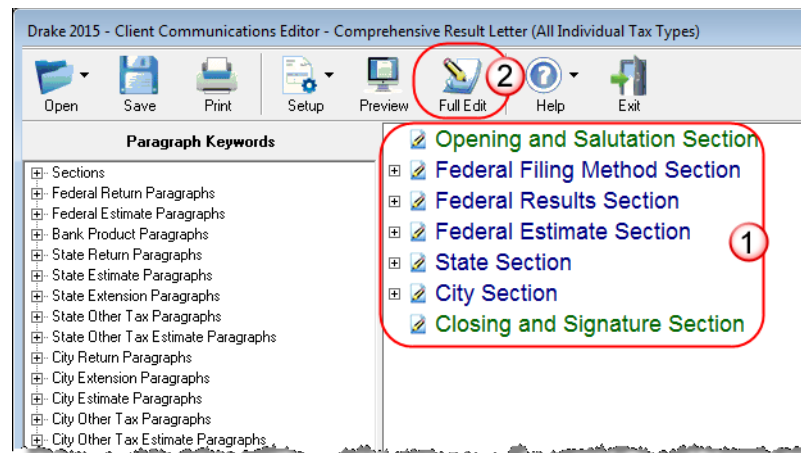


Figure 2-21: In Outline mode, the Section tags (#1) and **Full Edit** button (#2) are displayed

Click the [+] sign in front of a Section tag (item #1 in Figure 2-21) to reveal the conditional paragraphs that relate to that section. You can rearrange the conditional paragraphs under the Section tag by clicking and holding the tag with the left mouse

button, dragging the mouse, and releasing the tag to the new location where it will appear in the letter.

NOTE

The **Full Edit** button on the toolbar is used to toggle back and forth from Full Edit mode to Outline mode (item #2 in Figure 2-21 on page 57).

Locating and Editing in Outline Mode

To find the paragraph that pertains to, for instance, paying a balance due on an e-filed federal return with a credit card, click the plus sign [+] beside the **Federal Results Section** tag (#1 in Figure 2-22), then click the [+] beside **Federal Balance Due Paragraph**, (#2 in Figure 2-22), and then double-click **Federal Credit Card Paragraph** (#3 in Figure 2-22), to open the **Edit Paragraph** dialog box.

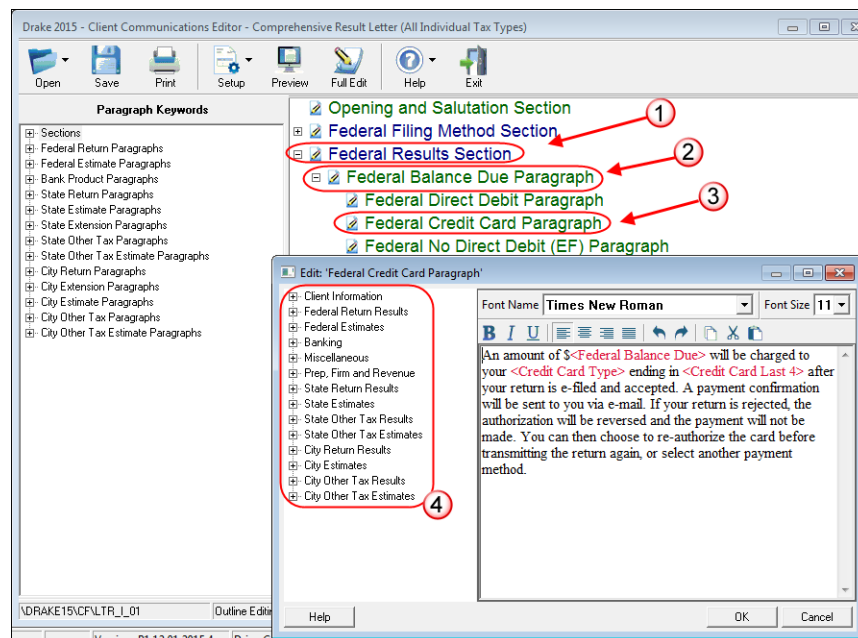


Figure 2-22: Open in **Edit Paragraph** dialog box in Outline mode

The paragraph inside the **Edit Paragraph** dialog box displays regular text and the keywords for that paragraph. Make any changes to the text you wish, including changing the font style and size using the toolbar. Add new keywords (#4 in Figure 2-22) from the selections tree beside the paragraph.

Letters Setup

Use the Client Communications Editor to not only edit letter templates, but also to adjust margins, add borders, set up the letterhead for letters and client bills, and preview letters.

Setting Up Letterhead, Footers, Margins, and Borders

To include and customize a letterhead or footers that will appear in your Drake-generated letters and client bills, and to add a logo, adjust margins, and add a border, follow these steps:

1. From the **Home** window, go to **Setup > Communications Editor** to open the **Client Communications Editor**.
2. From the **Client Communications Editor** toolbar, click **Setup > Page Layout** to open the **Page Layout** dialog box. (Figure 2-23).

Figure 2-23: The **Page Layout** dialog box

3. Make selections from the check boxes in the upper-left corner of the **Letterhead Options** section to have the firm information printed on the client results letters and clients' bills. (Edit the letterhead from the **Client Communications Editor** by selecting **Open** from the toolbar, then select a package, then **Letterhead**.)
4. Select the **Use logo on letters** check box if you wish to have a saved logo printed on your letters. Select the **Use logo on bill** check box if you wish to have a saved logo printed on your bills.
 - Click **Browse for bitmap logo** to locate your saved logo. (Must be in bitmap format.) The full path and filename are required. To use the simple default graphic, enter C:\Drake15\CF\LOGO.BMP (“C” indicates the drive letter to which the Drake program is installed. Change if necessary.)
 - Use the **Logo position (inches)** fields to position your logo on the page. Entries in the **Top** field positions the logo up and down, and an entry in the **Left** field positions the logo left and right. The logo's position is adjusted in

inches. An entry of 1, in the **Top** field, for example, sets the logo an inch below to top of the page, and an entry of .5 in the **Left** field sets the logo's position at half an inch from the left side of the page. Values can also be entered in increments of one-tenth of an inch. For example, an entry of .1 sets the logo's position at one-tenth of an inch from either the top or the left.

5. In the **Additional Options** section, use the **Letter Margins** fields to adjust margins of the letter as needed. An entry in the *first Top Margin* field affects only the first page of a letter or bill; an entry in the *second Top Margin* field affects all other pages of the letter or bill. The margins are adjusted in inches. An entry of 1 in the **Left margin** text box for example, sets the left margin at one inch; an entry of .5 sets the left margin at half an inch. Values can also be entered in increments of one-tenth of an inch. For example, an entry of .1 sets the margin at one-tenth of an inch.

NOTES

The appearance of the margin in the letter template will not change; however, when a letter is generated with a return, you'll be able to see the margin change both in View mode and on the printed letter.

An entry of "0" applies the default margins. Drake does not accept negative numbers or numbers with two decimal values (such as 1.25).

6. In the **Border Options** section, select to use a border around the margins of your letters and bills.
7. *New for 2015:* To add a footer to your letters and bills, from the **Page Layout** dialog box, select the **Use footer on letters** check box at the bottom of the dialog box (Figure 2-23 on page 59). (Edit your footers from the **Client Communications Editor** by selecting **Open** from the toolbar, selecting a package, then double-clicking **Footer (All Packages)**).
8. The **Footer Image** section of the **Page Layout** dialog box gives you the opportunity to add a second bitmap image to the footers on your printed letters. (This image does not appear on the bill.) To add the second image:
 - Select the **Use image on letters** check box.
 - Click **Browse for footer image** to map the path to the image you want to use.
 - Position the image from the **Top** and **Left** margin fields.
9. Click **OK** to return to the **Client Communications Editor**. Click **Save** to save your changes. Click **Exit**.

NOTE

The **E-Signature** section of the **Page Layout** dialog box is used for setting up the program so that the taxpayer's and spouse's signatures, or that of a representative of a business entity, can be used for signing engagement letters. See "e-Signing Engagement Letters" on page 62.

Customizing Letterheads and Footers

(The following procedure is used to customize letterheads or footers):

To customize the letterhead (change the font and font size, use italics or underline, add keywords, etc.), from the toolbar, click **Open** from the **Client Communications Editor**'s toolbar (#1 in Figure 2-24 on page 61), choose a tax package, and then from the drop list, select **Letterhead (All packages)** (or **Footer (All Packages)**). Double-click **Letterhead Section** (or **Footer Section**) or click **Full Edit** (#2 in Figure 2-24 on page 61) from the toolbar to open the **Edit Letterhead Section** dialog box.

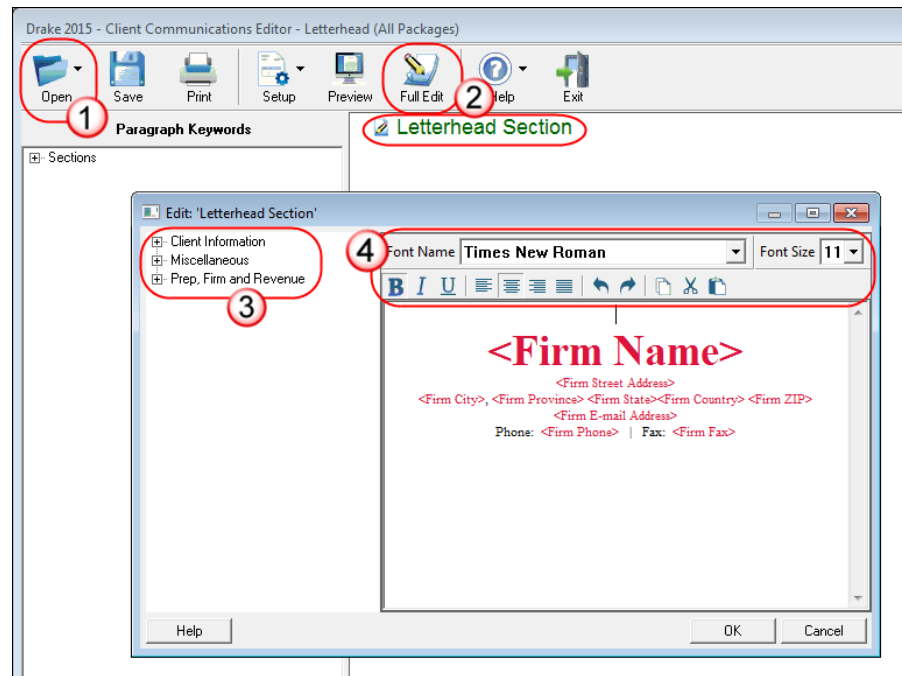


Figure 2-24: Double-click **Letterhead Section**, or click **Full Edit**

In the keywords tree on the left side of the window (#3 in Figure 2-24) are the keywords representing the information that will appear at the top of all generated letters and on the client's bill. (The selections for footers are limited to contact information, address data, and page number.)

To add items to the letterhead:

1. In the keywords tree, expand the **Client Information** or **Prep, Firm and Revenue** category (item #3 in Figure 2-24) by clicking the plus (+) sign.
2. Click your mouse pointer in a position inside the right pane where you want new item to appear.
3. From the keywords tree, double-click an item. That item will appear in the letterhead or footer where you had placed the mouse pointer.
4. Click **OK**.

NOTE

To change the firm's information that appears in the letterhead, close the Client Communications Editor and return to the **Home** window, then go to **Setup > Firm(s)**.

To adjust the font, font size, or position of the items in the letterhead or footer, use the formatting bar (#4 in Figure 2-24). You can change font, size, weight (bold) and angle (italics) of the text, underline the text, align the text left, right, or centered, or cut, copy, or paste.

e-Signing Engagement Letters

New for 2015: You can set up your program to electronically sign engagement letters with the signature of the taxpayer and spouse on a 1040 return or a representative of a business or entity on an entity return (1120, 1120S, 1065, 1041, 990, or 706).

To set up your program, open the **Page Layout** window in the Client Communications Editor:

1. From the **Home** window, go to **Setup > Communications Editor** to open the **Client Communications Editor**.
2. From the **Client Communications Editor** toolbar, click **Setup > Page Layout** to open the **Page Layout** dialog box (Figure 2-23 on page 59).
3. In the **E-Signature Options** section at the bottom of the **Page Layout** window, first mark the **Use E-Sig on Engagement letters** check box and choose a tax package from the **Select Package** drop list.
4. Use the **Top** and **Left** fields under the **Signature 1 position** to adjust the default position of the taxpayer's signature for 1040 returns or that of a business entity representative. (The default location is at the bottom of the letter's last page.) In the **Signature 2 position** fields, enter the signing positions of the spouse's signature for joint 1040 returns. Click **Update**.
5. Click **OK**.

For details on signing engagement letters electronically, see "Client's e-Signature" on page 254.

Choosing a Bill Format

New for 2015: There are three types of bills you can send your clients: a "comprehensive" bill that itemizes all the charges (the price for each form, worksheet, statement, etc., included in the return); a simplified one-page "summary" bill that includes only the return preparation fee, any bank product fees, certain other fees, and any items from the **Bill** screen of Drake (See "Overriding the Bill Amount" on page 73); and the "Classic" bill, the style of bill that Drake has produced for years. The Classic bill has a clean, straight-forward look without many of the customization possibilities offered by the comprehensive or summary bills.

Regardless of which bill you want to produce, you'll have to make a selection in Setup.

Selecting a Bill

To make a selection of the bill you want the program to produce, take the following steps:

1. From the **Home** window of Drake, go to **Setup > Options** and choose the **Billing** tab. (See Table 2-10 on page 40.)
2. From the **Select Bill format** drop list, select **Comprehensive Bill**, **Summary Bill**, or **Classic Bill**.
3. Select the options you want.
4. Click **OK**.

Customizing a Bill

If you chose **Comprehensive Bill** or **Summary Bill** and want to customize the look of your bills, take the following steps:

1. From the **Home** window, go to **Setup > Communications Editor** to open the **Client Communications Editor**.
2. From the toolbar in the upper-left, click **Open**, and choose a package from the resulting drop list. From the second drop list, go to **Comprehensive Bill (All Packages)** or **Summary Bill (All Packages)** (Figure 2-25).

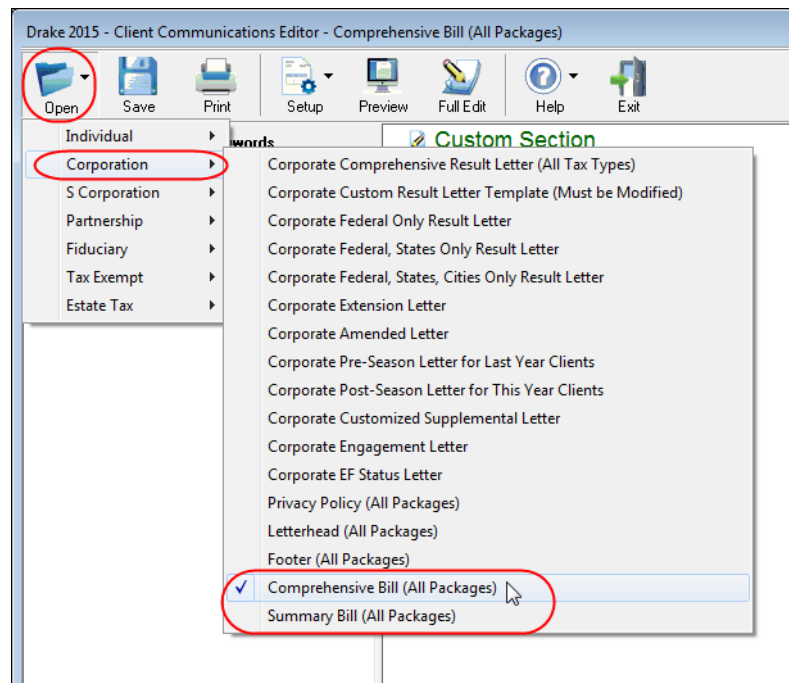


Figure 2-25: Opening the formatting window in the Client Communications Editor

3. Use either Full Edit mode or Outline Edit mode. If you use Outline Edit mode, double-click the **Custom Section** paragraph to open the editing pane.
4. Use the features from the formatting bar as you would in any editing program to change font style or font size, to use **bold**, *italicize*, or underline text, to align text left, center, or right, to justify your text, or to copy, cut, or paste text.
5. Change or add any keywords you choose. Click inside the editing pane to place the cursor where you want the new keyword to appear in the bill, then select the keyword from the keywords list on the left. Click a PLUS SIGN (+) from the keywords list to expand the list.
6. Click **OK**, **Save**, and **Exit**.

To add a letterhead, logo, and borders to your bill (summary, comprehensive, or “Classic”), from the **Client Communication Editor** toolbar, go to **Setup > Page Layout**. (See “Setting Up Letterhead, Footers, Margins, and Borders” on page 58.) To edit your letterhead information, see “Customizing Letterheads and Footers” on page 60.

Color Setup

Use the Color Setup feature to tailor Drake screens to meet your firm's preferences.

TIP

If you used Drake last year, consider customizing colors to make your 2015 program look different from your 2014 program. If you must open the 2014 program during tax season, customized colors will help you avoid entering data into the old program by mistake.

Program Colors

To customize program colors:

1. From the Drake **Home** window, go to **Setup > Colors** to open the **Color Selection** dialog box.
2. Under **Program Colors**, choose one of the following options:
 - **Use 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.
3. Click **OK** to save your changes and exit.

Use Define Custom Colors to create a new color.

Data Entry Colors

To change the color of a specific area in data entry from the **Color Selection** dialog box:

1. Click a color box in the **Data Entry Colors** box to open a Windows color palette.
2. Select a color and click **OK**.
3. Once all color selections are made, click **OK** to save your changes.

To restore the original color settings from the **Color Selection** dialog box, click **Restore**, and then click **OK**.

Printing Setup

Use Printer Setup to:

- Establish the printer to be used with Drake
- Establish "sets"
- Set up advanced printing options not related to a specific printer
- Test your printer for HP PCL-5e compliance

NOTE

Your Windows default printer is designated as the Drake default printer when Drake is installed. Printer settings are carried forward automatically each year.

TIP

Watermarks can be added on the fly via the **Print Selection** dialog box (the box that is opened when you click **Print** in View/Print mode in Drake). You can opt to print a custom watermark that you specify (see "Watermark Text" in Table 2-15 on page 65) or to print "Client Set" or "Preparer Set" as a watermark.

Editing Printer Settings

To edit settings for the printer used for printing tax returns:

1. From the Drake **Home** window, go to **Setup > Printing > Printer Setup**.
2. Enter setup changes as needed. Details on each tab are provided in Table 2-15.
3. Click **Save**.

Table 2-15: Printing Setup

Tab	Field	Description
(F5) General Setup — displays the current default printer for Tax Forms, Reports, Labels, and Checks , and the default setting for the Letterhead source tray (which allows you to print letters from a printer tray other than the tray used for tax returns).	Tray	Default is "Main Paper Source." Change the default setting if you have a multiple-tray printer and will not be printing from the main tray.
	# Copies	Number of copies to print (not available for labels or checks).
	Duplex	Directs printer to print duplex. <i>Only forms that are approved for duplex will be printed as duplex.</i>
	Staple	If the printer supports stapling after each print job, select this option to turn stapling on.
	Show dialog	Causes the Print dialog box to be opened before each print job.
(F6) 'Sets' Setup — displays the current default printer and the different types of sets that can be printed – EF Signature, Estimates/Extensions, etc.); see "Printing Sets" on page 67.	Tray	Default setting is "Main Paper Source." Change the default setting if you have a multiple-tray printer and will not be printing from the main tray.
	Duplex	Directs printer to print duplex. <i>Only forms that are approved for duplex will be printed as duplex.</i>
	Duplex all	Directs printer to duplex-print all forms (approved or not). (Not available for sets to be mailed to the IRS or a state.)
	Staple	If the printer supports stapling after each print job, select this option to turn stapling on.
	Print set	Indicates which sets should be available for printing after a return is calculated.
	Watermark text	Watermarks to be displayed on the Client and Preparer copies, respectively. Default settings are "Client Copy" and "Preparer Copy."
(F7) Options — used to set up advanced printing options not related to a specific printer.	PCL soft font option	Many printers require soft fonts to be downloaded before tax forms can be printed. Select the desired downloading option. (Applicable only if PCL is selected on the (F8) Edit Printer Settings tab.) See "Testing Your Printer" on page 66.
	Classic print mode	For preparers who prefer Basic View (See "Viewing a Return (Enhanced Mode)" on page 245), Drake's "Classic Print" mode will be displayed when in Print mode.
	Letter Sizing Options	If the letter is appearing in View mode too big or too small, or being printed too big or too small, enter a zoom percentage to change how the letter is printed. If the view is working correctly but Drake PDF or PCL print modes have overlapping text, select Use Printer Formatting . Otherwise, no changes are necessary.

Table 2-15: Printing Setup

Tab	Field	Description
(F8) Edit Printer Settings — used to edit print settings for a selected printer and to test printers for compatibility with Drake. If you select Alternate Print Method (GDI) :	Select printer	Select the printer. For printers other than Drake PDF Printer, the fields listed below are activated. (If you select Drake PDF Printer, you'll be given the option to launch Adobe after printing to the Drake PDF Printer.)
	Printer type	Select the printer type from the drop list.
	Preferred Print Method	PCL (Printer Control Language) is supported by most HP laser-jet printers. If your printer supports PCL, the remaining fields on the screen will be filled automatically. The Alternate Print Method (GDI) will produce a good print quality but may be slower under some conditions.)
	Test Printer	Click the Help Me Choose button to see if your printer is HP PCL-5e compliant. (See "Testing Your Printer" following)
	Check adjustment - vertical	Use this field if text is being printed too high or low on checks. Enter whole numbers to adjust the printed text 1/4-inch at a time. Enter 1 to move the type 1/4 inch; 2 to move 1/2 inch, etc. Positive numbers move the placement down; negative numbers move the placement up.
	Main paper source	Select the tray that is to be the main paper source for the selected printer.
	Alternate paper source	Select the paper source to be used when the main paper source is not available.
	Opt. large paper source	Select the tray to be used as the optional large paper source.
	Manual feed	Select the tray to be used for manual feed.
	Adjust margin	Select this option if printed forms are running off the lower edge of the paper.

Testing Your Printer

There are strict requirements enforced by some government tax agencies for paper processing, and your printer must conform to these standards in order to print acceptable returns. Drake has provided a way for you to print a test page in the preferred Printer Command Language (PCL) mode to see if your printer is compliant with these standards.

To test your printer from **Setup > Printing > Printer Setup**, take the following steps:

1. Click the **[F8] Edit Printer Settings** tab to open the **Printer Setup** dialog box.
2. Select your printer from the **Select printer** drop list. This activates the fields below.
3. On the right-center of the **Printer Setup** dialog box, click **Help Me Choose** to open the **Printer Test Assistant** dialog box.
4. From "Step 2" of the **Printer Test Assistant** dialog box, click **Print Test Page** (item #1 in Figure 2-26 on page 67).

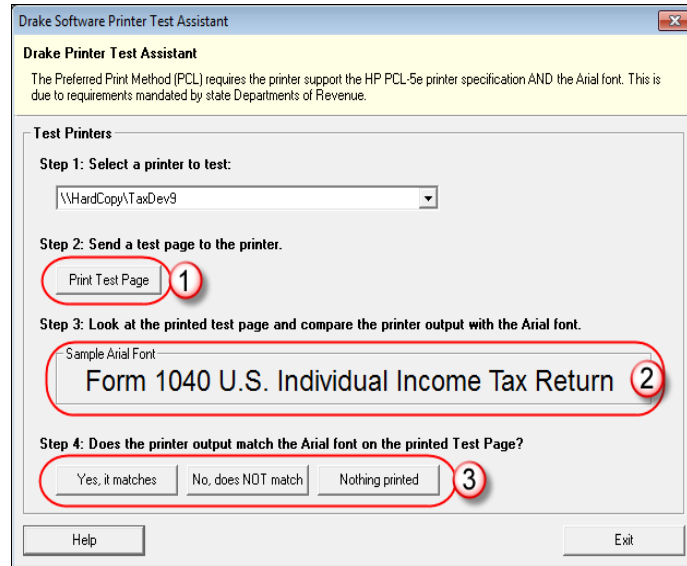


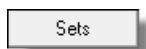
Figure 2-26: Click **Print Test Page** (item #1) to test a printer for PCL compliance

5. Compare the text of the printed page to the **Sample Arial Font** of the dialog box (item #2 of Figure 2-26).
6. Click the appropriate button (item #3 of Figure 2-26):
 - **Yes, it matches** — Your printer is PCL-5e compliant and meets Arial font requirements. The software selects the PCL method automatically.
 - **No, it does *not* match** — Your printer doesn't appear to support Arial font and will use the Alternate Print Method (GDI) to produce acceptable results. (GDI will produce good print quality but may be slower under some conditions.) Drake recommends you call your printer manufacturer to determine if Arial font can be added.
 - **Nothing printed** — Some printers that are not PCL-5e compliant will not accept the test print. These printers will use the Alternate Print Method (GDI) to produce acceptable results.
7. To test another printer, select it from the **Step 1: Select a printer to test** drop list and follow the same steps to test.
8. When finished, click **Exit** to close the **Printer Test Assistant**.
9. Click **Update** to save any printer changes. Click **OK**, then click **Save** to exit **Printer Setup**.

Printing Sets

The **Printing Sets** feature allows you to print multiple sets of returns for different purposes. To define printing sets:

1. From the Drake **Home** window, go to **Setup > Printing > Printer Setup**.
2. Click the **Sets** button to open the **Copies Per Set** dialog box.
3. Select a tax package from **Form Categories**. Your selection determines which forms are displayed in the grid below.
4. Double-click a form in the list. The default information for that form fills the text boxes above.



- In the boxes under each set name, enter the number of copies of the form to be printed with each set. In the example in Figure 2-27, three Schedule Cs will be printed with the **Client** set.

The screenshot shows a dialog box titled 'Form Properties'. On the left, there are radio buttons for 'Form Categories' with options: 1040 Forms (selected), 1041 Forms, 1120 Forms, 706 Forms, 1120S Forms, 990 Forms, and 1065 Forms. Below these is a 'State:' dropdown menu. On the right, there is a text input for 'Form Name' containing 'Schedule C'. Below that are fields for 'EF Signature: Est / Ext:' (0 / 0), 'Client:' (3), 'Preparer:' (1), 'Federal:' (1), and 'K-1:' (0). There is a checkbox for 'Main Form' and an 'Update' button.

Figure 2-27: Example: Three copies of Schedule C for client

- Click **Update**.
- Click **Save**, and then click **OK**.

Repeat this procedure for other forms as needed.

Changing Print Sets “On the Fly”

You can make **Sets** changes “on the fly” (in other words, without going to Printer Setup), but this will modify settings globally—not just for the active return. In other words, if you change your **Sets** settings “on the fly,” you change the settings for *all* returns.

To change or add print settings “on the fly,” complete the following steps while in Enhanced View mode for a return:

- Select a form from the directory tree.
- Select **Setup > Form Properties** from the toolbar to open the **Properties** dialog box.
- In the **Number of Copies** section of the **Properties** dialog box, change the settings as needed and click **Save**.

NOTES

Pricing can also be changed using this option; see “Pricing for a Single Return” on page 74.

If using Basic View, access this feature by right-clicking a form in Basic View and selecting **Properties** from the right-click menu.

Setting a Print Order

Use this option to view or change the order in which forms are printed.

- From the Drake **Home** window, go to **Setup > Printing > Printer Setup**.
- Click **Set Form Order** (at the bottom of the **Printer Setup** dialog box) to open the **Sort Form Order** window.
- Select a package series and choose a set type. Forms are listed with their order number in parentheses to the left. **Normal (Default)** is the established IRS order.
- To change the sequence in which the forms are printed, click and drag form names until the forms are listed in the desired order.
- Click **Save**.

NOTE

To back up the print order and restore it to another machine, from the Drake **Home** window go to **Tools > File Maintenance > Backup** and choose to back up the setup files.

**Document
Manager
Setup**

For details on how to set up and use the Document Manager, see Chapter 13, “Suite Products.”

**e-Signature
Setup**

For details on how to set up and use the e-Signature feature, see “Electronic Signatures” on page 252.

Making Changes on the Fly

When you make changes “on the fly,” you override program calculations and defaults (set by either the program or by the preparer in Setup) for the open return. The rest of this chapter focuses on actions you can take *while in data entry* to “override” these global settings in an individual (1040) return. Comparable options for other packages (such as the business packages) are provided in the manual supplements for those packages, available at *Support.DrakeSoftware.com*.

Suppressing/Forcing Documents

The **PRNT** screen, available from the **Miscellaneous** tab of the **Data Entry Menu**, allows you to indicate which forms should and should not be generated for a return, regardless of program calculations and established defaults.

**Suppressing
Items**

Table 2-16 lists items that can be suppressed (prevented from being generated) using the **PRNT** screen.

Table 2-16: Items That Can Be Suppressed from the PRNT Screen

Item	Description
1040EZ	Prevents Form 1040EZ from being prepared; program prepares either Form 1040 or 1040A instead.
1040A and EZ	Prevents Forms 1040A and 1040EZ from being prepared; program prepares Form 1040 instead.
State short form	Suppresses state short form, forcing state return to be printed on the state long form.
8801	Suppresses printing of Form 8801, Credit for Prior Year Minimum Tax - Individuals, Estates, and Trusts, if the form is not required. (This form is generated by default on certain returns that have a credit carryforward.)
Proforma/organizer	Prevents proforma/organizer for next year from being generated. See “Organizers and Proformas” on page 100.

NOTES

The option to print or suppress the 1040A and 1040EZ for *all* returns (if applicable) is set at **Setup > Options, Form & Schedule Options**.

In the 1120S, 1065, and 1041 packages, if the option to print K-1 letters is selected at **Setup > Options**, you can go to the **PRNT** screen to suppress the printing of K-1 letters.

Forcing Items to Be Generated

Table 2-17 lists **PRNT** screen items that can be “forced,” even if the program calculations and established defaults would otherwise not generate them.

Table 2-17: Items That Can Be Forced from the **PRNT** Screen

Item	Description
Schedule A	Schedule A, Itemized Deductions
Schedule B	Schedule B, Interest and Dividend Income
Form 4562	Form 4562, Depreciation and Amortization
Form 6198	Form 6198, At-Risk Limitations
Form 6251	Form 6251, Alternative Minimum Tax for Individuals
Form 8582	Form 8582, Passive Activity Loss Limitations
Form 8960	Form 8960, Net Investment Income Tax - Individuals, Estates, and Trusts
Form 4952	Form 4952, Investment Interest Expense Deduction
Form 1045 page 3	Form 1045, page 3, when taxable income is less than “0” and did not result in a current-year NOL.
Summary	Individual Diagnostic Summary; appears as SUMMARY under Miscellaneous tab in View mode.
Compare	Tax return comparison; compares current-year return with returns from the two prior years and appears as COMPARE under Miscellaneous tab in View mode. (See “Comparing Data” on page 232 for more on creating a tax return comparison in Drake.)
WK_SSB	Social Security Benefits Worksheet provided by IRS for Forms 1040 and 1040A; allows taxpayer to see if any benefits are taxable.
Next-Year Depreciation List	Worksheet showing the depreciation to be carried forward to 2016.
EIC Not Calculated?	On returns where you believe EIC is due but hasn't been calculated, marking this box generates a Return Note stating why the EIC calculation is not being made.
PIN for preparer's alternative e-signature	If the alternative electronic signature is being used by the return preparer for this tax return, enter the five-digit PIN that was chosen in Preparer Setup. An entry here causes the preparer's name to be printed on the return. This should be used for the client's and preparer's printed copies when the return has been e-filed.
Return Indicators	By default, the program displays certain indicators (such as “Hurricane Katrina”) on applicable returns. An entry in the Disaster designation field will appear on the return.

Overriding Other Setup Options

Envelope Coversheets

When a return is generated, Drake prints envelope coversheets, if selected, for mailing with copies of the return to the taxpayer and tax authorities. Default settings for enve-

lope coversheets are set in **Setup > Options, Optional Documents** tab. Use the **Print Overrides** section of the **PRNT** screen to override coversheet options for a single return.

Filing Instructions

When a return is generated, Drake prints federal and state filing instructions. Default settings are established from **Setup > Options, Optional Documents** tab. Use the **Print Overrides** section of the **PRNT** screen to override the default and force or suppress the filing instructions.

Due Diligence Documents

EIC due diligence information is entered on screens **EIC1, EIC2, EIC3, and EIC4**. The **PRNT** screen includes options to print EIC due-diligence documents with a selected return. (These options are set globally from the **Administrative Options** tab in **Setup > Options**.)

Dates on the Return

A default due date for filing is printed on returns and all letters and filing instructions generated with a return. Use the **PRNT** screen to override this default date. These changes cannot be set globally from Setup.

Override the default date by entering an alternate due date in the **Date to print on returns** or **Due date to print on letter and filing instructions** fields in the **Print Overrides** section of the **PRNT** screen.

Return Indicators

An entry in this field will be printed on state returns that require it. No amount will be printed on the 1040.

State Overrides

In some circumstances, a state return that normally would not be generated is needed; in some cases, a state return that would be generated is not needed. To force state returns to be generated, or to suppress them, use the drop lists in the **State Overrides** section of the **PRNT** screen.

Billing Format

The following global setup options are set from **Setup > Options, Billing** tab, and can be changed on the fly by using the **BILL** screen in data entry:

Table 2-18: Options That Can Be Changed on the Fly from **BILL** screen

Option	Choices
Billing option	Total only; Forms and total; Forms, prices, and total; Bill by time; Charge per form
Custom paragraph option	None; Top of bill; Bottom of bill

For more on the **BILL** screen, see “Overriding the Bill Amount” on page 73.

NOTE Write the custom paragraph for the bill in the **Paragraph Content** text box at **Setup > Options, Billing** tab.

Penalty & Interest Calculations

The following global setup options are for penalty and interest calculations on late-filed returns. These are set from **Setup > Options, Optional Items on Return** tab,

and can be changed from within a return from the **LATE** screen, available from the **Taxes** tab:

Table 2-19: Penalty & Interest Options That Can Be Changed on the Fly

Global Setting	Available Overrides
Calculation of penalty and interest on all returns	If the global option is selected at Setup > Options > Optional Items on Return , it can be suppressed for a single return. If the global option is not selected, it can be forced for a single return.
Interest rates	Penalty and interest amounts can be entered manually for a single return to override program calculations based on updated or manually entered interest rates in Setup > Options > Optional Items on Return .

For more on the setting up the global option in Options Setup and on using the **LATE** screen, see “Features for Late-Filed Returns” on page 227.

Listing a Different Firm, Preparer, or ERO on a Return

By default, the program prints the information shown in Table 2-20 on the return.

Table 2-20: Firm, Preparer, and ERO Data That Can Be Changed on the Fly

Information	Description
Firm	Firm associated with Preparer #1 in Setup > Preparer(s)
Preparer	Preparer #1 (as entered in Setup > Preparer(s))
ERO	ERO selected in Setup > Options, EF tab (default is “Paid Preparer”)

To override any of these defaults for a return, go to screen **1** of the return and select a firm, preparer number or name, or ERO under **Return Options** (Figure 2-28).

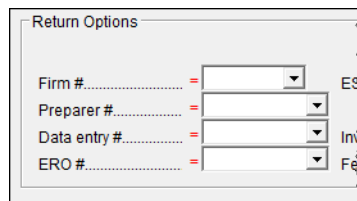


Figure 2-28: Setup override fields on screen 1

Be aware of the following information when determining what information is to appear on the return:

- Because both the firm and ERO information is determined by the return’s preparer, a selection in the **Preparer #** drop list will cause both the firm and ERO information to be overridden with the corresponding information associated with the selected preparer.

- If, for **Preparer #**, you select **NONE/Self-Prepared Return (No Paid Preparer)**, or for **Firm #**, you have a blank line, nothing will be printed on the applicable lines on the return. For ERO, the program uses the information entered on the **EF** tab in **Setup > Options**.
- Data entered on the **PREP (Preparer Information)** screen override the default data and the corresponding **Return Options** selections on screen **1**. ERO information is *not* affected by **PREP** screen entries but *is* affected by a selection from the **ERO #** drop list on screen **1**. For more on the **PREP** screen, see “Overriding Other Preparer Information,” following.
- The **Data Entry #** field (shown in Figure 2-28 on page 72) is for tracking purposes only.
- A firm or preparer must be entered in **Setup > Firm(s)** or **Setup > Preparer(s)** in order to show up as an option in the override drop lists on screen **1**.

Overriding Other Preparer Information

The **PREP** screen in data entry allows you to override the following data for a return:

- Third-party designee (See “Third Party Designee” on page 203.)
- Federal preparer information (if the preparer is not set up in Preparer Setup)
- State preparer information (if the preparer is not set up in Preparer Setup)

If you make an entry in the **Federal Preparer Information** section of the **PREP** screen, the program requires that full override information for both the preparer and the firm also be entered in this section.

The **PREP** screen also includes an option to not print the preparer's information on the letter, bill, or summary.

At the bottom of the **PREP** screen is a check box declaring that you are either filing your own return or that you are not charging a fee for preparing the return and do not need to file Form 8867, Paid Preparer's Earned Income Credit Checklist.

NOTE

You can now enter state preparer registration information for California, Maryland, New York, Oregon, and Virginia on the **PREP** screen. You can also enter a firm's foreign address information in both the federal and state preparer information sections.

Overriding the Bill Amount

Standard rates must be established in Pricing Setup, but you can change the billing amount for a return, either by overriding the total or by adjusting individual amounts.

Overriding the Total

To override the *total amount* on a client's bill, go to screen **1** and enter the desired amount in the **Fee override** field (located in the **Return Options** section).

Adjusting Individual Amounts

Use the **BILL** screen to adjust *individual amounts* on a client's bill. The following items are added to or subtracted from the bill using the **BILL** screen:

- **Adjustments** (write-in or selected from user-defined drop lists) such as for coupons and other discounts and amounts charged for these adjustments
- Balance due from prior years

- Tax Planner fees
- Percentage increases and discounts
- Sales tax percentage
- Prior **Payments** (See “Importing Payments” on page 269 for details on how to import payment information to the **BILL** screen.)

NOTE To create user-defined drop lists for the write-in **Adjustments** and **Payments** lines of the **BILL** screen, see “Customized Drop Lists” on page 44.

You can also indicate the following adjustments from the **BILL** screen:

- To exclude a charge for the Filing Status Optimization Report. (See “About the MFJ/MFS Report” on page 94.)
- To adjust the bill as needed for a self-prepared or firm-prepared e-filed return

The **BILL** screen also allows you to add a short note (separate from the custom paragraph) to the bottom of the bill, to override the date printed on the bill, and to add an audit protection service for your customers.

Pricing for a Single Return

Right-click a form and select **Setup > Form Properties** from the right-click menu.

To override Pricing Setup and establish prices for a single return:

1. In data entry, click **View** to access View mode for the return.
2. Click to select a form from the left column, then from the toolbar, go to **Setup > Form Properties**. The **Properties** dialog box is displayed (Figure 2-29).

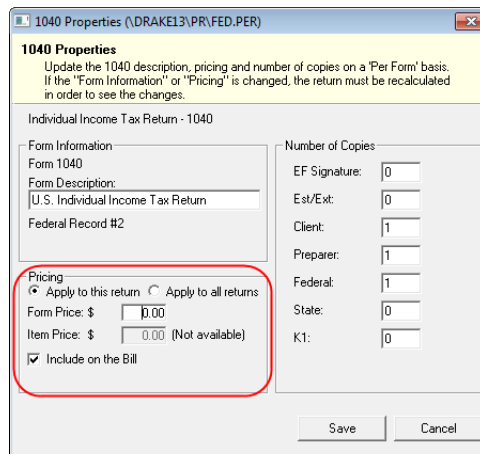


Figure 2-29: Pricing on the fly section of the **Properties** dialog box

3. Edit the description of the form (if desired) and edit the price listed per form or per item.
4. Choose to **Apply to this return** or **Apply to all returns**. *Applying to all returns changes the pricing file globally (in other words, for all returns).*
5. Change number of copies if desired, and then click **Save**.

You must calculate the return again before you can view your changes on the bill.

Overriding Letters Setup

Letters options and defaults can be set from both **Setup > Options, Optional Documents** tab and **Setup > Communications Editor**. Use the **LTR** screen, accessible from the **Miscellaneous** tab, to override global options on a per-return basis.

The **LTR** screen allows you to make the following changes to the letters in a return:

- Have a results letter other than the default letter printed with the return
- Enter a personalized letter greeting
- Add a custom paragraph

In addition, it provides the following options:

- Force-print a results letter for a *paper-filed* return or extension application, even if the return/application is *eligible* for e-file
- Force-print a results letter for an *e-filed* return or extension application, even if the return/application is *ineligible* for e-file
- Force (or suppress) a customized supplemental letter, engagement letter, or privacy policy letter

Default Results Letter

The client results letter is the standard letter that is printed with a return. It tells the client that the return has been prepared from the information provided, states the amount of the refund or balance due, and provides instructions for mailing the return (if paper-filing). The program uses letter #3, the “Summary Results Letter,” as the default.

To change the default letter for a single return, go to the **LTR** screen and select a new letter from the **Letter #** drop list (Figure 2-30) instead of the program default letter.

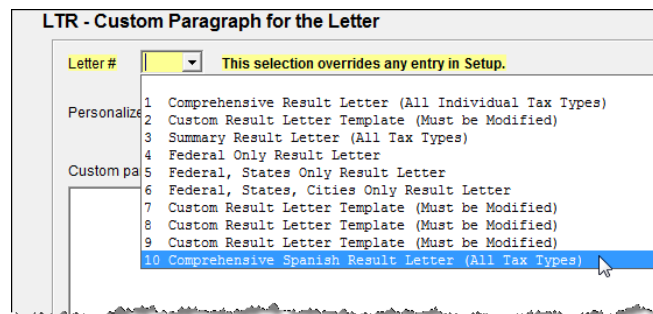


Figure 2-30: Selecting the Spanish letter as the default letter for a return (LTR screen)

NOTE

To change the default letter for *all* returns, go to the **Optional Documents** tab in **Setup > Options** and select a template from the applicable package in the **Letter Options** section of the dialog box.

Customized Greeting

The default greeting for all letters is set in Letters Setup. To override the greeting for a return, go to the **LTR** screen and enter a new greeting in the **Personalized letter greeting** text box.

NOTE

To begin the greeting for the letter for one return with “Dear,” enter the greeting, along with the name, in the **Personalized letter greeting** field. To have *all* letters for a package type begin with “Dear” (or another greeting of your choice), open the actual template from **Setup > Communications Editor** and change the **Opening and Salutation Section**.

Adding a Custom Paragraph

To add a custom paragraph to a letter, write the paragraph in the **Custom paragraph** field of the **LTR** screen. By default, the paragraph is printed at the bottom of the letter.

To have a custom paragraph appear somewhere else within the letter:

1. From the Drake **Home** window, go to **Setup > Communications Editor**.
2. Click **Open** from the toolbar and select the package and letter to be generated for the client.
3. If in Full Edit mode:
 - a. Place the cursor on the line of the letter where you want the custom paragraph to appear.
 - b. At the top-left corner, click to open the **Letter Contents** tab.
 - c. From the **Return Data Keyword** tree in the lower half of the column, click the plus [+] sign next to **Miscellaneous**.
4. If in Outline mode:
 - a. Click a Section tag and choose the paragraph where you want the custom paragraph to appear.
 - b. Place the cursor on the line of the paragraph where you want the custom paragraph to appear.
 - c. From the keyword tree in the **Edit Paragraph** dialog box, click the plus [+] sign next to **Miscellaneous**.
4. Double-click the **<Paragraph from LTR screen>** keyword. The keyword appears in the letter template.
5. Click **OK** (in Outline mode) or **Save** (in Full Edit mode).

When the return is generated, the letter displays the custom paragraph as directed.

e-File or Paper-File?

If a return has an EF Message when calculated, the return is considered ineligible for e-file and the program generates a client results letter for a *paper-filed* return. If the return is considered eligible for e-file, a letter for an *e-filed* return is generated. You can override these defaults for the federal and state tax returns and extension applications.

To override the defaults, go to the **LTR** screen and select **EF** or **Paper** for the selected returns (Figure 2-31 on page 77). To indicate one or more state returns, select state abbreviations from the drop lists provided. In the example in Figure 2-31 on page 77,

the letter will be worded as if both the federal and Arizona returns are going to be e-filed—even if the return is not eligible for e-file.

The screenshot shows a dialog box titled "Override Options" with two main sections: "Letter Paragraph Override" and "Setup Options Override".

Letter Paragraph Override: This section contains a list of tax forms with checkboxes for "EF" (Electronic Filing) and "Paper". A red circle highlights the "1040" dropdown menu, which is currently set to "AZ", and the "EF" checkbox, which is checked. Other forms listed include "Federal Extension", "Federal Amended", and several blank dropdowns.

Setup Options Override: This section contains three dropdown menus: "Customized Supplemental Letter", "Engagement Letter", and "Privacy Policy". A red circle highlights the "Engagement Letter" dropdown, which is currently set to "N".

Figure 2-31: Select EF to force a letter to be printed *as if* the return is eligible for e-file.

Printing Additional Letters

From **Setup > Options, Optional Documents** tab, you can select to have the customized supplemental letter, engagement letter, and privacy policy letter printed with all returns. To override the established defaults for a single return, go to the return's **LTR** screen and select **Yes** or **No** for the desired letter types. In Figure 2-31, the user has selected *not* to have the engagement letter printed for the client.

NOTE

In the 1120S, 1065, and 1041 packages, you can print K-1 letters for a return by entering the signing information on the **LTR** screen. This is necessary only if the global option to print K-1 letters is not selected in Options Setup.

Overriding EF Setup

The **EF** screen in data entry allows you to suppress federal and state e-file on a per-return basis. (The program default in **Setup > Options, EF** tab is that all eligible forms will be e-filed.) For more information on the **EF** screen, see "EF Override Options in Data Entry" on page 300.

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3 Basics



To open the 2015 program, double-click the **Drake 2015** icon on your desktop. The **Login** window displays the **Preparer Login** box (Figure 3-1), system and drive information, and the current date.

Logging In and Out

Log in using the **Preparer Login** box on the Drake **Login** window (Figure 3-1). Enter a **Preparer ID** and optional **Password** (if one has been designated) and click **Login** to open the Drake **Home** window (see Figure 3-2 on page 80).

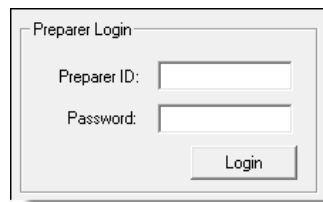


Figure 3-1: Preparer Login box on Drake login window

IMPORTANT

If logging in for the first time after installation, enter your account number and serial number in the appropriate fields of the **Software Activation** dialog box given instead. Account numbers and serial numbers are printed on your confirmation email (or on your packing slip if you have the CD service). Your serial number can be retrieved at Support.DrakeSoftware.com > **My Account** > **My Serial Numbers**.

To log out without closing the program, click **File** > **Logout Preparer** from the **Home** window. To close the program, click **Exit**, then **Yes** (or click the red **X** in the upper right corner).

The Home Window

The Drake **Home** window (Figure 3-2 on page 80) has the following features:

- **Menu bar and toolbar** — These tools allow you to complete tasks in the program.
- **Recent Returns** — Lists the last nine returns opened in the program.
- **Appointments** — Shows the preparer's schedule and provides a link to open the Scheduler.

- **Notifications** — Lists acknowledgments to be processed. Information on pending and completed GruntWorx jobs will also appear in the **Notifications** section.
- **Alerts** — Keeps you informed by alerting you to important dates, displaying the status of Drake's system, and linking you to Drake broadcast emails. Possible alerts might include reminders of filing deadlines or announcements of delayed e-file transmissions, "ack" returns, or bank transactions. Alerts are refreshed every 15 minutes. Your system must be connected to the Internet for this feature to work.
- **Update Status** — Keeps the preparer informed about if the program is up to date, provides link to update the program when necessary.
- **Status bar** — Provides system information.
- **Personal Client Manager (PCM)** — This is a personalized version of the Client Status Manager; see "Personal Client Manager" on page 81, for more information.
- **Enable Privacy** — Hides the recent return list, the PCM, and the preparer notes. (Click **Disable Privacy** to view the list again.)
- **Preparer Notes** — Use this section to write brief notes. Notes are visible only to the preparer who wrote them. Notes remain in this section until they are deleted. (These notes are different from the **Preparer Notepad**. See "Preparer Notepad" on page 235 for details.)

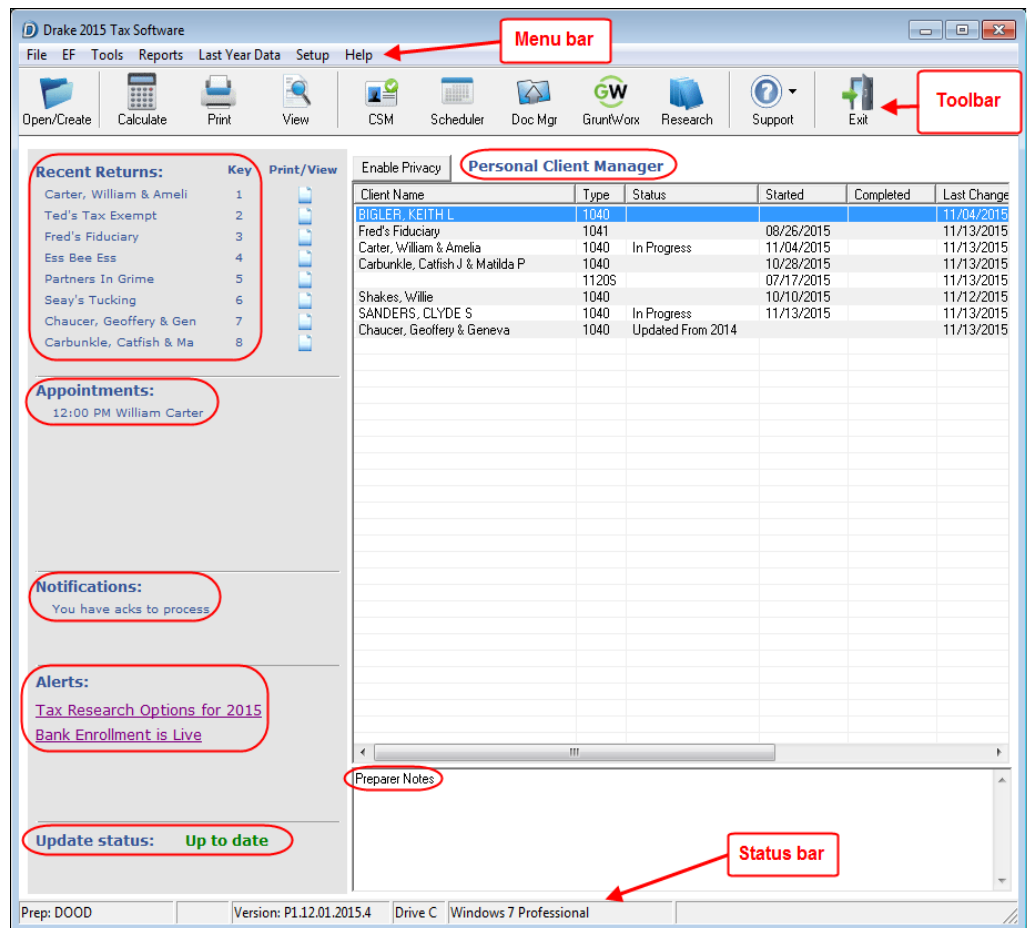


Figure 3-2: Drake Home window

Personal Client Manager

The Personal Client Manager (PCM) allows a logged-in preparer to manage client returns more easily by providing a personalized version of the Client Status Manager (CSM). Client records can be sorted by name, return type, status, date the return was started or completed, date of last change, transmission date, acknowledgment code or date, and phone number. To sort records, click a column header.

NOTE The PCM operates much the same as the CSM. For specific instructions on using these tools, see Chapter 9, "Client Status Manager."

Activating the PCM

To activate the PCM for logged-in preparers, an administrative user must go to **Setup > Options, Administrative Options** tab and select the **Enable logged in preparer's Personal Client Manager** box (located under **Main Dialog Options**).

General Navigation

You can use both the mouse and the keyboard for navigating within the software.

- **Left button** (mouse) — 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, use the left button on the mouse.
- **Right button** (mouse) — While in data entry, right-click the mouse anywhere on the screen to display a menu of common program functions. Right-click a specific field and view the return in View mode, use macros, undo an entry, reset the field, cut, copy, paste, delete, add worksheets, use the calculator, get help (from the Program Help, the Navigation Help, the Drake Support website, Drake's Knowledge Base, Drake's e-Training Center (ETC), field help, or the screen help), flag the field for later review, or remove an existing flag. Other options are available by right-clicking the **Data Entry Menu**, including calculating, splitting, viewing, and printing returns, opening the EF Database, Forms Based Data Entry, or the calculator, adding reminders, appointments, and notes, printing mailing labels, and clearing flags.
- **Keyboard shortcuts (keyboard)** — Use *keyboard shortcuts* to perform tasks from the **Home** window without using the mouse. Press ALT to display the underlined keyboard shortcut and then press the desired keyboard shortcut. For example, from the **Home** window, you can press ALT, F, O (F for File, O for Open) to open the **Open/Create a New Return** dialog box, or ALT, L, O (L for Last Year Data, O for Organizers) to open the **Organizer Client Selection** dialog box. (Figure 3-3 on page 82)

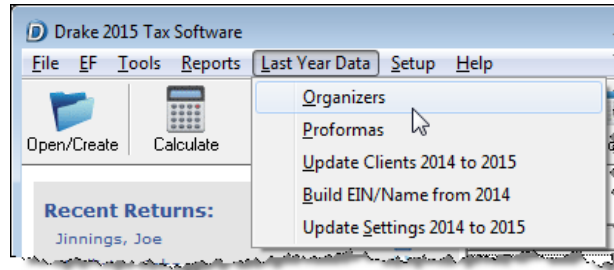


Figure 3-3: Underlined keyboard shortcut in menu bar of **Home** window

- **Key combinations** — Use *key combinations* as another way to perform tasks without using the mouse. They are written as two or more key names connected by a plus (+) sign. Press and hold down one key, and then press a second key. Key combinations are shown to the right of each menu item (Figure 3-4).

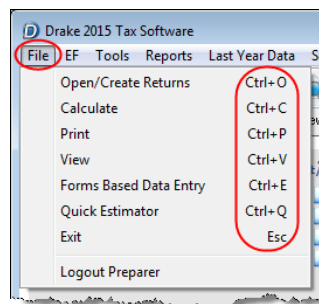


Figure 3-4: Key combinations

Screen Hyperlinks

Hyperlinks in data entry allow easier, quicker data entry. Hyperlinks are available in all packages and fall into two categories: links and screen tabs.

- Links** Use links to move quickly from one screen to a related screen without having to return to the **Data Entry Menu**. The example in Figure 3-5 shows that the **Foreign Employer Compensation** screen, the **INT** screen, the **DIV** screen, and the **1099-G** can be directly accessed from the **Income** screen (screen 3).

The screenshot shows the 'Form 1040 - Income' screen. It includes fields for 'F', 'ST', and 'CITY'. Below is a table with columns for 'Description', 'Taxpayer', and a numerical value. Hyperlinks are present for 'Foreign Employer Compensation', 'INT', 'DIV', and 'Form 996'.

	Description		Taxpayer
7	Taxable scholarships not reported on W-2.....	7	+/-
7	Other income reported on line 7 (NOT W-2 wages).....	7	+/-
	<input type="checkbox"/> Household income <input type="checkbox"/> Prisoner income		
8a	Interest income (NO Schedule B required).....	8a	+/-
8b	Tax-exempt interest (NO Schedule B required).....	8b	+/-
9	Dividend income (NO Schedule B required).....	9	+/-
10	Taxable refunds:		
	State taxes.....	10	+/-

Figure 3-5: Links from the **Income** screen

Federal-to-state links serve as shortcuts to related state screens. For example, the state links on screen 2 (**Dependents**) are to those state screens that accept child and depen-

dent care expense deductions. State links are located in a **State Information** section at the upper-right corner of a screen (Figure 3-6).

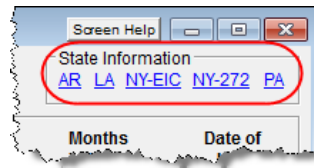


Figure 3-6: Example of a **State Information** section for federal-to-state links

Screen Tabs

Screen tabs allow you to organize multiple instances of the same form and their associated worksheets. For instance, in Drake's 1040 package, the **K1P**, **K1S**, and **K1F** screens contain tabs to associate the K-1 screens (Schedule K-1 requires two screens in Drake), the two sections of the basis worksheet, and two 6198 at-risk limit worksheets with a particular K-1 issued to the taxpayer. For a new K-1, press PAGE DOWN.

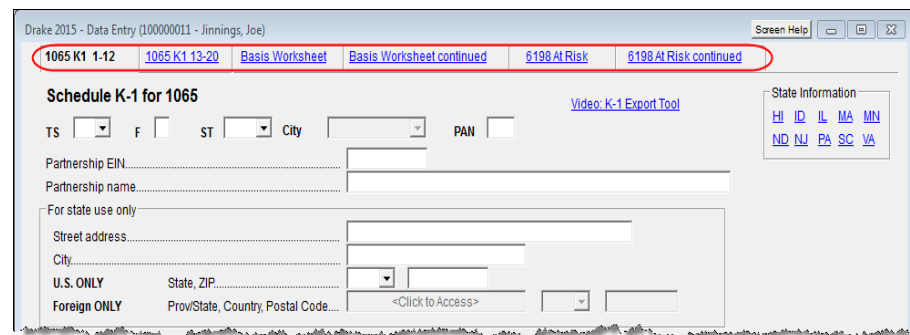


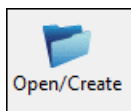
Figure 3-7: Tabs on the **K1P** screen for an individual (1040) return

Creating and Opening Returns

When you enter an ID number (SSN or EIN), the software searches both current- and prior-year files. If it finds a client record in the prior-year files only, you are given the opportunity to update the record from the previous year into this year's program. (See "Updating Client Files" on page 97 to perform an update.)

Creating a Return

To create a return in Drake:



1. From the **Home** window, click **Open/Create** (or ALT, F, O).
2. In the **Open/Create a New Return** box, enter the client's ID number (item #1 in Figure 3-8 on page 84).
3. Click **OK**.
4. Click **Yes** when asked if you want to create a new return.
5. In the **New Return** dialog box, select the return type.
6. Enter the client's name.

- Click **OK**. Data entry screen **1** for the new return is displayed.

NOTE You may be required to verify the ID number for a new return. Verification is required for all Pay Per Return (PPR) clients.

Opening a Return

*Recently accessed returns can be selected from the **Recent Returns** list in the **Home** window.*

To open an existing return in Drake:

- From the **Home** window, click **Open/Create**. The **Open/Create a New Return** dialog box is displayed (Figure 3-8).
- Perform one of the following tasks:
 - Enter the ID number of the return (item #1 in Figure 3-8).
 - Select one of the last nine returns opened (item #2 in Figure 3-8). Click a row to select a return.
 - Select a return type (item #3 in Figure 3-8). Returns are displayed in the grid to the left. Click a row to select a return.

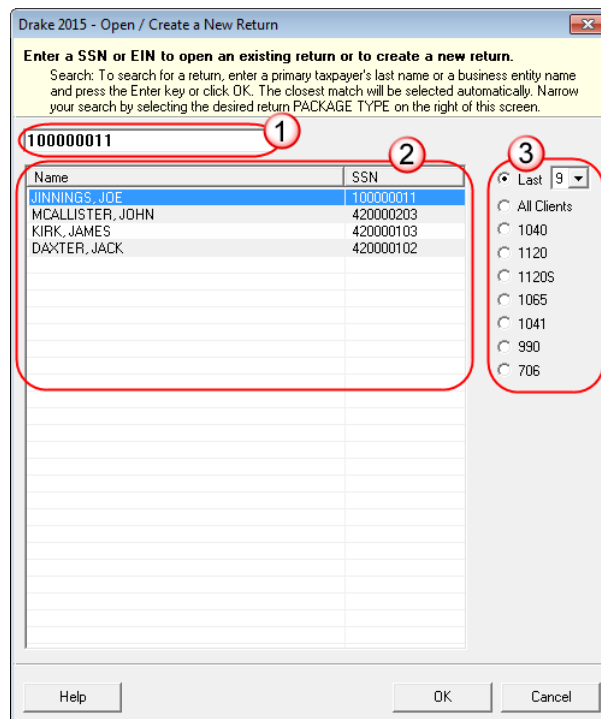


Figure 3-8: Open/Create a New Return dialog box

- Click **OK**. The **Data Entry Menu** is opened for the selected return.

Data Entry

Returns are prepared in data-entry mode. Access data-entry screens from the **Data Entry Menu**. (See Figure 3-9 on page 85.) When in data entry, press **ESC** to save your data, exit the open screen, and return to the **Data Entry Menu**. Pressing **ESC** from the

Data Entry Menu returns you to the **Home** window (Figure 3-2 on page 80). While in data entry, you can use the TAB key, and the UP ARROW and DOWN ARROW keys to move from field to field, and the PAGE UP and PAGE DOWN keys to move from screen to screen.

Data Entry Menu

The **Data Entry Menu** (Figure 3-9) is displayed when you open a return. It consists of a toolbar, tabs, codes and names, the selector field, and the status bar.

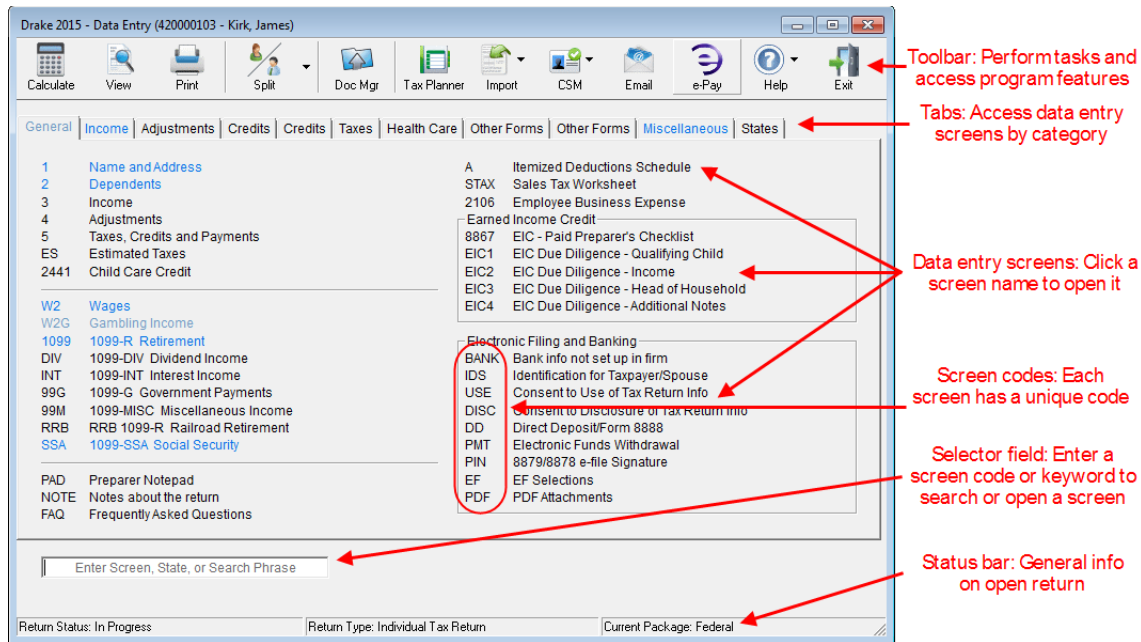


Figure 3-9: Data Entry Menu

Searchable Selector Field

The selector field, located at the bottom of all **Data Entry Menus** (Figure 3-10) can search for screens by code, name or keyword.

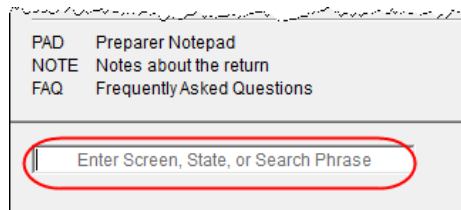


Figure 3-10: Searchable selector field

If you can't remember the code or form number or on which tab of the **Data Entry Menu** the screen is located, you can search for the screen with keywords or phrases.

Enter the code 2 in the selector field, press ENTER, and screen **2 (Dependents)** is opened (or the grid data entry window is opened, if you have that option selected).

You can also type in a guess – say, DEP for “dependents” – and press ENTER to open screen **2**.

If, however, you know there are several other screens that might require entries for dependent children, you can enter a keyword such as `Child` in the selector field, press ENTER, and a list of screens with the keyword “child” in the heading or within the screen is shown in the **Search Results** window (Figure 3-11).

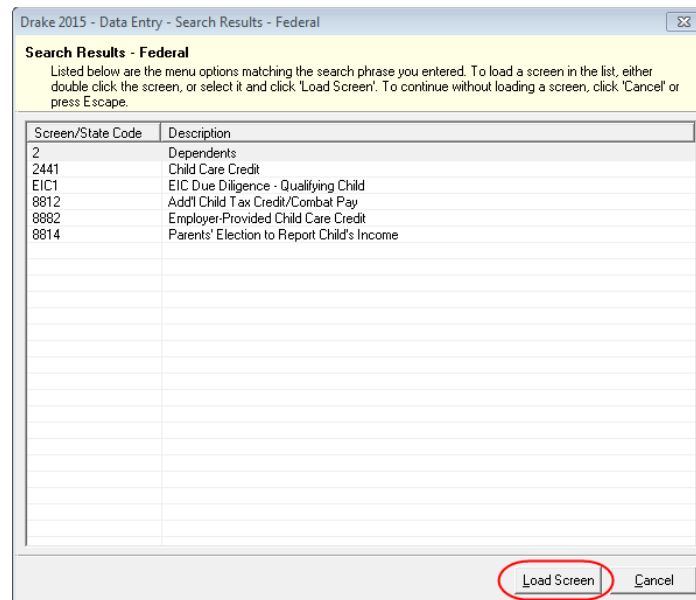


Figure 3-11: Search Results window

Double-click a line in the **Search Results** window or highlight the line and click **Load Screen** to open the selected screen.

Working in a Tax Return

Prepare tax returns in Drake by entering pertinent information on specific data-entry screens. Entries are used to calculate the federal, state, and city tax returns.

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

- **Keyboard** — From any tab, type a code in the selector field. Press ENTER.
- **Mouse** — Select a **Data Entry Menu** tab and click the screen name.

Managing Screens

Use the following methods to exit, save, reset, and delete screens in Drake:

- Press ESC to save your changes and exit a screen.
- Press SHIFT+ESC to exit a screen without saving your changes.
- Press CTRL+U to reset a screen to the last save.
- Press CTRL+D to delete a screen. If multiple occurrences of a screen exist (for example, if a return has two Forms 1099), an **Existing Forms List** is opened. Select the screens to delete, and then click **Delete**. (See “Existing Forms List” on page 88.)

You can also use the right-click menu to take these actions.

Navigating Fields

A blinking cursor and yellow shading indicate an active field. Click a field to activate it. Following are keyboard-only methods of moving from field to field:

- Press TAB to move the cursor forward one field.
- Press SHIFT+TAB to move the cursor back one field.
- Press CTRL+DOWN ARROW (↓) or CTRL+ UP ARROW (↑) to move the cursor down or up one field, respectively.

LookBack

New for 2015: In the past, the best way to compare last year's data entries with those on the current year's screens was to have the prior year's version of Drake and the current year's version open at the same time to the same screen, clicking back and forth between them.

With the new LookBack feature, you can now see Drake14's data entry on Drake15's screens.

With Drake15 open to a data-entry screen, press the F11 key and any field on the open screen that contained data last year will be highlighted in a contrasting color:

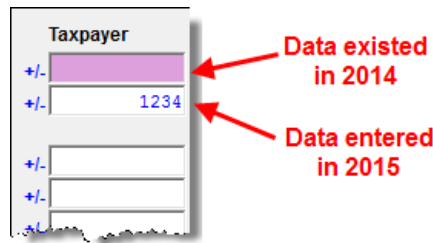


Figure 3-12: Highlighted fields reminds you that data was entered in previous year

To see what the actual entry was in the previous year, press F12 to open a read-only version of the open screen:

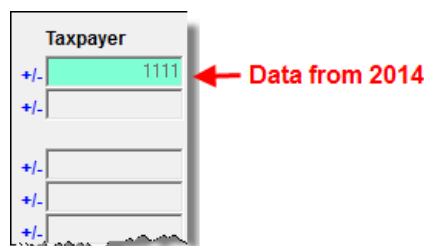


Figure 3-13: Press F12 to see the actual data entry from 2014

If multiple instances of the screen exist, a **Prior Year Forms List** will offer you the chance to select which screen instance to open. If the screen had no entries in 2014, you'll be notified that no prior-year data exists.

NOTE

You can also right-click anywhere on an open screen and select **Highlight prior year fields** or **Show prior year data**.

Press any key to return to data entry for 2015.

For 2015, LookBack will be available on most of the high-use screens in the federal packages.

To change the colors used for the LookBacks fields, see “Color Setup” on page 64.

Grid Data Entry

Grid data entry allows faster data entry for the **Dependents**, **INT**, **DIV**, and **4562** screens. In grid data entry mode, click a field to activate it, and then type data directly into the field (Figure 3-14).

	First Name	M.I.	Last Name	Suffix	SSN	Relationship	Months	Date of birth	Childcare Paid
1	Johnny				100-00-0000	SON	12	12-30-2015	1543
2	Brenda				701-01-0000				
3									
4									

Figure 3-14: Entering data directly with grid data entry

To access grid data entry from full-screen mode, press F3. Press F3 again (or click **Item Detail**) to return to full-screen mode. To delete a row in grid data entry, select a row number and click **Delete Row(s)** (or press CTRL+D).

TIP

Right-click the grid and select **Grid Font Size** to change the font size for easier reading. or select **Grid Export** to send the grid to an Excel worksheet, a CSV file, or to a printer.

Existing Forms List

The **Existing Forms List** (Figure 3-15) is displayed if more than one instance of a screen has been saved in a return.

#	TS	Employer Name	Wages, Ti...	Federal T...	Dep Care ...	SS tips
1		Company	100	1	1	
2		Johnny boy	12350			
new	Ne...					

Figure 3-15: Existing Forms List

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

NOTE

Grid data entry replaces an **Existing Forms List** on the **Dependents**, **INT**, **DIV**, and **4562** screens if grid data is the established default in Options Setup. Disable the default from **Setup > Options > Data Entry** tab.

Multiple Instances of a Form

Many clients require multiple instances of such forms as Form W-2. In most cases, while in a screen such as the **W2** screen, press PAGE DOWN to open a new screen and enter data for a second form.

Some forms have more than one “page” or screen. If you are in a multiple-screen form, use the links provided to go to the next page. If no links are provided, press PAGE DOWN to move to the second “page” of the screen. Press CTRL+PAGE DOWN to open a new instance of multiple-screen forms.

Each time a new screen is produced, Drake indicates the record number on the status bar of the screen. The number of records is also shown on the **Data Entry Menu**. In (Figure 3-16), the second of the four **Dependents** screens is being accessed.

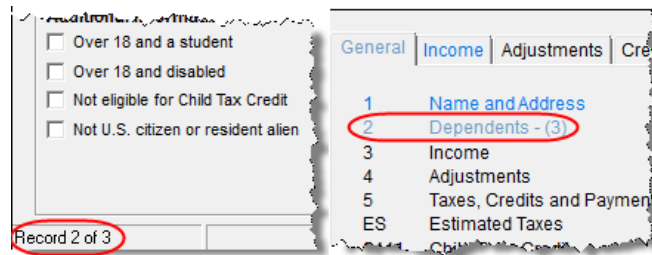


Figure 3-16: Multiple instances of a screen are shown in status bar and **Data Entry Menu**.

Detail Worksheet

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

To use a detail worksheet:

1. Select the numeric field to which the worksheet will apply and take one of the following steps to open a **Detail Worksheet**:
 - Double-click the field
 - Press CTRL+W
 - Right-click and select **Add Worksheet**
2. Enter or edit the worksheet **Title**.
3. Enter a **Description** and **Amount** for each item. Do not skip lines. As needed, use F1, F2, F3, and F4 as shown at the top of the worksheet to sort items in the list.
4. Press ESC. Drake saves your work and displays the total in data entry. Note that the field is shaded to indicate a worksheet is present. (Default color is red; see Figure 3-17.)

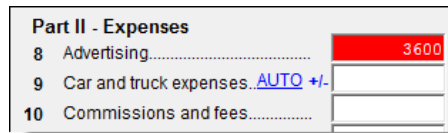


Figure 3-17: Shaded worksheet field

NOTES

Detail worksheets are produced as overflow statements but are *not* e-filed with the return.

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

If you press CTRL+W (or double-click) in a **Depreciation** field, the program opens **4562 (Depreciation)** screen with the **For** and **Multi-Form Code** boxes completed. (See "Associating One Screen with Another" on page 93.) If other **4562** screens are already filled out and coded to a **C** screen, the **Existing Forms List** is opened.

Field Flags Use field flags to set certain fields apart for review. Flagged fields are shaded (default is green) and must be manually verified (cleared) prior to e-file.

To flag a field, click the field to activate it, and then press F2. You can also do this by right-clicking in the field and selecting **Flag For Review**. The field is displayed with a shaded background (Figure 3-18).

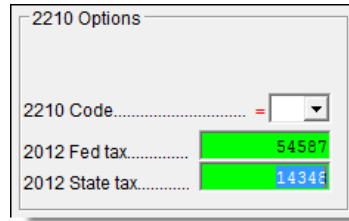


Figure 3-18: Flagged fields are shaded. (Default is green.)

When a return with flagged fields is calculated, an EF Message is generated. All flagged fields must be cleared before the return can be e-filed. To clear a flagged field, place the cursor in the field and press F4. To clear all flagged fields on an open screen, press CTRL+SHIFT+SPACE. To clear all flagged fields in the open return, go to the **Data Entry Menu** and press CTRL+SHIFT+SPACE.

Global Flags A user with administrative rights can designate certain fields to be flagged in all returns. When flags are set globally, they apply to all returns. Global flags can be for *screens* or for *new returns*.

- **Screens** — The presence of an unverified flag produces an EF Message *only if the screen exists for the return*. For example, if the **Employer ID #** field on screen C is flagged, an EF Message for the unverified field is produced only if a Schedule C is present on the return and the **Employer ID #** field has not been verified. If there is no Schedule C, no verification is required.
- **New Returns** — When a field is flagged for all new returns, an unverified flag produces an EF Message *whether or not the screen has been opened for the return*. In the above example, an EF Message would be created even if no Schedule C was present in the new return. In effect, this type of global flagging would force the data entry operator to open, even if only to clear the flag.

To prevent flagged fields from being overlooked, all new-return flags cause the corresponding screen and tab names to appear as the color of the field flag (Figure 3-19; default color is green). Once the field has been verified, the highlighted tab and screen names go back to their original colors.

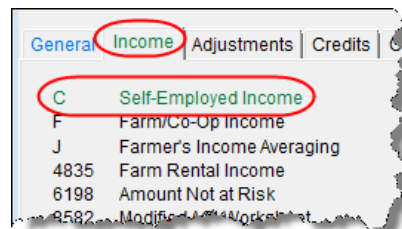


Figure 3-19: under the **Income** tab has a flagged field.

Flagging Fields Globally

To flag one or more fields in all returns:

1. From the **Home** window, select **Setup > Options, Administrative Options**.
2. Select **Use customized flagged fields on all returns**.
3. Click **Flag** to open a dialog box with buttons for all Drake packages.
4. Click a package button. The **Flag Fields for Review** window for that package is opened. Note that this window resembles the **Data Entry Menu**.
5. Select a screen to open it.
6. Choose one of the following options:
 - **Flag a field for a screen** — Click the fields to flag. The field is flagged with the word “Screen.”
 - **Flag a field for all new returns** — Right-click a field and select **Flag For Review When Return is Created**. The field is flagged with the word “Return,” as shown in the example in Figure 3-20.

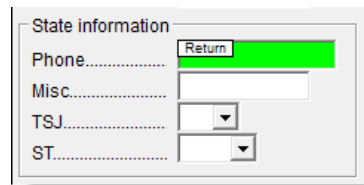


Figure 3-20: Field has been flagged for all new returns.

NOTE Click a field a second time to remove the flag.

7. Return to **Setup > Options**. (Press ESC to exit each window, press ESC again to exit the **Flag Fields for Review** window, and then click **Exit**.)
8. Click **OK**.

Locking Fields

Lock fields to keep preparers without administrator access from entering data in those fields.

To lock a field:

1. From the **Home** window, select **Setup > Options, Administrative Options**.
2. Select **Use customized flagged fields on all returns**.
3. Click **Flag** to open a dialog box with buttons for all Drake packages
4. Select a package type.
5. When the **Data Entry Menu** is opened, click a screen, right-click a field, and select **Lock Field**.
6. Press ESC to save your changes.

NOTES To remove the lock, in step 5 above, click the field, or right-click and select **Unlock Field**.

The **Lock Field** option is available for federal packages only.

Override & Adjustment Fields

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

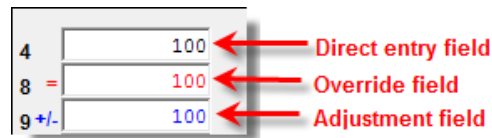


Figure 3-21: Direct entry, override, and adjustment fields

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

ZIP Code Database

When a ZIP code is entered on a screen, the city and state fields are filled by default from the program's ZIP code database. There is no need to enter the city and state manually.

EIN Database

When new employer data is entered on a screen, the program stores the EIN, business name, and business address in the EIN database. The next time the EIN is entered on a **W2, 1099, or 2441** screen, the business name and address automatically appear in the required fields.

Bank Name Database

The program retains the names of all financial institutions when they are entered for the first time in data entry. The next time the first few letters of a saved name are entered, the program "auto-completes" the entry. To add, edit, or delete entries from the bank name database, place the cursor in a bank name field and press CTRL+SHIFT+E and follow the instructions that are displayed.

Common Screen Fields

Many screens in Drake have fields labeled **TS**, **F**, **ST**, and **City**. These fields, shown in Figure 3-22, are used to apply the data on the screen to the taxpayer or the spouse (or both), on federal, state, or city returns.

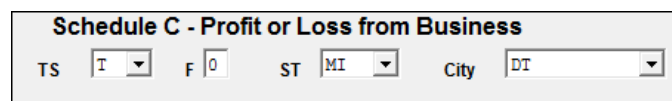


Figure 3-22: Screen code examples for Schedule C

- **TS (or TSJ)** — Select **T** if a screen applies to the primary taxpayer, **S** if it applies to the spouse, or **J** if it applies to each spouse equally. (Default is **T**.)
- **F** — All data on a screen is automatically carried to the federal return as applicable. Enter 0 (zero) in the **F** field to prevent a screen's data from being carried to the federal return.
- **ST** — Code indicates whether the screen data should be used in calculating a specific state return. If this field is blank, the software uses the resident state by default. The data is not carried to *any* state or city if a zero (0) is selected here.
- **City** — Code indicates the source of the income on city returns.

Press F1 in a field to view all acceptable codes for that field.

Associating One Screen with Another

Drake allows you to associate one screen with another, such as when an asset on one screen should be associated with a Schedule C. For example, to associate an asset screen to a C screen, complete the **For** field and the **Multi-form Code** field (if applicable) at the top of the asset screen. From the **For** drop list, select the form to be associated with the open screen, as shown in Figure 3-23.

Figure 3-23: In this example, the 4562 screen is to be associated with the second Schedule C created in the return.

NOTE

For Schedule E rental properties, each property (in other words, each screen) has a separate multi-form code. The MFC number used on the asset screen (for instance, on screen **4562**) for a Schedule E should refer to the property (to the screen the property is listed on), not the instance of the Schedule E. (Up to three properties are printed on a Schedule E.)

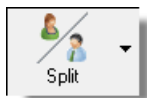
Splitting a Joint Return

When you split a joint return in Drake, the program calculates three returns: one for Married Filing Jointly (MFJ), and two for Married Filing Separately (MFS).

Before splitting a joint return, ensure that data on all screens clearly applies to either the taxpayer (T) or spouse (S), and make sure **Ready for EF** is not marked on the **EF** screen. If this box is marked, all three returns will be marked eligible for e-file. (See “EF Override Options in Data Entry” on page 300.)

To split a joint return:

1. Open the return.
2. Choose one of the following options:
 - To compare returns for two individuals who lived together for the entire year, click the **Split** button or press CTRL+S.
 - To compare returns for two individuals who did *not* live together for the entire year, click the down arrow next to the **Split** button and select a category of MFS filing status.



NOTE

At this point, if there is a Schedule A on the return and you have not specified on screen **A** whether to force itemized or standard deduction, you are prompted to select **Itemize**, **Standard**, or **Optimize** before proceeding. If you select **Optimize**, the program will determine which is the better treatment of the Schedule A deductions.

Results are displayed in the **Return Selector**.

3. Mark the check box to the left of the returns and click **Print**, **View**, or **Save**, as applicable.
4. Click **Exit**.

About the MFJ/MFS Report

To view the MFJ/MFS report, click the **MFJ/MFS Report** button. The Filing Status Optimization Report is displayed in View mode as MFS_COMP (and OH_COMP, for Ohio returns). The report compares the taxpayer's and spouse's status if filing joint, combined, or separate returns, and to show the net affect of filing separate returns.

For more information on View mode, see "Viewing a Return (Enhanced Mode)" on page 245.

NOTE Currently, the state report feature is available for Ohio returns only.

The program saves the MFS data shown in the reports only if you save the split returns. If you are not planning to save the MFS versions of the returns but want to show the reports to your client later, print the reports now for your client's records. If the MFS versions are saved, the completed MFS_COMP and OH_COMP reports can be viewed only in the Joint return.

NOTE Billing for this report is done through **Setup > Pricing** (use item 350). For more on setting up pricing in Drake, see "Pricing Setup" on page 46. To suppress the charge for an individual return, use the **BILL** screen. (See "Overriding the Bill Amount" on page 73.)

Screen Captures

Screen captures can be taken in data entry and sent to the clipboard, a printer, or a file.

To capture a data entry screen:

1. Right-click any open part of the screen (not within a field or text box).
2. Select **Screen Shot**. The program offers three choices for captures:
 - **To File** — Save the screen as a bitmap (.bmp) file to a location you select.
 - **To Printer** — Open the **Print** dialog box and print an image of the screen.
 - **To Clipboard** — Copy an image of the screen to your clipboard in order to paste it into another program, such as Microsoft Outlook.
3. Save, print, or copy the image as directed, according to your selection.

Calculator

A calculator feature is available in every numeric field in data entry. To access it, press F10 from within a field. Once results are calculated, press F1 to insert those results into the field.

Macros

Macros are shortcuts that allow you to enter frequently used data entry items with minimal keystrokes. This feature is described in detail in "Macros Setup" on page 48.

Heads-Down Data Entry

Heads-down data entry provides an efficient method of data entry when working from a proforma interview sheet. Information on this method is provided in the “Heads-Down Data Entry” on page 102.

State Returns

When a return is prepared, Drake automatically generates state returns based on data entered for the federal return. Calculation is based on the state entered on screen **1** for resident state and on the state codes indicated on other forms (W-2, Schedule C, 1099, Schedule B, etc.).

Click the **States** tab in data entry 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 the **Data Entry Menu** for that state. It is not necessary to return to the **States** tab to enter a new state code.

Access city screens by entering a city code into the selector field. Another option is to open a state menu, and then click the **Cities** tab (if available). Cities are listed with their two-letter codes.

Practice Returns

Practice returns, test returns, and EF test returns are available on the Drake Support site and on the software CD:

- *Practice returns* help new Drake Software clients become more familiar with how data is entered in Drake. Practice preparing returns by completing data entry based on the practice scenarios provided. Practice returns can be found at *Support.DrakeSoftware.com* > **Training Tools** > **Practice Returns**, through the software (from the toolbar on the **Home** window of Drake, go to **Support** > **Drake Software Support Website** > **Training Tools** > **Practice Returns** > **Returns**), and on the installation CD.
- *EF-Banking practice returns* also allow you to practice e-filing returns in Drake Software. The returns will be either accepted or rejected. Correct the rejected returns and resend them to receive acknowledgments. The SSNs for the test returns run from 500-00-1001 through 500-00-1008. EF practice returns can be found at *Support.DrakeSoftware.com* > **Training Tools** > **Practice Returns** > **EF Banking**, through the software (from the toolbar on the **Home** window of Drake, go to **Support** > **Drake Software Support Website** > **Practice** > **EF Banking**), and on the installation CD.

For more information on how practice returns can help you, see “Practice Returns” on page 329.

4 Preseason Preparation

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

Prior-Year Updates

If your firm used Drake last year, you can save time by updating prior-year returns, settings, letters, and EIN data. Before updating, you should (1) back up your files, and (2) ensure that your program's 2014 data path points to your firm's 2014 data files.

By default, Drake accesses the previous year's client files from the workstation's local drive. If your prior-year files are stored elsewhere, enter the location in the **Data Location** dialog box:

1. Log in to the program as a user with administrative rights.
2. From the **Home** window, select **Setup > Data Locations**.
3. Look at the **Location for 2014 client files** field (Figure 4-1).

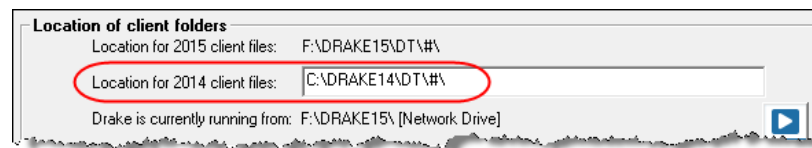


Figure 4-1: Ensure that the **Location for 2014 client files** is correct

4. If the correct path is not displayed, enter the correct path and click **OK**.

NOTE For more on Drake's Data Locations setup, see "Single Workstations and Network Options" on page 24.

Updating Client Files

By default, the following client information is brought forward from the prior year:

- names and addresses
- depreciation
- ages
- filing statuses
- occupations
- dependent names
- business names
- installment sales
- ID numbers

You have the option of selecting other data to bring forward when you update client files, as explained in the following sections.

NOTE

To ensure that files are updated according to your clients' needs, update returns individually as you meet with your clients. Drake does not recommend updating all returns in a package at once.

Update Returns Individually

To update an individual return:

1. Open the return in Drake 2015. An **Individual Update Options** dialog box lists all options for updating (Figure 4-2).

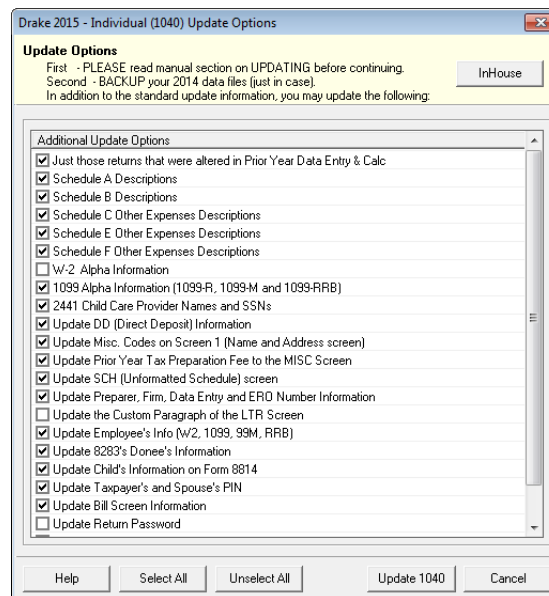


Figure 4-2: Individual Update Options box

2. (optional) Select additional items to update. (Click **Select All** to choose all items.)
3. Click **Update 1040**.

Once updated, the return is shown in the **Data Entry Menu**.

Update Returns Globally

To update all returns in a package (not recommended):

1. From the **Home** window, select **Last Year Data > Update Clients 2014 to 2015**.
2. Click **Next** to open the **Basic Search Conditions** dialog box.
3. Select filters (optional), and then click **Continue**. The **Update Options** dialog box (Figure 4-2) is displayed.
4. (optional) Select additional items to bring forward.
5. Click **Update 1040**. All returns are updated according to selections in the **Update Options** box.

CAUTION

Once returns have been updated, the updates *cannot be reversed!* To avoid oversights, you should update each return individually.

Once the program has updated the returns, it displays a report listing the updated returns. Click **Exit** to close the Report Viewer.

Building the EIN/Name Index

Each time an employer is entered on a screen for a Form W-2, W-2G, 1099-R, 1099-G, 8283, or 2441, that employer's name, EIN (or SSN), address, and state ID number are automatically added to the EIN database.

To update the EIN/name database from 2014:

1. In the 2015 version of the program, select **Last Year Data > Build EIN/Name from 2014**.
2. (*If necessary*) From the **Prior year Drake program location** drop list, select the drive where Drake14 is located.
3. From the **Build EIN Database and Name Index** dialog box, select the indexes to update and click **Continue**.
4. Change the location of the prior-year return, if necessary.
5. Wait for the program to finish scanning the files. (This update takes about one minute for every 2,000 client files.)
6. Click **Exit**.

Updating Settings

You can apply your firm's 2014 software settings to the 2015 program to save pre-season preparation time. Once the settings are brought forward for the year, they can be individually adjusted.

CAUTION Selecting an item that has already been updated can cause a loss of current-year data.

To update settings from 2014:

1. In the 2015 version of the program, go to **Last Year Data > Update Settings 2014 to 2015**. The **Update Settings** dialog box is displayed. (Figure 4-3 on page 100.)

NOTE To update letters, from the **Home** window of Drake, go to **Setup > Communications Editor**, and from the toolbar click **Open** and select a letter, then click **Setup > Update Prior Year Letter**.

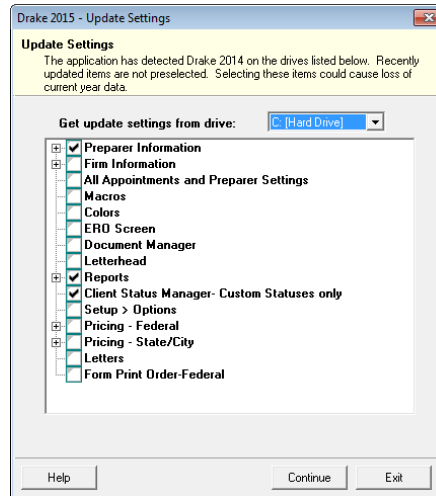


Figure 4-3: Update Settings dialog box

2. Select the drive where the 2014 data you want to bring forward is being stored.
3. Select the setting categories to bring forward. All items, except for previously updated items, are selected by default.

NOTES

Click the plus sign [+] in front of an item to expand it and view or select sub-items. If you select an item with sub-items, all sub-items are selected automatically.

If updating **Pricing** setup, you will be prompted to enter a percentage increase to apply per item, per form, or both, and the option to round to the nearest dollar.

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

Organizers and Proformas

Available for the 1040 package, *organizers* help clients prepare for their tax appointments. Many organizer sheets feature two-column layouts, with one column containing prior-year data and the other intended for current-year data (Figure 4-4 on page 101).

TIP

Organizers can be sent directly to the Drake Document Manager or to your SecureFilePro™ portal. For details, see “Printing Organizers and Proformas for Clients” on page 103. For more on the Document Manager and SecureFilePro, see Chapter 13, “Suite Products.”

NEW FOR 2015

From the **Home** window of Drake Software, go to **Last Year Data > Organizers** to open the **Organizer Client Selection** dialog box. Click the **Organizer for new clients** link to open a blank organizer you can give new clients for whom you have not yet begun a return in the software.

Income					
William Carter			***-**-6665		
Wages & Salaries			Retirement		
Attach all copies of Form W-2			Attach all copies of Form 1099-R		
Employer Name	2015 Federal wages	2014 Federal wages	Payer Name	2015 Distribution	2014 Distribution
Wayne's World Of		54321	Teacher Pension, Inc.		23456
Wayne's World Of		12345	Alabama Dept Of		4545
Bonnie's Bloomers		23456			
Alabama Dept Of		33221			

Figure 4-4: Sample of Wages and Salaries page from an organizer

Available for individual and business packages, *proformas* have numbered fields corresponding to the fields on Drake data-entry screens (see red circles in Figure 4-5). Proformas are designed to be internal documents and can be used during the interview process.

Employee name and address (if different than screen 1)			
Name: First	Amelia	Last	Carter
Street	1234 Main Street		
City	Franklin		
U.S. ONLY	State, ZIP	Nc	28734
Foreign ONLY	Province/State, Country, Postal Code		
		2014	2015
1	Wages, tips	23456	2
3	Social Security wages	23456	4
5	Medicare wages	23456	6
7	Social Security tips		8
9			10
11	Non-qualified plan		

W-2
2-6

Figure 4-5: Sample of W-2 page from a proforma

Blank proformas and organizers can be viewed and printed from **Tools > Blank Forms**. See “Printing Organizers and Proformas for Clients” on page 103 for information on printing for selected clients.

Organizer Checklist

A checklist is automatically printed with an organizer, offering your clients a way to quickly assure themselves they have gathered the information you need to file accurate and complete tax returns.

While the organizer still imports the client’s tax information from the previous year’s return, the checklist reminds the client of any new information (this year’s W-2s, 1099s, K-1s, etc.) they need to gather for this year’s return.

Entering Information from Proformas

Use proformas during the interview process or have a data entry operator enter tax information from proformas following the interview.

Each sheet in a proforma has special codes printed on the left side of the page. For example, the blue square on the left side of Figure 4-5 on page 101 shows that the proforma code for the **W2** screen is “2-6.” As an alternative to using the screen code (“W2”) to open the **W2** screen, the data entry operator or tax preparer can use the screen’s proforma code (2-6).

To access a screen by entering its proforma code:

1. From the **Data Entry Menu**, press CTRL+I to change the selector field.
2. Enter the proforma code numbers, one in each text box. The Figure 4-6 example shows that a “2” and a “6” would be entered to access the **W2** screen.

Figure 4-6: Example: Type 2 and 6 to access the **W2** screen.

3. Press ENTER. The applicable screen is displayed for data entry.

Heads-Down Data Entry

Combine the proforma codes and heads-down mode to move efficiently to the proper areas of a screen for data entry.

To work in heads-down mode:

1. Open a screen in data entry.
2. Press CTRL+N. Numbers appear beside each field, as shown in Figure 4-7.

1	Wages, tips	23	54321	2	Federal tax w/h	24	1234
3	Soc Sec wages	25	54321	4	Soc Sec w/h	26	3368
5	Medicare wages	27	54321	6	Medicare tax w/h	28	788

Figure 4-7: Numbered fields in heads-down mode

3. In the **Heads Down Mode** box at the top of the screen, enter a field number in the first text box and press ENTER.
4. Enter data for the field in the second text box and press ENTER. The data is placed in the proper field and the system returns you to the first text box.
5. Repeat for all other fields, pressing ENTER after the data for each field is entered.

To return to the **Data Entry Menu**, press ESC.

TIP

Use CTRL+N to toggle between heads-down and data-entry modes.

Printing Organizers and Proformas for Clients

To print organizers or proformas for selected clients:

1. From the **Home** window, click **Last Year Data** and select either **Organizers** or **Proformas**.
2. Take one of the following steps:
 - Enter the client's SSN or EIN and click **Add Client**. Repeat for additional clients, and then click **Next** and wait for the program to scan the client files.
 - Click **Next**. Select filtering and sorting options as desired. Click **Next** again and modify filtering criteria from the **Basic Search Conditions** dialog box. Click **Continue** and wait for the program to scan the client files.
3. When the **Proforma/Organizer Options** dialog box is opened, select the desired options (red circle on left in Figure 4-8).

See "Filter Manager" on page 385 for more on using filters.

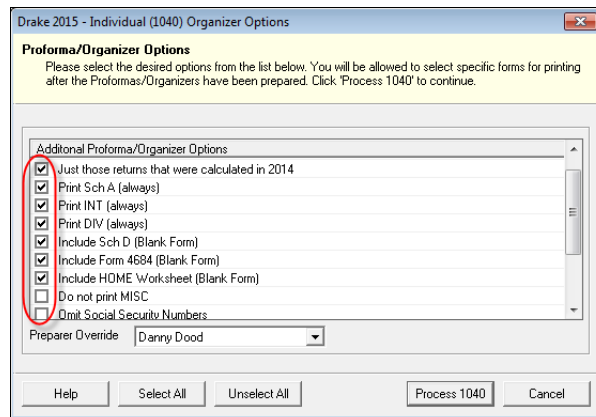


Figure 4-8: Organizers Options dialog box

4. To have a certain preparer's name appear on the preseason, engagement, and privacy policy letters, select a name from the **Preparer Override** drop list of the **Organizer Update** dialog box
5. Click **Process 1040** (Figure 4-8) to open the **Print Organizers/Proformas** dialog box (Figure 4-9).

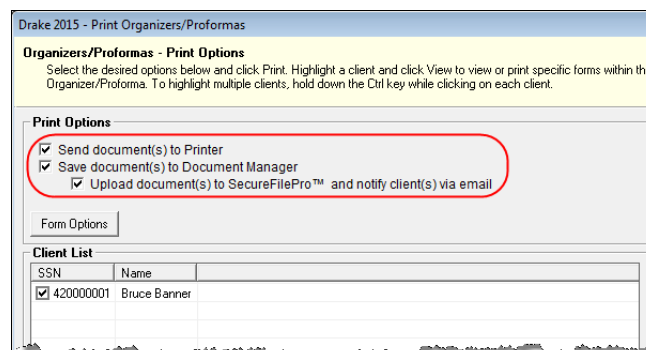


Figure 4-9: Select print options from the **Print Organizers/Proformas** dialog box.

6. Select options from the **Print Options** section (red circle in Figure 4-9 on page 103). You can choose to send the proformas or organizers to the printer, to the Drake Document Manager, or to the SecureFilePro portal. (For information on how to use the Drake Document Manager and SecureFilePro, see Chapter 13, "Suite Products.")

NOTE

When sending organizers from multiple taxpayers to the Document Manager or SecureFilePro portal, Drake automatically sends the organizers or proformas to the correct client file or SecureFilePro portal.

7. (Optional) To change the forms to be included in the organizer or proforma, click **Form Options** to go to the **Form Options** dialog box. When finished, click **Ok**.
8. (Optional) To view one of the organizers or proformas in View mode, click **View**. From View mode, you can print or email the individual organizer or proforma. Click **Exit** to return to the **Print Organizers/Proformas** dialog box.
9. Click **Print**.
10. In the **Print Selection** dialog box, choose a printer and any other options desired.
11. Click **Print**, and then click **Print** again. (If printing a PDF document, click **Save**.)

NOTES

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

Preseason letters can also be printed in batches, apart from proformas and organizers. See "Letters" on page 368.

Print Options for Organizers

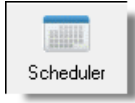
As noted above, you can choose to send the proformas or organizers to a printer, to the Document Manager, or to the SecureFilePro portal. By sending it directly to your SecureFilePro portal, you save yourself several steps in getting an organizer into the hands of your client. Plus, SecureFilePro alerts your client via email that the organizer is ready for download, and then sends you an email when your client accesses your SecureFilePro portal. Your client can either mail the organizer back, hand-deliver it, or scan it and upload it to the portal. SecureFilePro will alert you by email when an uploaded organizer is ready for you to download.

For more on SecureFilePro, see "SecureFilePro" on page 425.

NOTE

You can also print organizers and proformas from the Scheduler. Open a new appointment in the Scheduler, and from the **Appointment Detail** toolbar, click the **Proforma** or **Organizer**, icon (or press CTRL+O or CTRL+P). Log in again, and then follow steps 3-10 in the procedure listed under "Printing Organizers and Proformas for Clients" on page 103. See "Scheduler," following.

Scheduler



Use the Drake Scheduler to set up appointments for one preparer or a group of preparers, set daily schedules for an entire office, generate batch appointments, organizers, and proformas, and send email reminders to clients. There are tools for customizing, printing, and exporting schedules. You can also import your Scheduler appointments from Windows Outlook, Outlook.com, or Google Calendars into your Drake Scheduler, or export your Drake schedule to an Outlook calendar, to an Outlook.com calendar, or to a Google calendar.

NOTE A separate icon is added to your desktop when Drake is installed, giving you access to the Scheduler from outside of the software.

Following are directions for setting up, accessing, and using the Scheduler.

Scheduler Modes

The Scheduler offers two levels of access: *Preparer mode* and *Front Office mode*.

Preparer Mode

Using Preparer mode, a preparer has full access to his or her calendars. Preparers can make appointments, manage schedules, and share calendars with other preparers. Preparer mode is the default setting for Scheduler users.

Front Office Mode

Designed for the receptionist and others who manage appointments but do not prepare tax returns, Front Office mode allows the user to set up viewing options and manage appointments. Front Office mode is the default setting for users with administrative rights, but it must be assigned manually to other personnel.

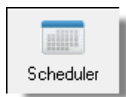
To assign Front Office mode to an employee:

1. Log in to Drake as an administrative user and go to **Setup > Preparer(s)**.
2. Select a preparer and click **Edit Preparer**.
3. Click **Security > Front Office (Scheduling Only)**.
4. Click **Save**.



IMPORTANT Preparer logins and Front Office mode assignments must be established in Drake before the Scheduler can be used effectively.

Accessing the Scheduler



There are several ways to access Scheduler: through a desktop icon, from the **Tools** menu, or from the Drake toolbar. You can also add new appointments from a data-entry screen in Drake by right-clicking a screen and selecting **Add Appointment** from the right-click menu. (See “Scheduling Appointments” on page 112 for details on adding new appointments.)

From the **Home** window, select **Tools > Scheduler**, or click the **Scheduler** icon to open the **Scheduler** window. The **Scheduler** window has five main sections:

- A toolbar across the top
- A calendar overview in the left column
- A selection of **View Options** (daily, weekly, monthly, and by logged-in preparer)
- A **Preparer to View** drop list (to view a selected preparer's calendar)
- A schedule grid, which shows scheduled appointments (depending on view options selected)

Figure 4-10 shows the **Appointment Scheduler** window in Preparer mode.

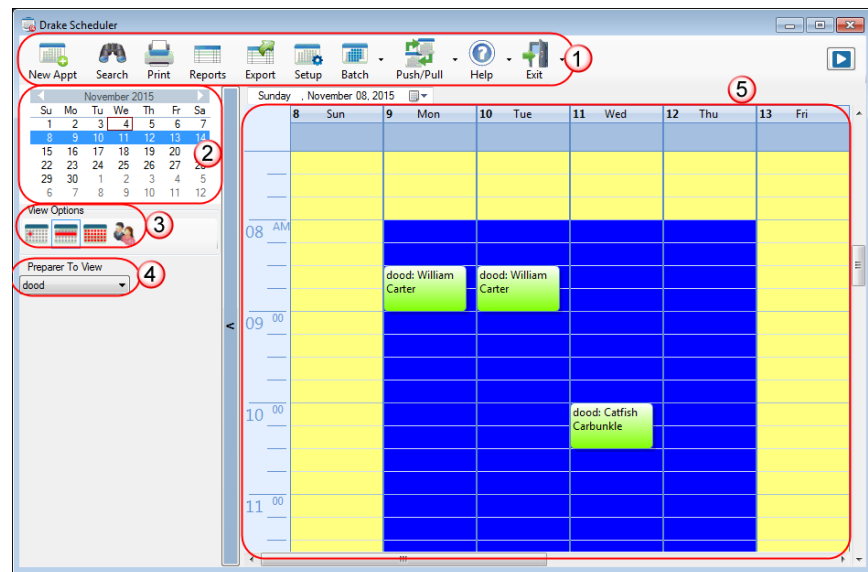


Figure 4-10: The Drake Appointment Scheduler features a toolbar (#1); a calendar overview (#2); View Options (#3); selection of preparers (#4); and a scheduled appointment list (#5).

Setting Up Scheduler Options

Use the Scheduler Setup feature to establish the logged-in preparer's default settings for appointment durations, automatically filled data, and calendar views. Only the logged-in preparer's calendar and view are affected by any changes.

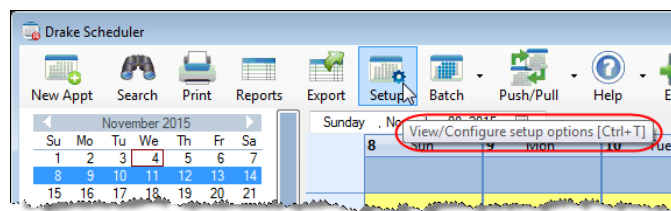
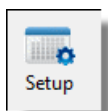


Figure 4-11: Hover your pointer over a toolbar icon to see its function



Click the **Setup** icon (Figure 4-11) from the **Scheduler** toolbar (or press CTRL+T) to open the **Scheduler - Setup** dialog box. The settings, divided into three tabs, allow you to choose how you view your Scheduler calendar, establish some parameters for your appointment settings, work with existing calendars (Outlook, Outlook.com, or

Google) to share your scheduled appointments, and set up your email account (if necessary) so you can send out appointment reminders automatically.

NOTE If you already have an email program set up on your computer, it will not be necessary for you to enter any email settings in the Scheduler.

Make your selections in Setup and click **OK**.

Options are described in Table 4-1:

Table 4-1: Scheduler Setup Options

Tab	Setup Option	Description
Calendar	Calendar viewing start time	Select the starting time to be displayed when the calendar is opened.
	Default calendar view	Choose in which mode your calendar will open: daily, weekly, or monthly or by the selected preparer.
	Default time increments	Set the default time increments that appear on the scheduler pane: 15-, 30-, or 60-minute increments.
	Colors	Select any color changes you wish to make to the default settings for the calendar's background color, the preparer's work hours, the color of the individual cells of the calendar, and the color of group appointments. Click Reset to revert to default color scheme.
	Calendar Maintenance	To avoid importing old meetings into your new calendar, delete all old appointments prior to a selected date.
Appointment	Default appointment duration	Set the default duration of meetings with customers. (You can also change the duration on the fly when setting up an appointment or drag the top and bottom of an appointment on the calendar grid to change the duration time.)
	Use ZIP autofill for City & State	Activate the ZIP code autofill feature, which automatically displays a client's city and state information once the ZIP code has been entered.
	Mark all appointments Private	All appointments added to the Scheduler will be marked as "Private," meaning they will not be visible to other preparers. (Appointments can be marked "private" on the fly when setting up an appointment.)
	Use Reminders	Opt to send the preparer reminders of upcoming meetings, and select how long in advance the preparer will receive the reminders. (You can also select this option on the fly when setting up an appointment.) NOTE: When automatic reminders are on, you will have to temporarily turn them off from your computer's system tray before downloading updates.
	Display name as	Display the client's name by first name or last name.
	Working with External Calendars	Choose to share your Drake schedule with your Outlook, Outlook.com, or Google calendar. See "Importing and Exporting Calendars" on page 111.

Table 4-1: Scheduler Setup Options

Tab	Setup Option	Description
	Preparer Schedule	Click Edit to establish a daily schedule for the logged-in preparer. See "Establishing Daily Schedules," following, for details.
	Drag/Drop	Click the check box to turn on the drag-and-drop feature, allowing you to move appointments within the calendar grid.
Email	Default Subject line	Enter a message that will appear on the "Subject" line of all emailed appointment reminders sent to clients.
	I use an email program	Make this selection if you have an email program installed on your computer or network.
	Use my Drake email account	If you have an email account set up in Drake's tax software and wish to use that program to send your scheduled appointment reminders, mark this option.

Setting Up Email

Setting up the Scheduler to send appointment reminders via email is easy. You have the choice of using an email program installed on your computer or one you set up in Drake's tax software.

To select an email program:

1. From the **Scheduler** toolbar, click **Setup**.
2. From the **Scheduler - Setup** dialog box, click the **Email** tab.
 - Select **I use an email program on my computer** if you wish to use an email program installed on your computer.
 - Select **Use my Drake email account** if you wish to use an email program you selected for Drake's tax software. (For details on setting up an email program in Drake, see "Email Through Drake" on page 344.)
3. Click **OK**.

Establishing Daily Schedules

The Scheduler allows you to view, at a glance, the planned daily schedules of selected preparers, including the times they are scheduled to be in and out of the office.

To establish a daily schedule for a preparer:



1. From the **Scheduler** toolbar, click **Setup**.
2. From the **Scheduler - Setup** dialog box, select the **Appointment** tab and then click **Edit** to open the **Setup Preparer Schedule** dialog box (Figure 4-12 on page 109).

Figure 4-12: Setup Preparer Scheduler dialog box for a preparer

3. From the **Select Preparer** drop list choose a preparer.
4. In the **Set up Times** section, mark the check boxes for the days of the week this schedule will cover (the days the preparer will regularly be in the office) or click **Check All Days**.
5. Select the **In** and **Out** times. For instance, the time the preparer arrives in the morning (**In (1)**), goes to lunch (**Out (1)**), returns to the office (**In (2)**), and leaves for the day (**Out (2)**) for each day selected with the check boxes.
6. When you're satisfied with the weekly scheduler, click **Apply** to apply these selections to the preparer's calendar.

To save your setup, click **Save** at the bottom of the window. Note that you have the option of saving this setup for just the open preparer, for all preparers without a schedule already set up, or for all preparers.

To clear the setup, click **Clear Schedules**.

For planned changes or deviations from the regular schedule—such as days off, holidays, set times working in the field—click the **Detail Schedule** tab:

1. In the **Set up Times** section, select a starting date and ending date for these deviations: for instance, if the office is closed during June or if the preparer is on vacation from July 1-14, or if the preparer is out of the office visiting clients every Wednesday afternoon from September 1 through January 30.
2. Select the days of the week this schedule will cover (or select **Check All Days**).
3. Set the preparer's arrival time the morning (**In (1)**) and departure time (**Out (1)**). If the preparer will not come in at all, leave the **In** and **Out** times blank.
4. When you've finished, click **Apply** and then **Yes**.

5. To set up changes to individual days—for instance, holidays, personal time, etc.—below the **Detail Schedule** grid, click **Add** to start a new row.
6. Click in the **Date** column to open a calendar. Click the arrows in the upper corners to change months. Click a day
7. Set the **In Time** and **Out Time** select “None” for days the preparer will be out of the office.
8. Add as many dates as needed. If necessary, select a line and click **Delete**.
9. When you're satisfied with the deviations to the preparer's regular calendar, click **Save**.

Calendar Colors

Use the **Colors** drop lists on the **Calendar** tab of the **Setup** dialog box to change the color of the background, the preparer's work hours, and the appointment times to more easily read the calendar.

To change the default colors displayed in the Scheduler calendar:

1. From the **Appointment Scheduler** toolbar, click **Setup** (or press CTRL+T).
2. In the **Setup** dialog box (Figure 4-13), select one of the **Colors** drop lists to open a **Color** options box to select a new background color, a new color to highlight the logged-in preparer's work hours, a new color for a standard appointment, or a new color for group appointments.

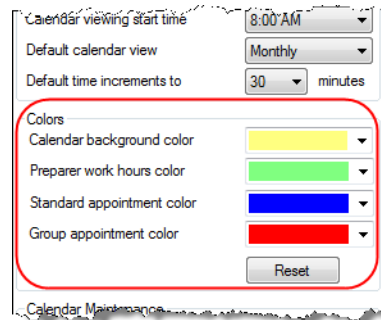


Figure 4-13: Changing colors from the **Setup** dialog box

3. If desired, make a custom color and save it by clicking **Add to Custom Colors**.
4. Click **OK**.
5. (Optional) Click **Reset** to revert to the default color schedule.

Printing and Exporting Preparer Schedules

Drake allows you to print or export (to an Excel file) preparer schedules for a specified time range for a specific date or week. Schedules are printed or exported for all preparers.

NOTE To print or export a schedule for a specified preparer, see “Creating Appointment Reports” on page 116.

Printing The **Print** feature sends the appointments for the selected date, week, or month for any preparer selected from the **Preparer to View** list to the printer of your choice.

From **View Options** (item #3 in Figure 4-10 on page 106), select **Daily View**, **Weekly View**, or **Monthly View**. From the **Scheduler** toolbar, click **Print**. Select a **Starting Time** and **Ending Time** and click **OK**. Results are displayed based on the view (daily, weekly, or monthly) selected.

Exporting The **Export** feature of the Scheduler sends the data for the selected view (daily, weekly, or monthly) to an Excel spreadsheet.

Reporting The **Report** feature of the Scheduler allows you to build reports based on appointment data. For more details, see “Creating Appointment Reports” on page 116.

Importing and Exporting Calendars

Drake's Scheduler can export appointments in Drake's Scheduler to your Outlook, Outlook.com, or Google calendar, or pull appointments made in those calendars into your Scheduler calendar.

To import and export calendar appointments, you must first set up your Scheduler.

1. From the **Scheduler** toolbar, click **Setup** (or press CTRL+T).
2. From the **Appointment** tab of the **Schedule - Setup** dialog box (Figure 4-14), make a selection (Google, Outlook, or Outlook.com) from the **Select external calendar** drop list.
3. Click **OK**.

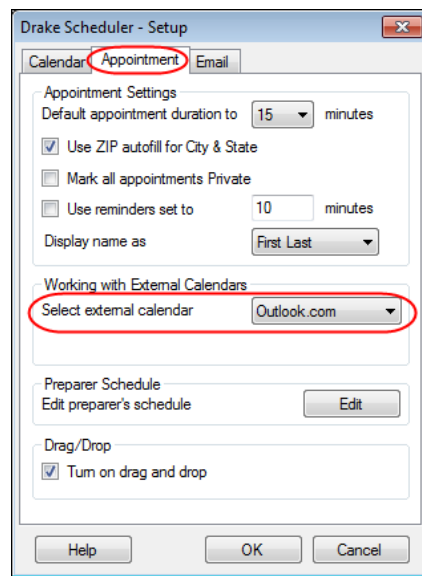


Figure 4-14: The **Appointment** tab of the logged-in preparer's Scheduler setup

To export your Drake calendar or import your Outlook or Google calendar, take the following steps:

1. From the **Scheduler** toolbar, click **Push/Pull**.
2. Select to “Pull future appointments from...” or “Send future appointments to...”

- If you select to pull appointments from your Outlook or Google calendar, when the **Pull Appointments** dialog box is opened, select those appointments you wish to bring into your Scheduler calendar and click **Import**.
- If you choose to send your Scheduler appointments to your Outlook calendar, all appointments are exported when you made that selection.

NOTES

You can also delete all previously imported appointments by selecting **Remove everyone's imported appointments**.

The Push/Pull feature in the Scheduler works only with Windows versions of Outlook 2007 and later.

Scheduling Appointments

Appointments can be scheduled for an individual preparer or a group of preparers.

NOTE

Preparer schedules and appointments are carried forward each year. Go to **Last Year Data > Update Settings 2014 to 2015** and select **Preparer Schedules and Appointments**.

To schedule an appointment:

1. From the **Scheduler** toolbar, click **New Appt**, press CTRL+N, or double-click an appointment time in the schedule grid. The **Appointment Detail** dialog box is displayed (Figure 4-15). (If you accessed the dialog box by double-clicking a time in the schedule grid, it is opened to that date and time.)

Figure 4-15: Appointment Detail dialog box.

2. Select or change the appointment **Date**, **Start Time**, and **End Time** as needed.
3. Enter the client's SSN or EIN in the **ID** field. If a client record already exists in Drake, you will be asked if you wish to autofill the rest of the information. If not, complete the applicable client-information fields manually: **Type** (individual, partnership, corporation, etc.), **Client type** (returning, new) description (**Desc** field), name, address, phone, and email fields. (If you replace data in an autofilled

field in the Scheduler, this information is not overwritten in the client record in Drake.) You can also use the **Find** feature to access data for a client. For more on this feature, see “Finding a Client Record” on page 116.

4. (optional) Click **Send** to send an appointment reminder to the client via the email address entered.
5. (optional) Override selections made in **Setup** by selecting (or clearing) the **Add reminder** or **Private appointment** boxes.
 - If **Add reminder** is marked, the preparer will receive automatic alerts regarding the appointment when logged in.
 - If an appointment is marked **Private appointment**, the assigned preparer will be the only one allowed access to that appointment data.
 - If an appointment should be a regularly schedule meeting, click **Recurrence**, and provide information about the frequency (**Daily**, **Weekly**, or **Monthly**), the day of the week, and the end date of the recurring appointment. Click **OK**.
6. (optional) Click **Send to external calendar on save** to send this appointment to the preparer's Google, Outlook, or Outlook.com external calendar automatically when the appointment is saved.
7. Assign the appointment to a preparer by selecting a name under **Preparers**. (More than one preparer can be selected.) To clear a selection, click the name a second time.
8. Click **Save**. The appointment will now be displayed on the schedule grid.
 - An appointment within a preparer's calendar can be changed by dragging and dropping it to another section of the calendar grid, and the duration can be changing by dragging the bottom of the appointment up or down. (Select the **Drag/Drop** check box from **Setup > Appointment** tab to turn on the drag-and-drop feature.)
 - Appointments cannot be dragged from one preparer's schedule to another's.

NOTES

- Recurring appointments must be changed on the **Appointment Detail** dialog box.
- To access the **Appointment Detail** dialog box from the **Data Entry Menu** within a return, right-click anywhere on the menu screen and select **Add Appointment** from the right-click menu. The **Appointment Detail** dialog box is opened to the time displayed on your computer's internal clock. Change the appoint time as necessary. Click **Save** to save the appointment information.

Batch Appointment Generator

The batch appointment generator reviews client and recurring appointments from the previous tax year and creates new appointments in the current year's Scheduler. You can set workday and holiday information that will roll forward (or backward) to an available appointment date.

NOTE

This feature is available only to users with administrative rights. Appointments marked “private” are excluded from the batch process.

To set up appointments using the batch appointment generator:



1. From the **Scheduler** toolbar, click the **Batch** icon and select **Generate Batch Appointments** (or press CTRL+X). The **Batch Appointment Generator** dialog box is displayed.
2. If necessary, select a location from the **Use last year's appointments found on drive** drop list.
3. Enter (or select from the calendars) a **Begin Date** and an **End Date**.
4. In the **Days Available for Appointments** section, select the days that should be available for appointments for this year.
5. Under **Dates Not Available for Appointments**, click **Add** to add any holidays or other days on which appointments should not be scheduled. (See Figure 4-16.)

Drake Scheduler - Batch Appointment Generator

Batch Appointment Generator is a batch process that reviews the client and recurring appointments from the previous tax year and creates new appointments in the current tax-year's scheduler. Private appointments are skipped in the batch process. You can customize workdays and holidays below.

Use last year's appointments found on drive: C:\Drake14

Begin Date: 01/01/2015 End Date: 12/31/2015

Days Available for Appointments

Select all days of the week in which your office will be open.

Monday Tuesday Wednesday Thursday Friday Saturday Sunday

Dates Not Available for Appointments

Create a list of holidays and other dates during which your office will be closed.

	Date	Day of Week	Holiday / Other Days
Select	11/26/2015	Thursday	Thanksgiving
Select	12/24/2015	Thursday	Christmas Eve
Select	12/25/2015	Friday	Christmas
Select	01/01/2016	Friday	New Year's Day

Appointment Date Criteria (Keep day/dates does not apply to Recurring Appointments)

Select your preference for appointment dates that would fall on non-workdays and holidays.

Roll back to first previous available date Roll forward to the next available date

Keep day of the week (Mon, Tues, etc) Keep dates (1st, 2nd, etc of the month)

Example: Thursday 02/02/2012 will update to Saturday 02/01/2013

Help OK Cancel

Figure 4-16: Example of dates entered that are not available for appointments

NOTES

Double-click on an item in the **Date** column to open a calendar.

To delete a date, click to the left of a date to highlight the line and then click **Delete**.

6. Select your preference for **Appointment Date Criteria**. Your preference applies when a rolled-forward appointment falls on a weekend or holiday. You can also select to keep the day of the week (for example, if a client wants a Monday appointment each year) or the date (for example, if a client wants to meet on the first day of a month).
7. Click **OK** to begin the batch appointment process.

The program creates appointments as defined by your specifications and preferences. Next, it displays the “Scheduler - Batch Created Appointments” report, which displays the following information:

- Summary of appointments that could not be generated (explanations provided)
- Number of appointments that had conflicts
- Number of new appointments generated successfully

In addition, the report shows (1) which appointments had conflicts, along with the new times scheduled; and (2) the new times scheduled for all other appointments.

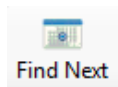
NOTE

To undo batch-generated appointments, from the **Appointment Scheduler** toolbar, click **Batch**, select **Undo Batch-generated Appointments**, and click **Yes**. The batch-generated appointments will be removed from the current year's schedule.

Finding Next Available Appointment

To locate the next available appointment time in the Scheduler:

1. From the **Scheduler** toolbar, click **New Appt**, press CTRL+N, or double-click an appointment time in the schedule grid
2. From the **Appointment Detail** dialog box, select a preparer and click **Find Next** (or press CTRL+F) to open the **Find Next Appointment** dialog box.
3. In the **Preparers** list, choose any other preparers you wish added to the search.
4. Make selections from the **Begin Date** and **End Date** drop lists.
5. Narrow the search by specifying days or times.
6. Click **Find**. All available appointment times from the selected preparers are listed. Double-click a row, or click a row and click **Select** to return to the **Appointment Detail** dialog box.



TIP

To see a complete list of open appointments based on preparer, **Begin Date**, **End Date**, and selected times, at the top of the **Find Next Appointment** dialog box, click the **Quick List** tab.

Find Scheduled Appointment

Find scheduled appointments by searching for names or ID numbers from the **Appointment Detail** information for all clients. To search for a client's appointment in the Scheduler:

1. From the **Scheduler** toolbar, click **Search** (or press CTRL+S) to open the **Scheduler Search**.
2. Select a starting date for the search.
3. Enter one or more keywords (SSN, EIN, or name of the client, name of the preparer, etc.) in the **Search Text** field.
4. Click **Search**.



The program searches all **Appointment Detail** information for these keywords. Results are displayed in the **Scheduler Search** window, as shown in the example in Figure 4-17 on page 116.

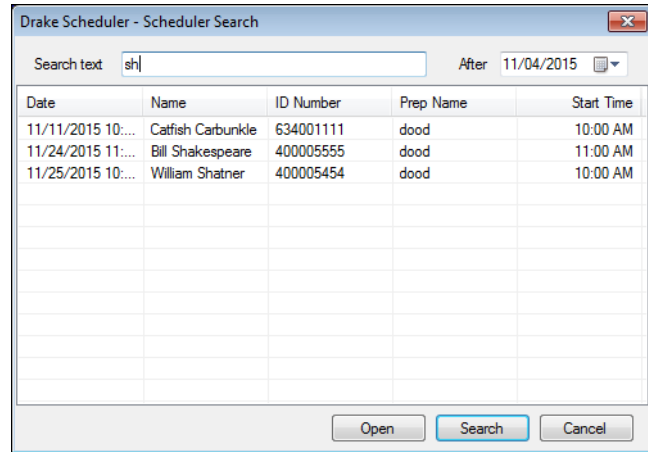


Figure 4-17: Scheduler search results

Double-click an appointment row to open that appointment in the **Appointment Detail** dialog box.

Finding a Client Record

The **Lookup** feature allows you to find a client's record and insert the client information into an **Appointment Detail** dialog box.

To locate a client record:

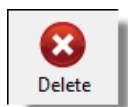


1. From the Scheduler toolbar, click **New Appt** (or press CTRL+N) to open the **Appointment Detail** dialog box.
2. From the **Appointment Detail** toolbar, click **Find**.
3. Select the drive to search from the **Select clients from this location** drop list.
4. Select a client name from the displayed list or type a name or SSN or EIN into the **Enter search text** field.
5. Select a client and click **OK**. You are asked if you wish to automatically fill the client information fields (client name, address, phone numbers, client type, appointment type, email address). If so, click **Yes**. The list is closed and several fields are filled with client data. (Content is determined by what was entered on screen 1 in data entry.)

Changing Appointment Details

To change the details of an appointment that has already been entered into the Scheduler, double-click the appointment in the appointment grid. When the **Appointment Detail** dialog box for the selected appointment is opened, make any changes necessary. Click **Save**.

Deleting an Appointment

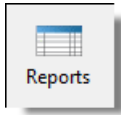


To delete an appointment from the Scheduler:

1. Double-click the appointment in the appointment grid.
2. Click **Delete** in the **Appointment Detail** toolbar (or press CTRL+DEL).
3. Click **Yes** to confirm the deletion.

Creating Appointment Reports

The Scheduler works with the Reports feature in Drake to provide reports based on appointment data. To generate a Scheduler report:



1. Open the Scheduler and click **Reports**. The **Report Manager** is opened.
2. Expand the **Schedule Reports** and **Client Contact** menus to show the four types of reports that can be generated. These are listed in Table 4-2.

Table 4-2: Scheduler Report Types

Scheduler Report	Description
Call List for all Preparers	Lists the appointments scheduled for all preparers; data types include preparer's name, appointment time and date, client name and ID number, duration of appointment, phone numbers, client type.
New Client Appointments	Lists new clients entered for a selected preparer; data types include appointment time, start time, client name, client SSN, and client phone numbers.
Preparer Appointments	Lists the appointments for all preparers. Data types include preparer name, appointment date, state time, appointment time, client name and ID number, duration of appointment, client phone numbers, and client type.
Preparer Call List	Lists the appointments for a preparer. Data types include preparer name, appointment date, start time, client name and ID number, and client phone numbers.

3. Click a report type to select it.
4. Click **View Report**. You will be asked if you want to create the report again using current data; click **Yes** to do so.
5. Make any desired changes to the **Basic Search Conditions** dialog box (in the "Call List for all Preparers" and "New Client Appointment" reports only).
6. Select the parameters to the report from the **Comparison** drop list (in the "Preparer Appointments" report and "Preparer Call List" report only).
7. Set the report's date range by typing start and end dates in the **Value** fields (in the "New Client Appointments" report only).
8. Click **Continue**. The report is displayed in the Report Viewer. (For more information on reports, see Chapter 12, "Reports.")

Once you are in the Report Viewer, you can print or export the report output.

NOTE

The **New Client List** report does not pull data from other parts of Drake; it pulls data only from the Scheduler itself. To designate a client as a new client, select **New** from the **Client Type** drop list in the **Appointment Detail** dialog box.

Audit Protection

A comprehensive audit assistance program is available through Protection Plus. The service works with 1040 returns, including Schedules A, C, and E, handles ITIN W-7 rejections, assists in getting denied EIC claims funded, offers tax debt relief assistance, and pays up to \$2,500 in penalties, interest, and tax liabilities should an error occur.

Protection Plus includes a pricing option so that tax offices that are franchisees or part of a network can charge an additional fee on top of the fees charged by the ERO charges for tax preparation.

The audit protection program costs you nothing and costs the taxpayer a minimum of \$39.95; you are allowed to mark up the price to a maximum of \$59. If you charging the **Protection Plus Markup Amount** and the **Franchise/Network Markup Amount**, the two cannot total more than \$59.

If the taxpayer is receiving a bank product, the fee will automatically be deducted from his or her refund and Drake will return the audit protection markup amount to you on a schedule to be announced. If the taxpayer is not receiving a bank product, you will collect the fee when the customer pays for his or her tax return preparation and Protection Plus will bill you for the Protection Plus fees that you collected.

For details or to enroll, visit myprotectionplus.com, or look for the **Protection Plus Application** link under the **Enrollment** tab of the blue menu bar of your Enterprise Office Manager. (See “Applying for a Bank” on page 281 for information on using the EOM.)

Setup Audit Protection

To set up the audit protection in the software:

1. From the **Home** window, go to **Setup > Firm(s)** to open the **Firm Setup** dialog box.
2. Select a firm and double-click (or click **Edit Firm** from the toolbar.)
3. In **Audit Protection** section in the lower-right corner of the **Firm Setup** dialog box, mark the **Using Audit Protection...** check box. If you wish to add to the \$44.95 base price charged the taxpayer, enter an amount from \$1 to \$54 (inclusive). This amount will be part of the preparer fee that appears on your bank information page (generated when you calculate the return), but will be on a separate line of the client's bill. If you choose not to add to the \$44.95 base price, enter \$0 or just leave the box blank.
4. If you wish to add audit protection for a franchise or network, enter the **Master EIN**, the master EFIN's **Name**, and the **Markup Amount** for the program. (The total of the **Protection Plus Markup Amount** and the **Franchise/Network Markup Amount** cannot exceed \$59.)
5. Click **Save** and then **Exit**.
6. Open a 1040 return.
7. Form the **Miscellaneous** tab, open the **BILL** screen.
8. At the bottom of the screen, select the **Audit Protection** check box.

5 Return Preparation

This chapter focuses on using Drake to produce Form 1040 and the supplemental forms, schedules, and other documents that might be part of a tax return. It is not intended as a tax course but, rather, as a primer for using Drake Software to prepare a 1040 return. It assumes a fundamental knowledge of tax law and a basic understanding of Drake data entry. If you are not familiar with Drake data entry, read Chapter 3, "Basics," before attempting to prepare a tax return in Drake.

Screens **1** through **5** of the program provide fields for entering data directly onto the 1040. Because many lines on the form require calculations from other forms and schedules, some of the fields in screens **3**, **4**, and **5** are treated as overrides or adjustments to program calculations from elsewhere in the program.

Taxpayer Information

Screen code: 1 Use screen **1 (Name and Address)**, accessible from the **General** tab, to enter information about the taxpayer for the top section of a Form 1040.

Selecting a Filing Status

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

After making a selection from the **Filing Status** drop list, make any other selections necessary to explain the client's filing status (Figure 5-1):

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

The image shows two overlapping screenshots of a software interface. The top screenshot shows a form with several checkboxes: 'Dependent of another', 'Full-time student', 'Presidential campaign', and 'Blind'. Below these is a dropdown menu labeled 'Taxpayer did not live with spouse' which is highlighted with a red oval. Underneath is a field for 'Health insurance coverage' with the value 'HC' entered. The bottom screenshot shows the same form but with a red oval around the 'Nonresident alien' checkbox and the 'MFS/HOH claiming spouse exemption' section, which includes two sub-checkboxes: 'Spouse is not filing a return' and 'Spouse has no U.S. income'.

Figure 5-1: Filing status information has been moved to the front of screen **1**

Entering Taxpayer Information

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

e-File specifications allow no more than 35 characters of a taxpayer's name to be transmitted on a tax return. In Drake, names of more than 35 characters (taxpayer and spouse names combined) are automatically shortened, and a Return Note is generated. If, after the name is shortened, it is still too long, you will be directed in a Return Note to shorten the name manually on screen **1**. Press F1 in the taxpayer's **First name** field on screen **1** for further instructions.

If the taxpayer or spouse was a victim of identity theft, enter his or her IRS-assigned PIN in the **Identity Protection PIN** fields on the **PIN** screen.

NEW FOR
2015

If a dependent of the taxpayer has received an Identity Protection PIN, enter it on screen **2, Dependents**, in the **IP PIN** check box in the lower right corner of the screen.

See the Identity Theft Affidavit (screen **1403**), accessible from the second **Other Forms** tab of the **Data Entry Menu**, if your client was a victim, or potential victim, of identity theft. See **Screen Help** on screen **1403** for more information.

Entering Residency Information

The **Mailing Address** section of screen **1** includes fields for both domestic and foreign addresses.

NOTE

To indicate a stateside military address, mark the **Stateside military address** box on screen **1**. Enter combat and special processing code information on the **MISC** screen (accessible by clicking the **Combat Zone** link on screen **1** and from the **Miscellaneous** tab of the **Data Entry Menu**).

State and Local Data

If the resident state differs from the state in the mailing address, select the appropriate state code from the **Resident state** drop list near the bottom of screen **1**. If the taxpayer is a part-year (PY) resident of the state in the mailing address, select **PY** from the **Resident state** drop list. To keep a state return from being calculated, select **0** from the **Resident state** drop list. The **Resident city** drop list is activated if a city return is required. The **School district** drop list is activated when needed.

TIP

Press CTRL+SHIFT+S in the **Resident city** or **School district** to search for options for those fields.

Foreign Account Questions

New for 2015: The “Foreign Account” questions—“Did (the taxpayer) have financial interest in or signature authority over a foreign account...”—for Schedule B, Part III, that used to be located on screen **INT**, **1099-INT Interest Income**, of the 1040 package, are now located on screen **1** (Figure 5-2).

Figure 5-2: Foreign accounts question and link on screen **1**

For taxpayers who did *not* have an interest in or signature over such an account, select the **Answer “N”** check box on the right side.

For taxpayers who *did* have an interest in or signature over such an account, click the link the new **Foreign Accounts** screen.

There is also a link to the Foreign Accounts screen on screens **INT** and **DIV**.

For more on Schedule B, Part III, and completing the **Foreign Account** screen, see “Schedule B, Part III” on page 131.

Indicating a Deceased Taxpayer

If the primary taxpayer is deceased:

1. Enter the date of death in the taxpayer’s **Date of death** field in the **Taxpayer** section at the top of screen **1**.
2. In the **In care of** field (just above the **Mailing Address** section), enter the name of someone (surviving spouse, child, legal representative, etc.) to whom all tax-related information should be addressed. (For MFJ returns, enter a name only if it someone other than the surviving spouse.)

NOTE If there is a name in the **In care of** field, all correspondence generated by the program (letters, bills, etc.) will be addressed to that person.

Required Fields

Fields that require completion before a return is eligible for e-file are highlighted in blue (Figure 5-3 on page 122).

Figure 5-3: Required fields and foreign address fields

Reminders appear when you try to escape from a screen on which required fields have not been completed. You can set up the software to remind you every time you leave a required field blank, to remind you only once per data-entry session, or not at all. From the **Home** window, go to **Setup > Options > Data Entry** tab to choose these setup options.

From the **Home** window, go to **Setup > Colors** to change the color of the required fields.

Foreign Addresses

Fields for adding foreign address information are included on many Drake data-entry screens (Figure 5-3). These fields are locked to keep incorrect address data from being entered. Click the field to unlock the foreign address fields throughout the return. Close the return and re-open it to re-engage the lock for unused screens.

To use the foreign address fields, enter the street address and city in the appropriate fields, then the name of the foreign province or state, as appropriate. Select a foreign country from the drop list, and then enter the postal code, if appropriate.

Personal Identification

New for 2015: Because more and more states are requiring identification forms from taxpayers and spouses, Drake has added a new **IDS** screen to the 1040 package.

Accessible from the **Electronic Filing and Banking** section of **General** tab of the **Data Entry Menu** (or by entering **IDS** in the selector field and pressing **ENTER**), the **IDS** screen has fields and drop lists for recording forms of identification.

The top two sections are for entering the most common forms of identification needed for state purposes and for bank products: driver's license and state-issued photo IDs. The bottom sections of the screen are for other forms of ID, such as military ID, passport, green card, or visa for both the taxpayer and spouse, and are used only for qualifying for bank products.

If you offer your clients bank products, the ID information entered on the **IDS** screen will automatically be used during the bank product transmission and will not have to be re-entered on the bank screen. (Identification information is required for returns

with bank products to be transmitted and accepted.) The ID information will also flow to any state returns that require it.

TIP Scan a copy of ID forms into the client's Drake Document Manager file. See "Scanning a File" on page 410.

Exemptions

Screen code: 2

Use screen **2 (Dependents)**, accessible from the **General** tab, to complete the "Exemptions" section of Form 1040. Use a separate screen for each dependent, pressing PAGE DOWN to open each new screen. Data is saved automatically upon exiting a screen. The number of active **Dependents** screens is shown on the **Data Entry Menu**. (Figure 5-4).

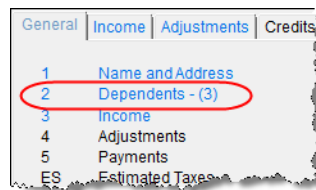


Figure 5-4: Number of **Dependents** screens that contain data

Enter the required data, including the dependent's *full date of birth*, at the top of screen 2. A dependent's age is displayed once a birth date is entered (Figure 5-5).

The screenshot shows the 'Dependent Information' screen. Fields include: Dependent first name (Brenda), M.I. (-), Last name (if different), Suffix, SSN (400-00-6661), Relationship (DAUGHTER), Months in home, and Date of birth (12-12-2012). Below these are fields for Childcare Expense Information and EIC Information. The 'Age determined by date of birth' is shown as 'Age: 3' with a red circle around the number 3.

Figure 5-5: Calculated age is displayed once birth date is entered

TIP Figure 5-5 shows the default screen 2. Grid data entry can also be used for entering dependent information. To switch to grid data entry mode, press F3. See "Grid Data Entry" on page 88 for more information.

Entering Dependent Last Names

By default, the primary taxpayer's last name is used for all dependents. Complete the **Last Name** field on screen 2 only if the dependent's last is *different*.

Selecting “Months in Home”

By default, the program calculates the return as if a dependent lived with the taxpayer for the entire year. Complete the **Months in Home** field on screen **2** only if a dependent did *not* live with the taxpayer for all 12 months.

If **0** is selected for the months in the home for a *son* or *daughter*, the dependent is classified as one who did not live with the taxpayer due to divorce or separation. If **0** is selected for another type of dependent (parent, grandchild, etc.) the program applies the “Other Dependent” classification, regardless of the relationship. To override these classifications, select the applicable boxes in the **Additional Information** section at the bottom the screen.

NOTE

For a member of the taxpayer’s “tax household” for ACA purposes who is eligible for the dependent exemption but is not being claimed as a dependent, go to the bottom-right corner of screen **2** and mark the **Not a Dependent - ACA Household member** check box.

Claiming a Dependent (for Split Returns)

T = Taxpayer
S = Spouse
J = Joint

If taxpayers are married and want to split the return to see if filing separately would be more beneficial than filing jointly (see “Splitting a Joint Return” on page 93), use the **TSJ** drop list on screen **2** to assign the dependent information to the correct person.

A **TSJ** code also should be selected if the state has an MFS (Married Filing Separately (combined)) option. The program default is **T (Belongs to the Primary Taxpayer)**.

Entering State Data for a Dependent

Select a state from the **State** drop list (Figure 5-6) to specify which state should receive the dependent data. This selection helps ensure that dependent credit information flows to the correct state return. This information is necessary in some situations (for example, if the parents of the dependent are filing as MFS and reside in different states).

Figure 5-6: Fields for **TSJ**, **State** and **State codes**

Enter a code (disabled, adopted, jailed, etc.) as applicable in the **State codes** field. To view all state codes, click inside the **State codes** field and press F1. Review the information for the state and enter the appropriate term. (For example, *Disabled* or *NYDEP*.)

Additional Dependent Information

Screen **2** contains fields for other dependent-related data. Information on the below-listed fields is provided elsewhere in this document.

- **Childcare Expense Information** — See “Child and Dependent Care Expenses Credit” on page 182.

- **EIC Information** (and related due diligence questions) — See “Earned Income Credit (EIC)” on page 195.

It could be necessary to override or further clarify dependent information entered on screen **2**—for example, if a child is over 18 and disabled or is not a U.S. citizen. Use the **Additional Information** section of screen **2** for this kind of data.

NEW FOR
2015

If a dependent of the taxpayer has received an Identity Protection PIN, enter it in the **IP PIN** check box in the lower right corner of screen **2**.

A dependent's **Date of Death** field has been added to the lower-right corner the **Additional Information** section on screen **2**.

Personal Service Income (W-2, 1099-MISC)

Use the **W2** and **99M** screens, both accessible from the **General** tab of the **Data Entry Menu**, to enter personal service income data from a taxpayer's W-2 and 1099-MISC forms, respectively.

W-2 Wages

Screen code: **W2**

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

- **Names and Addresses** — If the employer's EIN is in your Drake database, the employer's information is filled automatically once you enter the EIN. The employee information is filled automatically once **T** or **S** is selected at the top of the screen. Nothing need be typed into these fields unless the information differs from what was previously entered in the program.
- **Wages and Withholding** — When wages are entered in box **1**, boxes 3–6 are filled automatically. These amounts should match those on the taxpayer's W-2.

NOTE

If, after contacting (or attempting to contact) the employer, you suspect fraud, immediately contact the nearest IRS Criminal Investigation office or call the IRS's tax fraud hotline at (800) 829-0433.

Links Links are provided from the **W2** screen to screens **2441** (for entering Child and Dependent Care Expenses), screen **8880** (for entering data to calculate the Qualified Retirement Savings Contributions credit), and screen **SEHI** (for entering data to calculate the Self-Employed Health Insurance deduction).

W-2 Verification (*optional*) Verification fields (activated from **Setup > Options > Data Entry** tab) help ensure that wage and withholding amounts are correct by requiring re-entry of federal and state wage and withholding amounts at the bottom of screen **W2** (Figure 5-7 on page 126).

Wages and Withholding Verification					
To ensure the accuracy of wages and withholding amounts, re-enter the amounts from boxes 1, 2, 16, and 17 of the client's W-2.					
Federal		State1		State 2 (If applicable)	
1 Wages, tips	2 Federal tax w/h	16 ST wage	17 ST tax	16 ST wage	17 ST tax
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Figure 5-7: Verification fields for federal and state wages and withholdings

An EF Message is generated if a verification amount does not match the corresponding amount entered. Amounts must be corrected before the return can be e-filed.

Verification Code

New for 2015: Some W-2 forms for 2015 will have a “verification code” printed somewhere on them, some in a separate box labeled “Verification Code,” others in the name and address section of the W-2 form. This will be a 16-character code composed of four sets of four characters each.

If a verification code is printed anywhere on the W-2 form, type that code into the **Verification Code** box at the bottom of screen **W2** in Drake.

The presence or absence of a verification code will have no effect on whether or not a return is accepted or rejected.

Foreign Employers

To indicate a foreign employer on screen **W2**, enter the street address in the **Street** and the city in the **City** field of the employer address, and in the **Foreign ONLY** section, enter the province or state, select a country from the **Country** drop list, and enter any relevant **Postal Code**. See example in Figure 5-8.

Employer information is required for e-file

EIN..... 54-5454545

Name..... Pepe's Powerful Perfumes

Name cont.....

Street..... 1234 Rue La Pu

City..... Paris

U.S. ONLY State ZIP

Foreign ONLY Province/State Country Postal Code

Ile-de-France FR 75002

Figure 5-8: Entering foreign employer information on **W2** screen

Screen code: **FEC**

If no W-2 was issued by the foreign employer, use the **FEC** screen (**Foreign Employer Compensation**), accessible from the **Income** tab of the **Data Entry Menu**, to enter employee, employer, and income information.

NOTE

For information on the foreign income exclusion (Form 2555), see “Excluding Foreign Income” on page 164.

Statutory Employees

Because all statutory employees must file Schedule C for expenses related to W-2 income, Schedule C is created for a statutory employee.

To indicate a statutory employee and generate Schedule C:

1. Open a **W2** screen for the employee, and mark the **Stat employee** check box on line 13.

2. From the **Special tax treatment** drop list (Figure 5-9), elect the associated Schedule C.

The screenshot shows the 'Form W2 - Wage and Tax Statement' window. At the top, there are tabs for 'W-2' and 'Additional Entries', and a link for 'Video: Entering Multiple-S'. Below the tabs, there are checkboxes for 'TS' (checked) and 'F', and a dropdown menu for 'Special tax treatment'. The main area is divided into two sections: 'Employer information is required for e-file' and a list of eight options for 'Special tax treatment'. The options are: 1 Statutory employee wages for Schedule C # 1, 2 Statutory employee wages for Schedule C # 2, 3 Statutory employee wages for Schedule C # 3, 4 Statutory employee wages for Schedule C # 4, 5 Statutory employee wages for Schedule C # 5, 6 Statutory employee wages for Schedule C # 6, 7 Statutory employee wages for Schedule C # 7, and 8 Statutory employee wages for Schedule C # 8. Option 2 is selected. The employer information fields are: EIN: 51-5151515, Name: Wayne's World of Widge, Name cont: (empty), Street: 1212 East St., City: Franklin.

Figure 5-9: W-2 in this example is associated with the second (#2) Schedule C entered

The earnings amount from screen **W2** flows to Schedule C, line 1.

Clergy Members of the clergy receive Form W-2 but do not have Social Security or Medicare taxes withheld from their wages. They report and pay their Social Security and Medicare taxes by filing Schedule SE. Report their wages on screen **W2**.

To indicate the wages are for a member of the clergy, from the **Special tax treatment** drop list, select **C** or **P**:

- Select **C** if the church is electing to treat the minister as a regular employee, is withholding Social Security, and is assisting the minister with payment of his or her Social Security and Medicare taxes.
- Select **P** if the minister is paying his or her own Social Security and Medicare taxes.

Also see “Clergy Expenses” on page 165, “Income From Church” on page 167, and “Ministerial Income Allocation” on page 171.

For more information see IRS Publication 517.

Corrected or Altered W-2 Near the bottom of the **W2** screen are check boxes to indicate that a W-2 was altered, handwritten (nonstandard), or corrected. Select the applicable box for a W-2 that has been changed.

Do Not Update The **Do not update** check box will affect the 2016 tax return. If you mark this box, next year, when you update your tax returns in Drake (**Last Year Data > Update Clients 2015 to 2016**) W-2 info from this year’s return will *not* be carried into 2016’s **W2** screen.

ITIN on Screen 1 If either the taxpayer or the spouse has an ITIN entered on screen **1**, the taxpayer’s TIN from Form W-2 *must* be entered in the field at the bottom of *all* **W2** screens for the taxpayer *and* the spouse. The program does not automatically use the ITIN entered on screen **1**, and a return with an ITIN cannot be e-filed unless this field on all screens **W2** is completed.

Additional Entries Tab

If the taxpayer has W-2 information from more than four states, click the **Additional Entries** tab at the top of the **W2** screen (Figure 5-10) to access 10 more lines of data-entry fields for box 15 of Form W-2. There are also four more lines of data-entry fields for boxes 12 and 14, and four lines of **Ohio School District** fields.

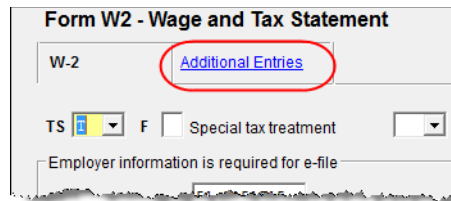


Figure 5-10: Additional Entries tab on W2 screen

Airline Payment Amount Rollovers

New for 2015: Qualified airline employees who received airline payment amounts can be excluded from income if the payments are rolled into a traditional IRA within 180 days of receipt.

To record these payments, go to screen **3, Income**, and enter them on line 21, in the **Airline Payment Rollover** fields.

When the return is viewed or printed, the program will print “Airline Payments” on line 21 (Figure 5-11), with the amount of the payments entered as a negative number and deducted from total income.

18	W-2 income of (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20 a	Social security benefits	20 a	
	b Taxable amount	20 b	
21	Other income AIRLINE PAYMENT	21	(4,466)
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	133,114
23	Reserved	23	
24	Certain business expenses of residents, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	

Figure 5-11: Airline payments rolled over into IRA and reported on line 21 of Form 1040

W-2 Income Excluded per Notice 2014-7

If a taxpayer received payments described in Notice 2014-7 in 2015, and received a Form W-2 with the amount of the payments reported in box 1, “Wages, tips, other compensation,” you can report these payments using the following method:

1. Open a **W2** screen and enter the information.
2. Close the **W2** screen and open screen **3, Income**.
3. Enter the amount from box 1 of Form W-2 on line 21 of screen **3**, in the field to the right of “W-2 income excluded Per Notice 2014-7.”

When you calculate the return, the program prints “Notice 2014-7” on line 21 of the return, along with the amount you entered on screen **3** as a negative number. This

amount is subtracted from the taxpayer's income and included in the total of total income on line 22 of the return.

18	Farm income or (loss). Attach Schedule F	18	12,345
19	Unemployment compensation	19	
20a	Social security benefits	20a	
	b Taxable amount	20b	
21	Other income NOTICE 2014-7	21	(12,345)
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income . . . ▶	22	51,329
23	Reserved	23	
24	Certain business expenses of reservists, performing artists, and		

Figure 5-12: Wages described in Notice 2014-7 are subtracted from total income.

The program also generates an explanatory statement as required by the IRS.

Find details on Notice 2014-7 on the IRS website, *irs.gov*.

Substitute W-2, 1099-R

Form 4852 serves as a substitute for Form W-2, Form W-2c, or Form 1099-R when a taxpayer either did not receive one of these forms or an employer issued an incorrect one. Form 4852 is not generally filed before April 15 (for 2016, April 18).

Screen code: 4852

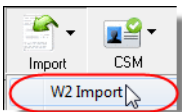
Use screen **4852**, accessible from the first **Other Forms** tab, to fill out Form 4852.

NOTE The generated Form 4852 uses data entered on the corresponding **W2** or **1099** screen (for Form 1099-R).

W-2 Import

If your client is an employee of a company that uses Equifax W-2 Management, that client's W-2 can be downloaded directly into Drake. See the Drake Support site (*Support.DrakeSoftware.com > My Account > W-2 Block Purchase*) for information on purchasing W-2 downloads and a list of companies that supply employee W-2s using this service.

To import W-2 information:



1. From the **Data Entry Menu** toolbar of the client's return, click **Import > W2 Import**.
2. In the **W2 Download** dialog box, select **Taxpayer** or **Spouse** as applicable. The name and SSN of the selection is displayed below the **Taxpayer/Spouse** drop list.
3. Enter the client's Import Code (provided on the client's W-2 distributed by Equifax).

NOTE The **Import Code** is on the bottom line of the employee's name and address section of Form W-2.

4. Click **Download**, and then click **Yes** to continue.

5. When the “W2 Download Complete” message is displayed, click **OK**. The **W2** screen for the taxpayer now contains the downloaded information.

NOTE

Purchase W-2 downloads in sets of 15 (\$25 per set). Each instance of a downloaded W-2 counts as one against your total (even if the same W-2 is downloaded twice). If, however, the client has W-2s from multiple employers and all W-2s are downloaded *in the same session*, it counts as only one download. If the W-2s are downloaded in *separate sessions*, each session counts as one against your total.

2D Barcode Scanning

For W-2 forms with a 2D barcode, W-2 and K-1 data can be scanned into Drake (1040 package only). Open the program to the client's **Data Entry Menu** (*not* the **W2** or **K1** screen) to scan the barcode; the scanned information appears on the applicable screen. For example, if a W-2 is scanned, a **W2** screen is opened and filled with the data from the W-2. Guidelines for scanning are provided below.

- When scanning the information, the program opens a new screen containing the information. It does not overwrite previously entered data on a **W2** or **K1** screen.
- The IRS issues guidelines for the 2D barcode. If the software producing the barcode follows these guidelines, the correct information will be entered on the Drake screen. If not, you must verify that the scanned data was correctly transferred to the screen.
- For Form W-2, the 2D barcode picks up only what is on the W-2. In the case of multiple city withholding (which is on a separate schedule that does not fit on the W-2), the extra information must be typed in after the barcode is scanned.
- Most barcode scanners can be used, but Drake recommends the Honeywell/Metrologic MS1690 Focus.

1099-MISC

Screen code: 99M

Use the **99M** screen to enter data from Form 1099-MISC. Select from the **TS** drop list at the top of the **99M** screen to whom (taxpayer or spouse) this 1099 information belongs. To associate the **99M** information with a specific line or form within the return, make a selection from the **For** drop list. If associating it with one of multiple forms, enter a **Multi-form code**. (See “Associating One Screen with Another” on page 93.)

Passive and Investment Income (1099-DIV, etc.)

This section covers interest and dividend income from both domestic and foreign sources. To enter rental income data in Drake, see “Supplemental Income” on page 149. To enter foreign earned income, see “Foreign Earned Income” on page 164.

Interest and Dividends

The **INT** and **DIV** screens in Drake reflect the 1099-INT and 1099-DIV forms, respectively. Data from the **INT** and **DIV** screens is carried primarily to Schedule B, Interest and Dividends, and, when applicable, to Form 1116, Foreign Tax Credit.

Income Less than \$1,500

In general, no Schedule B is required if interest and dividend income does not exceed \$1,500; amounts can be entered instead directly on screen **3 (Income)** (Figure 5-13).

Figure 5-13: Interest and dividend fields on screen 3

The **Income** screen amounts are calculated and the results flow directly into Form 1040. Any interest or dividend income entered on the **INT** or **DIV** screens is *combined with* the screen 3 amounts when the return is calculated. Do not duplicate entries.

Schedule B, Interest and Ordinary Dividends

Use the **INT** and **DIV** screens to report interest and dividend income that exceeds \$1,500. Amounts are generated for Schedule B and flow to Form 1040.

NEW FOR
2015

Note that the **Seller-financed mortgage** section has been moved to the top of screen **INT**. If the interest income reported on this **INT** screen is from a seller-financed mortgage, mark the **Seller-financed mortgage** check box and enter the payer address information. Also new are the **FATCA** and **2nd TIN** check boxes. For more information, see the field help for these two additions.

Payer information fields for seller-financed mortgages have also been included in the **DIV** screen.

Reporting Portions of Dividends

Certain portions of ordinary dividends (domestic dividends not taxable by a state and ordinary dividends that are U.S. Government dividends) can be expressed on the **DIV** screen as either amounts or percentages (Figure 5-14).

Figure 5-14: Enter portions of ordinary (line 1a) dividends as amounts or as percentages of the total.

Schedule B, Part III

Some taxpayers with bank or other financial accounts in foreign countries must file Schedule B regardless of the income amount.

New for 2015: This foreign account data is now reported on the **Foreign Accounts** screen (Figure 5-15 on page 132), accessible through a link on screen **1**, screen **INT**, or screen **DIV**.

Foreign Account Questions for Schedule B

7a At any time during 2015, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country?.....

If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority?..... [WhoMustFile](#)

7b If "Yes," (taxpayer is required to file FBAR) name foreign country(ies):

<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>
<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>
<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>
<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>
<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>	<input type="button" value="v"/>

8 During 2015, did you receive a distribution from or were you the grantor of, or transferor to, a foreign trust?.....

Figure 5-15: Foreign accounts question on the new Foreign Account screen

NOTES

- Answer the **Foreign Account Questions** on screen 1 for every taxpayer.
- If completing the **Foreign Account** screen, both question 7a and question 8 *must* be answered. Select **Yes** or **No** from the drop lists. If either is left blank, a Return Note is generated, alerting you to this fact.
- If your client *does not* have to file an FBAR Report of Foreign Bank and Financial Accounts, select "No" for the second question of 7a and *do not* make a selection from the 7B drop list. (For information on who must file an FBAR, click the **Who Must File** link.)
- If the taxpayer is required to file an FBAR, go to screen **FBAR** (accessible from the first **Other Forms** tab of the **Data Entry Menu**) and click the link to the Financial Crimes Enforcement Network's BSA e-Filing System's website. All Bank Secrecy Act (BSA) forms must be completed online.
- For taxpayers who file an FBAR who had interest in accounts in more than one country, or distributions from trusts in more than one foreign trust, select the countries from the drop lists in 7b.

State-specific Information

The **State-specific information** section of the **INT** screen has a drop list to designate Maine, Massachusetts, Oklahoma, or Tennessee for **Bank Interest**, a field for entering **IA taxable interest income**, and various selections for an **Illinois Schedule M** (Figure 5-16).

State-specific information

Bank interest.....

IA taxable interest income..... Also enter on "State tax-exempt interest" line above.....

IL Schedule M interest source description.....

Figure 5-16: State-specific fields on INT screen

NOTE

The **Amount of Box 10...** section near the bottom of the **DIV** screen can be used for breaking down tax-exempt interest for state purposes. Of any tax-exempt interest entered on line 10 of the **DIV** screen, you can enter either an amount or a percentage of the line 10 amount that should be allocated as state municipal interest. This section of the **DIV** screen corresponds to a similar section of the **INT** screen for the **Amount in Box 8...**

1099-OID

New for 2015: Screen **OID** gives you a place to enter interest income from Form 1099-OID, Original Issue Discounts.

In the past, you could enter interest income from Form 1099-OID on either screen **3** (if less than \$1,500) or the **INT** screen (if \$1,500 or more).

Now, you can enter OID interest on the new **OID** screen, available from the **Income** tab of the **Data Entry Menu**. The screen resembles the actual form, with fields for entering all the information that appears on Form 1099-OID.

NOTE

In the event some of the OID interest is nontaxable, enter the amount in the "Non-taxable IOD interest" field in the lower left side of the **OID** screen. To find out what part, if any, is nontaxable, click the link to the **IRS Publication 1212**.

The **State-specific information** section is for Iowa and Illinois filers only.

Foreign Interest and Dividends

Use the **INT** and **DIV** screens to report interest and dividend income from foreign accounts and trusts. As applicable, this data flows to Form 1116, Foreign Tax Credit. The following Form 1116 capabilities are included on the **INT** and **DIV** screens:

- A section for foreign tax credit information
- Ability to associate information from an **INT** or **DIV** screen to an **1116** screen
- Ability to suppress Form 1116 if it is not required for the return
- Ability to open the **1116** screen in the program via a **Form 1116** link

Foreign Tax Credit Data

Use the **Form 1116/FTC information** section of the **INT** or **DIV** screens to report any interest and dividend income from foreign accounts and trusts. Figure 5-17 shows this section as it appears on the **DIV** screen.

The screenshot shows a window titled "Form 1116 / FTC Information". It contains the following fields and controls:

- "Type of income..." followed by a dropdown menu.
- "Date paid or accrued..." followed by a text input field and a checkbox labeled "Accrued".
- "FTC..." followed by a text input field.
- A checkbox labeled "1116 NOT required".

Figure 5-17: Form 1116 section of **DIV** screen

If data is entered in this section of the **DIV** or **INT** screen, Form 1116 is generated automatically. Data entered here should not be re-entered on the **1116** screen or the program will combine the two amounts and print the total on the return.

Associating Data with the 1116 Screen

Because the **INT/DIV** screens include the most commonly used Form 1116 fields, and because Form 1116 is generated if these fields contain data, it may not be necessary to enter anything onto screen **1116**. If, however, a return has a less-common foreign income factor, such as a carryover, you must enter that data on screen **1116**.

You can associate the **DIV** and **INT** screens with an **1116** screen so that the generated Form 1116 incorporates the applicable data from *all* applicable screens. To associate the Foreign Tax Credit information in a **DIV** or **INT** screen to an **1116** screen:

1. Complete the **Form 1116/FTC Information** section of the **DIV** or **INT** screen. (See Figure 5-17 on page 133.)
2. Enter a number in the **FTC** field of this section. (See Figure 5-17 on page 133.)
3. Open the **1116** screen to be associated with the **DIV** or **INT** screen.
4. Type the FTC number (from Step 2) into the **FTC** field (Figure 5-18).

Screen code: **1116**

Figure 5-18: FTC field at top of **1116** screen

The program uses this “FTC number” to associate the **1116** screen with the other screens and calculate the correct information for Form 1116.

Suppressing Form 1116

By default, Form 1116 is generated with the return if any data is entered into the **Form 1116/FTC Information** fields. If these fields include data but a Form 1116 is not required and you don't want one generated, select **1116 NOT required**. (See Figure 5-17 on page 133 to view the check box as it appears on the **DIV** screen; the **1116 Not Required** check box is located on the left side of the **INT** screen.)

For more on Form 1116 in Drake, see “General Business Credits” on page 183.

Taxable Refunds

Screen code: **99G**

Enter state and local taxable refunds for the current year on the **99G** screen (Form 1099-G, Certain Government Payments). Taxable refund amounts are calculated and carried to the “Taxable refunds” line of Form 1040. Because the amount shown on this line can be affected by limitations computed from the Drake worksheets, the program allows you to adjust it.

NEW FOR
2015

A **For** drop list has been added to screen **99G**, allowing you to select where in the return the 1099-G information will flow: Form 1040, line 21; Schedule C; Schedule F; Form 4385.

The **MFC** (Multi-Form Code) box allows you to associate one screen with another, such as when one 1099-G should be associated with a particular schedule or form. For example, to associate a **99G** screen with the second **C** screen created, select **C** from the **For** drop list and in the **MFC** box, type 2.

Screen code: **3**

To adjust the taxable refund amount shown on the 1040, go to screen **3** and enter on the **Taxable refunds** lines the amount of prior-year state or local refund the taxpayer received in the current year. Be aware that no calculations are done on the amount entered on screen **3**. Use the **99G** screen if you want the system to compute the taxable amount.

NOTES

A flagged **Taxable refund** field indicates that the displayed amount was carried forward from a prior-year return. To clear the field, press F4 (if the amount is correct) or enter a new amount.

Screen **99G** is also called the **Government Payments** screen. Unemployment compensation is entered on this screen.

Alimony

If the taxpayer *received* alimony, enter the amount on screen **3** in the **Alimony received** field. Enter alimony *paid* information on screen **4**.

Self-Employment Income (Schedule C)

Screen code: **C**

Screen **C**, **Self-Employed Income**, covers Schedule C, Profit or Loss from Business (Sole Proprietorship). Access screen **C** from the **Income** tab. Several screens in Drake (such as the **99M**, **AUTO**, and **4562** screens) can be associated with a Schedule C using the **For** and **Multi-form Code** boxes of those screens. (See “Associating One Screen with Another” on page 93.)

NOTE

Enter data for Schedule C, Part IV, Information on Your Vehicle, on the **AUTO** screen.

Program Defaults for Screen C

The program's default *accounting method* (item **F**) is *cash*. Select **Accrual** or **Other**, as applicable, for accounting methods other than cash. If **Other**, include a description. (The description must be 20 characters or fewer in length.)

The program's default position for *activity type* (item **G**) is that the activity is *not a passive activity* (option **D**). For more information on activity-type options, see “Business Codes,” following.

The program's default position for *investments* (item **32b**) is that all investments are *at risk*. If this is not true for your client, select **Some investment is NOT at risk**. (Note that item **32b** includes a link to screen **6198** for entering data to compute deductible losses for Form 6198, At-Risk Limitations.)

The program's default inventory valuation method (item **33**) is *cost*. If the valuation method is *not cost*, either:

- Mark the **Lower of cost or market** check box
- Mark the **Other** check box, then:
 - Click the **SCH** link to open the **SCH** screen for unformatted attachments.
 - From the **Type of attachments** drop list, select **097 - Sch C Ln 33, Close Inventory**.
 - Enter a number in the **Multi-form code** box (if appropriate)
 - Enter an explanation in the large text box under the **Multi-form code** field

Business Codes

Press
CTRL+SHIFT+S to
search codes.

To locate a specific business code, place the cursor in the **Business code** box (field **B**) of screen **C** and press CTRL+SHIFT+S to open a **Search** box. Type a search term and click **Go**. All codes that include the search term are displayed, as shown in the example in Figure 5-19.

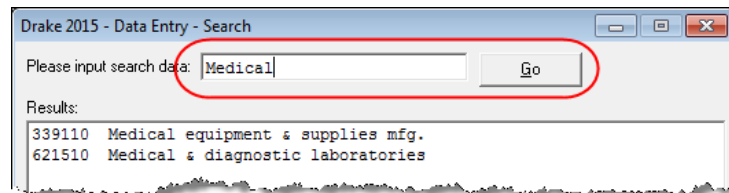


Figure 5-19: Example of a business-code search on screen C

Double-click the desired code or select one and click **OK** or press ENTER.

Activity Type Codes

Screen **C** offers two options for *activity type* (item **G**) and shows where on Form 8582, Passive Activity Loss Limitations, the calculation flows, if applicable:

- Option B: Other passive activity (Form 8582, line 3, All Other Passive Activities)
- Option D: Not a passive activity (Default; does not flow to Form 8582)

The program default is option **D**, **Not a passive activity**. Select **D** or leave this field blank if this is not a passive activity. Select option **B** to indicate a passive activity.

Tax Treatment Codes

Screen **C** contains a **Special tax treatment code** drop list (Figure 5-20 on page 137).

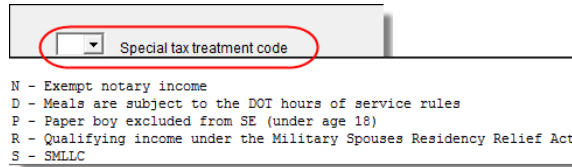


Figure 5-20: Special tax treatment code drop list on screen C

Taxpayer Filing Form 1099

If the taxpayer made any payment in 2015 that would require him or her to file any Forms 1099, mark the **Yes** box on line **I**; otherwise, mark the **No** box.

If the taxpayer filed—or will file—the required Forms 1099s, mark the **Yes** box on line **J**; otherwise, mark **No**.

Depreciation

Use the **Depreciation Detail (4562)** screen to enter depreciable assets for Schedule C. Note that on screen **C**, the **Depreciation** field is an *adjustment* field, and that an amount entered there adjusts the calculated amount from the **4562** screen that flows to the “Depreciation and section 179 expense deduction” line of Schedule C.

Screen **4562** is accessible from the **Income** tab of the **Data Entry Menu**, or you can click the **Form 4562** link on screen **C**.

For more on entering depreciation in Drake, see “Depreciation” on page 207.

NEW FOR
2015

Note the link on line 12 to the **DEPL** screen. For information on entering oil and gas depletion on the new **DEPL** screen, see “Oil and Gas Depletion Worksheet” on page 168.

Loss on Schedule C

If Schedule C shows a loss and all investment is *not* at risk, the program produces Form 6198, At-Risk Limitations. If part of a loss may be disallowed, enter the required data on screen **6198**. If the taxpayer does not materially participate, the loss could be limited by Form 8582, Passive Activity Loss Limitations. This is computed automatically.

Miscellaneous Income Excluded per Notice 2014-7

If a taxpayer received payments described in Notice 2014-7 in 2015, and received a Form 1099-MISC with the amount of the payments reported in box 7, “Nonemployee compensation,” you can report these payments in Drake using the following method:

1. Open screen **C**. If you already have a screen **C** entered, press PAGE DOWN for a new screen **C**.
2. Type the amount from line 7 of Form 1099-MISC on both:

- Line 1, "Gross receipts/sales"
- In the field to the right of **Income to be excluded Per Notice 2014-7** (in the center-bottom of screen C)

When you calculate the return, the program prints "Notice 2014-7" on line 12 of the return, but does not carry any amount to the income calculations of the 1040. (Click **C** from View mode to see the Schedule C calculations, including Part V.)

The program also generates an explanatory statement as required by the IRS.

If, however, the amount of the payments is listed in box 3 of the Form 1099-MISC, Drake recommends entering the information in the following manner:

1. Open screen **99M**. If you already have a screen **99M** entered, press PAGE DOWN for a new screen **99M**.
2. Enter the information on the screen as it appears on the Form 1099-MISC.
3. From the **For** drop list at the top of screen **99M**, select **1040**.
4. Close the **99M** screen and open screen **3**.
5. Enter the amount from box 3 of Form 1099-MISC on line 21 of screen **3**, in the field to the right of **W-2 income excluded Per Notice 2014-7**.

When you calculate the return, the program generates an explanatory statement as required by the IRS, with the literal printed on line 21 of the 1040 return indicating the statement has been generated (Figure 5-21).

19	Unemployment compensation	19	
20 a	Social security benefits . . . 20a	b Taxable amount	20b
21	Other income NOTICE 2014-7		(12,345)
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income . . . ▶		204,246

Figure 5-21: A literal indicating an explanatory statement has been generated

Find details on Notice 2014-7 on the IRS website.

e-Filing Schedules C and C-EZ

Only one Schedule C-EZ can be e-filed per return, but up to eight Schedule C forms can be e-filed per taxpayer. If necessary to allow e-file, keep the short form (EZ) from being generated by selecting the **Suppress Schedule C-EZ** box on screen **C**.

NOTE

Normally, amounts from Schedules C do not flow to Form 8960, but if you have a Schedule C that you want to flow to Form 8960, mark the **Carry to 8960 line 7** check box on screen **C**.

Sales of Assets

Screens for entering gains, losses, and sales of assets are listed in Table 5-1 on page 139. These screens can all be accessed from the **Income** tab of the **Data Entry Menu**.

Table 5-1: Screens for Entering Gains and Losses

Screen	Screen or Form Name
8949 or D	Form 8949, Sales and Other Dispositions of Capital Assets (This screen also covers Schedule D and Form 1099-B and can be accessed from the selector field by using the 8949, D, or 99B codes.)
D2	Loss Carryovers and Other Entries (not an IRS form)
2439	Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
4255	Form 4255, Recapture of Investment Credit
4684	Form 4684, Casualties and Thefts
4797	Form 4797, Sales of Business Property
6252	Form 6252, Installment Sale Income
6781	Form 6781, Gains and Losses From Section 1256 Contracts and Straddles
8824	Form 8824, Like-Kind Exchanges
HOME	Worksheet for Sale of Residence (not an IRS form)
99C	Form 1099-C, Cancellation of Debt

When forms require identical data (such as when amounts from screens **4684** and **6252** must be carried to Form 4797), Drake prints the data on the appropriate forms.

Capital Asset Reporting

Screen codes
8949, D, D2

Capital gains and losses from stocks, bonds, mutual funds, and other investments are to be listed on Form 8949, Sales and Other Dispositions of Capital Assets, and summarized on Schedule D. Information for these forms is entered on screens **8849** and **D2**. These screens are available under the **Income** tab of the **Data Entry Menu**.

NOTE

Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, reports individual transaction information and contains cost basis fields for brokers who are required to supply such information. Enter 1099-B data on screen **8949** (or **D**).

Form 8949, Schedule D, Form 1099-B

Screen **8949** (or **D**) has fields for Form 8949, Schedule D, and Form 1099-B data. Following are some guidelines for data entry on this screen.

- **Applicable check box (Basis not reported...)** — Indicate by selecting an option from the drop list if the basis of the asset was reported to the IRS or if the transaction was not reported on Form 1099-B. (Selection **1** is the default.)
- **Description** — Enter description of capital gain or loss item using stock ticker symbols or abbreviations. (Limit 32 characters.) You can use stock ticker symbols or abbreviations to describe the property as long as they are based on the descriptions of the property as shown on Form 1099-B or 1099-S (or substitute statement).

- **Date acquired** — Enter the date acquired as an eight-digit number using MMD-DYYYYY format. This date is used to determine whether the sale is short-term or long-term. Enter VARIOUS, INHERIT, or INH2010, as applicable. (Only “Various,” “Inherit,” and “Inh2010” are acceptable for e-file.)
- **Date sold or disposed** — If a single date does not apply, type Bankrupt, Worthless, or Expired, as applicable. (If Expired is entered, the return must be paper-filed.)
- **Type of gain or loss** — Select from the drop list to describe the gain or loss as long term or short term.
- **Proceeds from sale...** — Enter the sale amount. If only the gain amount is available, enter the gain amount and leave the **Cost or other basis** field blank.
- **Cost or other basis** — Enter the cost or basis. If only the loss amount is available, enter the loss amount and leave the **Proceeds from sale...** field blank.
- **AMT cost basis** — Enter the cost basis for AMT purposes.
 - **US Real Property Sold By a Nonresident** — If this box is marked, the program might have to do a special calculation for line 30 of Form 6251 (AMT — Individuals); see Form 6251 instructions for more information.
- **Adjustments** — Up to three adjustments per screen are permitted. For each adjustment, select the applicable code from the drop list and enter the amount of adjustment (and AMT adjustment, if applicable) to the gain or loss.
- **AMT** — Several AMT-related fields are included on screen **8949**:
 - The Capital Gains and Losses worksheet (D_AMT) will use the same number as the regular Schedule D unless entries are made in the **AMT Adjustment to gain or loss** and **AMT cost basis** fields on screen **8949**.
- **Federal tax withheld** — Enter the amount of federal tax withheld from the proceeds of a sale.
- **Mark if loss based...** — Mark this box if the loss is not allowed based on the amount in box **1d**.
- **Qualified Small Business Stock** — Choose from the **Amount of section 1202 gain** drop list the percentage of qualified small business stock that the taxpayer held for five years and then sold, then enter an amount in the second field:
 - 50% if acquired after 8/10/1993
 - 60% Empowerment Zone Stock
 - 75% if acquired between 2/18/2009 and 09/27/2010
 - 100% if acquired between 09/28/2010 and 12/31/2013
- **State Use Only** — Check with your state for required codes.
- **Summaries** — If you are reporting only the *totals* of 1099-B transactions rather than reporting individual transactions, read the notes at the bottom of the **8949** screen. For information on using paper document indicators with e-filed returns, see “Paper-Filing Forms and Supporting Documentation (Form 8453)” on page 303. For information on attaching PDF documents to e-filed returns, see “Binary Attachments” on page 230.

Screen D2, Carryovers & Other Entries

Screen **D2** has fields for short-term gains/losses from other sources, long-term gains/losses from other sources, loss carryovers from the prior year, capital gain tax computation, and federal withholding. If Drake was used for the taxpayer last year, the gains/losses and carryover fields are updated automatically.

If amounts to be entered on screen **D2** differ due to AMT, enter them under the **AMT if Different** column. For information on override fields, press F1 in a selected field.

Short- and Long-Term Transactions

Lines 1a and 8a of Schedule D on screen **D2** are used to report all short-term and long-term transactions for which basis was reported and for which there are no adjustments.

In the **Proceeds** field of line 1a of screen **D2**, enter the total sales price, and in the **Cost or other basis** field, enter the cost or other basis for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments. Enter information on the long-term transactions on line 8a.

An entry on either line 1a or 8a means you will not be making an entry on screen **8949**.

Form 8949 Imports

Use the Form 8949 Import tool to import capital gain and loss transaction data from an Excel or other worksheet into Drake.

Create a Worksheet

Before you can use this feature, you must have a worksheet containing the transaction data. Create a worksheet or import one from Drake. (See "Import a Worksheet" on page 143.) This worksheet should be saved as a Microsoft Excel, TAB, or CSV file, with each column labeled (in order) for a field on screen **8949**. Part of a worksheet is shown in Figure 5-22. Suggested labels are shown in Table 5-2.

	A	B	C	D	E	F	G	H	I
1	TSJ	F	State	City	Form 8949 Check Box	Description	Date Acquired	Date Sold	Type
2	TSJ	0	NC	Franklin	2	Stocks	01/01/2010	05/05/2015	L
3									

Figure 5-22: Screen **8949** fields as columns in Excel worksheet

Columns must be in the same order as the fields on screen **8949**. When looking at Table 5-2, which shows the field/column order, note that the column names do not have to match the field names exactly. A good place to save a worksheet is the "Documents" folder of the client's DDM.

Table 5-2: Spreadsheet Columns for Form 8949 Import

Spreadsheet Column	Associated Field on Screen 8949
A	TSJ
B	F
C	State
D	City

Table 5-2: Spreadsheet Columns for Form 8949 Import

Spreadsheet Column	Associated Field on Screen 8949
E	8949 check box
F	Description of property
G	Date acquired
H	Date sold or disposed of
I	Type of gain or loss
J	Proceeds from sale of stocks, bonds, or other capital assets
K	Cost or other basis
L	AMT Cost basis
M	US Real Property (Note: To have a check mark appear in this field, enter any character into the spreadsheet column.)
N	Adjustment 1 code
O	Adjustment 1 amount
P	Adjustment 1 AMT amount
Q	Adjustment 2 code
R	Adjustment 2 amount
S	Adjustment 2 AMT amount
T	Adjustment 3 code
U	Adjustment 3 amount
V	Adjustment 3 AMT amount
W	Federal tax withheld
X	Loss not allowed
Y	QSBS Code
Z	QSBS Amount
AA	State
AB	State ID #
AC	State tax withholding
AD	State
AE	State ID #
AF	State tax withholding
AG	State use code
AH	State adjustment
AI	State Cost/Basis

Import a Worksheet

To save yourself the trouble of building a blank worksheet, download one from Drake's Knowledge Base that has the headings already included:

1. From toolbar of the **Home** window of Drake, click **Support** and select **Drake Software Knowledge Base** from the drop list.
2. With the KB is opened, type `Schedule D Import` in the **Quick Search** field and then press **ENTER**.
3. In the **Search Results** pane at the bottom of the window, select article # **10139: Schedule D Imports**.
4. Scroll to the bottom of the article and click the link: **Blank Excel Spreadsheet with 8949 Import Headers**.
5. Save the worksheet as a Microsoft Excel, TAB, or CSV file. A good place to save the worksheet is the "Documents" folder of the client's DDM.

Importing Saved Data

To import the information:

1. Open the client's file to the **Data Entry Menu** and click **Import > Form 8949 Import/GruntWorx Trades** from the toolbar. The **Form 8949 Import/GruntWorx Trades** instructions are displayed.
2. Click **Next** to open the **Step 1** dialog box.
3. Click **Browse** (to the right of the **1. Import File Name** text box) to locate the file to be imported.
4. Once you have selected the file to be imported, click **Open**. When the import function has been completed, the data path and file name will be displayed, with the columns filled in the **Form 8949 Transaction Information** grid below it.
5. From the **Start import at** drop list, select the line at which to start the import. For example, if row **1** in the transaction list is column header information, choose to begin import at line **2**.
6. Click **Next**.
7. After verifying that the information is correct, click **Import**.

The **Existing Forms List** is opened. Select a screen to open and click **Open**.

NOTE

The Form 8949 import also works in the business packages, but doesn't use the **Qualified Small Business Stock** section of screen **8949**. Include those columns when building your worksheet but enter no amounts in those columns. When you import the Form 8949 data into one of the business packages, those two columns will be ignored.

Sales of Assets

To enter non-recaptured losses, use the **Part IV, Recapture Amounts when business use drops...** section of screen **4797, Sale of Assets**. For sold property listed on Form 4797, depreciation sometimes must be recaptured as ordinary income. (For more on depreciating sold assets in Drake, see "Depreciating Sold Assets" on page 211.)

1099-S Transactions

Enter data from Form 1099-S, Proceeds from Real Estate Transactions, on the **4797** screen. Mark the **1099-S transaction** box, located near the top of screen **4797**.

Installment Sales

The steps for entering an installment sale vary depending on the use of the **4562** screen. If the **4562** screen is *not* used, (1) complete the **4797** screen for the sold asset, (2) indicate with a “Y” on this screen that the sale is also reported on Form 6252, and (3) follow the procedure, starting with Step 4.

To enter an installment sale using the **4562** screen:

- Screen code: 4562* **1.** For the sold asset, open screen **4562** and complete the **Date sold** field in the **If sold** section on the lower right quadrant of the screen. This causes the program to stop calculating depreciation.
- Screen code: 4797* **2.** Select as **Property type** “IN” (for §1245 property) or “IS” (for §1250 property).
- Screen code: 4797* **3.** View the return, checking to see if there is an amount on Form 4797, line 31. (You must enter an amount in the **Sales price** field to generate page 2 of Form 4797.) If line 31 contains an amount, proceed to Step 4 below. If it doesn't, proceed to Step 5.
- Screen code: 6252* **4.** Enter the amount from Form 4797, line 31, on screen **6252**, line 12, “Depreciation to recapture.”
- 5.** Complete screen **6252** by entering all other installment sale information. Listed below are specific instructions and explanations for completing the separate parts of screen **6252**.
- **Lines 1-15** (Part I of Form 6252) — Complete these lines for the year of sale only. (Data from these lines will be carried forward into subsequent years of Drake.)

TIP

As an alternative, and only if the current year is not the year of sale, you can enter the **Gross Profit Percentage** on the **6252** screen. Use a whole number, not the decimal equivalent. For example, enter 62% as 62, not as .62.

- **Line 19 and Receipt category** section (Part II of Form 6252) — Complete line 19 (use a whole number, not a decimal equivalent) and the **Receipt category** fields for the year of sale and for any year in which a payment or debt must be treated as a payment on installment options.
 - **Part III (Related Party Sale Income)** — Complete **Part III** if (a) the sale was made to a related party, and (b) the income is *not* from the final payment in the current tax year.
 - **Unrecaptured Section 1250 Gain** — If unrecaptured §1250 gain is present, enter the gain amount in the **Unrecaptured Section 1250 Gain** field (to the right of line 19). The taxable amount is calculated on the WK_1250 worksheet and is carried to Schedule D, line 19, based on these calculations.
- 6.** View the return. See line 35 of Form 4797 for the recapture amount (if any).

Like-Kind Exchanges

If an asset has been traded and requires continued depreciation and there is an increase in basis that must be depreciated, you can link like-kind exchange information to the appropriate depreciation details.

To enter an asset as a like-kind exchange:

- Screen code: **4562**
- 1.** Open the **4562 (Depreciation Detail)** screen for the asset that the taxpayer traded (or gave up).
 - 2.** Make an on-screen notation to indicate that the asset was traded (for example, type an A before the description in the **Description** field).
- Screen code: **8824**
- 3.** Open the **8824 (Like-Kind Exchanges)** screen and complete the fields for the like-kind exchange.
 - 4.** Calculate the return. In View mode, view Form 8824 and note the amount calculated for the "Basis of like-kind property received" line. (Generally, this amount becomes the adjusted basis of the new asset, unless an additional amount was incurred in obtaining it.)
- Screen code: **4562**
- 5.** Open the **4562** screen for the new asset. In the **Description** field, make a notation to indicate that the asset was traded (such as an A before the description). (As an example, if a Ford 150 is traded for a Chevy Blazer, the descriptions on the **4562** screens might be "A-Ford F150" and "A-Chevy Blazer." This notation makes the traded assets easier to identify.)
 - 6.** Enter any increase in basis as the beginning cost.

The depreciation on the old asset continues over the remaining life, and depreciation for the new asset starts, using the 8824 basis for the correct number of years.

Basis of Primary Residence

Screen code:
HOME

Use the **HOME** screen to complete the following tasks:

- Report the sale of a primary residence
- Enter data to determine the taxpayer's basis in the primary residence and calculate the tax implications of the transaction
- Allow the program to reduce the maximum exclusion if the taxpayer is eligible for part, but not all, of the gain exclusion
- Apply the appropriate treatment for the gain (loss) on the transaction
- Indicate that a surviving spouse is taking the MFJ exclusion for gain on the sale
- Enter data to calculate the amount of recapture in a year of sale if the First-Time Homebuyer Credit (Form 5405) was taken on the home

Related Worksheets

A Primary Residence Calculations worksheet (WK_2119) is generated with the return when the **HOME** screen is used. It consists of three parts:

- Worksheet 1: Adjusted Basis of Home Sold
- Worksheet 2: Gain (or Loss), Exclusion, and Taxable Gain on Sale of Home
- Worksheet 3: Reduced Maximum Exclusion

These pages are for informational purposes only to allow the basis in the home to be tracked. If no date of sale is entered, only Worksheet 1 contains data when generated with the return.

Updating from the Prior Year

Data entered in the **Date home was purchased** field, the fields in the **Basis of Home** section, and the fields in the **Form 5405** section are included in the Drake update routine. These fields are updated as long as there is no date in the **Date home was sold** field. Once the home is sold, there is no need to continue tracking the basis.

Schedule D

The home sale flows to Schedule D only if the gain on the sale exceeds the exclusion amount. If Schedule D is generated, both the gain on the home and the Section 121 exclusion (if applicable) appears on Schedule D. The WK_2119 is still generated, but Schedule D is added to report the taxable gain on the sale.

Section 121 Calculation

The software calculates the section 121 exclusion using the number of days during the last five years that the taxpayer used the home and the number of days the home was owned during the past five years. Enter this information in the **Calculate Section 121 Exclusion** section of the **HOME** screen.

Conversion to Business Use

If a home was lived in and then converted entirely to rental or business use and subsequently sold, the transaction must be shown on Form 4797. Mark the **Carry taxable gain to 4797** box (in the **Miscellaneous** section) to have the applicable **HOME** screen information flow to the 4797.

Exclusion for Surviving Spouse

For two years after the death of a taxpayer, a spouse is permitted to take the MFJ exclusion for gain on the sale of a principal residence, assuming the normal requirements for the exclusion are met. To indicate that the surviving spouse is taking the exclusion, mark the **Recently widowed taxpayer eligible for MFJ exclusion** box in the **Miscellaneous** section of the **HOME** screen.

First-Time Homebuyer Credit

If the First-Time Homebuyer Credit was taken for the residence in 2008 or 2009 and there has been a disposition or change in the use of the residence *or* the credit is now being repaid, complete the applicable fields in the **Form 5405 Repayment Information** section of the **HOME** screen.

Retirement Income

Use the **1099**, **8606**, and **ROTH** screens to enter most retirement income data. Screens **3** and **4** include fields for entering retirement data directly into the generated 1040. Amounts entered in these fields are combined with any corresponding calculations from the **1099**, **8606**, and **ROTH** screens.

1099-R

Use the **1099 Retirement** screen to enter data, including distribution amounts, from Form 1099-R.

The **1099** screen consists of two screens: **1099-R** and **Special Tax Treatments**. The **Special Tax Treatments** screen has fields for the Simplified General Rule Worksheet, qualified charitable distributions, HSA funding distributions, public safety officers, and check box for indicating income received because of the death of a spouse (state-use only). Access the **Special Tax Treatments** screen from the **1099** screen by clicking the **Special Tax Treatments** tab at the top of the **1099** screen.

Items Not Reported on 1099-R

Use screen 3 for IRA and pension distribution amounts that were *not* reported on a 1099-R. Enter total and taxable portions of these amounts (Figure 5-23).

11	Alimony received.....	11		
15a	IRA distributions received (no 1099 received).....	15a	+/-	+/-
15b	Taxable portion of IRA distributions above..... <input type="checkbox"/> Early distribution, calculate penalty	15b	+/-	+/-
16a	Pension distributions received (no 1099 received).....	16a	+/-	+/-
16b	Taxable portion of pensions above..... <input type="checkbox"/> Early distribution, calculate penalty	16b	+/-	+/-
19	Unemployment compensation (enter the full amount from Form 1099-G, Box 1).....	19	+/-	+/-

Figure 5-23: Adjustment fields for IRA and pension distributions (screen 3)

These amounts are calculated with the corresponding amounts from the **1099** and **8606** screens and carried to the “IRA distributions” and “Pensions and annuities” lines of Form 1040. Do not duplicate entries made on the **1099** or **8606** screens.

NOTE

Mark the applicable check box on this screen to have the program calculate the penalty for early distribution of the taxable portion of IRA distributions (line 15b) or pensions (line 16b) entered.

Substitute 1099-R

To file a substitute 1099-R (Form 4852), refer to “Substitute W-2, 1099-R” on page 129.

Rollover of Pensions/Annuities

If a 1099-R distribution should be excluded from income because it was rolled over into another qualified plan, indicate this using the **Exclude from income** drop list on the **1099** screen (under the **Rollover Information** heading; see Figure 5-24).

Figure 5-24: Selections for rolled-over 1099-R distribution

Select **S** if the distribution was rolled over into the same type of account. Select **X** if it was rolled over into another plan. If **S** is selected, the word “ROLLOVER” is displayed on “Pensions and annuities” line of Form 1040.

501(c)(18) Contributions

Enter contributions to a 501(c)(18) pension plan on screen 4, but do not include amounts that have been assigned Code H (“Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan”) in box 12 of the W-2. Those amounts flow automatically from the **W2** screen to Form 1040.

IRA Contributions

For *traditional* IRA contributions, use the **8606** screen, which addresses Part I of Form 8606, Nondeductible IRAs. For *Roth* IRA contributions, use the **ROTH** screen, which addresses Parts II and III of Form 8606.

Deductible IRA contributions are calculated from the **8606** screen and displayed on the “IRA deduction” line of Form 1040. If an amount is entered into the **Deductible IRA** field on screen **4**, it is combined with the amount from the **8606** screen.

If a taxpayer is covered by a pension plan, use the **8606** screen instead of screen **4**. If the program determines that the contribution amount exceeds the maximum allowed, it generates a NOTES page with the return.

TIP If Form 8606 is not required but you want to generate it anyway, go to the **8606** screen and select **Print Form 8606 even if not needed**.

Converting to a Roth IRA

To report the transfer of an amount from a traditional IRA to a Roth IRA, enter the amount on the **ROTH** screen (Figure 5-25).

The screenshot shows the 'Form 8606 - Nondeductible IRA Contributions, IRA Basis, & Nontaxable IRA Distributions' screen. At the top, there are dropdown menus for 'TSJ' and 'ST'. Below that is a link: 'Video: ROTH Distributions and Rollovers'. The main section is titled 'Part II - Conversions from Traditional IRAs to ROTH IRAs'. It contains three rows of data entry fields, each with a label on the left and a numerical field on the right:

Label	Field
16 Amount of traditional IRA converted to a Roth IRA.....	16
Recharacterizations.....	16
17 IRA basis before conversion.....	17

The entire 'Part II' section is circled in red in the image.

Figure 5-25: ROTH screen field for amount to be transferred to a Roth IRA

This amount is carried to the appropriate line of Form 8606.

IRA Penalty Computations

IRA penalties are calculated using data entered on the **5329** screen (Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts).

Carrying 1099-R Data to Form 5329

It might not be necessary to enter data directly onto the **5329** screen. If a distribution code of **1** (“Early (premature) distribution, no known exception”) has been selected from the **Dist. code** (box 7) drop list of the **1099** screen, you can force the distribution amount from a **1099** screen to flow to Form 5329 and have the taxable amount of the distribution subject to the 10% penalty. To do so, go to the desired **1099** screen and select the applicable box under **Additional Information for this Distribution** (Figure 5-26).

The screenshot shows a dialog box titled 'Additional Information for this Distribution'. It contains several checkboxes with associated text and links:

- 1099-R for disability?
- If so, reported as wages on the 1040? [SCH](#)
- Carry this entry to [Form 5329](#) and compute 10% penalty
- Exclude from income - reported on [Form 4972](#)
- Exclude from income - reported on [Form 8606](#)
- Was this 1099-R altered or handwritten?

The 'Carry this entry to Form 5329 and compute 10% penalty' option is circled in red in the image.

Figure 5-26: Select box to carry 1099-R data to Form 5329

NOTE

If a penalty applies and no known exception exists, Form 5329 is not required. In this case, the program computes the penalty and carries it to Form 1040 but won't generate Form 5329. To force the program to print Form 5329, go to the **5329** screen and mark the **Force 5329** check box.

To access the **5329** screen directly from the **1099** screen, click the **Form 5329** link shown in Figure 5-26 on page 148. To force the program to generate Form 5329, mark the **Force 5329** check box on screen **5329**.

Exception Numbers

On the **5329** screen, exception numbers 01 and 06 (**Part I**, line 2) apply only to distributions from qualified employee plans—not to those from IRAs, annuities, or modified endowment contracts. To view full descriptions of each exception number, click inside the **Exception number** field and press F1.

Supplemental Income

Links for Schedule E and K-1 screens are located in the **Schedules E and K-1** section of the **Income** tab of the **Data Entry Menu** (Figure 5-27).

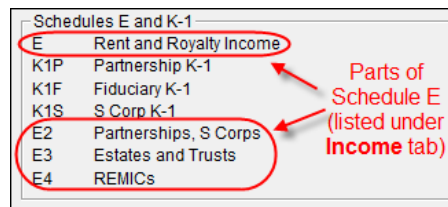


Figure 5-27: Screens for entering Schedule E data

Schedule E

Screen code: **E**

Use screen **E** to complete page 1 of Schedule E (Part I: Income or Loss From Rental Real Estate and Royalties). Page 2 of Schedule E (Parts II through V) is calculated from entries on the **K1** screens. The corresponding screens in Drake are **E2**, **E3**, and **E4**.

IMPORTANT

Use screens **E2**, **E3**, and **E4** only if transcribing the information from a previously calculated Schedule E.

NEW FOR
2015

The program produces one Form 4562 for each property on Schedule E and Form 8825 instead of one Form 4562 for each Schedule E or Form 8825.

Form 1099 Reporting

Screen **E** includes check boxes for indicating (1) if any Forms 1099 were required to be filed, and (2) whether the required Forms 1099 were filed.

Figure 5-28: 1099 check boxes on screen E

NOTE If more than one Schedule E is required, questions A and B should be answered only on the first screen E.

General Property Information

Information entered in the **Property description for reporting** field at the top of the screen (shown in Figure 5-28) appears in the headings of all generated worksheets associated with the activity.

The following fields are also located in the upper half of screen E:

- **Activity type** — Option A (“Active rental real estate”) is the default answer. If option D (“Not a passive activity”) is selected and EIC is involved, the program prints “NPA” on the appropriate line of Schedule E. For more on selecting activity types, see “Activity Types” on page 154.
- **Address and Type of Property** — Enter the property address in the fields provided, and select the property type from the options below those fields. If **Other**, type a brief (20 characters or fewer) description of the property type.
- **This is your main home or second home** — Select this box if the property is the taxpayer’s main or second home. If personal use is indicated in the **Personal use days** box of section 2, and this box is marked, mortgage interest is carried to Schedule A
- **Some investment is NOT at risk** — Mark this box if portions of the real-estate investment are not at risk. To enter data for computing deductible profit or loss from at-risk activities, click the **Form 6198** link to open the **6198** screen (for Form 6198, At-Risk Limitations). When you exit the **6198** screen, the program returns you to screen E.
- **Property was 100% disposed of in 2015** — Mark this box if the property was sold or otherwise disposed of in the current tax year.
- **Property is an SMLLC** — Mark this box if the property is a Single Member Limited Liability Company (state use only).
- **Qualified Joint Venture** — Mark this box to indicate that a taxpayer owned a property as a member of a qualified joint venture that is reporting rental income not subject to self-employment tax.

NOTE If the property was 100% disposed of and a **4562** screen has been completed, the program automatically determines if the disposal was at an overall loss or gain and prepares Form 8582, Passive Activity Loss Limitations, and its worksheets accordingly.

Property Usage

Item 2 of screen E contains fields for indicating how much of a property was used for fair rental and personal purposes.

2 Fair rental days..... Personal use days.....

If this property is a multi-occupancy unit (such as a duplex) and the taxpayer or spouse occupies a portion of it, enter the percent occupied by the taxpayer or spouse and use the "Indirect Expense" column to record expenses applicable to both the rental and non-rental portions of the property.....

To use the Tax Court method to allocate interest and taxes, check this box and enter the number of days owned if not 365..... =

Figure 5-29: Item 2 of screen E

Other property-usage fields are:

- **If this property is a multi-occupancy unit...** — If the taxpayer or spouse lives in one unit of a multi-dwelling property while renting out the others, enter the percentage occupied by the taxpayer or spouse and enter expenses applicable to both the rental and the non-rental portions of the dwelling in the **Indirect Expenses** column below (see “Direct and Indirect Expenses,” following).
- **To use Tax Court...** — Mark the applicable check box (see Figure 5-29) to use the tax court method to calculate the amount of mortgage interest and taxes for this rental property. Enter the number of days owned in the override text box next to it, if not 365. (If the text box is left blank, the program uses 365 as the default.)

The program uses the percentages entered when calculating the business percentage of expenses and taking deductions. The remaining percentage of taxes entered is carried to Schedule A.

NOTES

A taxpayer with more than 10% use of a rental can deduct expenses up to the amount of income, regardless of percent use.

If the **If this property is a multi-occupancy unit...** box is marked, a worksheet is produced for each property that lists expense types and divides expense amounts into personal, rental, and total amounts.

Direct and Indirect Expenses

The program can take both direct and indirect expenses into account when calculating a return for a taxpayer who occupies one unit of a multi-dwelling property while renting out the others.

NOTE

Direct expenses are those that affect only the rental units. *Indirect* expenses are those that affect both the rental units and the taxpayer's or spouse's dwelling. Indirect expenses can also be personal expenses.

Enter expense amounts using the columns on screen E (Figure 5-30 on page 152).

		Direct Expenses	Indirect Expenses
5	Advertising.....	100	
6	Auto & travel.....		
7	Cleaning & maintenance.....	333	111
8	Commissions.....		
9	Insurance.....	1234	555
10	Legal & professional.....		

Figure 5-30: Columns for **Direct Expenses** and **Indirect Expenses**

IMPORTANT

You must enter a percentage in the **If this property is a multi-occupancy unit...** box or the program will ignore any figures entered in the **Indirect Expenses** column.

Sale of Property

If a property was sold and Schedule E must be associated with data from a **4797** screen (Form 4797, Sales of Assets), use a passive activity number (PAN) code to tie them together. To do so, enter a number in the **PAN** box on screen **E**, and then enter the same number in the **PAN** box of the applicable **4797** screen.

Operating Expenses Carryover

Screen **E** includes a field for entering the carryover of operating expenses. This field is located in the lower-right quadrant of the screen. An entry in this field flows to the Rental Limitation on Deductions worksheet (listed as WK_E ___ in View mode).

Rental of Personal Property

Enter income from “casual” rental on personal property on screen **3**. Enter expenses (if any) on screen **4**, in the **Expenses from casual rental of personal property** field under line 36. Do not use screen **E** for these entries. The words “Personal Property Rental” and the amount of rental income will be printed on line 21 of Form 1040, and the letters “PPR” and the amount of any expenses appears on line 36 of the 1040 (Figure 5-31 on page 153).

NOTE

If there are other sources of “Other” income, a statement number will appear on line 21.

20a	20a	b	20b
Social security benefits		Taxable amount	
21	Other income Personal Property Rental 2,323	21	2,323
22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22	158,846
23	Educator expenses	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	Deductible part of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN	31a	
32	IRA deduction	32	
33	Student loan interest deduction	33	
34	Tuition and fees. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 through 35 PPR	36	2,020
37	Subtract line 36 from line 22. This is your adjusted gross income	37	156,826

Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form 1040 (2012)

Figure 5-31: Income from renting “casual” personal property appears on line 21 of the return, and expenses from renting “casual” personal property appear on line 36.

NOTE

To have amounts from Schedule E or from screen **4835** flow to Form 8960, line 4b, mark the **Carry to 8960 line 4b** check box on screen **E** or screen **4835**.

NEW FOR 2015

A link to the new Oil and Gas Depletion Worksheet screen (**DEPL**) has been added to screen **E**. See “Oil and Gas Depletion Worksheet” on page 168.

Generally, a depletion deduction flows to page 2 of Schedule E. When there are royalties income from oil and gas, that depletion deduction is subtracted from the royalties income and shown on page 1 of Schedule E. An **Oil and Gas Partnership** check box on screen **K1P** and a **Oil and Gas corporation** check box on screen **K1S** forces the depletion deduction to stay on page 2 of Schedule E.

Schedule K-1

Screen codes: **K1, K1F, K1S**

Screens for Schedule K-1 are accessible from the **Income** tab of the **Data Entry Menu**. The program contains three types of **K1** screens: **K1P** for partnership income; **K1S** for S corporation income; and **K1F** for fiduciary income. Enter information directly into a **K1** screen, or export K-1 information from a pass-through entity into an individual return.

NOTE

The **K1P** and **K1S** screens include **6198 At Risk** tabs for tracking partner or shareholder basis for at-risk activities. For more information on using these tabs, see “Tracking At-Risk Basis” on page 159.

Accessing K-1 Data Fields

Two screens are used to complete the lines on a Schedule K-1 (see red circle in Figure 5-32 on page 154). From the **Data Entry Menu**, the first page of the selected **K1** screen is displayed.

Figure 5-32: The first “page” of the K1P screen.

Click the **1065 K1 13-20** tab to complete lines 13 through 20.

Activity Types

The **K1P**, **K1F**, **K1S**, **E**, **E2**, **E3**, and **4835** screens feature **Activity Type** drop lists for designating an activity as passive or nonpassive. A selection from this list controls what income data, if any, goes to Form 8582, Passive Activity Loss Limitations. Available activity types are described in Table 5-3.

Table 5-3: Activity Type Selections, for **K1P**, **K1F**, **K1S**, **E**, and **4835** screens

Activity Type	Description
A - Active rental real estate	Activity is a rental real estate activity with active participation. Calculation flows to the “Rental Real Estate Activities With Active Participation” section in Part I of Form 8582 and to the WK_8582 1 worksheet. (This is the default for screen 4835 .)
B - Other passive activity	Activity is a passive activity but is not a rental real estate activity. Calculation flows to the “All Other Passive Activities” section in Part I of Form 8582 and to the WK_8582 3 worksheet.
C - Real estate professional	Activity is that of a real estate professional and does not flow to Form 8582.
D - Not a passive activity	Activity is not a passive activity. Because it is nonpassive, the calculations from this screen do <i>not</i> flow to Form 8582. (Option available on screens K1 and E only.) This is the default selection for screens K1P , K1F , K1S , and E .

If **A** or **B** is selected, the activity is considered a currently passive activity because “A” is rental real estate and “B” is other passive activity.

NOTES

If the **General partner** check box is marked on the **K1P** screen, self-employment income is automatically reduced by any amount entered in the **Section 179 deduction** field.

Unreimbursed partnership expense flows to a separate line on Part II of Schedule E.

State K-1 Amounts (If Different)

By default, the program uses the federal K-1 amounts for both federal and state calculations. In cases where the state K-1 amounts differ from federal K-1 amounts (such as

when a state does not take the federal limits on depreciation), enter the state amounts in the **State** column fields of a **K1** screen (Figure 5-33).

Amounts from K-1		Federal	State
1	Ordinary income or loss.....	1	
2	Rental real estate income or loss.....	2	
3	Other rental income or loss.....	3	
4	Guaranteed payments.....	4	
5	Interest income.....	5	

Figure 5-33: Some of the **Federal** and **State** K-1 columns from screen **K1S**

Multiple States

In some cases, an entity issues Schedule K-1 forms for multiple states, requiring the preparer to enter two or more amounts for the same state K-1 items.

To enter federal and state K-1 information where multiple state K-1s are issued:

1. Enter all information for federal and the first state on the **K1** screen. (Enter data in the **State** column only if the state amount differs from the federal).
2. Press PAGE DOWN to start a new screen.
3. In the **F** text box at the top of the screen, type 0 (zero) to exclude the information on this screen from the federal return. (See Figure 5-34.)
4. Select a state from the **ST** drop list. In Figure 5-34, “North Carolina” has been selected.

1120S K1 1-11 1120S K1 12-17 Basis Worksheet Basis Worksheet continued

Schedule K-1 for 1120S

TS **T** **F** 0 ST **NC** City PAN

S corporation ID number..... 40-0500600

S corporation name..... EssBeeEss

For state use only.....

Figure 5-34: Enter “0” in the **F** text box and select a state from the **ST** drop list.

5. Complete all applicable fields. Basic information, such as ID number and name, must be re-entered. Because the program does not use the entries on this screen for federal purposes, it is not necessary to enter the federal amounts; however, all applicable state amounts are required, even if they are identical to the federal amounts entered on the previous screen.
6. Click the linked tab at the top of the screen for the next “page” (see Figure 5-32 on page 154) and continue entering state amounts.
7. (if applicable) Complete the **For State Use Only** fields on the second “page.”

To enter data for another state, repeat Step 2 through Step 7 above.

Form 8960 Entries

The section for **Form 8960 entries** (Figure 5-35 on page 156) is used for entering amounts that you want to flow to Form 8960, Net Investment Income Tax. Access this section by clicking the **1065 K1 13-20** tab at the top of the **K1P** screen, the **1041 K1**

12-14 tab at the top of the **K1F** screen, or the **1120S K1 12-17** tab at the top of the **K1S** screen. (See Figure 5-32 on page 154.)

Form 8960 entries		Amount
All amounts entered here will flow directly to the line indicated on Form 8960. They will not flow to any other form.		
4b	Adjustments for non-section 1411 trade or business.....	4b +/- <input type="text"/>
5b	Disposition of property not subject to net investment income tax.....	5b +/- <input type="text"/>
5c	Adjustment from disposition of partnership interest or S corp stock.....	5c +/- <input type="text"/>
6	Changes to investment income for certain CFCs and PFICs.....	6 +/- <input type="text"/>
7	Other modifications to investment income.....	7 +/- <input type="text"/>

Figure 5-35: The new **Form 8960** section of the **K1** screens

The fields in this section are adjustment fields that add to or subtract from the calculated amount of Form 8960 by whatever adjusting amount you enter.

The new calculated amount appears on Form 8960, and worksheet 8960_ATT is generated to show the calculations.

K-1 Exports

K-1 data can be exported from an 1120S, 1065, or 1041 return in Drake to an individual return in Drake. To export K-1 data, you must first have the following items:

- An 1120S, 1065, or 1041 return, completed in Drake
- An individual return in Drake for the shareholder, partner, or beneficiary listed in the 1120S, 1065, or 1041 return

To export K-1 data into an individual return:

1. Open the 1120S, 1065, or 1041 return that contains the data to be exported.
2. Click **View** to calculate the return and open View mode.
3. Click the **K1 Export** button in the View mode toolbar.
4. If any taxpayer K-1s are not eligible for export, they will be listed. Click **Next**. Otherwise, proceed to the next step.
5. The **Export K1s** screen lists all taxpayer SSNs for exporting. All rows are selected by default.
6. (optional) Click a row to clear it if you do not wish to export K-1 data to all individuals listed.
7. Click **Export**. When the **Export complete** dialog box is displayed, click **OK** and then **Exit**.



IMPORTANT

Once the export is complete, any state K-1 amounts, if different from the federal, must be entered manually. (See "State K-1 Amounts (If Different)" on page 154).

Tracking Adjusted Basis

Drake takes current-year basis limitations into account when calculating K-1 amounts and tracks the adjusted basis for a K-1 from a pass-through entity (partnership or S corporation). The program also limits any losses based on the basis calculation and carries forward to subsequent years the adjusted basis and any disallowed losses.

When a return with adjusted basis data is calculated, the amounts entered on the **K1P** and **K1S** screens undergo the basis limitation calculation. The limited amounts are then used in at-risk and passive loss limitation calculations, if applicable. Because amounts flow from both the **K1** and **Basis Worksheet** screens to determine the amount of basis the taxpayer has for deducting losses from the K-1, it is necessary to enter all basis data on the **Basis Worksheet** screens. These are accessed from either the **K1P** or **K1S** screen. (Tabs are shown in Figure 5-32 on page 154.)

NOTE If you calculate a return with K-1 information but have not entered anything on the **Basis Worksheet** screens, the program generates a note advising you to do so.

How the Calculation is Applied

Once it is able to calculate the adjusted basis, the program takes steps based on calculation results:

- **Adjusted Basis More than Zero** — If the adjusted basis is greater than zero based on current- and prior-year entries, amounts flow to the return and the software tracks and updates the adjusted basis amounts going forward.
- **Adjusted Basis Zero or Less** — If the adjusted basis is zero or less based on current- and prior-year entries, amounts flow to page 2 of the printed Adjusted Basis Worksheet (see “Printed Worksheets” on page 158) to determine how much loss is allowed in the current year. Disallowed amounts are stored and updated to the next year.

Adjusted Basis

The first **Basis Worksheet** screen contains fields that are necessary to properly calculate adjusted basis for the 1040 return. Figure 5-36 shows the adjusted basis fields for a partnership.

Partner's Adjusted Basis Worksheet		515151515 - Partners in Grime	
Partner Basis			
1	Adjusted basis from 2014.....	1	<input type="text"/>
2a	Gain recognized on contribution of property.....	2a	<input type="text"/>
b	Additional capital contribution and other current year increases.....	b	<input type="text"/>
c	Adjusted basis of property contributed.....	c	<input type="text"/>
d	Partnership interest acquired other than by cash or property.....	d	<input type="text"/>
3j	Increase for excess depletion adjustment.....	3j	<input type="text"/>
3l	Gain from Section 179 asset disposition.....	3l	<input type="text"/>
Debt Basis			
4 & 7			
A	Partner's share of partnership liabilities.....	A	<input type="text"/>
B	Partner's share of partnership liabilities from prior year.....	B	<input type="text"/>
6	Withdrawals/distributions.....	6	<input type="text"/> -

Figure 5-36: Partner Basis fields on Basis Worksheet screen

The fields in the **Partner Basis** (or **Stock Basis** for an S corporation) and **Debt Basis** sections for the current year must be completed manually.

NOTE

Data flows directly from the two **K1** screens into the "Current Year Losses and Deductions" column of the "Partner's Adjusted Basis Worksheet" (shown as WK_IPBAS in View mode), beginning on the first **Basis Worksheet** screen and continues to the **Basis Worksheet continued** screen.

Calculating Loss Allocation

Loss allocation percentage is calculated by:

- a. Taking the total losses and deductions allowed
- b. Dividing them by the total losses and deductions to figure the loss allocation percentage
- c. Multiplying the loss allocation percentage by each category of loss applicable to the return

Once these calculations are complete:

- The product flows to column (D), **Allowed Losses and Deductions in Current Year**, of the Adjusted Basis Worksheet.
- The difference between the total losses and deductions and the allowed losses and deductions flows to column (E), **Disallowed Losses and Deductions in Current Year**, of the Adjusted Basis Worksheet.

NOTE

The Shareholder's Adjusted Basis Worksheet (WK_ISBAS) and the Partner's Adjusted Basis Worksheet (WK_IPBAS) are generated when the return is calculated.

Prior-Year Unallowed Losses

Enter prior-year unallowed losses in the **Prior-year carryover losses and deductions** column, which spans the **Basis Worksheet** screen (see Figure 5-37) and **Basis Worksheet continued** screen. The program automatically updates prior-year unallowed losses entered in the 2014 program.

Losses and Deductions		Prior-year carryover losses and deductions (a)	Current-year losses and deductions (b)	Allowable losses and deductions in current year (d)
10 a	Ordinary losses from trade or business.....			=
b	Net losses from rental real estate activities.....			=
c	Net losses from other rental activities.....			=
d	Net short-term capital losses.....			=
d	Net long-term capital losses.....			=
e	Other portfolio losses.....			=
f	Net losses under Section 1231.....			=
g	Net losses under Section 1256.....			=
g	Net short-term capital losses (not portfolio).....			=
g	Net long-term capital losses (not portfolio).....			=
g	Losses to Form 4797, line 10.....			=
g	Other losses.....			=

Figure 5-37: Some of the fields for shareholder's prior-year unallowed losses (**Basis Worksheet** screen)

Printed Worksheets

Basis worksheets are generated when the return is calculated. A worksheet actually consists of two pages: page 1 shows the adjusted basis calculations; page 2 shows the losses and deductions calculations.

TIP

You can force page 2 to be printed, even if it does not contain data. To do so, mark the **Force page 2...** box at the bottom of the **Basis Worksheet continued** tab in data entry.

Updating to Next Year

The following basis information will be updated to the next year's software:

- Adjusted basis amount at the end of the year
- Amounts in the "Disallowed Losses" column of the printed Adjusted Basis Worksheet, page 2

Tracking At-Risk Basis

At-Risk Limit Worksheets can help track shareholder and partner basis if any amounts not at risk were invested in an at-risk activity. This includes nonrecourse financing and amounts protected by a stop-loss agreement. When applicable, the program produces At-Risk Limit Worksheets with the calculated return. In View mode, the worksheets are listed as WK_IPRSK (for partnerships) and WK_ISRSK (for shareholders). Two copies of the worksheet are printed for each Schedule K-1: one for regular tax and one for the alternative minimum tax (AMT). Use the scroll bar in View mode to see both copies.

Use the **6198 At-Risk** tabs on **K1P** and **K1S** screens to enter data for these worksheets. (Tabs are shown in Figure 5-32 on page 154.)

CAUTION

Do not duplicate entries from the **6198 At-Risk** screens on the **Basis Worksheet** screens. These are separate limitation calculations.

The top half of the **6198 At Risk** tab has the following groups of fields:

- **Part I, Profit (Loss) from the Activity** — If the basis worksheet was used, the amount entered there for "Gain from Section 179 asset disposition" will flow to line 2b of Form 6198. If that worksheet was not used, then this field on the **6198 At-Risk** tab must be used. (If data is entered in both places, then the amount on the **6198 At-Risk** tab will be used.)
- **Part II/III Simplified/Detailed Computations** — If the **Part III Detailed Computation** fields (located in the following section on the screen) are used, then the program uses Part III to calculate the amount at risk for these fields. If amounts are entered in this section only, then Part II is used.
- **Part III Detailed Computation** — Use this section to complete lines 15, 16, and 18 of Form 6198. If data is entered here, the program uses Part III to calculate the amount at risk for these fields.

The lower portion of the screen has fields for entering prior-year carryover and current-year losses and deductions. Use these fields for the following types of amounts:

- Prior-year losses that were not deductible due to the at-risk limitations

- Current-year amounts to override either (a) the equivalent fields on other **K1** screens or (b) the at-risk calculation

NOTES

Most of the entries on the **6198 At-Risk** tabs are used for calculating Form 6198, line 4, "Other deductions and losses..."

To force the software to print the At-Risk Limit Worksheets even when they are not needed, mark the check box at the bottom of the **6198 At Risk continued** tab.

Farm Income

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

Screen codes:
F, J, 4835

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

NOTES

Enter crop insurance and disaster payments for Schedule F and Form 4835 on the **Crop Insurance and Disaster Payments (CIDP)** screen.

The Auto Expense Worksheet (**AUTO**) screen can be applied to the **F** and **4835** screens. See "Auto Expenses" on page 213.

Schedule F, Profit or Loss From Farming

Screen code: F

Use screen **F**, accessible from the **Income** tab, to enter data for Schedule F, Profit or Loss From Farming.

Screen F Defaults

The program's default *accounting method* (item **C**) is *cash*. Select the **Accrual** check box if the taxpayer's accounting method is not *cash*.

The default position for *material participation* (item **E**) is that the taxpayer "materially participated" in the current year. If the taxpayer did *not* materially participate, mark the **Did NOT materially participate in 2015** check box.

The default position for *investments* is that all investments are at risk. If this is not true for your client, select **Some investment is NOT at risk** (line 36b in **Part II - Expenses**).

1099-PATR

New for 2015: Enter the distribution amount from Form 1099-PATR, Taxable Distributions Received from Cooperatives, on the **PATR** screen, accessible from the **Income** tab of the **Data Entry Menu**.

In the past, you could enter PATR distributions in the **Co-op total distributions** field in **Part I** of screen **F**, and you still can, but the new **PATR** screen gives you access to all the data fields available on Form 1099-PATR, plus it has:

- A **For** drop list, allowing you to direct the distributions to Schedule F, Schedule C, or Form 4835.
- An **MFC** (Multi-Form Code) box that allows you to associate one screen with another, such as when one screen **PATR** should be associated with a particular

Schedule F. (See “Associating One Screen with Another” on page 93 for details on using the MFC box.)

- A drop list for sending investment credit information to Part II or Part III of Form 3468.
- A drop list for selecting certain credits and deductions.

NOTES

You can enter PATR distributions in the **Co-op total distributions** field in Part I of screen **F**, or you can enter the distributions on the new **PATR** screen, but do not enter the data on both screens.

Normally, amounts from Schedules F do not flow to Form 8960, but if you have Schedule F amounts that you want to flow to Form 8960, mark the **Carry to 8960 line 7** check box on screen **F**.

Form 4835, Farm Rental Income and Expenses

Screen code: 4835 Use screen **4835** to enter data for Form 4835, Farm Rental Income and Expenses. Note that this form is for individual (1040) returns only; estates and trusts must file Schedule E, Part I, to report rental income and expenses from crop and livestock shares.

Farm Asset Depreciation

Use screen **4562 (Depreciation Detail)** to create depreciation schedules for Schedule F and Form 4835. From the **For** drop list on screen **4562**, select either **F** or **4835**, as applicable. For more on entering depreciation data, see “Depreciation” on page 207.

Unemployment Compensation

Unemployment compensation amounts should be entered, as applicable, in the fields described in Table 5-4.

Table 5-4: Entering Unemployment Compensation in Drake

Unemployment Compensation	Where to Enter in Drake
Information from 1099-G	Screen: 99G Fields: As applicable
Any prior-year amounts, repaid; to claim repayments (See Pub. 17 for guidance)	Screen: A Field: Other not subject to 2% limit ; (choose Claim Repayments)
Prior-year supplemental (employer-provided) amounts, repaid	Screen: 4 Field: Repaid sub-pay previously reported (Enter the repaid amount.)
Current year, total	Screen: 3 Field: Unemployment compensation (adjustment field; added to 99G amount)

Table 5-4: Entering Unemployment Compensation in Drake

Unemployment Compensation	Where to Enter in Drake
Current year, repaid	Screen: 3 Field: Portion of above unemployment repaid in 2015 (adjustment field; added to 99G amount)

Note that the **Unemployment compensation** field and the **Portion of above unemployment repaid** field on screen **3** are adjustment fields. Any amounts entered in these fields are added to the amounts from the **99G** screen and carried to the “Unemployment compensation” line of Form 1040. Do not duplicate the **99G** entries on screen **3**.

Social Security and Railroad Benefits

Screen code: SSA Use the **SSA** screen to enter data from Form SSA-1099. If this form was not distributed, use screen **3** to enter the following Social Security (or equivalent) benefit amounts (see Figure 5-38):

- Social Security benefits that apply for the current year
- Lump-sum benefits from prior years (total received and taxable portion)
- Railroad Tier 1 benefits for the current year

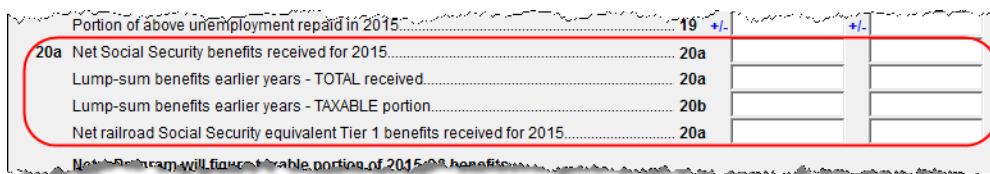


Figure 5-38: Screen **3** fields for Social Security benefit amounts

These figures are combined with any Social Security or equivalent benefit amounts from the **SSA** screen, calculated, and displayed on the “Social security benefits” line of Form 1040.

Screen code: RRB To enter data from the federal RRB-1099R form, use the **RRB** screen. This screen reflects the federal form.

NOTES

To treat Medicare premiums as self-employed health care coverage, mark the **To treat Medicare premiums...** box on the **SSA** screen to have the Medicare premiums flow to the Self-Employed Health Insurance Deduction Worksheet (WK_SEHID) instead of Schedule A. Railroad Retirement Board payments should be reported on the **SSA** screen.

Other Income

The **Other income** fields on screen **3** are available for reporting taxable income not reported elsewhere on the return. Amounts entered here are produced on the “Other income” line of Form 1040, and descriptions are listed in a statement.

Several screens are available in Drake for entering other types of income, as described in the following sections.

Notice 2014-7 Income For Notice 2014-7 payments see “Airline Payment Amount Rollovers” on page 128 or “Miscellaneous Income Excluded per Notice 2014-7” on page 137.

Taxable Distributions

1099-Q If the amount on Form 1099-Q, Payments From Qualified Education Programs, *exceeds* the amount of education expenses, compute the taxable amount of the distributions and enter it on screen **5329** (Part II, line 5) *and* the “Other Income” fields on screen **3**, line 21.

Medical & Health Savings Accounts Enter distributions from Medical Savings Accounts (MSAs) on the **8853** screen (Form 8853, Archer MSAs and Long-Term Care Insurance Contracts). Enter distributions from Health Savings Accounts (HSAs) on the **8889** screen (Form 8889, Health Savings Accounts (HSAs)). Taxable amounts from these screens flow to Form 1040.

IMPORTANT

Lines 1 (coverage indication) and 2 (HSA contributions for the year) of the **8889** screen are required if Form 8889 is to be e-filed with the return.

ABLE Account *New for 2015:* On screen **5329** are fields for recording contributions to, distributions from, and the value of an ABLE (Achieving a Better Life Experience) account.

ABLE accounts are designed to help people with disabilities and their families save for and pay disability-related expenses. The new law authorizes any state to offer its residents the option of setting up an ABLE account. Alternatively, a state may contract with another state that offers such accounts. The account owner and designated beneficiary of the account is the disabled individual. In general, a designated beneficiary can have only one ABLE account at a time, and must have been disabled before his or her 26th birthday. The law describes what it means to be disabled for this purpose.

Contributions up to the annual gift tax exclusion amount, currently \$14,000, can be made to an ABLE account on an annual basis, and distributions are tax-free if used to pay qualified disability expenses.

Enter excess contributions and the value of the ABLE account at year's end in **Part VIII** in the right column of screen **5329**. Distributions from ABLE account are recorded on line 5 in the left-hand column.

See the IRS website (*irs.gov*) for details on ABLE accounts.

Gambling Income & Loss

Screen code: W2G Use the **W2G** screen, accessible from the **General** tab, to enter gambling income information from Form W-2G. Data from the **W2G** screen is carried to line 21 (and line 22, if applicable) of Form 1040.

NOTE

The **W2G** screen has check boxes for **Lottery Winnings** and **Electronic Games of Skill**. Not all states tax the gambling winnings from lotteries and electronic games. Select boxes as applicable, but first press F1 in a field to access further information on each item.

Other gambling winnings can be entered in the **Gambling winnings** field near the bottom of screen **3**.

Gambling losses should be listed on screen **A**, in one of the **Other Miscellaneous Deductions** drop lists. Gambling losses include, but are not limited to, the cost of non-winning bingo, lottery, and raffle tickets, but only to the extent of gambling winnings entered on screen **W2G** and screen **3** and reported on line 21, "Other income," of Form 1040.

Cancellation of Debt

Screen code: 99C Use screen **99C**, accessible from the **Income** tab, to enter data from Form 1099-C, Cancellation of Debt. From the **For** drop list at the top of the **99C** screen, select **1040** to indicate a non-business debt. Select one of the other available choices, as applicable, to indicate a business debt. The selections, along with the line on the tax return where the canceled debt amount flows, are shown in Table 5-5.

Table 5-5: Cancellation of Debt

"For" Field Item	Where Flows on Tax Return
1040	Form 1040, "Other income" line
C	Schedule C, "Other income" line
E	Schedule E, "Rents received" line
F	Schedule F, "Other income" line
4835	Form 4835, "Other income" line
982	Form 982, "Total amount of discharged indebtedness excluded from gross income" line

Foreign Earned Income

Enter foreign earned income amounts on the applicable income screen (**W2**, **C**, **FEC**, etc.; see "Foreign Employers" on page 126). Foreign earned income is calculated into the "total income" line of Form 1040.

Excluding Foreign Income

If the taxpayer qualifies for the foreign earned income exclusion, use the **2555** screen (accessible from the **Other Forms** tab) to complete Form 2555, Foreign Earned Income. The income amount from this screen flows to the 1040 *as a negative number*; in other words, it is subtracted (excluded) from the total income shown Form 1040.

NOTES

Foreign income must be *included* in total income (via a Form W-2, Schedule C, etc.) before it is *excluded* from total income using Form 2555.

The **2555** screen consists of five screens or “pages,” accessible by clicking the links at the top of the screen. To create a new **2555** screen, press PAGE DOWN.

Educator Expenses

Screen code: 4 Enter educator expenses in the **Educator expenses** field on screen 4.

Employee Business Expenses

Screen code: 2106 Use the **2106** screen, accessible from the **General** tab, to enter data for Form 2106, Employee Business Expenses.

NOTE

The **2106** screen expense flows to the **Job Expenses and Certain Miscellaneous Deductions** section of Schedule A. It does not flow directly to Form 1040.

Meals and Entertainment

Department of Transportation (DOT) workers are allowed to claim 80% (rather than the standard 50%) of the costs of meals as a business expense. To calculate the allowed amount properly, enter the total expense in the **Meals/entertainment** field of the **2106** screen and enter the amount attributable to DOT hours of service rules for meals in the **DOT meals subject to 80% limit** field (Figure 5-39).

The image shows a screenshot of a software interface for entering business expenses. It features a list of fields with corresponding input boxes on the right. The fields are:

- 2a Parking, tolls, transportation
- 3a Travel away from home
- 4a Other business expense (with a blue link to Form 8829)
- 5b Meals/entertainment
- DOT meals subject to 80% limit

 A red oval highlights the 5b and DOT meals subject to 80% limit fields.

Figure 5-39: On the **2106** screen, use both the **Meals/entertainment** and **DOT meals subject to 80% limit** fields as appropriate.

Clergy Expenses

If the taxpayer is a member of the clergy, mark the **Pastor** check box, located near the bottom of the right-hand column of the **2106** screen. The program carries the employee business expenses to the clergy worksheets (WK_CLGY1, WK_CLGY2) when the return is generated. See “Ministerial Income Allocation” on page 171 for more on data entry for clergy.

Directing Data Entry to Form 2106

To associate the data from a **2106** screen to that of another screen (such as the **4562** screen for depreciation), select **2106** from the **For** drop list at the top of the other screen. Use the **Multi-form code** field as needed. (See “Associating One Screen with Another” on page 93 for more on multi-form codes.) See **Screen Help** on the **2106** screen for more assistance in directing data entry to Form 2106.

NOTE Be sure that either **T** (for taxpayer) or **S** (for spouse) is selected, as applicable, on the **2106** screen.

Health Savings Account (HSA) Deduction

Screen codes:
8889, HSA

Use the **8889** screen, accessible from the **Adjustments** tab, to enter HSA data for Form 8889, Health Savings Accounts. Fields **1** (coverage indications) and **2** (HSA contributions for the year) of this screen are required in order to e-file Form 8889.

Moving Expenses

Screen code: **3903**

Use the **3903** screen, accessible from the **Adjustments** tab, to enter data for Form 3903, Moving Expenses.

Form 3903 Qualification

If the mileage is less than 50, and the **Mileage test does not apply to this move** box is marked on screen **3903**, Form 3903 will not be generated. As the preparer, you must determine if the taxpayer qualifies for the moving-expense deduction. See IRS Pub. 521 for details.

Multiple Moves

If there are multiple qualifying moves within a single year, use a separate **3903** screen for each move. Press PAGE DOWN for additional screens.

Self-Employment Adjustments

Table 5-6 lists screens in Drake for entering adjustments to self-employment income.

Table 5-6: Self-Employment Adjustment Screens

Screen	Purpose
SE (Self-Employment Adjustment)	Schedule SE
SEHI (SE Health Insurance)	Self-Employed Health Insurance Deduction
4 (Adjustments)	Adjustments to SEP, SIMPLE, and Qualified Plans

Screen codes:
SE, SEHI

The **SE** and **SEHI** screens are located under the **Adjustments** tab. Screen **4** is located under the **General** tab.

Self-Employment Tax (Schedule SE)

Schedule SE is required if net earnings from self-employment exceed \$400 (\$108.28 for church employees). If these conditions are not met, the program does not produce Schedule SE with the return. To force Schedule SE to be printed, select the applicable **Force Schedule SE** box on the **SE** screen. (See Figure 5-40 on page 167.)

Data from Schedules C and F, along with any self-employment income from partnerships, flow to Schedule SE of the return. All other self-employment income should be entered directly on the **SE** screen.

Short or Long 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, select an applicable **Force Schedule SE** box in the middle of the **SE** screen (Figure 5-40).

The screenshot shows a section of the software interface with two rows of text and checkboxes. The first row is "Force Schedule SE, page 2 instead of page 1" followed by two checkboxes. The second row is "Force Schedule SE to be printed" followed by two checkboxes.

Figure 5-40: Override SE printing for taxpayer (left box) or spouse (right box).

NOTE

Use the **Statement for Partner Expenses...** in the lower half of the **SE** screen to enter certain items that are deducted from self-employed income that don't normally flow to the "Schedule SE - Partner's Allowable Expense" statement. Entries in these fields flow to the statement.

NEW FOR 2015

Fields for **Exempt Foreign** were added to the **SE** screen for income that was earned in foreign counties and for which self-employment tax was paid to the foreign county. If the taxpayer or spouse is self-employed in another country and is paying in to that country's self-employment system, then the taxpayer or spouse does not have to pay self-employment tax on that income on his or her 1040 income. Attach a copy of a form showing that the tax was paid in the foreign country to the U.S. tax return. The return will have to be paper-filed.

Income From Church

Code income from a church as **C** or **P** on screen **W2**. (Select the correct code from the **Special tax treatment** drop list at the top of the screen.) Any income entered on the **SE** screen in the **Service as a minister** or **Wages of church employee...** fields will be added to the W-2 amount. (For more information on entering data for clergy, see "Clergy" on page 127, "Clergy Expenses" on page 165, and "Ministerial Income Allocation" on page 171.)

SE Health Insurance Deduction

Enter insurance deductions for a self-employed taxpayer in one of four places:

- The **Family health coverage** field of either screen **C** or screen **F**
- Line 1 of the **SEHI** screen (An entry here overrides system calculations from screen **C** or **F**; an entry might be required on line 4 to effect correct system calculations.)

- The **Self-employed health insurance deduction** field of screen **4** (An entry here overrides system calculations from the screens listed above.)

Be aware that the **SEHI** fields are overrides and the screen **4** field is an adjustment field. Do not duplicate entries.

SEHID Worksheet

The top half of the **SEHI** screen incorporates the Self-Employed Health Insurance Deduction Worksheet (WK_SEHID in Drake) from the 1040 instructions.

If entering an adjustment on screen **4**, enter the deduction allowed—not the total premium paid. To have the software calculate the WK_SEHID, leave the screen **4** field blank and enter the total insurance premium paid on the **C** or **F** screen as applicable.

NOTE

Self-employed health insurance deduction information is entered on the same screen as self-employed pension (SEP) information. This screen can be accessed using either the **SEHI** or **SEP** screen code.

IMPORTANT

For taxpayers who had SEHID and can claim the Premium Tax Credit, the amount of the credit will be limited to the amount the taxpayer contributed.

Self-Employment Pensions

Screen code: SEP **SEP** screen data flows to the WK_SEP worksheet for Self-Employed Rate and Deduction. To have the program calculate the maximum SEP contribution, enter the plan contribution rate as a decimal number on the **SEP** screen.

Adjustments to SEP, SIMPLE, and Qualified Plans

Self-employed health insurance deduction information entered on the **SEHI** or **SEP** screen will be adjusted by any entries made in the **SEP and/or SIMPLE Contributions** and **KEOGH contributions** fields on screen **4**.

Oil and Gas Depletion Worksheet

The new Oil and Gas Depletion Worksheet in the 1040 package calculates oil and gas depletion and gives your clients the best possible deduction.

*Screen code:
DEPL*

Accessible from the **Adjustments** tab of the **Data Entry Menu**, the **DEPL** screen includes a **For** drop list to direct the calculations to either Schedules C or E, or to the Schedule K-1 for partnerships or S corporations.

There is also a multi-form code (**MFC**) box to associate a **DEPL** screen with the proper schedule. For instance, if a **DEPL** screen should be associated with the second Schedule C you created, enter 2 in the **MFC** box of that **DEPL** screen.

To open a new **DEPL** screen, press PAGE DOWN on your keyboard.

Entering Data

Before you enter any data on a **DEPL** screen, view the return and find the amount of taxable income (line 43 of Form 1040). Return to data entry, open the **DEPL** screen, and enter that amount on line 17. Then, enter the rest of data, being sure to complete

the **TSJ** drop list, the **For** drop list and, if needed, the **MFC** code. If you enter data in both the **Cost Depletion** fields and the **Percentage Depletion** fields of the **DEPL** screen, the program calculates the best deduction for your client.

When you've finished entering your data, view the return. The **WK_DEPL** worksheets will be listed in the forms tree on the left side of the View window.

The **Depletion** field on screen **C** and on the **6198** tabs of the **K1P** and **K1S** screens are now override fields. An entry in one of those fields overrides the calculated amount from the Oil and Gas Depletion Worksheet.

NOTES

There is also a link to the **DEPL** screen on screen **E**.

Generally, a depletion deduction flows to page 2 of Schedule E. When there are royalties income from oil and gas, that depletion deduction is subtracted from the royalties income and shown on page 1 of Schedule E. An **Oil and Gas Partnership** check box on screen **K1P** and a **Oil and Gas corporation** check box on screen **K1S** forces the depletion deduction to stay on page 2 of Schedule E.

Section 59e Deduction

New for 2015: If the taxpayer has a section 59e deduction—for instance, “Intangible drilling costs”—select that deductible item from the **Other deductions** drop list on a screen **K1** (**K1P** or **K1S**). The program then carries the amount of that deduction to page 2 of Schedule E and makes an entry on Form 6251, Alternative Minimum Tax.

The **Other deductions** drop lists are located on the second tab of both the **K1P** and **K1S** screens.

The program also generates a Return Note informing you that if you want to amortize the 59e deduction, go to the **K1** screen, remove the “Other deduction,” and put that entry on screen **4562**.

Penalties

This section of the manual covers penalties for *withdrawals*. Penalties on *estimated taxes* are covered in “Estimated Tax Penalty” on page 194.

Early Withdrawal Penalty

If the taxpayer is subject to a penalty for early withdrawal of savings, enter the penalty amount on screen **4**. Do not duplicate entries made in this field on the **INT** screen; the 1099-INT form asks for the interest or principal that was *forfeited* due to early withdrawal, while screen **4** asks for the *actual amount* of the penalty.

IRA Withdrawal Penalty

Screen code: 5329 Use the **5329** screen to calculate what penalties apply regarding IRA withdrawals.

NOTE

Exception numbers 01 and 06 in the **Exception number** drop list (Part I, line 2) apply only to distributions from qualified employee plans—not to those from IRAs, annuities, or modified endowment contracts.

See also “IRA Penalty Computations” on page 148.

Alimony Paid

Enter details about alimony *paid* in the **Alimony** fields on screen **4**. (Alimony *received* is entered on screen **3**.)

IRA Adjustments

To enter IRA adjustments, see “Retirement Income” on page 146.

Student Loan Interest Deduction

Enter student loan interest deduction amounts (Form 1098-E, Student Loan Interest Statement) into the **Student loan interest deduction** field on screen **4**.

Education Expenses

Screen codes:
8917, 8863

Entry fields for Forms 8863 (Education Credits) and 8917 (Tuition and Fees Deduction) are located on the same screen, the **8863, Education Credits** screen, accessible from the second **Credits** tab. Enter information here about the student and the educational institution the student attended. *All* education expenses—regardless of whether the student is the taxpayer, the spouse, or the dependent—are entered on the **8863** screen.

NOTE If a dependent does not qualify for an education credit, the software does not apply this information when calculating the federal return.

Student and School Info

At the top of the **8863** screen, select the SSN and name of the student from the **Student's SSN** drop list. (Only the taxpayer, spouse, and the dependents qualify for this credit and, thus, are the only names on the list.) Answer the questions and enter the qualifying expenses. If more than one **8863** screen is needed (for families with more than one student or for students who attended more than two schools), press PAGE DOWN to get a new **8863** screen. Enter the information on lines 23-26 and the qualifying expenses only on the first screen for each student. In the lower section of the **8863** screen, enter the information about the schools the student attended.

New for 2015: If claiming the **American Opportunity Tax Credit**, select the number of years the credit has been claimed from the **Years Taken** drop list. The AOTC is available for no more than four years.

Form 1098-T

If the amounts of qualifying expenses came from a Form 1098-T, Tuition Payments Statement, supplied by the educational institution, enter the amount of qualifying expenses, then mark the proper check boxes located below the address sections of screen **8863**. For an amount received from any taxable scholarship that was not reported on a Form W-2, enter the amounts on screen **3**.

Domestic Production Activities Deduction

Screen code: 8903 Use the **8903** screen, accessible from the **Adjustments** tab, for Form 8903, Domestic Production Activities Deduction.

Entering Data from Multiple 8903 Forms

Only one Form 8903 can be attached to a taxpayer's e-filed return. To e-file data from multiple 8903 forms on a return, calculate the total for each of the 8903 items and enter the combined totals onto the **8903** screen.

Other Adjustments

Other adjustment-related screens in Drake are listed in Table 5-7. These screens are all available from the **Adjustments** tab.

Table 5-7: Other Adjustment Screens Available from Adjustments Tab

Screen	Form or Worksheet	Notes
CLGY	Ministerial Income Allocation	See "Ministerial Income Allocation," following.
8082	Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request	
CDIP	Schedule F, Profit/Loss from Farming 4835, Farm Rental Income	Information on payments received for insurance payments from crop damage
8958	Community Property Allocation	Use for MFS in a community property state
8873	Form 8873, Extraterritorial Income Exclusion	

Ministerial Income Allocation

Use the **CLGY** screen for taxpayers with housing allowance in the form of a parsonage or rental, or a parsonage allowance from the church (generally reported on Form W-2, box 14).

NOTE The **CLGY** screen is only for those taxpayers whose income has been coded "P" from the **Special tax treatment** drop list on screen **W2**.

The **CLGY** screen allows the following items to be 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 (The **Pastor - Carry 2106 amount to CLGY worksheet** check box must be marked on screen **2106**.)
- Appropriate self-employment income to flow to the Schedule SE

Parsonage If a parsonage is provided, enter its **Fair Rental Value**. If a separate utility allowance is provided, enter the amount of the allowance in the **Utility allowance, if separate** field and the actual utility expenses in the **Actual expenses for utilities** field. Enter an amount in the **Fair Rental Value** field if the house or parsonage (including utilities) is furnished as part of a minister's pay.

Rental/Parsonage Allowance If the church provides a rental or parsonage allowance (but no parsonage), enter the **Parsonage or rental allowance** and the **Actual expenses for parsonage**. If a separate utility allowance is provided, enter the amount of the allowance in the **Utility allowance, if separate** field and the actual utility expenses in the **Actual expenses for utilities** field. Finally, enter the **Fair Rental Value** of the housing used.

Standard and Itemized Deductions

Based on its calculations, the program determines whether to apply the standard deduction or to generate Schedule A, Itemized Deductions for a taxpayer. If your client is itemizing deductions, enter descriptions and amounts on any or all of the following screens, as applicable:

Screen codes:
A, 4952, 8283,
1098, STAX

- Screen A (for Schedule A, Itemized Deductions)
- **4952** screen (for Form 4952, Investment Interest Expense Deduction)
- **8283** screen (for Form 8283, Noncash Charitable Contributions)
- **1098** screen (for mortgage interest and real estate taxes)
- **STAX** screen (for sales tax)

Access screen **A** and the **STAX** screen from the **General** tab. Access screens **4952** and **8283** from the **Additional Itemized Deductions** section of the **Adjustments** tab. Access the **1098** screen from the **Other Forms** tab.

NOTE

The program includes self-employment losses when calculating the standard deduction. To override this default per the Briggs court case, go to the **Miscellaneous** tab, open the **MISC** screen, and select **Standard deduction by Briggs case method**, located in the **Dependent filer special situation** box.

Schedule A

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

Generating Schedule A

If screen **A** has been completed for a return, the software determines which is more advantageous for the taxpayer—itemizing, or taking the standard deduction. To select one or the other, mark the applicable **Force** box at the top of screen **A** (Figure 5-41).

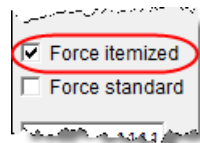


Figure 5-41: Boxes at the top of screen A

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

Health Insurance

Enter the total amount paid for health insurance premiums on line 1 of screen **A**. If health insurance premiums are entered on screens **C**, **F**, or **SEHI**, do not enter them here. The amounts that are not deductible on Form 1040, page 1, are carried to Schedule A.

Long-Term Care

New for 2015: A **Long-Term Care Premiums (LTC)** screen was added this year. Accessible through the **Health Care** tab of the **Data Entry Menu** or from a link on screen **A**, the **LTC** screen gives you a place to report the premiums paid in 2015, and for whom they were paid, for long-term health care.

Screen Code: **LTC**

If the premiums were paid for the taxpayer or the spouse, enter the amount paid in one of the top two fields on the screen. If the premiums were paid for a dependent, select the dependent from the drop list on the left side of the screen. (The dependent's name will be filled in automatically.) Enter the amount of the premiums paid in 2015 in the column on the right side of the screen.

The amount entered that is not deductible on Form 1040 is carried to Schedule A.

The program applies a limit to the deduction based on the age of the person as entered on screen **1** (for the taxpayer and spouse) or screen **2** for dependents.

NOTE If the long-term care insurance premiums have been entered on screen **SEHI**, do not enter them on the **LTC** screen.

Mortgage Interest Paid

Use the **Interest You Paid** section of screen **A** to enter mortgage interest *not* reported on Form 1098, Mortgage Interest Statement. For mortgage interest that *is* reported on Form 1098, use the **1098** screen.

IMPORTANT

If using the **1098** screen to report interest from Form 1098, do not enter an amount in the **Home mortgage interest and points reported on Form 1098** field on screen **A**.

Form 1098-C

Enter amounts from Form 1098-C, Contribution of Motor Vehicles, Boats, & Airplanes, on either screen **A** (if *less than* \$500) or screen **8283** (if *more than* \$500).

Sales Tax Worksheet

Screen code:
STAX

The software uses data entered into the **State & Local General Sales Tax Deduction Worksheet** (the **STAX** screen, accessible from the **General** tab) to 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 necessary. As applicable, lines **2**, **3**, and **7** should be completed in order to calculate the maximum deduction.

More information on the **STAX** screen is available by pressing F1 in the individual fields.

NOTE

The **STAX** screen includes a link to an IRS website where you can find information and guidance for understanding sales tax deduction, and a sale tax deduction calculator. From the **STAX** screen, click **Sales Tax Calculator**.

NEW FOR 2015

On the **A** screen, added two check boxes to allow forcing sales tax or income tax on line 5 — if you want the system to use income tax instead of sales tax for line 5, or if you want the system to use sales tax instead of income tax for line 5.

Additional Itemized Deductions

Screen codes:
4952, 8283

Use the **4952** screen to enter data for Form 4952, Investment Interest Expense Deduction. Use the **8283** screen to enter data for Form 8283, Noncash Charitable Contributions. Calculations from the **8283** screen flow to the “Gifts by cash or check” line of Schedule A. There is also a direct entry field for this line on screen **A**. Do not enter duplicate amounts.

NOTE

When a **Donee ID** number is entered on the **8283** screen, the program automatically stores the number in the EIN database.

Alternative Minimum Tax

Screen code: 6251

Use the **6251** screen, accessible from the **Taxes** tab, to enter information for Form 6251, Alternative Minimum Tax.

Forcing Form 6251

Although Form 6251 amounts are computed on all returns, the form itself is generated with a return only when required. You can force this form to be generated for a single return, or you can force it to be generated with all returns.

For a Single Return

To force Form 6251 for a single return, go to the **PRNT** screen of the return (accessible from the **Miscellaneous** tab) and select the **Print 6251** box in the **Items to Print** section of the screen.

For All Returns

To have the program print Form 6251 for *all* returns, go to **Setup > Options > Form & Schedule Options** tab, and clear the **Print Form 6251 only when required** check box.

Affordable Care Act

Under the provisions of the Affordable Care Act (ACA), all Americans must have health care coverage, and the federal government, state governments, insurers, employers, and individuals share the responsibility for paying for that coverage.

Those who don't have coverage may be exempt from coverage or be liable for penalties.

The information about taxpayers' health care coverage is reported on their annual 1040 returns.

ACA Forms

The **Health Care** tab on the **Data Entry Menu** includes five screens to help you complete the ACA information and forms (Figure 5-42).

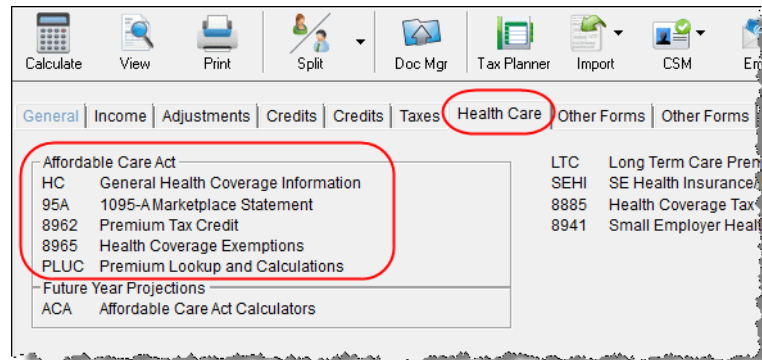


Figure 5-42: A **Health Care** tab has been added to the **Data Entry Menu**

- Screen **HC** — For general health care coverage information: whether or not the taxpayer and his or her “tax household” had coverage and whether or not any coverage was through the Marketplace.
- Screen **95A** — Used to complete Form 8962, to calculate the amount of the Premium Tax Credit, and reconcile that amount with any Advance Payment Tax Credit paid. (This information is available from the taxpayer’s Form 1095-A, Health Insurance Marketplace Statement).
- Screen **8962** — Used in special circumstance, such as a married taxpayer seeking relief from the requirement to file a joint tax return in order to claim the Premium Tax Credit, a taxpayer moving to or from Alaska or Hawaii during the tax year, or a taxpayer using alternative calculation for year of marriage. (See “Screen 8962” on page 179 for more information.)
- Screen **8965** — Use for reporting exemptions from purchasing health care coverage or paying the resulting penalty for noncompliance.
- *New for 2015:* Screen **PLUC** — Use the new **Premium Lookup and Calculation (PLUC)** screen for looking up the second-lowest cost Silver and lowest Bronze plans, auto-filling the necessary fields on screen **8965** for each member of the tax household, and completing a Marketplace Coverage Affordability Worksheet (WK_89654), which computes what insurance coverage would have cost if the taxpayer or anyone in his or her tax household was not covered during the year.

Screen HC

To begin reporting the ACA information, from the **Health Care** tab of the **Data Entry Menu**, click to open the **HC, General Health Coverage Information** screen.

Then:

- If your client had minimum essential *full-year* coverage for himself or herself, for a spouse (if filing jointly), and for anyone the taxpayer could or did claim as a

dependent for every month of 2015, mark the **YES** box at the top of the screen. This puts a check mark in the “Full-year coverage” box on line 61 (“Health care: individual responsibility”) of Form 1040. (A check mark in the **YES** box at the top of screen **HC** also will mark line 38 of Form 1040A or line 11 of Form 1040EZ).

- If you answered “yes” to the full-year coverage question (**YES** box) above, and that insurance was *not* through the Marketplace (also known as the “Exchange”)—for instance, if the client was covered through an employer’s group policy—then you’re finished with ACA requirements.

NOTE

To charge your clients for completing this screen, from the **Home** window, go to **Setup > Pricing** and scroll down to line **0144: Health Care**. You can also set up pricing for Forms 8962 (line **0124**) and 8965 (line **0026**). Lines **0134** through **0145** are for pricing the various ACA statements and worksheets. (For more on setting up your pricing files, see “Pricing Setup” on page 46.)

Screen codes:
95A, 8962

- If you answered “yes” to the full-year coverage question but the client’s insurance coverage *did* come through the Marketplace, then you’ll need to complete the **Dependent AGI** information on screen **HC** (if applicable), then screen **95A** (and screen **8962**, if applicable). Links are provided on the **HC** screen. (See “Premium Tax Credit” and “Form 1095-A” on page 177 and “Screen 8962” on page 179, for more information on completing these screens.)

NOTE

A “tax household” could be different from a household of a taxpayer, spouse, and dependents. For instance, a college student that the parents *could* claim as a dependent but decide not to so the student can qualify for an education credit will still be considered a member of the taxpayer’s “tax household” for ACA purposes. For such a dependent, go to screen **2 (Dependents)**, and in the bottom-right corner of the screen, mark the **Not a Dependent - ACA household member** check box.

- If *no one* on the tax return had health care coverage at any time during 2015, and no known exemptions apply, mark the **NOBODY** check box (Figure 5-43). The Individual Shared Responsibility Payment will be computed automatically (if applicable). You are now finished with ACA requirements.

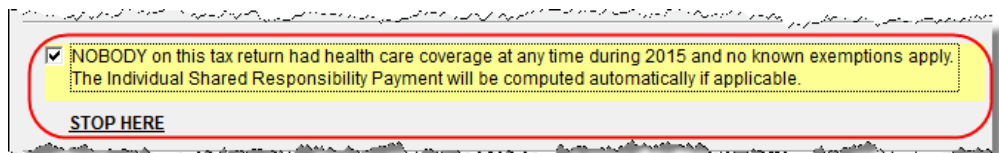


Figure 5-43: If no one in the tax household had coverage, mark the **NOBODY** check box

If however, neither of the previous steps apply, then:

- Complete the **Dependent AGI** information on screen **HC** (if applicable).
- Complete screen **8965** for each person who had coverage or to claim an exemption from coverage. (See “Form 8965” on page 179 for details.)

If anyone included in the return had health care coverage through the Marketplace (or “Exchange”) for even one month during 2015, then:

- Complete screen **95A**
- Complete screen **8962** (if applicable)

Dependent AGI

If the taxpayer has a dependent who must file a return, enter that dependent’s earnings in the **Dependent AGI** section. The dependent’s adjusted gross income will be combined with the taxpayer’s and the results can be seen on worksheet WK_89621, Modified AGI Worksheet for Form 8962 and/or WK_89652, Household Income Worksheets for Form 8965 and Flat Dollar Amount Worksheet.

Line 7b of Form 8965

If the taxpayer’s gross income falls below the filing threshold, the program automatically produces worksheet WK_TTLGI that shows all sources of gross income, and marks line 7b on Form 8965, based on the gross income calculations.

To override the program’s answer to line 7b, mark either the **Yes** or **No** box on **Form 8965 Only** line **7b** at the bottom of screen **HC**.

Affordability Worksheet Only

Enter the amount of any health insurance premiums that were paid by the taxpayer through a salary reduction arrangement with his or her employer that were excluded from gross income. This amount will be added to the household income calculation on line (A) Affordability Threshold of the Affordability Worksheet (WK_89653).

Premium Tax Credit

The Premium Tax Credit (PTC) is for taxpayers who got their health care insurance through the Marketplace. This credit helps people with moderate income afford the health care coverage required by the ACA. In essence, the government pays part of the taxpayer’s insurance coverage with an “Advance Premium Tax Payment” (APTC) and the taxpayer covers the rest by paying the monthly premiums.

Form 8962 is included in Form 1040 to compute this tax credit, but which, in most cases, is calculated from entries on screen **95A**, not screen **8962**. (See “Screen 8962” on page 179 for more on using screen 8962).

Not everyone receives an APTC. Generally, the APTC is available only to taxpayers whose filing status is Married Filing Jointly.

NOTES

Everyone who got their insurance through the Marketplace is required to file Form 8962.

Do not file the 1040 return until the taxpayer has received Form 1095-A, as it is needed to correctly complete Form 8962.

Screen **95A** give you a place to record information from Form 1095-A, Health Insurance Marketplace Statement, that taxpayers receive from their Marketplace insurance carrier, and for completing and reconciling Form 8962.

Form 1095-A

If the taxpayer or any family members enrolled at the Marketplace in one or more qualified health care policies, that person will receive a Form 1095-A, Health Insurance Marketplace Statement, for each policy. Form 1095-A provides information you need to complete Form 8962, Premium Tax Credit (PTC).

The Marketplace has also reported this information to the IRS.

Under certain circumstances, the Marketplace provides Form 1095-A to one taxpayer, but another taxpayer also needs the information from that form to complete Form 8962. The recipient of Form 1095-A should provide a copy to other taxpayers as needed.

Enter on screen **95A** information from Form 1095-A. If the taxpayer, for instance, moved, changed insurance policies, got married, or had children, he or she might have more than one Form 1095-A. For a fresh **95A** screen press PAGE DOWN.

Enter the insurer's information in **Part I** and the members of the tax household in **Part II**. Each member of the "tax household" entered elsewhere in the software appears in the **SSN** drop list. If there are more than five people in the taxpayer's tax household, press PAGE DOWN for a new screen.

In **Part III**, if all the amounts for all three columns are the same, then complete only line 33, "Annual Totals" (Figure 5-44). If you enter an amount in the **Monthly Premium Amount** column, you must enter amounts in the fields in the other two columns for that month, even if it is 0 (zero).

Part III - Household Information
If Form 1095-A line 33 Annual Totals is completed and the entries for each month are identical, lines 21 through 32 may be left blank.

	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan	C. Monthly Advance Payment of Premium Tax Credit
21 January.....	1111	2222	3333
22 February.....	1111	4444	4444
23 March.....	1111	3333	4444
24 April.....	3	0	0
25 May.....			
26 June.....			
27 July.....			
28 August.....			
29 September.....			
30 October.....			
31 November.....			
32 December.....			
33 Annual Totals.....			

Shared Policy Allocation

SSN of Dependent Taxpayer

Figure 5-44: Enter the annual totals from Form 1095A on line 33 of Part III

Use the **Shared Policy Allocation** section of screen **95A** if the taxpayer had, for instance, a child that the spouse was claiming as a dependent but that the taxpayer was paying for part of the dependent's insurance coverage.

Schedule A Deductions

There are two check boxes at the bottom of the **95A** screen (Figure 5-45 on page 179) concerning Schedule A.

Select the first box to automatically carry all of the taxpayer's net out-of-pocket insurance premiums from Form 8962 to Schedule A, line 1. Do not enter this amount on screen **A** if you mark this check box. If claiming the deduction for self-employed health insurance, do not mark this box

By marking the second box, you are indicating that the health care insurance premiums paid to the Marketplace cannot be considered for the self-employed health insurance deduction on Form 1040, line 29. The program will therefore *not* perform the iterative (circular) calculation described in Rev. Proc. 2014-41 to compute the Premium Tax Credit and SEHI deduction.

Figure 5-45: SEHI check boxes on screen 95A

Screen 8962 Screen **8962** is used most often for special circumstances:

- The **Exception** check box is for taxpayers who were abandoned or abused by a spouse and wish to claim a Premium Tax Credit even though he or she is using the MFS filing status.
- The system will base its poverty-level calculations on the federal poverty level for the resident state selected on screen **1** of Drake, but if the taxpayer moved during the tax year, select a check box on line 4 to have the calculations based on the federal poverty level of **Alaska, Hawaii, or the Other 48 states and DC**.
- A taxpayer moved to or from Alaska or Hawaii during the tax year
- In the middle of screen **8962** are optional override fields for changing the calculated amounts for the monthly premiums entered on all **95A** screens.
- The lines in the optional **Part 5: Alternate Calculations for Year of Marriage** section are for the taxpayer who married during the tax year and whose family size and coverage status changed. (For people who got divorced, go to screen **95A** and use the **Shared Policy Allocation** section.) The **Start month** drop list is for selecting the month when the taxpayer's insurance policy coverage began, and the second drop list is for entering the earlier of: the month the policy ended; the month when the taxpayer stopped being single (got married).
- At the bottom of the **8962** screen is a section for repaying advance premium credit payments the taxpayer received for which he or she was not eligible. Mark the check boxes for months—if any—during which the taxpayer had available from another source affordable minimal essential coverage yet received an advance premium credit payment.

Form 8965 This form is for claiming exemptions from the ACA requirements to have health care coverage. To complete an **8965** screen for each member of the tax household, press PAGE DOWN for a new screen.)

NEW FOR
2015

So the taxpayer will not get penalized if someone in the tax household died during the tax year, enter the date of death for the taxpayer or spouse on screen **1**, or the date of death for a dependent on screen **2**. Drake's calculations will be based on these dates.

Each member of the “tax household” entered elsewhere in the software appears in the **SSN** drop list. Select a person and answer the questions for each. The **Affordability Worksheet Information** section helps determine if the taxpayer was exempt from ACA requirements due to income and cost levels (selection “A” in the **Exemption type** drop list). Entries here generate WK_89654, the Marketplace Coverage Affordability Worksheet. (See “Screen PLUC,” following.)

If a premium is paid for the taxpayer or spouse through a salary reduction arrangement that is excluded from gross income, go back to screen **HC** and enter the amount of the premium paid in the **Taxpayer** and **Spouse** fields.

The software also produces the Shared Responsibility Payment Worksheet (WK_89651) and the Household Income Worksheets for Form 8965 and Flat Dollar Amount Worksheet (WK_89652).

Screen PLUC

New for 2015: The Premium Lookup and Calculations (**PLUC**) screen gives you a way to look up the lowest cost Bronze plan premiums and the second-lowest cost Silver plan premiums and send the information to the appropriate lines of Form 8965 and to the Marketplace Coverage Affordability Worksheet (WK_89654) that shows the computation used to determine whether a taxpayer qualifies for coverage exemption “A” if the cost of coverage is considered unaffordable.

Before using the **PLUC** screen, complete a screen **8965** for each member of the tax household—that is, everyone listed in **SSN** drop list of the **8965** screen. (Press **Page Down** to open a new screen.) Then open the **PLUC** screen. In the **Household Information** section of the screen, select a tax household member from the **SSN** drop list (the SSN and name of the person will be autofilled). In the **Uses Tobacco** drop lists, answer **Yes** or **No** (required). After entering each member of the tax household, enter a ZIP code, select the months the household members were not covered in the **Month Information** drop lists, then click **Rate Lookup**. Click the **Populate 8965** button to send the monthly information to screen 8965 and to the Marketplace Coverage Affordability Worksheet. Open screen **8965** for each member and see that the cost of the monthly coverage would have been. Return to the **PLUC** screen and see that the annual and monthly premiums have also been calculated and displayed.

The Marketplace Coverage Affordability Worksheet (WK_89654) assists in computing whether a taxpayer qualifies for coverage exemption “A” if the cost of coverage is considered unaffordable.

NOTE

Worksheet, WK_89654, Marketplace Coverage Affordability Worksheet, is located in the pricing file at line 142. (For more on setting up your pricing files, see “Pricing Setup” on page 46.)

ACA Preparer's Summary

New for 2015: Generated with the 1040 return this year is the Preparer's Summary of Affordable Care Act (Figure 5-46 on page 181). Found under the heading “ACANOTES” in View mode (item #1 in Figure 5-46 on page 181), the Summary consists of a table displaying the healthcare coverage for each person in the taxpayer's tax household, with codes identifying each person's coverage status (item #2 in Figure 5-46 on page 181).

Return Notes that the program generates with ACA information are no longer grouped with other Return Notes under the NOTES heading in View mode. ACA Return Notes, and the "Preparer's Summary of Affordable Care Act" mentioned above, will be grouped in View mode under the heading "ACANOTES" and displayed beneath the Preparer's Summary (item #3 in Figure 5-46).

Preparer's Summary of Affordable Care Act **2015**

Name(s) as shown on return: **William & Amelia Carter** Social Security Number: **400-00-6665**

Definition of codes for each month:
 MC - Marketplace Coverage - shown on screen 95A
 OC - Other coverage - shown on screen 8965
 ECN - Exemption Certificate Number - shown on screen 8965
 EX - Exemption code being claimed on return - shown on screen 8965 or automatically applied by the software
 BB - A month before the person was born - no ISRP is due
 AD - A month after the person died - no ISRP is due
 blank - No coverage and no exemption - ISRP is due and computed on WK_89651

Name	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
William Cart					MC	MC	MC	MC	MC			
Amelia Carte												
Brenda Carte	OC	Ex C	OC	OC	OC	OC	Ex B	Ex B	Ex B			
Geronimo Car					MC	MC	MC	MC	MC			
Jose Carter												
Curley Carte												
Appolonia Ca												

3 INSURANCE COSTS MISMATCH: The amount you entered for self-employed health insurance premiums is less than the premiums on Form 8962, column A, (on either line 11 or the total for lines 12-23). The amount entered on either screen C, F, or SEHI should equal or exceed the premiums on Form 8962, column A, for the self-employed health

Figure 5-46: Preparer's ACA Summary and ACA Return Notes in View mode

Form 8885

New for 2015: Form 8885 was previously used to calculate the Healthcare Coverage Tax Credit. The HCTC was a federally funded tax credit that allowed individuals to pay only a portion of their qualified health insurance and helped make health coverage more affordable for eligible individuals and their families by paying a significant portion of qualified health insurance premiums. This credit expired after 2013 and was subsequently removed from Drake Software.

For 2015, the credit has been reinstated, Form 8885 returns, and it is once again used to calculate the HCTC.

The major change is in regard to the Affordable Care Act. If a taxpayer takes the HCTC and also got Advance Premium Tax Credit, then there are no repayment limitations (line 28 of Form 8962) and the taxpayer must repay the entire APTC.

In Drake, the **8885** screen is located on the **Health Care** tab of the **Data Entry Menu**.

Foreign Tax Credit

If the amount of foreign tax credit (FTC) is less than \$300 (\$600 for MFJ) and no Form 1116 is required, you can enter this amount directly into the **Foreign Tax Credit** field on screen 5. (Figure 5-47 on page 182.)

Credits:	
48	Foreign Tax Credit (No 1116 required) 48
54	Other credits Form 54
Other Taxes:	
58	RRTA tax on unreported RRTA tip income 58

Figure 5-47: Use screen 5 to enter FTC if totals are less than \$300 (\$600 for MFJ).

For greater amounts, use the **1116/FTC Information** sections of the **INT** and **DIV** screens to enter data regarding foreign interests and dividends, respectively, or use the **1116** screen.

FTC Code

If an **1116** screen is to be linked with an **INT** or **DIV** screen (for foreign interest or dividends), enter a number into the **FTC** box of the **1116** screen. Enter this same number on the **INT** or **DIV** screen. For more on entering foreign interests and dividends, see “Foreign Interest and Dividends” on page 133.

Required Statements

A statement may be required with Form 1116. Use the **SCH** screen to attach a required statement. On the **SCH** screen, select the applicable 1116 item from the **Type of Attachment/statement number and title** drop list

Child and Dependent Care Expenses Credit

Screen code: 2441 Use the **2441** screen, accessible from the **General** tab (and from the first **Credits** tab), for Form 2441, Child and Dependent Care Expenses.

Where to Enter Data

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

No Income for Spouse

To qualify for the childcare credit, parents must have earned income, be full-time students, or be disabled. If a spouse does not have income but is disabled or a student, then enter \$250 (one child) or \$500 (two or more children) for each month the spouse was a student or disabled. This information is entered near the bottom of the **2441** screen in the **Earned income for 2441 purposes ONLY** field (Figure 5-48).

		Taxpayer	Spouse
12	Employer-provided dependent care benefits received in 2014	12	=
13	Amount carried over from 2013 and used in 2014 during the grace period	13	
14	Amount forfeited or carried forward to 2015, if any	14	
16	Amount of qualifying expenses incurred in 2014	16	=
4, 5, 18, 19	Earned income for 2441 purposes ONLY	+/-	+/-
22	Amount of line 12 that is from taxpayer's sole proprietorship or partnership	22	

Figure 5-48: Earned income fields on 2441 screen

An entry in these fields affects Form 2441 amounts only and must be at least as great as the childcare expenses.

Employer-Provided Dependent Care Benefits

Dependent care benefits provided by the employer (box **10** on the **W2** screen) adjust the credit by the amount provided. Any amounts above the allowed credit appears on the "Wages, salaries, tips, etc." line of Form 1040 with the notation "DCB."

Ineligible Filing Statuses

A taxpayer with a filing status of Married Filing Separately is not eligible for the child and dependent care credit.

Carryover from Prior Year

For a carryover of dependent care credit from the prior year, enter the amounts and create a statement listing the circumstances and amounts. Use statement number **441** on the **SCH** screen. For more information on adding an unformatted statement in Drake, see "Unformatted Schedules" on page 235.

Elderly/Disabled Credit

Screen code: R Use screen **R**, accessible from the first **Credits** tab, for Schedule R, Credit for the Elderly or the Disabled.

TIP If the credit does not show up in the calculated return, make sure the taxpayer's AGI is not too high to qualify for the credit.

Home Energy Credits

Screen code: 5695 Use the **5695** screen, accessible from the first **Credits** tab, for Form 5695, Residential Energy Credits. To learn more about the federal tax credits for energy efficiency and the products that qualify, visit the U.S. Department of Energy's website. A link to this site is available on the **5695** screen.

General Business Credits

New for 2015: Screen **3800** (General Business Credits) and screen **GBC** (General Business Credits Carryforwards and Carrybacks) have been enhanced and improved to simplify the way you claim business credits and enter credit carryforwards and carrybacks. Both screen **3800** and screen **GBC** can be accessed from the first **Credits** tab of the **Data Entry Menu**.

Form 3800 Use screen **3800** to claim current-year business credits that are not supported by Drake Software.

Screen code: **3800** In **Part III - General Business Credits**, enter the amounts of nonpassive and passive activities of the unsupported credits.

Returns with these current-year credit forms that are not supported by Drake must be paper-filed.

NOTES

Pass-through credits from those unsupported forms *are* supported by Drake Software. Enter these pass-through credits on screen **K1P**, **K1S**, **K1F**, or **PATR**. Enter carryforwards on screen **GBC**.

To enter data for credits that are supported by Drake, use the credit's screen. For example, use the **8820** screen for Form 8820, Orphan Drug Credit.

Also on screen **3800**, if the taxpayer is filing as Married Filing Separately, and the taxpayer's spouse is filing for a General Business Credit, mark the line **13** check box.

Enter any unused current-year credit being carried back and used in 2014 in the **Amount of Carryback** text box.

Carrybacks and Carryforwards

Use screen **GBC** for reporting general business credit (GBC) and eligible small business credit (ESBC) carrybacks and carryforwards, and to enter passive activity credit carryforwards for Form 8582-CR.

Screen code: **GBC** Passive activities credit carryforwards that in the past were updated to the **PACR** screen is now updated to screen **GBC**. The **PACR** screen has been removed from the program.

To use the **GBC** screen:

1. Mark an appropriate check box at the top of screen **GBC**.
2. If appropriate, enter an EIN in the **Activity EIN** field; if that EIN matches one entered on a **K1** screen, the program will match the passive activity carryforward to the current-year credit for Form 8582-CR.
3. Enter the **Activity Name** (required for computing Form 8582-CR worksheets correctly).
4. From the **Description of credit** drop list, select the description of the credit for the amounts being carried forward from prior years or being carried back from a future year. If necessary, enter the **Amount Changed Information** if the amount changed from the original amount of the credit.
5. In the **Year Originated** drop list, select the year the credit was originally generated and the amount of the credit for the year generated.

Press PAGE DOWN to enter the carryforward or carryback amounts of another credit.

TIP

In the **Amount of Original Credit Previously Filed** section of screen **GBC**, type in the amounts of credit carryforward used in a previous years for a true historical record of and The program will compute the remaining amount of the credit each year you use Drake. Otherwise, only what's left.

Child Tax Credit

The Child Tax Credit is calculated automatically in the program. See “Additional Child Tax Credit and Combat Pay” on page 198.

Retirement Savings Contributions Credit

Screen code: 8880 Use the **8880** screen, accessible from the second **Credits** tab, for Form 8880, Credit for Qualified Retirement Savings Contributions.

NOTE

When this credit can apply, Form 8880 is generated automatically, and a note is produced stating that retirement plan contributions have been carried to Form 8880. The note also provides instructions for preventing Form 8880 from being generated.

Other Credits

Table 5-8 lists all credit forms not mentioned previously for which Drake provides screens. If you need a form for which no screen is available, most forms can be found at **Tools > Blank Forms**.

Table 5-8: Other Credits Calculated in Drake

Screen	Form and Credit
4136	Form 4136, Credit for Federal Tax Paid on Fuels
3468	Form 3468, Investment Credit
5884	Form 5884, Work Opportunity Credit
6478	Form 6478, Biofuel Producer Credit
6765	Form 6765, Credit for Increasing Research Activities
8396	Form 8396, Mortgage Interest Credit
8609	Form 8609, Low-Income Housing Credit Allocation and Certification
8801	Form 8801, Credit for Prior Year Minimum Tax - Individuals, Estates, and Trusts
8820	Form 8820, Orphan Drug Credit
8826	Form 8826, Disabled Access Credit
8834	Form 8834, Qualified Electric Vehicle Credit
8835	Form 8835, Renewable Electricity, Refined Coal, and Indian Coal Production Credit
8839	Form 8839, Qualified Adoption Expenses
8844	Form 8844, Empowerment Zone and Renewal Community Employment Credit
8845	Form 8845, Indian Employment Credit
8846	Form 8846, Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips

Table 5-8: Other Credits Calculated in Drake

Screen	Form and Credit
8859	Form 8859, D. C. First-Time Homebuyer Credit (This credit expired in 2009. The 8859 screen in Drake contains TSJ and carryforward fields only.)
8864	Form 8864, Biodiesel and Renewable Diesel Fuels Credit
8874	Form 8874, New Markets Credit
8881	Form 8881, Credit for Small Employer Pension Plan Startup Costs
8882	Form 8882, Credit for Employer-Provided Childcare Facilities and Services
8896	Form 8896, Low Sulfur Diesel Fuel Production Credit
8908	Form 8908, Energy Efficient Home Credit
8910	Form 8910, Alternative Motor Vehicle Credit
8911	Form 8911, Alternative Fuel Vehicle Refueling Property Credit
8912	Form 8912, Credit to Holders of Tax Credit Bonds
8936	Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit
8941	Form 8941, Small Employer Health Insurance Credit

Unreported Social Security and Medicare Tax

In Drake, use the **4137** screen or the **8919** screen (accessible from the **Taxes** tab) for Form 4137, Social Security and Medicare Tax on Unreported Tip Income, and Form 8919, Uncollected Social Security and Medicare Tax on Wages.

Additional Tax on Qualified Plans, etc.

Drake's tax software automatically calculates the taxable income from Qualified Tuition Program (QTP) and Coverdell Education Savings Account (ESA) distributions. The calculated amount flows to the following places in the tax return:

- Form 1040, line 21, "Other income"
- Form 5329, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts, line 5, "Distributions included in income from Coverdell ESAs and QTPs"

Enter qualified education expenses and contributions to and distributions from a QTP or ESA in the **QTP/ESA Taxable Distributions** section of screen **5329** (Figure 5-49 on page 187).

Figure 5-49: QTP/ESA Taxable Distributions section of screen **5329**

The program uses information entered in these fields to calculate the taxable portion of distributions and to generate the calculated amounts on the return. Table 5-9 shows which fields are required in order to ensure correct calculations.

Table 5-9: Required Information for Accurate Calculation of Distribution Income

To Calculate Income from an ESA Distribution	To Calculate Income from a QTP Distribution
Adjusted qualified education expenses - 2015	Adjusted qualified education expenses - 2015
Gross distribution from Coverdell ESA	Gross distribution from QTP
Basis in Coverdell ESA as of 12/31/2014	Portion of QTP distribution that is earnings
Education account type	Education account type
2015 contributions for this ESA	
Value of Coverdell ESA on last day of 2015 (entered at top-left of screen 5329 in the Cov-erdell ESA column)	

Along with the automatic calculation, the program produces the worksheet QTP_ESA, which shows how the taxable amount was calculated.

NOTE The penalty is calculated and includes any amount that is income from a Coverdell ESA or QTP.

Household Employment Taxes

Screen code: **H** Use screen **H**, under the **Taxes** tab, for Schedule H, Household Employment Taxes.

Other Taxes

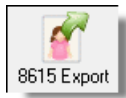
Screens for the following other forms are available under the **Taxes** tab in Drake:

Table 5-10: Other Tax Forms That Can Be Calculated in Drake

Screen/ Form	Form and Tax
4137	Form 4137, Tax on Tips
4970	Form 4970, Tax on Accumulation Distribution of Trusts
4972	Form 4972, Tax on Lump-Sum Distributions
8611	Form 8611, Recapture of Low-Income Housing Credit
8615*	Form 8615, "Kiddie Tax" *
8814	Form 8814, Parents' Election to Report Child's Income
8828	Form 8828, Recapture of Federal Mortgage Subsidy
8959	Form 8959, Additional Medicare Tax
8960	Form 8960, Net Investment Income Tax – Individuals, Estates, and Trusts

*If both parents are deceased, go to the **MISC** screen and select **Both parents deceased** in the **Dependent filer special situation** section.

Exporting Data for Kiddie Tax



The **8615 Export** feature allows exporting of parent data to a child's Form 8615. This process consists of two main steps: (1) exporting the data from the parents' return, and (2) importing the data into the dependent's return.

Exporting Parent Information

To export a taxpayer's information into a Form 8615 for the dependent:

1. Go to View mode for the taxpayer's (parent's) return.
2. From the toolbar, click the **8615 Export** button. The **Export 8615** dialog box lists the dependent names, SSNs, and export statuses for the return (Figure 5-50).

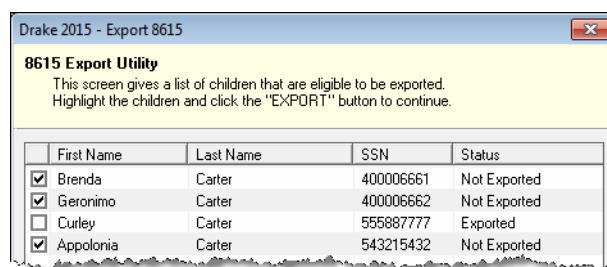


Figure 5-50: Dependents entered on return

Mark the applicable boxes. If a row is selected, the parent's data is exported to that dependent's tax return in Drake.

3. Click **Export**.
4. Click **OK**.

Click **Exit** to close the **Export 8615** dialog box. The parent information is now ready to be imported into the dependent's return.

Importing Parent Information

After the 8615 data has been exported from the parent's return, you will be prompted to import the data the next time you open (or when you create) the dependent return.

To import parent data into a dependent return:

1. From the **Home** window, click **Open/New**.
2. Enter or select the dependent's SSN and click **OK**. You are asked if you want to import the return data.
3. Click **Yes**. The return is opened to the **General** tab of the **Data Entry Menu**.

When you open the **8615** screen, you will see that the parent information has been entered into all of the applicable fields, as shown in the Figure 5-51 example.

Form 8615 - Tax Computation for Certain Children with Investment Income			
Parent's First Name	Last Name	Parent's SSN	Estimate
William	Carter	400-00-6665	2
Parents' filing status.....			<input type="checkbox"/>
Parents' taxable income.....		54321	<input type="checkbox"/>
Parents' tax.....		12345	
Parents' tax computed using either Schedule D or J.....			<input type="checkbox"/>
Parents' net capital gain.....		4444	
Parents' qualified dividends.....		3333	

[Video: "Kiddie Tax" Export](#)

Figure 5-51: Parent information has been imported into dependent's **8615** screen.

Net Investment Income Tax

Use screen **8960, Net Investment Income Tax**, to complete Form 8960, Net Investment Income Tax – Individuals, Estates, and Trusts, used to report the 3.8 percent Net Investment Income Tax that applies to individuals, estates and trusts that have certain investment income above certain threshold amounts.

Most of the fields on screen **8960** are override fields—entries in the fields override system calculations.

NOTE

Check boxes on screens **E** (Rent and Royalty Income) and **4835** (Farm Rental Income) send amounts entered on those screens to line **4b**, "Adjustment for net income or loss derived in the ordinary course of a non-section 1411 trade or business," of Form 8960.

Additional Medicare Tax

Use screen **8959, Additional Medicare Tax**, to complete Form 8959, Additional Medicare Tax, to report the 0.9 percent Additional Medicare Tax that applies to an individual's wages, Railroad Retirement Tax Act compensation, and self-employment income that exceeds a threshold amount based on the individual's filing status.

Enter amounts as necessary for lines 14 and 23 of Form 8959; the remainder of the form is completed by the software from calculations and data entered elsewhere. If necessary, use the line 19 adjustment field to round amounts from multiple Forms W-2.

Estimated Taxes

This section focuses on the following information in Drake:

- Estimated taxes paid in 2015
- Estimated payments for 2016
- Estimated tax adjustments
- Applying 2015 overpayment to 2016
- e-Filing state vouchers and making payments
- Underpayment of estimated tax
- Estimated tax penalty

NOTE

The **ES** screen allows you to e-file state estimated tax payments and vouchers, which is allowed in some states. See “Estimated Taxes and Vouchers (States and Cities)” on page 192.

Estimated Taxes Already Paid in 2015

Use the **ES** screen to enter, by quarter, the 2014 overpayment that was applied to and the estimated taxes paid for 2015. The program applies the standard estimate payment dates. If any of these dates is different, enter the correct date in the applicable override field.

2015 ESTIMATED TAXES ALREADY PAID FOR THIS YEAR																
Overpayment applied from 2014.....	<input type="text"/>															
	← Overpayment from 2014															
	<table border="1"> <thead> <tr> <th></th> <th>Date paid</th> <th>Amount paid</th> </tr> </thead> <tbody> <tr> <td>1st Quarter</td> <td>= <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>2nd Quarter</td> <td>= <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>3rd Quarter</td> <td>= <input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>4th Quarter</td> <td>= <input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>		Date paid	Amount paid	1st Quarter	= <input type="text"/>	<input type="text"/>	2nd Quarter	= <input type="text"/>	<input type="text"/>	3rd Quarter	= <input type="text"/>	<input type="text"/>	4th Quarter	= <input type="text"/>	<input type="text"/>
	Date paid	Amount paid														
1st Quarter	= <input type="text"/>	<input type="text"/>														
2nd Quarter	= <input type="text"/>	<input type="text"/>														
3rd Quarter	= <input type="text"/>	<input type="text"/>														
4th Quarter	= <input type="text"/>	<input type="text"/>														
	<p style="text-align: center;">↑ Date fields are override fields ↑ Ability to enter varying amounts for quarterly payments</p>															

Figure 5-52: Entering estimated taxes paid for 2015

Estimated Payments To Be Paid for 2016

Estimated payments for 2016 are shown on the payment vouchers in View mode.

NOTES

Make estimated *federal* tax payments by debit card or credit card using the Drake e-Payment Center at www.1040paytax.com. See the link at the top of the **ES** screen; otherwise, make payments through the **PMT** screen. Use the **PMT** link in the **e-file/Electronic Funds Withdrawal** section on the right side of the **ES** screen.

For *state* estimated tax payments, see "Making Payments" on page 193.

NEW FOR 2015

The program automatically generates federal payment vouchers when they're required—for instance, when the taxpayer has a federal balance due of \$1,000 or more—unless you choose to *not* generate the vouchers. See "Printing Estimate Vouchers," following.

Printing Estimate Vouchers

Drake calculates the balance due and generates this year's federal payment voucher (Form 1040-V), and generates federal *estimate* vouchers for next year's payments, by default. To suppress the printing of estimate vouchers, you must indicate this manually by selecting "N" from the **ES Code** drop list on the **ES** screen.

Click the **ES Code** field and press F1 to see the codes and their descriptions.

All vouchers include the taxpayer's SSN, name, and address.

Overriding Voucher Amounts

The program divides the estimate amounts equally among the four vouchers. To have different payment amounts displayed on the vouchers, you must enter the amounts manually in the fields of the **Estimate Amt** columns of the **ES** screen (shown in Figure 5-53 on page 192).

NEW FOR 2015

If you are not filing four quarterly vouchers—for instance, if filing too late to pay first quarter payment—the program now adds the amount of the missed payment to the next available voucher. Enter "0" in the **Voucher** field for quarter the payment was not be made.

The **Increase/Decrease...** text box added to the **ES** screen allows you to adjust the total estimated taxes due.

Estimated Tax Adjustments

Screen code: **ETA**

Use the **Estimated Tax Adjustments** screen if the taxpayer expects a significant change in income the following year. If entries are made on this screen, the program generates an estimated tax worksheet (WK_ES) that shows the calculated estimates. See the **ETA** screen help for more information. (Click the **Estimated Tax Adjustment** link at the top of the **ES** screen to open the **ETA** screen, or type **ETA** in the selector field of the **Data Entry Menu** and press ENTER.)

Applying 2015 Overpayment to 2016

To apply part of a 2015 overpayment to the 2016 estimate, enter the total overpayment to apply to all estimates (item #1 in Figure 5-53) on the **ES** screen. The program applies the overpayment according to the overpayment **OP Code** selected (item #2 in Figure 5-53; see “OP Codes,” following). To override the OP code selection, enter amounts to be applied into the **Overpayment** override fields for each voucher (item #3 in Figure 5-53).

Figure 5-53: Entering overpayment amounts

OP Codes If applying an overpayment to the 2016 estimated tax, it is necessary to indicate how that overpayment should be applied on the estimate vouchers. Do this by selecting an **OP Code** (overpayment code) on the **ES** screen (item #2 in Figure 5-53).

View code descriptions by clicking in the **OP Code** field and pressing F1.

Estimated Taxes and Vouchers (States and Cities)

Use the **ES** screen to enter, by quarter and by state and city, the 2014 overpayment and the estimated taxes paid in 2015. You can also e-file state payment vouchers and make direct debit payments—for those states and cities that allow electronic payments and e-filed vouchers—from the **ES** screen.

IMPORTANT

State rules concerning electronic payments and e-filed vouchers vary. Some states allow e-filed vouchers; some states allow e-filed vouchers and payments to be sent separately from the main form; some require e-filed vouchers and payments to be filed only with the main form by the due date.

To see a list of which states allow e-filed vouchers, view the field help for the **e-file** check box in the **e-file/Electronic Funds Withdrawal** section of the **EF** screen. To see a complete list of e-file options by state and by tax package, see Knowledge Base article 13370.

Selecting a State On the left side of the **State and City Section** of the **ES** screen, select a state or city from the **St/City** drop list and a **Type** (if appropriate). The program applies the standard estimate payment dates. If any of these dates is different, enter the correct date in

the applicable override field. If you want to vary the amounts for the quarterly payments, make those adjustments in the **Amount paid** fields.

IMPORTANT

Filing deadlines vary by state this year. Some states will follow the federal due date of Monday, April 18, and some have selected Tuesday, April 19. Be sure you know which due date your state is using for 2016.

Applying Overpayments

Apply overpayments in the state section just as you did in the federal section. See "Applying 2015 Overpayment to 2016" on page 192.

ES Code

Have the program print estimate vouchers for states/cities just as you did in the federal section. See "Applying 2015 Overpayment to 2016" on page 192.

e-Filing Vouchers

You can e-file your state estimated tax vouchers and make payments electronically.

To e-file the vouchers, mark which voucher to transmit with a check mark in the **e-file** column of the **e-file/Electronic Funds Withdrawal** section (item #1 in Figure 5-54). To choose a date other than the due date to authorize the direct debit of the account, enter a date in the **Direct Debit Date** override field.

Making Payments

When making payments, you have the choice of using the **Account #1** information entered on the **PMT** screen (item #2 in Figure 5-54) or entering new bank account information on the **ES** screen (item #3 in Figure 5-54).

Figure 5-54: e-File vouchers and make state tax payments from the ES screen

Multiple States

If the taxpayer has estimated taxes to file and pay in more than one state, press PAGE DOWN to get a fresh **ES** screen.

Underpayment of Estimated Tax

By default, the software calculates the estimated tax penalty and generates Form 2210 if there is an underpayment and the form is required. If Form 2210 is required, mark the reason for the requirement in the upper-left corner of the **2210** screen.

This default setting can be changed for a single return in the **2210 Options** section of screen **1** (Figure 5-55).

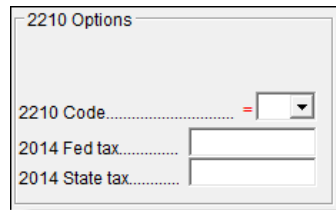


Figure 5-55: 2210 Options section of screen 1

2210 Codes To print or suppress Form 2210 (or Form 2210F) for a return, select one of the following from the **2210 Code** drop list:

Table 5-11: 2210 Codes in Drake

2210 Code	Program Action
X	Calculates the estimated penalty; produces Form 2210 if necessary.
P	Calculates the estimated penalty; produces Form 2210 even if not required.
F	Calculates the estimated penalty; produces Form 2210F if necessary.
G	Calculates the estimated penalty; produces Form 2210F even if not required.
N	Does not calculate the estimated penalty. (If this option is chosen, no form for underpayment of estimated tax is generated with the return.)

Prior-Year Tax If a return is updated from the previous year, the program displays the prior-year tax by default in the **2014 Fed tax** and **2014 State tax** fields of screen **1** (Figure 5-55). To override an amount shown, enter a new amount. Based on this amount, program calculations determine whether the taxpayer must pay the underpayment penalty.

Estimated Tax Penalty

The program automatically calculates an estimated tax penalty and displays the calculation on the “Estimated tax penalty” line of Form 1040. To override the system calculation, use the **Estimated tax penalty** field at the bottom of screen **5**.

NOTE For information on calculating interest and penalty amounts for future years, see “Penalty and Interest Calculation” on page 227.

Earned Income Credit (EIC)

The IRS requires that certain questions be addressed on a tax return for a taxpayer to receive EIC. These questions are located in the following locations within Drake:

- **EIC Information** section of screen **2** (must be completed for each qualifying dependent)
- **8867** screen for Form 8867, Paid Preparer's EIC Checklist (must be completed for the taxpayer claiming EIC)

The **EIC Due Diligence** screens, located in the **Earned Income Credit** section of the **General** tab, also provide supplemental questions to help ensure a comprehensive interview with each taxpayer. While the IRS does not require answers to these supplemental questions to be submitted with the return, these screens provide a means for collecting valuable supporting documentation in case of a due diligence audit.

EIC Information for Dependent

If the taxpayer has EIC with qualifying dependents, the **EIC Information** section of screen **2** *must* be completed for *each* qualifying dependent. If item **13a** is answered **No**, items **13b** and **13c** can be left blank, as shown in the Figure 5-56 example.

EIC Information [Video: Completing EIC Checklist](#)

NOTE: Upon completion of the EIC Information section on all applicable dependent screens, go to the [8867](#) screen and complete Parts I & IV. Part III might also be required if no dependents have a qualifying-child status.

	Yes	No	Don't know
<input checked="" type="checkbox"/> Not eligible for EIC			
10 Is either of the following true? The child is unmarried, OR The child is married, can be claimed as the taxpayer's dependent, and is not filing a joint return (except to claim a refund)	10 <input checked="" type="checkbox"/>	<input type="checkbox"/>	
11 Did the child live with the taxpayer in the U.S. for more than half of the year?	11 <input checked="" type="checkbox"/>	<input type="checkbox"/>	
13a Could another person qualify to claim this child?	13a <input type="checkbox"/>	<input checked="" type="checkbox"/>	
13b Answer ONLY if 13a is YES: Child's relationship to the other person	13b		
13c Answer ONLY if 13a is YES: If the tiebreaker rules apply, would the child be treated as the taxpayer's qualifying child?	13c <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 5-56: One example of a completed **EIC Information** section (screen **2**)

If a child is *not* eligible for EIC, this ineligibility *must be specified* by selecting the **Not eligible for EIC** box (red circle in Figure 5-56). Questions 10, 11, and 13 can be left blank if this box is selected.

EIC Preparer Checklist

IRS due diligence rules require that all paid preparers complete an EIC Checklist (Form 8867) for each prepared return claiming EIC. Form 8867 has four parts:

- Part I: All Taxpayers
- Part II: Taxpayers With a Child
- Part III: Taxpayers Without a Qualifying Child
- Part IV: Due Diligence Requirements

In Drake, Part II of this checklist is addressed on screen **2**. Fields for Parts I, III, and IV are located on the **8867** screen.

NOTE

The **8867** screen allows preparers to electronically track data related to IRS due diligence requirements for Form 8867. In the event of a due diligence audit, it provides an electronic record corresponding to the printed Form 8867.

Screen codes:
EIC, 8867

To complete Form 8867 for a return, go to the **8867** screen, accessible from the **General** tab, and mark all required boxes.

EIC Due Diligence Screens

Screen codes:
EIC1, EIC2, EIC3, EIC4

Because a thorough interview is necessary to ensure that all information is gathered about income, deductions, credits, etc., a comprehensive interview process should be part of a tax preparer's office operating procedures. This same logic extends to EIC due diligence requirements. Since individual tax scenarios change from year to year, all clients—including returning clients—should be interviewed in order to obtain a clear picture for the current-year tax return.

Use the **EIC Due Diligence** screens, described in Table 5-12, to record and retain inquiries made of taxpayers to ensure that they meet EIC eligibility requirements.

Table 5-12: EIC Due Diligence Screens

Screen Code	Screen Name	Description
EIC1	EIC Due Diligence - Qualifying Child	Screen contains questions pertaining to the age, relationship, and residency tests for up to three qualifying children.
EIC2	EIC Due Diligence - Income	Screen contains questions concerning the taxpayer's reported earned income (including income earned from a legitimate business).
EIC3	EIC Due Diligence - Head of Household	Screen contains questions pertaining to the tests for marriage, qualifying person, and cost of keeping up a home for Head of Household filing status.
EIC4	EIC Due Diligence - Additional Notes	Screen contains space to record data about other inquiries made in verifying the taxpayer's information.

These screens are supplemental to the required EIC Preparer Checklist (**8867** screen). At **Setup > Options > Administrative Options** tab, you can select the option to require that the screens be filled out. You can also select to print these due diligence documents. See "Setup Options" on page 35.

See Screen Help, FAQs, and online help for further information and links to IRS documents and other resources relating to EIC.

NOTE

EIC due diligence requirements must be customized for each client based on the taxpayer's scenario. The complexity of the law surrounding EIC prevents due diligence requirements from being standardized, so a tax preparer must have a thorough understanding of EIC law in order to comply with these requirements. Software can help provide guidance on fulfilling these requirements, but *it cannot replace the knowledge a preparer applies to each taxpayer's situation.*

EIC and Combat Pay

You can override the amount of combat pay from the W-2 that is included in the EIC calculation. You can also select to include combat pay in the calculation of EIC.

Screen code: 8812 To modify how combat pay is calculated for EIC, open the return and then screen **8812**. (Click **8812, Add'l Child Tax Credit/Combat Pay** under the first **Credits** tab.) Enter a **Combat pay** amount to override the W-2 amount. To force combat pay to be included in calculating EIC, select **Include combat pay in EIC calculation**.

NOTE

Combat pay entered on the **W2** screen, box **12**, with a code of "Q" ("nontaxable combat pay") is automatically accounted for in the program calculation. If you enter a combat pay amount on the **8812** screen, this amount overrides the **W2** amount.

Forcing EIC Calculations

New for 2015: There might be a time when a preparer is expecting a client to be eligible for Earned Income Credit, but when the preparer completes and views the return, it shows no EIC.

To discover what might be blocking the calculation of EIC for the return, go to the **PRNT** screen (available from the **Miscellaneous** tab of the **Data Entry Menu**). In the left column, near the bottom, select **EIC not being calculated?** View the return and a Return Note will be generated, explaining why EIC has not been calculated for this return.

TIP

From the Home window of Drake Software, go to **Setup > Options > Form & Schedule Options** and select **Always show reason for no EIC** to automatically generate the Return Note stating why the EIC calculation is not being made for the open return.

Blocking EIC Calculations

In some cases, a taxpayer may not be eligible for EIC, even though the information on the tax return indicates otherwise. To block the program from calculating EIC, type NO into the **EIC Blocker** on screen **8867**.

Additional Child Tax Credit and Combat Pay

Screen **8812** contains override fields for the following items:

- Combat pay that is applicable to Additional Child Tax Credit and EIC
- Total earned income for Form 8812, Additional Child Tax Credit
- Calculated amount for withheld Social Security, Medicare, and Additional Medicare taxes from Forms W-2, boxes 4 and 6, on Form 8812
- Entries for line 5b of the EIC worksheet (WK_CTC4) for 2555 deductions

The program automatically calculates the amount for earned income. If Form 8812 applies, the program makes the calculations and generates the form. Use the **Additional Child Tax Credit** section on the **8812** screen only if you must override the calculation for total earned income. See “EIC and Combat Pay” on page 197.

Producing Schedule 8812 for Form W-7 Filers

New for 2015: To produce Schedule 8812, Child Tax Credit, for taxpayers with a dependent child who has no taxpayer ID but is eligible for the Child Tax Credit:

1. Open screen **2, Dependents**, and complete the required fields.
2. In the **SSN** field, type `Applied`. and press `CTRL+F` to force the software to accept the entry. If there is more than one such dependent, take note of the dependent's number in the left column of grid data entry (Figure 5-57).

	First Name	M.I.	Last Name	Suffix	SSN	Relationship
1	Brenda				400-00-6661	DAUGHTER
2	Geronimo				400-00-6662	SON
3	Jose				400-00-6444	SON
4	Curley				555-88-7777	SON
5	Appolonia				Applied	DAUGHTER

Figure 5-57: Note the dependent's number in the left column

3. Close screen **2** and open screen **W7**. (Available on the first **Other Forms** tab or by entering `W7` in the selector field and pressing `ENTER`.)
4. In the **Dependent** field at the top of the **W7** screen, enter the dependent's number.
5. View the return to confirm the results.

Other Payments

Use the following screens to enter other payments from credits.

Table 5-13: Other Payments from Credits

Screen	Name of Form
2439	Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains
4136	Form 4136, Credit for Federal Tax Paid on Fuels
8801	Form 8801, Credit for Prior Year Minimum Tax - Individuals, Estates, and Trusts

With the exception of the Form 4136 amount, these amounts flow to the “Credits from Form:” line of Form 1040. The amount from Form 4136 flows to the “Credit for federal tax on fuels” line.

NOTE

Use the **Other payments** field on screen **5** to force an amount to flow to the “Credits from Form:” line of Form 1040. Be aware that no documentation justifying the forced amount is included with the return when using this field.

First-Time Homebuyer Credit

Screen code:
HOME

Taxpayers who bought a home in 2008 and took advantage of the first-time homebuyers credit must repay the amount in 15 equal installments, beginning with the 2010 return. If you have prepared the client's tax returns using Drake Software, the **Home** screen keeps track of the amount repaid every year.

If you didn't prepare this taxpayer's return previously using Drake, go to the **Home** screen (accessible from the **Income** tab of the **Data Entry Menu**), and in the **Form 5405 Repayment Information** section on the right side of the screen, enter the required information. If the taxpayer no longer used the house as his or her main home, enter the **Date home ceased to be main home if not sold** field.

For more information, click **Screen Help** for the **Home** screen (or select **Screen Help** from the right-click menu.)

Direct Deposit

Screen codes: **DD**,
8888

Use the **DD** screen, accessible from the **General** tab, to indicate that a refund is to be deposited directly into the taxpayer's account.

NOTES

The **DD** screen contains fields for completing IRS Form 8888, Direct Deposit of Refund to More Than One Account.

This section refers to refunds that are *not* in the form of bank products. Enter account information for bank products on the applicable bank screen. See “Additional Disbursement Methods” on page 12.

Required Information

The name of the financial institution, the bank's routing number (RTN), the client's account number, and the type of account (checking or savings) are required. The **RTN**, **Account number**, and **Type of account** information must be entered twice (Figure 5-58) or an EF message is generated and the return cannot be e-filed.

Name of financial institution	RTN	Account number	Type of account	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="checkbox"/> Checking	<input type="checkbox"/> Savings
Repeat account information			<input type="checkbox"/> Checking	<input type="checkbox"/> Savings

Figure 5-58: Repeat account information for RTN, account number, and type of account

Direct Deposit of Federal Refund

If a single account is entered on the **DD** screen, the information flows to the “Refund” section of Form 1040. If multiple accounts are entered, the program produces Form 8888 Allocation of Refund. You can enter up to three accounts.

NOTE

You can directly deposit no more than three refunds into one account or prepaid debit card. Any subsequent refunds using the same routing/account information will be refunded with a check mailed to the address of record for the SSN/EIN. Taxpayers will also receive a notice informing them that the account has exceeded the direct deposit limits.

Form 8888 Conditions

The following conditions *must* apply for the taxpayer to file Form 8888:

- The account indicated for the refund deposit is a checking, savings, or other account such as an IRA, MSA, etc.
- The account is in the taxpayer's name.

Multiple accounts are not allowed if filing Form 8279, Injured Spouse Allocation.

NOTE

A taxpayer cannot request a refund deposit to an account that is in the name of someone else (such as the tax preparer).

Multiple Accounts

By default, the program directs the federal refund to the first account entered on the **DD** screen. If depositing funds into multiple accounts, complete the **Federal selection** field to indicate whether the first account entered should be used for the federal refund (Figure 5-59). The default selection is **Yes**.

The screenshot shows a window titled "Account Information" with a tab for "Account #1". It contains the following fields and controls:

- Deposit selection:** A dropdown menu currently showing "Federal selection". A sub-menu is open, showing "Yes" (selected) and "No".
- Name of financial institution:** A text box containing "Smalltown Bank".
- Repeat account information:** A button at the bottom of the window.

Figure 5-59: Select **No** if federal refund is *not* to go to the account listed.

To indicate that a refund should be distributed into multiple accounts, enter the portions for each account in the appropriate **Federal deposit amount** fields on the **DD** screen (Figure 5-60 on page 201). An amount entered here overrides the calculated refund amount. To have part of the refund disbursed as a paper check, enter the amounts to be direct deposited in the **Federal deposit amount** override fields, then press PAGE DOWN to open the **Bond** screen and mark the applicable box.

Figure 5-60: An amount entered in the **Federal deposit amount** field overrides the calculated refund amount.

NOTE Because not all states support multi-account direct deposit, the **State deposit amount** field (Figure 5-60) is inactive by default.

Series I Savings Bonds

To indicate that a taxpayer wishes to make a Series I Savings Bond purchase from the tax refund, press PAGE DOWN from the **DD** screen and fill out the **BOND** screen. If the taxpayer wishes to receive the remainder of the refund disbursed as a paper check, mark the applicable box on the **BOND** screen.

Direct Deposit of State or City Refund

To have a state or city refund deposited into an account, select the state abbreviation from the **State/city selection** field for the account. If this field is left blank, no state refund will be deposited into the account.

Figure 5-61: State/city selection drop list

Multiple State Refunds

If the taxpayer receives refunds for more than one state or city return and wants to deposit refunds into separate accounts, indicate this on the **DD** screen by choosing a code from the **State/city selection** drop list for each account (Figure 5-61). To have the refunds from all eligible state returns deposited into one account, select **A** from the **State/city selection** drop list.

GA, ME, OH Refunds

Georgia, Maine, and Ohio have unique requirements for direct deposit. Note the section near at the bottom of the **DD** screen if e-filing a return for one of these states.

Foreign Accounts

(State purposes only) To indicate that an account entered is a foreign account, mark the applicable box in the **Foreign Account** section at the bottom of the **DD** screen.

Electronic Payment Options

Electronic payments can be made by credit card, debit card, or electronic funds withdrawal (“direct debit”).

Pay Balance Due with Credit or Debit Card

Drake offers two options for paying a balance due with a credit or debit card (Master-Card[®], Visa[®], American Express[®], or Discover[®]):

- **Integrated File and Pay (IFP)** — The preparer enters the taxpayer's credit card information on the **IFP** screen and has the payment authorized prior to e-filing the return. Once the e-filed return is accepted by the IRS, the debit or credit card is charged.
- **Drake e-Payment Center** — Taxpayers can use the Drake e-Payment Center, located at www.1040paytax.com, to pay a balance due by debit or credit card after the return has been filed.

Using the IFP Screen

Use the **IFP** screen, accessible from the **Miscellaneous** tab or from the link on the **PMT** screen, to pay a balance due with IFP. Use this screen after the return is completed but before it is e-filed.

In order to use IFP, the taxpayer's first and last name, SSN, full address, phone number including area code, and email address *must* be entered on screen 1.

IMPORTANT

A return must be e-filed and accepted within 21 days of card authorization in order to complete the payment transaction. If a return is not accepted (or is rejected) within 21 days, the authorization is, in effect, canceled. Reauthorization would be required.

Screen codes:
IFP or **EPAY**

On the **IFP** screen, indicate the form being e-filed (**1040** or **4868** extension), *recalculate the return*, then return to the **IFP** screen and click the **Authorize Credit Card** button. You will be directed to a website where you can enter the taxpayer's credit card information and authorize a hold on the card.

To have the client letter refer to the payment method used, enter the credit card type and the last four digits of the credit card number in **Optional Letter Information** section of the **IFP** screen. The client letter will then reference the amount that will be charged to the credit card, and the card's last four digits.

NOTE

A website, www.integratedfileandpay.com/status, is available for clients to check their payment statuses. See the **IFP** screen and screen help for details and hyperlinks to the website.

Electronic Funds Withdrawal (Direct Debit)

Screen code: **PMT**

Use the **PMT** screen, accessible from the **General** tab, to indicate that the balance due funds are to be electronically withdrawn (direct-debited) from the taxpayer's account.

Program Defaults and Overrides

By default, the program indicates that the entire balance due (the "Amount You Owe" section of Form 1040) is to be electronically withdrawn on the return due date, unless otherwise indicated using the override fields for each account entered. (See the **Federal payment date** override field in Figure 5-62 on page 203.) If the return is e-filed on or before April 18, 2016, the requested payment date cannot be later than April 18. If the return is transmitted after April 18, the requested payment date cannot be later than the current date.

Required Information

A **Withdrawal selection** (item # 1 in Figure 5-62 on page 203) is required if the pro-

gram is to direct tax authorities to electronically withdraw funds from the taxpayer's account.

The screenshot shows the PMT screen with three red circles highlighting required fields: (1) 'Withdrawal selection' dropdown menu, (2) 'Name of financial institution', 'RTN', 'Account number', and 'Type of account' fields, and (3) 'Payment is for' radio buttons (1040, 4868, 2350).

Figure 5-62: Required fields on **PMT** screen: withdrawal selection (1); account information (2); specified return (3)

The name of the financial institution, the bank's routing number (RTN), the client's account number, and the type of account (checking or savings) are required. The **RTN**, **Account number**, and **Type of account** must be entered twice (item 2 in Figure 5-62).

Finally, the **PMT** screen must indicate the return to which the payment data applies (item 3 in Figure 5-62). Mark the box of the applicable return type.

Withdrawal from Multiple Accounts

Balances cannot be paid by direct debit of funds from more than one account. To have a state balance due electronically withdrawn from an account other than the account indicated for federal, complete the fields in the **Account #2** section of the **PMT** screen. (To have a balance due to another state withdrawn from a third account, complete **Account #3**.)

Direct Debit of Estimates

To indicate direct debit of estimate payments only, select **Estimates Only** from the **Federal selection** drop list. By default, the estimate payment amounts and dates are calculated from the information entered on the **ES** screen. Use the fields in the **Federal 1040-ES** section of the **PMT** screen to override that data.

Third Party Designee

To set up a preparer as a third-party designee, the preparer's PIN must first be entered in Preparer Setup. A default third-party designee can be set up for all returns. You can override the default for a single return as needed.

For All Returns (Default)

To set up the third-party designee for all returns, go to **Setup > Options > Optional Items on Return** tab and make a selection from the **Third party designee** drop list.

Options are shown in Table 5-14 on page 204, along with descriptions of how the options affect the “Third Party Designee” section on page 2 of Form 1040.

Table 5-14: Setup Options for Third-Party Designee

Selection	“Third Party Designee” Section of Form 1040
None	Blank; “No” box is marked. (This default can be overridden from the PREP screen; see “For a Single Return (Override)” following.)
Preparer (1-9)*	Designated preparer (for preparer numbers, see list in Preparer Setup); “Yes” box is marked.
Return Preparer*	Preparer who prepared the return; “Yes” box is marked.
ERO*	Preparer indicated at Setup > Options > EF tab as Default ERO ; “Yes” box is marked.

*If a preparer or ERO is selected, a PIN *must* be entered for that preparer; otherwise, no preparer name shows up as the third-party designee on Form 1040.

For a Single Return (Override)

Screen code:
PREP

Use the **PREP** screen to override the setup options for third party designee for a single return. Enter the designee’s name, phone, and PIN in the fields provided. (Email address is optional.)

The screenshot shows a window titled "Third Party Designee". At the top, there is a dropdown menu with a red minus sign and a downward arrow, labeled "Allow another person to discuss this return with IRS...". Below this are several input fields: "First name" and "Last name" are each followed by a text box; "E-mail" is followed by a text box; "Phone" is followed by a text box; and "PIN" is followed by a small text box.

Figure 5-63: Third party designee fields on **PREP** screen

For more on how to use the **PREP** screen to override preparer information, see “Overriding Other Preparer Information” on page 73.

No Third Party Designee

To indicate that no one other than the taxpayer is allowed to discuss the return with the IRS, go to the **PREP** screen and select **No** from the **Allow another person...** drop list in the **Third Party Designee** section. (See Figure 5-63.)

NOTES

If no third party designee is indicated in **Setup > Options**, the “No” box is marked on the third-party designee line of Form 1040.

If you select **Yes** on the **PREP** screen, the **PREP** screen entries override any third-party information in Setup. If you select **Yes** but leave the other fields blank, the third-party section of Form 1040 will be blank.

Signing the Return

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

Form 8879

Form 8879, an electronic signature document used to authorize e-file, allows taxpayers to select a PIN signature (or have the software choose a random number for them). It also authorizes the ERO to enter the taxpayers' PIN signatures authorizing electronic withdrawal of funds for tax payments.

NOTE The signed Form 8879 should not be mailed to the IRS. It must instead be retained by the ERO for three years. See Form 8879 instructions for more information.

Screen codes:
8879, PIN

Use the **PIN** screen, accessible from the **General** tab, to complete Form 8879. The generated return uses both the taxpayer's PIN and the ERO's Practitioner PIN.

IMPORTANT The PIN entered must match either the PIN of the **Default ERO** (selected at **Setup > Options > EF** tab) or the PIN of the preparer specified in the **Preparer #** override field on screen 1.

Signature Date A PIN signature date is required at the top of the **PIN** screen. If no date is entered, an EF Message is generated and the return cannot be e-filed.

Obtaining Client PIN Signatures Ideally, the client signs Form 8879 in your office. If the client is not available to sign, you can email Form 8879 as a PDF file to the client and have the client sign the form and return it to you.

TIP This transaction can be carried out online if you have a SecureFilePro™ account. See "SecureFilePro" on page 425 for details.

The taxpayer can select his or her own PIN (any five-digit number except 00000). On the **PIN** screen, have your client enter his or her PIN, and then indicate either **Taxpayer entered** or **Spouse entered**. If the client is not available and you enter the PIN signatures, leave the check boxes blank.

NOTE The taxpayer can elect to use the PIN generated by the software. To turn off the option to generate PINs, go to **Setup > Options > EF** tab and clear the check mark from **Auto-generate taxpayer(s) PIN (1040 Only)** option.

Direct Debit Consent If there will be a direct debit from the client's bank account to make a tax payment, selecting **Direct Debit Consent** on the **PIN** screen indicates that the taxpayer authorizes funds to be electronically withdrawn from his or her account.

PIN Signatures for Forms Other than the 1040

By default, Form 8879 is printed with Form 1040. If an electronic signature form is to be printed with any of the following other forms, indicate this by selecting the applicable box in the **Select Form** section of the **PIN** screen:

- Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (with payment)
- Form 2350, Application for Extension of Time to File U.S. Income Tax Return
- Form 9465, Installment Agreement Request
- Form 56, Notice Concerning Fiduciary Relationship

Note that the electronic signature form is required with Form 4868 only if making a payment. For Forms 4868 and 2350, the program produces Form 8878, IRS e-file Signature Authorization for Form 4868 or Form 2350.

NOTE Prior-year AGI amounts are required to e-file Forms 2350, 9465, and 56. Enter this data in the **Prior year AGI** section of the **PIN** screen.

Special Conditions

Power of Attorney

If the return is being signed by someone with Power of Attorney for the taxpayer, you must indicate this in the software and provide the IRS with a copy of Form 2848, Power of Attorney. Because Form 2848 is not e-filable, it must be mailed or faxed to the IRS or attached as a PDF document with the e-filed return.

NOTE

You can enter an unlimited number of representatives on screen **2848** when filling out Form 2848, Power of Attorney. Press **PAGE DOWN** to open another **2848** screen to enter information on another representative.

Transmittal of Form 2848

A transmittal (Form 8453) can be e-filed with the return, alerting the IRS that a paper document is being sent that corresponds with this e-filed return. To generate the transmittal:

1. Open screen **MISC** (accessible from the **Miscellaneous** tab of the **Data Entry Menu**).
2. In the **Special Signatures** section, mark the **Return signed by Power of Attorney** check box and enter the name of the person signing by use of the power of attorney.
3. Open and complete screen **2848**.
4. View the return. (Form 8453 is generated with the paper-document indicator marked for Form 2848.)
5. Print Form 2848 (there will be two forms if MFJ) and mail or fax it to the IRS.

Attaching a PDF Copy

To attach a PDF copy of the Power of Attorney to the return before e-file:

1. Open screen **2848** (available from the **Other Forms** tab of the **Data Entry Menu**).
2. Complete the necessary fields and view the return.
3. Print Form 2848 (there will be two forms if MFJ) to PDF and save it to the client's DDM folder or somewhere in your computer where you can easily find it.
4. Attach the PDF version of Form 2848 to the return.

For information on attaching PDF documents to returns, see "The PDF Attachment Process" on page 230.)

NOTE If you are attaching a PDF copy of Form 2848 to the return, do not enter the Power of Attorney information on the **MISC** screen.

Taxpayer Signing for Spouse

If the taxpayer is signing the return for the spouse, mark the box in the **Signing for Spouse** section of the **MISC** screen and provide an explanation using the **SCH** screen, code **023**. (See "Unformatted Schedules" on page 235.)

Depreciation

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.

Where the Information Flows

Data entered on the **4562** screen flows to the applicable sections of Form 4562. The information is also used to calculate data for other related forms and schedules.

Form 4562

Because the data entered into the **4562** screen flows to Form 4562, you should not have to use screens **6**, **7**, **8**, and **9** (4562 Parts 1 through 5c) *unless* entering a pre-prepared return with no supporting documentation. Data also flows, as applicable, from the **4562** screen to Form 4797 (Sales of Business Assets) and Form 3468 (Investment Tax Credit).

Depreciation Schedules

Screen **4562** is used to create depreciation or amortization schedules for Schedules A, C, E, and F; for Forms 2106, 4835, and 8829; and for tax returns of partners in a partnership and shareholders in an S corporation.

Depreciation data is also used for the Auto Expense Worksheets for Schedules C, E, and F, and Form 4835. To create an auto worksheet, see "Auto Expenses" on page 213. To associate a depreciable asset with another screen in Drake, see "Associating One Screen with Another" on page 93.

TIP

Click a **4562** link, press CTRL+W, or double-click inside a **Depreciation** field of a supporting schedule's screen (such as Schedule E) to access the associated **4562** screen (or to begin a new **4562** screen).

Entering Depreciable Assets

Screen code: 4562 Use the **4562** screen, accessible from the **Income** tab, to enter depreciation data. Enter each asset on a separate **4562** screen. (To open a new screen, press PAGE DOWN.)

TIP Grid data entry can be used for the **4562** screen. Press F3 to switch to and from grid data. See “Grid Data Entry” on page 88.

Required Fields

Required fields on the **4562** screen are described in Table 5-15.

Table 5-15: Required Fields on 4562 screen

Field	Description
For	Used for associating an asset with a form or schedule; see “Associating One Screen with Another” on page 93.
Description	Description of asset. This field supports 42 characters.
Date Acquired	Date the asset was placed in service
Cost/Basis	Depreciable basis of the asset (press F1 for further details)
Method	Depreciation method
Life	Class life; press F1 for a recovery-period listing.

NOTE

If **EXP** (section 179) is selected as the depreciation method, the useful life/recovery period entered in the **Life** field is used to calculate depreciation adjustments for Form 6251 (AMT). See Figure , “Section 179 Expensing,” following, for more on section 179.

Business % Use

The default business percent use is 100%. Enter a number in this field only if business percent use for the asset is not 100%.

If business use dropped to 50% or less, complete the **Business % use** field and select the **Recapture because...** box under **Other Information**. The program recaptures any excess section 179 or depreciation and carries it to Form 4797 Part IV and to the “Other income” line on the form being associated with the **4562** screen.

Do not enter a **Business % use** if the asset is for Form 2106, Form 8829, or an Auto Expense Worksheet (**AUTO** screen).

IMPORTANT

EXP cannot be the selected method if the **Recapture** box is marked. The **Method** field must contain an acceptable IRS method for the recapture to be calculated correctly.

Listed Property Type

A selection in the **Listed Prop Type** field is required for an asset that could be used for personal, entertainment, recreation, or amusement purposes. An entry here lists the asset as “Listed Property” in Part V of Form 4562. Depreciation limitations could apply.

Prior Depreciation The amount in the **Prior depreciation** field is carried from the previous year (if the information is available). Otherwise, enter this information directly.

Section 179 Expensing

Drake calculates the amount up to the established current-year limit for all properties expensed under the section 179 deduction. If section 179 (**EXP** in the **Method** drop list) is selected as the depreciation method on more than one **4562** screen, the program expenses the initially entered items first, regardless of which schedule lists the asset. The limitation occurs when the total of the expensed assets reaches the established limit for the current year (again regardless of schedule).

To conform with IRS mandates, Drake reports section 179 expense on the first Form 4562 generated with the return. If multiple activities have section 179 expensing, a section 179 summary is produced on the first Form 4562. (All additional 4562 forms produced have only the "Section 179 expense deduction" lines completed.)

NOTE Section 179 expense cannot be claimed on assets related to a passive activity.

Indicating Sec. 179 Expensing

Indicate section 179 expensing on the **4562** screen. In most cases, you do not have to use screen **6**, which contains override fields for Form 4562, Part I, Election to Expense (Section 179). If screen **6** contains a section 179 expense override, clear that field and enter the amount on the **4562** screen. The entry appears on Form 4562.

To expense the *entire* amount of an asset under section 179, select **EXP** as the depreciation method *or* enter the entire cost or basis in the **179 expense elected this year** field. To expense only a *portion* of the tangible property under section 179, enter all information as if depreciating the full amount, then enter the amount to expense in the **179 expense elected this year** field.

If the asset is listed property, make a selection from the **Listed Prop Type** drop list in the upper-right section of the **4562** screen. (See "Listed Property Type" on page 208.) A selection from that list carries the information to Part V of Form 4562.

IMPORTANT

For returns being prepared in Drake for the first time, the prior section 179 expense must be entered manually for the depreciation to be calculated correctly. In the future, the **179 expense allowed in prior years** field will be updated based on system calculations.

Indicating Prior-Year Sec. 179 Expensing

If you enter an amount in the **179 expense elected in prior years** field (Figure 5-64) you must also enter an amount in the **179 expense allowed in prior years** field. If your taxpayer was *allowed* the whole amount *elected*, the entry in the fields should be the same; if the taxpayer was not allowed all the 179 expense elected, enter the amount allowed on the **179 expense allowed in prior years** field.

179 expense elected this year.....	=	
179 expense allowed this year.....	=	
179 expense elected in prior years.....		2345
179 expense allowed in prior years.....		1234
Bonus depreciation	Additional Depr Elections	
Prior bonus depreciation, Safe Harbor		

Figure 5-64: Prior-year 179 expenses “elected” and “allowed”

If the taxpayer expenses assets using section 179, the program produces a WK_I179L worksheet, “Section 179 Business Income Limit,” with the return.

Investment Credit Codes

If an investment credit code is required, select the code from the **Investment credit code** drop list on the **4562** screen.

Asset and Department Numbers

The **Asset number**, **Department number**, and **Asset Category** fields on the **4562** screen are for tracking purposes in the Fixed Asset Manager (see “Fixed Asset Manager” on page 390) and can be used in reports.

NOTE Select asset categories from the **Asset Category** drop list in order to group items by asset category in the Fixed Asset Manager.

Land Cost

Use the **Land cost** field to enter cost/basis of the land. An amount entered here should *not* be included in the cost/basis of the asset. For example, if the purchase price including the land was \$100,000 and the cost of the land was \$10,000, you would enter \$10,000 for **Land cost** field and \$90,000 for **Cost/Basis** at the top of the screen.

Depreciating Home Used for Business

If a **4562** screen is to be associated with a Form 8829, Business Use of Home, select **8829** from the **For** drop list at the top of the **4562** screen and do not make an entry in the **Business % use** field. If the home was the taxpayer's main home, mark **Main home for Form 8829** (in the **Other Information** section on the left side of the **4562** screen).

Amortization

Select an amortization codes from the **Amortization code section** drop list on the **4562** screen under **Amortization Information**. To allow the extra \$5,000 deduction in the first year of amortization, select **Elect additional first-year deduction**. The method of depreciation selected must be **AMT**.

State-Specific Depreciation Information

All States For state-specific depreciation information, make selections from the applicable drop lists under the **State-Specific Information** section (near the bottom of the left column). Note that **State basis (if different)** is an override field. The default basis is the **Cost/Basis** from the top of the **4562** screen.

FL, IN, KY, and PA State-specific fields for Florida, Indiana, Kentucky, and Pennsylvania returns are located at the bottom of screen **4562**.

- **Occurrence of Schedule** field: Choose the occurrence of the state form or schedule to which the asset relates (default is "1"). For PA entries, this field applies only when the asset is sold.
- **Schedule form data flow** list: Select the state form or schedule to which the asset data should flow. For PA, this field applies only when the asset is sold.
- **Removal Method** field (FL only): Press F1 to view valid entries. If left blank and a 2015 **Date sold** is entered, the program uses the default "02 - FL Sold."
- **Indiana County**: Select the Indiana county where the asset is located from the drop list.

Placed in Service and Like-Kind Exchange Information (Overrides)

The **4562** screen has the following placed-in-service override fields:

- **Force convention** — MQ (mid-quarter) or HY (half-year). If **MQ** is selected, the program calculates which quarter to use.
- **Do not use MACRS % tables** — Options include **Qualified Indian Reservation Property**.

Stopping Depreciation on an Asset

To stop depreciation on an asset that was *not sold*, enter the asset's remaining basis in the **Salvage Value** field (fourth item on the left side of the **4562** screen). The asset will be updated to next year. No additional depreciation will be taken since the accumulated depreciation equals the depreciable basis.

Depreciating Sold Assets

To indicate the sale of an asset for depreciation purposes, complete the applicable fields in the **If sold** section of the **4562** screen. (See Figure 5-65 on page 212.)

Group Sales To enter group sales in Drake:

1. Open a **4562** screen for the first asset of the group sale.
2. Complete the applicable fields for the asset, including **Date sold** and **Property type** fields, and all fields under **Group Sale Information** (Figure 5-65 on page 212).

The screenshot shows a software interface for Form 4562. At the top, there are dropdown menus for 'If sold:' with options 'TSJ', 'F', 'ST', and 'PAN'. Below this are several input fields: 'Date sold', 'Property type' (with a dropdown menu showing '12'), 'Sales price', 'Expense of sale', 'Form 4797, line 26d depreciation', 'Form 4797, other Part III depreciation', and 'Depreciation allowed or allowable'. A checkbox for '1099-S' is also present. At the bottom, there is a section titled 'Group Sale Information' with fields for 'Group sale number', 'Group sales price', and 'Group expense of sale'. Red circles highlight the 'Date sold', 'Property type', and 'Group Sale Information' sections.

Figure 5-65: Screen 4562 fields to complete for the first asset of a group sale

3. Open a 4562 screen for the next asset in the group sale.
4. Complete the applicable fields for the asset. In the **If sold** section, only the **Date sold**, **Property type**, and **Group sale number** fields are required.
5. Repeat steps 3 and 4 for all assets in the group sale.

NOTE

Complete the **Date sold**, **Property type**, and **Group sale number** fields for all assets in a group sale. The **Group sales price** and **Group expense of sale** are required for *only the first asset* listed.

The sales price and the expenses will be prorated among the assets based on the cost/basis of the assets and will flow to Form 4797, Sales of Assets.

Form 4797, Sales of Assets

If data is entered for **Date sold** and **Property type**, the asset data flows to Form 4797, Sales of Assets. If only the **Date sold** field contains data, nothing flows to Form 4797.

For a Section 1250 property, an entry in the **Form 4797, line 26d depreciation** field flows to that line of Form 4797. An entry in the **Form 4797, other Part III depreciation** field flows to the appropriate line of Form 4797, depending on the property type.

Installment Sales

Unlike Form 4797, Form 6252, Installment Sales, is not generated automatically if the **If sold** fields are completed. For information on entering installment sales, see “Installment Sales” on page 144.

Depreciation Elections

Screen code: 10

Two screens are used for indicating depreciation elections. Use screen **10, Additional Depreciation Elections**, to elect out of 50% bonus depreciation for some or all of the assets placed in service in 2015. You also can access this screen for an asset by clicking the **Additional Depr Elections** link on screen **4562** for that asset. Use the **ELEC** screen for other Form 4562 elections (listed under the **Form 4562** heading on that screen). For more on the **ELEC** screen, see “Safe Harbor Election for Buildings” on page 217.

Federally Declared Disaster

If the **Disaster assistance property** box in the **Federal declared disaster area** section of screen **4562** is marked, the property will qualify for additional section 179 deduction and also for 50% bonus depreciation. A selection here will increase the section 179 limits on Form 4562, lines 1 and 3, accordingly.

Marking the **GO Zone Extension property** check box will not change any 2015 calculations in Drake. The box remains on the screen to alert the preparer if the asset is sold and anything must be recaptured due to additional GO Zone deductions in a prior year. All federal GO Zone provisions have expired.

Auto Expenses

Screen code:
AUTO

The Auto Expense Worksheet (**AUTO** screen), accessible from the **Adjustments** tab, is used for calculating automobile expenses related to certain types of income. The program calculates the mileage rate automatically.

NOTE

Enter data for Schedule C, Part IV, Information on Your Vehicle, on the **AUTO** screen (click the **AUTO** link on screen C). Use the **For** and **MFC** fields to associate the **AUTO** screen with the correct **C** screen.

Applying Auto Expenses to a Form

AUTO screens can be applied to Schedules C, E, and F, and Form 4835. Use a separate **AUTO** screen for each vehicle. A WK_AUTO worksheet is generated for each **AUTO** screen created.

To apply an **AUTO** screen to a specific form, select the form type from the **For** menu. Use the multi-form code (**MFC**) box as necessary; see “Associating One Screen with Another” on page 93 for more on using the **For** and **Multi-form code** boxes in Drake.

NOTE

You can enter unreimbursed partnership auto expenses on the **AUTO** screen, selecting **K1P** from the **For** drop list to send the expenses to page 2 of Schedule E, Supplemental Income and Loss.

Business Mileage

The 2015 standard business mileage deduction rate for the 2015 tax year was 57.5 cents per mile. Use the applicable field on the **AUTO** screen to enter business miles driven in 2015.

Prior-Years Mileage

The **Prior Years Mileage** fields allow you to keep a running total of the mileage covered by the vehicle since being placed in service. The total amount is used to calculate the cumulative business percentage for the life of the vehicle. It is also used to calculate the business cost and sales price when the vehicle is sold.

Prior-year mileage data is updated each year when you update your system.

IMPORTANT

The business mileage fields must be completed to compute business use percentage for depreciation (Form 4562).

Office in Home

Screen code: 8829 Enter information for Form 8829, Expenses for Business Use of Your Home, on the **8829** screen, accessible from the **Adjustments** tab.

Applying 8829 Data to a Form

Screen **8829** can be applied to Schedules C and F, Form 2106, and Schedule K-1 for Partnership. Select the form type from the **For** menu at the top of the **8829** screen. Use the **Multi-form code** box as needed (default is "1"). (See "Associating One Screen with Another" on page 93.)

Special Conditions: Form 2106

The multi-form code information must be modified slightly if the **8829** screen is being associated with a Form 2106 (Employee Business Expenses) and the spouse has a 2106 form. The program numbers all *primary taxpayer* 2106 forms before numbering the *spouse* 2106 forms, as shown in Table 5-16.

Table 5-16: Screen **8829** Multi-form Codes for Form 2106

If the 2106 is for ...	Enter this code:
Primary taxpayer	1
Primary taxpayer (and it is the primary taxpayer's <i>second</i> 2106)	2
Spouse (and the primary taxpayer does <i>not</i> have a 2106)	1
Spouse (and the primary taxpayer <i>does</i> have a 2106)	2
Spouse (and the taxpayer has <i>two</i> 2106 forms)	3

Depreciation of Home

Generally, home depreciation data should be entered under Part III of the **8829** screen. If the home was placed into service *during the current tax year*, however, leave Part III blank, start a **4562** screen for the home, and enter the data shown in Table 5-17:

Table 5-17: Screen **4562** Fields to Complete for First-Year 8829

Screen	8829 Information or Text to be Entered
For	Select 8829 .
Multi-form code	Enter the instance of Form 8829 to be associated with this 4562 screen. (See "Associating One Screen with Another" on page 93.)

Table 5-17: Screen 4562 Fields to Complete for First-Year 8829

Screen	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/Basis	Enter the smaller amount — the cost/basis or the fair market value. (This amount would normally be entered in Part III of the 8829 screen.) Do not include the cost of the land.
Business % Use	Leave this field blank; default is 100%.
Method (Federal column)	Select SL - Straight Line .
Life (Federal column)	Enter the number 39.
Land cost	Enter the cost of the land only. This amount should not be included in Cost/Basis above. (This amount would normally be entered in Part III of the 8829 screen.)
Main Home for 8829	Select this box if the asset was the main home. This information is posted to the bottom of Form 8829 when the return is generated.

CAUTION

Options from the **For** drop list on screen **8829** include **4835** and **E**. Under a narrow set of circumstances, a home office deduction on rental property is allowed, but only if the property meets section 165 definition of a “trade or business.” A disallowed deduction can lead to penalties and interest. Review Pub. 597 for details.

Net Operating Losses

This section explains how to enter carrybacks and carryforwards of net operating losses (NOLs) in Drake.

For information on AMT NOLs, see “Calculating and Tracking AMT NOL Carryovers” on page 216.

Carrybacks from Future Years

Screen code: 3

Enter NOL carryback amounts from future years on screen **3** in the **NOL** field (Figure 5-66). This field can also be used to amend the current-year amount or to adjust carryback amounts calculated from the **LOSS** screen.

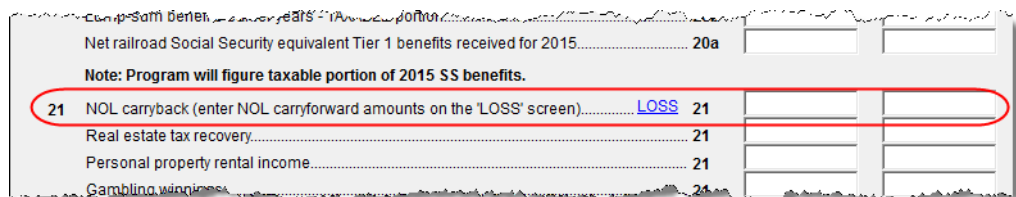


Figure 5-66: NOL carryback field on screen 3

An amount entered here flows to the “Other income” line of Form 1040. Click the **LOSS** link as needed to access the **LOSS** screen.

Carryforwards from Prior Years

Screen code:
LOSS

Use the **LOSS** screen to enter NOL carryforward amounts from prior years. In the **Regular Tax** section, enter amounts for each year using the **Available carryforward** and **Used prior to 2015** columns on this screen.

NOTE

Never add a **LOSS** screen for a current-year NOL. The program carries forward any current-year NOL and displays the carryforward on the **WK_CARRY** worksheet. The results of your data entry are reflected on the **WK_NOL** worksheet.

NOL Carryovers on Form 1045

Screen code: **NOL**

Form 1045, Application for Tentative Refund, includes Schedule A (NOL) and Schedule B (NOL Carryover). Use the **NOL** screen, accessible from the **Other Forms** tab, to enter amounts for these schedules into Drake.

NOTE

The fields in the **Schedule A** sections are mostly override fields. Entries override system calculations for Schedule A.

NOL Carryforward Only

To indicate that the taxpayer elects to carry a NOL forward and not back, go to the **NOL** screen and select **Election to carry forward ONLY**. When the return is generated, it includes an ELECTIONS statement, stating that the taxpayer is electing under Section 172(b)(3) to relinquish the entire carryback period.

Calculating and Tracking AMT NOL Carryovers

Screen code:
LOSS

For taxpayers with alternative minimum tax (AMT) net operating loss (NOL) that you need to carry back two years to qualify for a refund, or carry forward a year to offset taxes, Drake calculates and tracks these carrybacks and carryforwards with an **Alternative Minimum Tax** section of the **LOSS** screen (Figure 5-67 on page 217). The **LOSS** screen is accessible from the **Miscellaneous** tab of the **Data Entry Menu**.

Alternative Minimum Tax (if different)		
	Available Carryforward	Used Prior to 2015
1998	<input type="text"/>	<input type="text"/>
1999	<input type="text"/>	<input type="text"/>
2000	<input type="text"/>	<input type="text"/>
2001	<input type="text"/>	<input type="text"/>
2002	<input type="text"/>	<input type="text"/>
2003	<input type="text"/>	<input type="text"/>
2004	<input type="text"/>	<input type="text"/>
2005	<input type="text"/>	<input type="text"/>
2006	<input type="text"/>	<input type="text"/>
2007	<input type="text"/>	<input type="text"/>
2008	<input type="text"/>	<input type="text"/>
2009	<input type="text"/>	<input type="text"/>
2010	<input type="text"/>	<input type="text"/>
2011	<input type="text"/>	<input type="text"/>
2012	<input type="text"/>	<input type="text"/>
2013	<input type="text"/>	<input type="text"/>
2014	<input type="text"/>	<input type="text"/>

Figure 5-67: The AMT section of the LOSS screen

Drake automatically calculates line 11 of Form 6251, Alternative Minimum Tax – Individuals, and tracks the AMT NOL with a Net Operating Loss Carryover/Carry-back Worksheet (available as WK_NOLA in View mode).

Election Options

The **ELEC** screen, accessible from the **Miscellaneous** tab of the **Data Entry Menu**, has check boxes to indicate “elections” from the IRS code. If any boxes on this screen are marked, “Election” pages listing the elections are generated with the return and visible in View mode. To attach an additional statement detailing an election, go to the **SCH** screen and select **E – Election Explanation** for the type of schedule. (For more on unformatted schedules, see “Unformatted Schedules” on page 235.)

Safe Harbor Election for Buildings

A **Building qualifies for Section 1.263(a)-3(h) election** check box on screen **4562** applies a small taxpayer Safe Harbor election to a building listed in the **Description** field. An election statement will be produced and the building description as entered in the **Description** field will be included in the election statement.

NOTE This Safe Harbor election covers buildings only.

See IRS Reg. section 1.263(a)-3(h), IRB 2013-43, Rev. Proc. 2014-16, and Rev. Proc. 2015-14 for guidance.

Special Returns

This section explains how to complete the following return types in Drake:

- Form 1040X, Amended U.S. Individual Income Tax Return
- Extension Applications:
 - Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
 - Form 2350, Application for Extension of Time To File U.S. Income Tax Return For U.S. Citizens and Resident Aliens Abroad Who Expect To Qualify for Special Tax Treatment
- Form 1040NR, U.S. Nonresident Alien Income Tax Return
- Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return

NOTE

Amended returns cannot be e-filed. An electronic signature is required for all other returns and applications for extensions. See “Signing the Return” on page 204 for more on electronic signatures.

Amended Returns

A return must be established in Drake before the amended version can be created. If the original return was created using a different program, you must create the return in Drake and enter basic taxpayer information (filing status, address, etc.) before amending the return.

NOTE

Make sure you have a backup copy of a return before you change any data. You can create both a PDF copy and a backup client file in the Document Manager if you archive the return. (See “Archive Manager” on page 263.)

To create an amended return in Drake:

1. Open the return to be amended.
2. From the **Other Forms** tab, click **X, 1040X Amended Return**.
3. To have the program autofill the **1040X** screen with data from the original return, click **Yes**. To leave the fields blank, click **No**.
4. Enter all applicable data in the **1040X** screen.
5. Revise any other sections of the original return as needed.

Screen code: X

The **1040X** screen contains the following sections:

- **Amounts as on ORIGINAL return** — These amounts can be autofilled by the program. A manual entry in any of these fields overrides program calculations for the original return.
- **Part I - Exemptions** — These numbers can be autofilled by the program. A manual entry in any of these fields overrides program calculations for the original return.
- **Amounts and information for the AMENDED return** — These fields must be completed manually as applicable.

- **Part II - Presidential Election Campaign** — If the taxpayer or spouse did not want \$3 to go to the Presidential Election Campaign Fund but does now, mark the appropriate box.
- **Part III - Explanation of Changes** — Type an explanation of the changes in this text box.

Any additional changes in income will be incorporated into the amended return.

Extensions

To apply for an extension using Drake:

Screen code: **EXT**

1. Open the return for which an extension application is being filed.
2. From the **Other Forms** tab, click **EXT, Extension Forms 4868 & 2350**.
3. Make the applicable selection from the **4868** drop list (if filing Form 4868) or the **2350** drop list (if filing Form 2350). Selections are described in Table 5-18.

Table 5-18: Extension Forms Screen Selections for Forms 4868 and 2350

Code	Description
X	Produces Form 4868 or Form 2350, whichever is selected.
A	Produces Form 2350. Firm information (rather than taxpayer information) is printed on the return label section.
B	Produces Form 2350. Taxpayer's name and address are printed at the bottom of the form.
P	Produces Form 2350. Taxpayer's name, preparer's name, and firm address are printed at the bottom.

4. Enter all applicable information.

For further instructions, see the Screen Help for the **EXT** screen.

e-Filing an Extension

If e-filing an extension application, complete the **EXT** screen, and then select the applicable form number on the **EF** screen (accessible from the **General** tab). For more information on the **EF** screen, see "EF Override Options in Data Entry" on page 300.

ETD Messages

When e-filing a 1040 extension, it is necessary to clear all of the errors shown on the **ETD_MSG** page. Because you are not sending the actual return, it is not necessary to address other EF messages. *Only the ETD_MSG page needs to be addressed.*

Payments

Use the **EXT** screen to indicate the amount being paid with the extension. If a voucher is needed, mark the **Produce 1040-V for extension** box, and use the **Amount to print on 1040-V** override field if the amount differs from the automatically calculated amount.

Mark the **Taxpayer is paying the entire amount of tax due** box (see Figure 5-68 on page 220) if the entire amount of tax is being paid with the extension.

If a fiscal year, Form 1040 tax year beginning..... and ending.....

Amount paid with extension.....

Produce 1040-V for extension Amount to print on 1040-V..... =

Taxpayer is paying the entire amount of tax due.

Taxpayer has paper-filed the extension and is now ready to file a regular return.

Figure 5-68: Payment-related fields on the EXT screen

NOTE

If the *extension* was *paper-filed*, before e-filing the actual *return*, go to the **EXT** screen and mark the box labeled **Taxpayer has paper-filed the extension and is now ready to file a regular return**.

Nonresident Alien Returns

Screen code: NR Use the **NR** screen, accessible from the **Taxes** tab, to enter data for Form 1040NR, U.S. Nonresident Alien Income Tax Return. The 1040NR in Drake consists of three screens. Press PAGE UP or PAGE DOWN to move from screen to screen.

NOTE

Data from Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, should be entered on either the **2555** screen, the **NR** screen, or in the **Other income** field on screen **3**.

Gift Tax Returns

Screen code: 709 Form 709, U.S. Gift Tax Return, consists of several parts and schedules, all located on the **709** menu, accessible from the **Taxes** tab. (See Figure 5-69.)

Drake 2015 - Data Entry (400006665 - Carter, William & Ann)

Calculate View Print Split De

General

1 General Information

2 Donee Information

A Gifts

B Gifts from Prior Periods

C Deceased Spousal Unused Exclusion

ATT Attached Statement

Figure 5-69: Menu for Form 709, Gift Tax

Click an item to open it, or type its code into the selector field and press ENTER.

NOTE

Neither Form 709, Gift (and Generation-Skipping Transfer) Tax Return, nor Form 8892, Application for Automatic Extension of Time to File Form 709, can be e-filed. They must be paper-filed.

Pricing for Form 709

To set up pricing for Form 709, go to the **Home** window and select **Setup > Pricing**. By default, the pricing list is for individual (1040 package) forms. From the **State/City** drop list, select **GF - Gift Tax (709)** to display a list of the gift tax forms. Dou-

ble-click a form name to adjust the pricing. (For details on setting up pricing, see “Pricing Setup” on page 46.)

Attached Statements

If Form 709 requires an attachment (for example, if an election option requires the amounts in question to be identified), use the **ATT** screen on the **709 Data Entry Menu**.

709 Election Options

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.

Extension Request for Form 709

Form 4868 covers extension requests for both a 1040 and a 709 return. No separate extension request is required. For more information, see “Extensions” on page 219.

To request an extension for Form 709 *only*, complete Form 8892. This form is not available in Drake but can be accessed from the IRS website. See IRS instructions for more on submitting a 709 extension request to the IRS.

Donee Screen

Use the **Gifts** screen and **Donee** screen to link a gift with a donee. This saves you data-entry time when donees receive multiple gifts, and allows Drake to limit the maximum gifts to \$14,000 per year for each specific donee.

To use this feature:

1. Open the **Donee** screen.
2. Enter a unique **Donee number** for each donee.
3. Complete the rest of the fields.
4. For more donees, press **PAGE DOWN**.
5. When finished entering donees, close the **Donee** screen.
6. Open the **Gifts** screen.
7. Select a donee from the **Donee** drop list. (All donees entered on the **Donee** screen will be available from the **Donee** drop list on the **Gifts** screen.)
8. Complete the rest of the applicable fields.

Requests, Claims, and Other Forms

The screens described in this section are available from the two **Other Forms** tabs of the **Data Entry Menu**. Most forms listed here are e-filable unless otherwise specified, and most can be obtained in Drake from **Tools > Blank Forms**.

Applications and Requests

Table 5-19 lists additional screens for application and request forms listed on the two **Other Forms** tabs in the **Data Entry Menu**. These forms are on the first **Other Forms** tabs unless otherwise specified.

Table 5-19: Application and Request Forms Available from the two **Other Forms** Tabs in Drake

Screen	Form	Notes
W7	Form W-7, Application for IRS Individual Taxpayer Identification Number (ITIN)	This form is not e-filable. (See "Statements and Claims," following.)
970	Form 970, Application to Use LIFO Inventory Method	Use the SCH screen for required attachments; select the appropriate code on that screen.
1045	Form 1045, Application for Tentative Refund	Press PAGE DOWN to access the NOL screen. This form is not e-filable. See "Net Operating Losses" on page 215 for more on the NOL screen.
9465	Form 9465, Installment Agreement Request	If e-filing, a PIN is required; mark the 9465 box and enter prior-year AGI on the PIN screen, and mark the 9465 only box on the EF screen. Click link on screen 9464 to file online (recommended).
4506	Form 4506, Request for Copy of Tax Return	(Located on the second Other Forms tab) Form 4605 is not e-fileable. To request a transcript of a tax return, use Form 4506-T (available from <i>irs.gov</i>).
8857	Form 8857, Request for Innocent Spouse Relief	Press PAGE DOWN to view all three screens.

Statements and Claims

Table 5-20 lists additional screens for statement and claim forms on the two **Other Forms** tabs in the **Data Entry Menu**. These forms are on the first **Other Forms** tabs unless otherwise specified.

Table 5-20: Statement and Claim Forms Available from **Other Forms** Tabs in Drake

Screen	Form	Notes
1310	Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer	If anything other than box C is selected in Part I of the screen, or if box 2a is selected in Part II, the return cannot be e-filed.
2120; 8332	Form 2120, Multiple Support Declaration Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents	The rules for multiple support agreements still apply to claiming an exemption for a qualifying relative, but they no longer apply to claiming an exemption for a qualifying child. Supporting documentation can be attached to an e-filed return as a PDF. (See "The PDF Attachment Process" on page 230 for details.) For the definitions of "qualifying relative" and "qualifying child," see your tax return instruction booklet.

Table 5-20: Statement and Claim Forms Available from **Other Forms** Tabs in Drake

Screen	Form	Notes
2848	Form 2848, Power of Attorney and Declaration of Representative	(Located on the second Other Forms tab) This form is not e-filable but can be attached as a PDF document. (See "The PDF Attachment Process" on page 230 for details.)
8275	Form 8275, Disclosure Statement Form 8275-R, Regulation Disclosure Statement	To print Form 8275-R, select 8275-R at the top of the screen.
8379	Form 8379, Injured Spouse Allocation	By filing Form 8379, the injured spouse may be able to get back his or her share of the joint refund.
8594	Form 8594, Asset Acquisition Statement Under Section 1060	If this form is being amended, state the reasons for the change in the field provided.
8862	Form 8862, Information to Claim Earned Income Credit After Disallowance	To enter data for additional qualifying children, press PAGE DOWN to start a new screen 8862 .
1403	Form 14039, Identity Theft Affidavit	See "Identity Theft," following

NOTE

To seek relief from late-filing penalties for a taxpayer serving in a combat zone or as a result of a terrorist or military action, go to the **MISC** screen, select the applicable code for **Special procession code for active military** drop list, and enter the date the taxpayer entered the combat zone.

Identity Theft *New for 2015:* Screen **1403** was added to the 1040 package so you can help your client in the event of identity theft.

Screen code: 1403 If someone has stolen a client's identity, or if the client believes such a theft has occurred and would like the IRS to mark his or her account to identify questionable activity, you can now fill out Form 14039, Identity Theft Affidavit, through Drake Software. Screen **1403** is accessible through the second **Other Forms** tab of the **Data Entry Menu**.

You can also submit Form 14039 for a deceased spouse.

Submit Form 14039 and clear and legible copies of required documentation using either mail or fax, but not both. Mailing *and* faxing this form will result in a processing delay.

Form 14039 is not e-filable.

See **Screen Help** on screen **1043** for more details and for mailing and faxing instructions.

Other Forms

Table 5-21 lists screens for other forms available under the two **Other Forms** tabs.

Table 5-21: Other Forms Available from **Other Forms** Tabs in Drake

Screen	Form	Notes
W4	Form W-4, Employee's Withholding Allowance Certificate	(Located on the second Other Forms tab) This form is not e-fileable.
56	Form 56, Notice Concerning Fiduciary Relationship	Enter PIN and prior-year AGI, and indicate Form 56, on the PIN screen.
982	Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness	
8621	Form 8621, Passive Foreign Investment Company	
8815	Form 8815, Exclusion of Interest from Series EE and I U.S. Savings Bonds Issued After 1989	New for 2015: added foreign address fields to screen
8822	Form 8822, Change of Address	(Located on the second Other Forms tab) This form is not e-filable.
8866	Form 8866, Interest Computation Under the Look-Back Method	
8948	Preparer Explanation for Not Filing Electronically	For preparers whose clients choose not to have returns e-filed, or when preparers meet certain conditions for exception.
FBAR	FBAR, Report of Foreign Accounts	See "Report of Foreign Accounts," following.
8938	Form 8938, Statement of Specified Foreign Financial Assets	Includes Parts I, II, III, and IV
C038	Form 8938, Statement of Specified Foreign Financial Assets	Continuation of Form 8938; includes Parts V and VI

Report of Foreign Accounts

U.S. Treasury Department regulations require all Bank Secrecy Act (BSA) forms to be completed online. This includes the FBAR, Report of Foreign Bank and Financial Accounts. In Drake, screen **FBAR** (Figure 5-70 on page 225) contains a link to the Financial Crimes Enforcement Network's BSA e-Filing System's website.

NEW FOR 2015

The "Foreign Account" questions for Schedule B, Part III, that used to be located on screen **INT** of the 1040 package, are now located on screen **1** (see Figure 5-2 on page 121). For details, go to "Schedule B, Part III" on page 131.

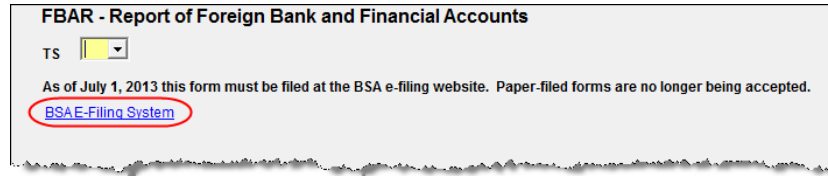


Figure 5-70: FBARs must be completed online.

IMPORTANT

Allow yourself time to read and understand all the information available on the BSA website, and to register as a BSA e-filer.

Form 5471, Return for Persons Affiliated with Foreign Corporations

New for 2015: Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations has been added to the 1040 package of Drake Software. This form is used by certain U.S. citizens and residents who are officers, directors, or shareholders in certain foreign corporations. Taxpayers who must file this form are described in the IRS instructions.

If your client must file this form, go to screen **5471** (accessible from the second **Other Forms** tab) and enter the relevant information. Form 5471 will not be e-filed with the return. File by the due date (including extensions) for that return.

For details on using this form, see the IRS instructions for Form 5471.

Form 3115, Application for Change in Accounting Method

Form 3115, Application for Change in Accounting Method, is an application to the IRS to change either a taxpayer's overall accounting method or the accounting treatment of any material item.

Form 3115, Application for Change in Accounting Method, is eligible for e-file, but an additional copy of the form must be mailed to the IRS national office unless the Appendix of Rev. Proc. 2011-14 or other published guidance requires the copy to be filed with the IRS office in Ogden, UT. (See IRS instructions for details.)

Drake customers can fill out and e-file Forms 3115 and related schedules and attachments for 1040 returns.

Accessing Screens for Changing Accounting Method

Several screens may be required for completing Form 3115. These screens are accessible from the **Change in Accounting Method** box, located under the first **Other Forms** tab of the **Data Entry Menu** (Figure 5-71 on page 226).

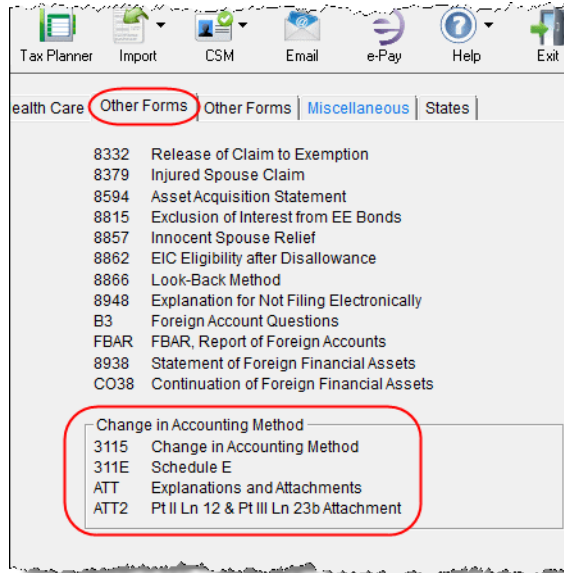


Figure 5-71: Screens for Form 3115, Application for Change in Accounting Method

The screens accessible from the **Change in Accounting Method** section include:

- Screen **3115 (Change in Accounting Method)** — Used to access fields for Form 3115, including Schedules A through D
- Screen **311E (Schedule E)** — Used to request a change in depreciation or amortization methods
- Screen **ATT (Explanations and Attachments)** — Used to create and view certain attachments to be generated by the software
- Screen **ATT2 (Pt II Ln 12 & Pt III Ln 23b Attachment)** — Used to complete certain parts of Form 3115 that require specific attachments

Multi-form Codes

All **3115** and related screens contain a **Multi-form code** text box (shown in Figure 5-72 on page 227) that allows you to link a screen or attachment to a particular Form 3115.

If submitting more than one Form 3115, assign a multi-form code to each new application you create in Drake. The first should be 1, the second 2, and so on. When using other screens, such as the **311E** or **ATT** screens, you can use those numbers to indicate which instance of Form 3115 the **311E** or **ATT** screen should be associated with.

NOTE

If only one Form 3115 is being submitted, you do not need to enter anything in the **Multi-form code** box.

Form 3115 Screens

When you open the **3115** screen from the **Data Entry Menu**, the program displays the first of five **3115** screens. These five screens are:

- **Part I** (Form 3115, Part I)

- **Part II** (Form 3115, Part II)
- **Parts III, IV** (Form 3115, Parts III and IV)
- **A, B, C** (Form 3115, Schedules A, B, and C)
- **D - I, II** (Form 3115, Schedule D, Parts I and II)
- **D - III** (Form 3115, Schedule D, Part III)

As shown in Figure 5-72, you can access these **3115** screens by clicking a link at the top of any other **3115** screen.

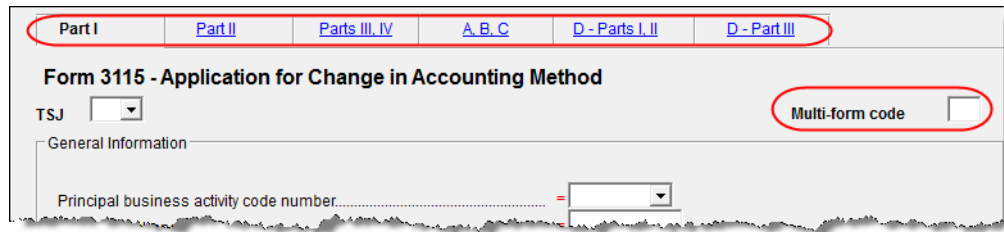


Figure 5-72: Tab links on **3115** screen

For details on how to file Form 3115, see IRS Revenue Procedure 2015-13.

NOTE

Applicants filing Form 3115 should refer to Rev Proc. 2015-13 for general automatic change procedures, and to Rev Proc. 2015-14 for a list of automatic changes to which the automatic change procedures in Rev. Proc. 2015-13 apply.

TIP

Click **Screen Help** in the upper right corner of screen **3115** to access links to Revenue Procedures 2015-13, 2015-14, and 2015-20 through the IRS website.

Features for Late-Filed Returns

Drake calculates the late-filing penalty, late payment of tax penalty, and interest on late-filed 1040 returns. You can manually enter interest rates as needed and override certain components (such as interest owed) that affect system calculations of penalty and interest.

Penalty and Interest Calculation

You can set up the program to calculate penalties and interest for all late-filed returns, or you can have penalties and interest calculated on a per-return (“on-the-fly”) basis.

Global Option

To have the program calculate penalties and interest for all late-filing clients based on the filing dates:

1. From the **Home** window, go to **Setup > Options > Optional Items on Return**.
2. Ensure that the **Automatically calculate...** box is marked (Figure 5-73 on page 228).

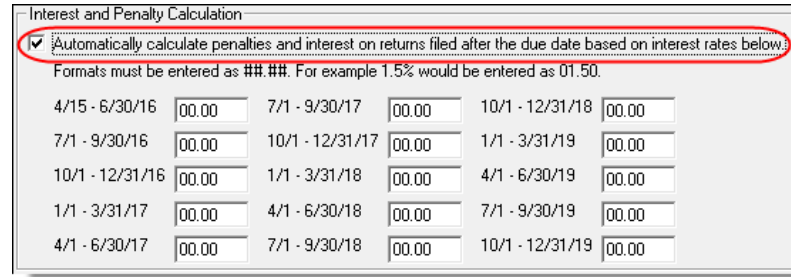


Figure 5-73: Interest and Penalty Calculation section (Setup > Options > Optional Items on Return)

3. Click **OK**. The program will now calculate penalties and interest on all late returns calculated.

“On the Fly” Option

The per-return option can be used if the global option shown in Figure 5-73 is not selected. To have the program calculate penalties and interest for a single return:

1. Open the client’s return in Drake and go to the **LATE** screen (accessible from the **Taxes** tab).
2. Mark the **Calculate penalties and interest on this return** box (Figure 5-74).
3. Complete the **Date return was filed** text box (Figure 5-74). If this field is blank, the program uses the **Date balance paid** entry from the **2210** screen by default.

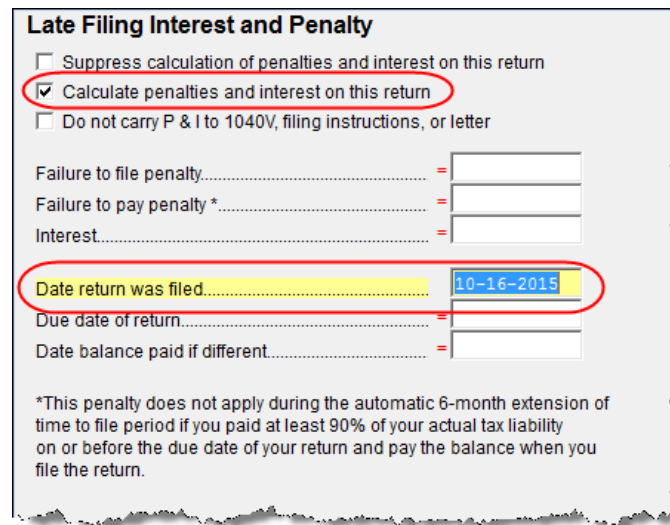


Figure 5-74: The LATE screen (accessible from the Taxes tab)

Other LATE Screen Features

You can also use the **LATE** screen to override these additional default settings:

- **Including calculated amounts elsewhere** — By default, the calculated amounts are incorporated into the payment voucher, filing instructions, and client result letter for the return. To override this default, go to the **LATE** screen and mark the **Do not carry P&I to 1040V...** box (Figure 5-74).
- **Suppressing calculation “on the fly”** — If the option to calculate penalties and interest for all late returns is selected in **Setup > Options > Optional Items on**

Return tab, and you want to suppress the calculation for a single return, mark the **Suppress calculation of penalties...** box at the top of the **LATE** screen (Figure 5-74 on page 228) for that return.

- **Due date of return** — An entry here overrides the default of April 18 of the year the return is due. (An override would be necessary for a special circumstance, such as for returns affected by disasters or other IRS–extended due date occurrences.)
- **Date balance paid if different** — An entry overrides the calculated balance due.

Interest Rates

If the global option is selected at **Setup > Options > Optional Items on Return** tab, the program bases its penalty-and-interest calculations on the interest rate for the quarter. You can override program calculations by manually entering penalty or interest amounts on the **LATE** screen. You can also manually enter interest rates at **Setup > Options > Optional Items on Return** tab.

Manually Entering Rates

Drake automatically updates quarterly interest rates for the current and following year as they are announced by the IRS. For tax year 2015, for example, interest rates will be updated for 2015 and 2016. After 2016, quarterly rates must be manually entered in the 2015 program for late returns for tax year 2015.

To enter quarterly rates manually:

1. From the **Home** window, select **Setup > Options > Optional Items on Return**.
2. Enter the available rates for each applicable quarter (shown in Figure 5-73 on page 228). Percentages should be entered using four digits, with the last two digits coming after the decimal (for example, you would enter 1.5% as 01.50).
3. Click **OK** to exit the screen and save the settings.

If the **Automatically calculate...** box is marked, the program applies the rates to all late-filed returns. If it is not marked, the program applies the rates *only* if the **LATE** screen is used for a return.

NOTES

If an interest rate is entered for a quarter that has received (or will receive) an automatic update, the entry overrides the updated rate. Updated rates are not visible in **Setup > Options > Optional Items on Return** tab; all rates appear as 00.00 unless a new rate is entered.

Overriding Program Calculations

The **LATE** screen has the following fields for overriding penalty and interest amounts that would otherwise be calculated by the program:

- **Failure to file penalty** — Enter the penalty amount for failing to file on time.
- **Failure to pay penalty** — Enter the penalty amount for failing to pay.
- **Interest** — Enter the amount of interest incurred.

Other Special Features in Data Entry

Special features are available to help tax preparers transmit certain documents with returns, and compare and review information more effectively, include all required details on a return, and track a return's progress.

Binary Attachments

Binary, or PDF, files can be attached to certain tax forms. These attachments are generally signature or third-party documents such as a copy of a divorce decree, bankruptcy papers, signed lease, or a signed appraisal statement, transmitted with the return to support or explain an entry in the return. In either case, a PDF must be available to be attached to the return in order to be e-filed with the return.

Attach files through the **PDF Attachments** screen, accessible from the **Electronic Filing and Banking** section on the **General** tab of the **Data Entry Menu**.

The PDF Attachment Process

Three main steps are involved in the PDF attachment process in Drake:

1. Creating a PDF file to be attached
2. Informing the program that a PDF file will be sent with the return
3. Attaching the PDF file for e-file

These steps are described in the following sections.

Creating a PDF File

To create a PDF file:

1. Scan the document to be attached to the return as a PDF.

TIP

It's a good idea to use the Document Manager scanning feature for this step.

2. Save the document to your client's Document Manager, to your computer's desktop, or anywhere you can readily find it.

NOTE

Many types of documents (for instance, documents created in Microsoft Word) can be printed or "saved" as PDF files if you have a PDF printer (such as Adobe Reader) installed.

Adding PDF Files

To indicate in the software that a PDF file will be sent with the return:

1. Go to the **PDF Attachments** screen in data entry.
2. Fill out the columns on the screen. See Table 5-22 on page 231 for examples.

Table 5-22: PDF Attachment Window Columns

Column	Description	Examples
Reference Source	Name or number of regulation, publication, or form instruction that makes attachments necessary	- IRS Pub xxx-1.4 - Form Instructions for 8332
Description	Description of form or document to be attached	- Divorce decree - Bonus depreciation worksheet
File name	Distinctive, easily recognizable file name, followed by ".pdf"	- JohnsonDivorce.pdf - SmithInsolvency.pdf

3. Exit the PDF screen.

Because you've indicated that a PDF file is attached, the program generates an EF Message regarding the attachment when the return is calculated.

Attaching Documents to the Return

To attach a PDF file to a return:

- From the return, click **View**. If anything was entered on the PDF screen, there will be three PDF-related items in the **View/Print** window:
 - A **MESSAGES** alert (item #1 in Figure 5-75)
 - An **EF_PDF~** worksheet that lists all items entered on the PDF screen and any required attachments determined by the program (item #2 in Figure 5-75)
 - An **Attach PDF** button on the toolbar (item #3 in Figure 5-75)

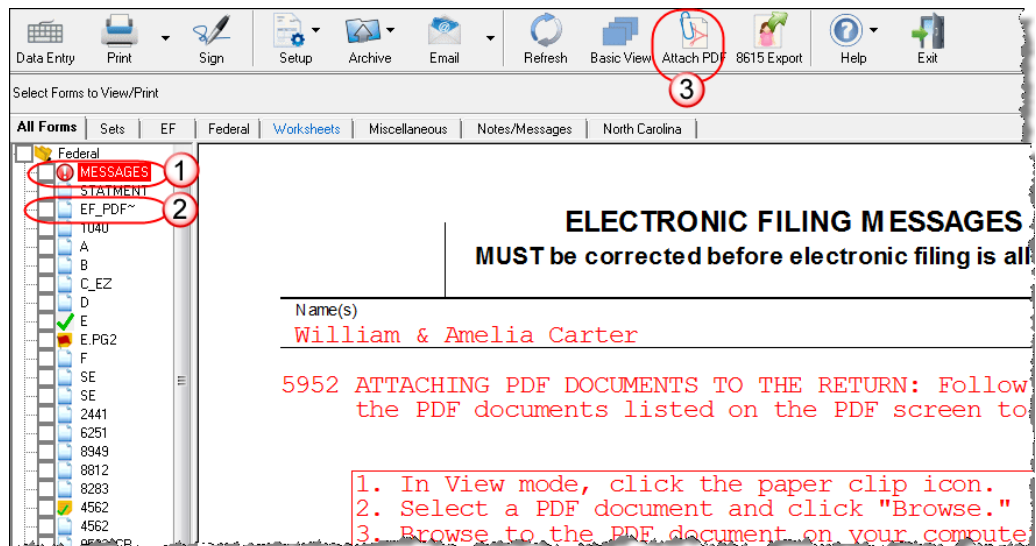


Figure 5-75: Attaching PDF documents to a return

- Click **MESSAGES** file to view EF Messages, which provide information on how to attach the required documents to the return.

- Click the **Attach PDF** button in the toolbar at the top of the window. The **EF PDF Attachments** window displays the information entered on the **PDF Attachments** window in data entry. A red **X** means the document has not yet been attached; a green check mark indicates an attached document (Figure 5-76).

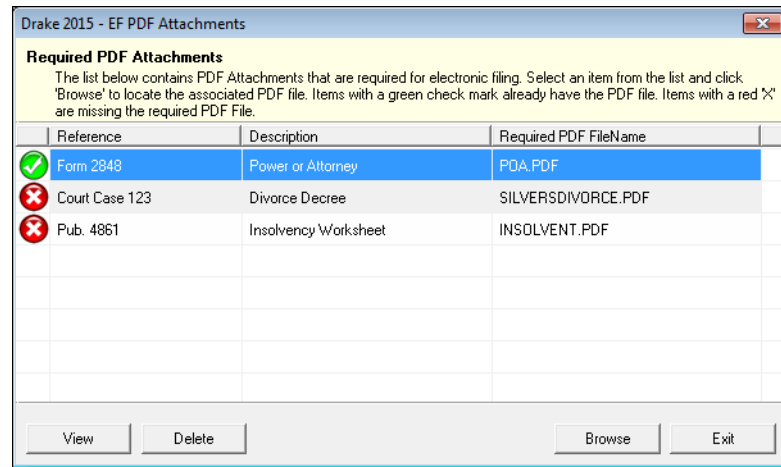


Figure 5-76: A green check mark indicates the PDF document has been attached; a red “X” indicates the PDF document has not been attached

- Click the row of a document to attach.
- Click **Browse**.
- Browse to the proper folder (where you saved the PDF document), select the PDF file to attach, and click **Open** (or double-click the file name).

Repeat for all documents with a red X. When all documents have been attached to a completed return, recalculate the return to make sure all EF Messages have been cleared. If so, the return is ready to be e-filed.

Comparing Data

In Drake, you can compare data between two versions of the same tax return. You can also produce a tax return comparison worksheet that shows data for a client's returns for the current year and the two prior years.

Cross-Checking Drake Calculations

The **Checking Information** screen allows you to cross-check Drake calculations with amounts from a previously prepared return. Any discrepancies between the Drake return and the previously prepared return are shown in an EF Message (Figure 5-77 on page 233).

To compare a Drake return with a previously prepared return:

- Screen code: **CHK**
- Open the return to be compared, and go to the **CHK** screen (accessible from the **Miscellaneous** tab of the **Data Entry Menu**).
 - Enter the information from the previously prepared return regarding income, taxes, credits, deductions, banking, etc.

3. Exit the **CHK** screen and calculate the return.
4. In View mode, view the EF Message (Figure 5-77), which shows where discrepancies occurred.

ELECTRONIC FILING MESSAGES	
MUST be corrected before electronic filing is allowed.	
<small>Name(s)</small> William & Amelia Carter	<small>Your social security number</small> 400-00-6665
5150 Info on CHK screen: FILING STATUS	- did not match the return.
5151 Info on CHK screen: EXEMPTIONS	- did not match the return.
5152 Info on CHK screen: WAGES	- did not match the return.
5153 Info on CHK screen: INTEREST	- did not match the return.

Figure 5-77: EF Message showing that **CHK** screen amounts do not match those in Drake

NOTE If pre-prepared data entry was used, the **CHK** screen already contains data.

Comparing Tax Returns

The **Tax Return Comparison** screen is used for comparing a current-year tax return with data from the two prior tax years. The screen itself has parallel columns of data entry fields—one column for the prior year, and one for the year before that.

Screen code:
COMP

If a return was updated from the prior year, the **COMP** screen already contains data. If not, the screen must be completed manually for an accurate comparison. When a return is generated, the COMPARE worksheet displays the data comparisons.

Miscellaneous Codes

The **Miscellaneous Codes** fields on screen **1** are for use in tracking returns and creating customized reports. For example, you might decide to use **Misc Code 1** to track the different ways that clients learned of your service. For each return, you might enter “Ad,” “Flier,” “Referral,” etc. (whichever is applicable) into the **Code 1** field.

Later, when designing a report of all clients in the Report Manager, you would select **Misc Code 1** as one of the columns. The report displays the information from the **Misc Code 1** field on screen **1** for each client, and you would be able to see, at a glance, which clients were referred, which responded to an advertisement or flier, etc.

NOTE To create customized drop lists for miscellaneous code fields, see “Customized Drop Lists” on page 44.

Notes about the Return

Shortcut: **CTRL+R**

Use the **NOTE** screen to ensure that specific reminders (in the forms of Return Notes and EF Messages) appear for specific returns. By default, all notes from the **Notes** window are printed with the Return Notes on the **NOTES** page generated with the

return. These Return Notes can also be made to appear every time you open the return in Drake.

Entering a Note

To include a Return Note with a return, click **NOTE** from the **General** tab of the **Data Entry Menu**, or press CTRL+R, or right-click any screen and selecting **Add Reminder**. Enter all relevant information in the fields provided at the top of the **Notes** window (item #1 in Figure 5-78). The window includes fields for names, dates, and any screen or form to which the note refers.

TIP To have notes appear when a return is opened, go to **Setup > Options > Data Entry** tab and select **Show notes/reminders to preparer when opening a return**.

Figure 5-78: Notes window fields

Any notes you enter at the top of the window (item #1 in Figure 5-78) and any you enter in the **Miscellaneous Notes** pane at the bottom of the **Notes** window (item #2 in Figure 5-78) appear every time you open the return.

The maximum number of characters allowed in one of the **Notes** fields is 120. Up to four notes can be entered on a single **Notes** window. For additional windows, press PAGE DOWN.

NOTE In the **Date Completed** field, enter the date that the note should be discontinued. The note entered in the top field (item #1 in Figure 5-78) will no longer appear when the return is opened but will still appear in NOTES in View mode.

Delaying e-File

In Drake, a return cannot be e-filed until all EF Messages are eliminated.

The **NOTE** screen can be used to delay the e-filing of a prepared return, even if the return is eligible for e-file. To have a Return Note delay e-file, select **Hold EF** (see

Figure 5-78 on page 234) for the note, and the note shows up as an EF Message. When you are ready to e-file the return, return to the **NOTE** screen and clear the **Hold EF** box.

Other Options

If you selected the global option of showing notes whenever you open a return, you can override that setup option on the **Notes** window by selecting the **Don't Show** check box. The **Miscellaneous Note** (item #2 in Figure 5-78 on page 234) will not appear when you open that return.

Notes to Organizer

Mark the **Print to Organizer** check box and the **Miscellaneous Notes** will be included when you print an organizer for that client for next year.

Notes to be Updated

Notes in the top section of the **Notes** windows (item #1 in Figure 5-78 on page 234) apply for the current year only. The **Miscellaneous Notes** (item #2 in Figure 5-78 on page 234) at the bottom of the **Notes** window are updated each year when the return is updated.

Preparer Notepad

Screen code: **PAD**

The **Preparer Notepad** screen (**PAD**), offers an area for keeping more extensive notes and other pertinent return information. The contents of this screen are brought forward each year when the return is updated, and appear when the return is opened to data entry, provided that option is selected at **Setup > Options > Data Entry** tab. (See TIP, above.)

Access the **PAD** screen using any of these methods:

- Select it from the **General** tab of the **Data Entry Menu**
- Press CTRL+SHIFT+N
- Right-click any screen and select **Preparer Notepad** from the right-click menu

Press PAGE DOWN for additional **PAD** screens.

Unformatted Schedules

Screen code: **SCH**

The **SCH** screen, accessible from the **Miscellaneous** tab and via links from certain screens, is available for adding statements and explanations not supported elsewhere in the return. Not all unformatted schedules can be e-filed. Amounts entered on **SCH** screens do not flow to any other form or schedule.

For *required* attachments, select the attachment information (title and statement number) from the **Type of attachment/statement number and title** drop list on the **SCH** screen. For *optional* attachments, use the **Title** and **Statement number** fields below the explanation pane and make a selection from the **Type of attachment/statement number and title** drop list based on the information in Table 5-23 on page 236.

Optional Attachments

If an attachment is optional, select the applicable category from the **Type of attachment/statement number and title** drop list. Categories are described in Table 5-23.

Table 5-23: Attachment Types and How They Appear in View mode

Type	Description	View/Print
X	Preparer's EFT note; use for including voluntary information that is related to the tax return but (unlike a statement) is not required	EF_NOTE
E	Explanation for certain IRS code elections where no official IRS form is designed for that purpose	ELECTION
R	Explanation for certain regulatory elections where no official IRS form is designed for that purpose	REG_NOTE
(blank)	Statement to be added to the return (does not go with e-filed return)	STATEMENT

Note that statements are generated automatically with the number already assigned. Verify this by reviewing the calculated return.

The program numbers required statements in the order in which you create them and provides a reference where applicable on the printed return (Figure 5-79).

The screenshot shows a form with a red circle around the 'Statement # 1' label. Below it, a red circle highlights the 'Other (attach explanation)' checkbox, which is checked. The form includes a question 'ing and closing inventory?' with 'Yes' and 'No' options, where 'Yes' is checked. Below this is a table with two rows of explanation data:

Explanation	35	400,000
.	36	1,000

Figure 5-79: The attached explanation is Statement #1.

Even if you have not created a required statement yet, the program prints a reference to the statement. For example, in Figure 5-79, the “Statement #1” label is triggered by marking **Other** check box in the **Part III** on screen **C**—not by creating the statement on the **SCH** screen. View a created statement by clicking the “STATEMENT” label in View mode.

Return Tracking

Screen codes:
ADMN, ESUM

Use the **Administrative Tracking (ADMN)** and **EF Summary (ESUM)** screens to track the progress of each return. The **ADMN** screen shows, at a glance, who did the work, who reviewed it, and how much time was spent on the return. It also shows bank product information. The **ESUM** screen provides an e-file summary of the return. You can also review e-filing and bank product information.

Use the **ADMN** screen to track the data shown in Table 5-24:

Table 5-24: ADMN and ESUM Screen Information

Type of Information	Description
Fee and Payments (ADMN)	Amounts are updated from prior year.
First came in, interview (ADMN)	Used in timed billing. (optional feature)
Preparer Contribution (ADMN)	Used to track which preparers made contributions to the return. (preparer entry)
Reviewer Contribution (ADMN)	Used to track which preparers reviewed the return. (preparer entry)
Approved, Copy/assemble, Client contact, Client pickup, Date promised. Date completed (ADMN)	Used to track the various stages of return completion. (preparer entry)
Data entry history for the return (ADMIN users only) (ADMN)	These fields are completed automatically
EF transmission data (admin. users only) (ESUM)	These fields are completed automatically
Non-traditional return types (admin. users only) (ESUM)	These fields are completed automatically (PA and NY only)
Bank product data (ADMN)	Number and amount of check are completed automatically; preparer must enter the date the check is picked up.
Bank code (admin. users only) (ADMN)	This field is completed automatically.

Note that some **ADMN** screen fields are automatically filled with data from elsewhere, while other fields require direct entries. Note also that some fields are “admin-only” and are not visible to users who do not have administrative rights.

NOTE Some data from these screens can be incorporated into Report Manager and Client Status Manager (CSM) reports.

ADMN Screen Reports

Two reports can be generated directly from the **ADMN** screen:

- **Return Preparation Data** — Consists of data entered by preparers in the **Return Preparation Data** section of the **ADMN** screen
- **ADMIN ONLY Return Data** — Consists of information generated by the software and displayed in the **ADMIN ONLY** side of the **ADMN** screen. (The **ADMIN ONLY** fields can be viewed only by users with administrative rights.)

To generate a report, go to the **ADMN** screen and mark the applicable check box:

- The **Generate Return Preparation Data Report** box is located in the **Return Preparation Data** section of the **ADMN** screen.

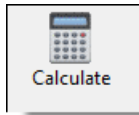
- The **Generate ADMIN ONLY Return Data Report** box in the **ADMIN ONLY** section of the **ADMN** screen.

ADMN screen reports are generated when the return is calculated and appear as “TRAC” and “TRACADM” with the federal forms in View mode.

6 Return Results

This chapter covers calculating, viewing, and printing returns. A return must be calculated before it can be viewed, printed, or e-filed. Calculate returns as often as needed.

Calculating a Return



To calculate a return from data entry, open the return and click **Calculate** (or press CTRL+C). By default, results are displayed in the **Calculation Results** window. (See Figure 6-2 on page 240.)

To calculate one or more returns from the **Home** window (without using data entry):

- Click **Calculate**. The **Batch Calculation** dialog box (Figure 6-1) displays the last nine returns calculated. Each return is indicated by a function (“F”) key.

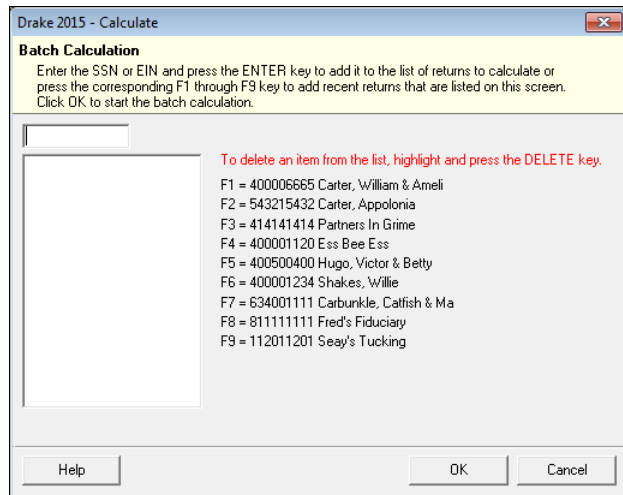


Figure 6-1: Batch Calculation dialog box

7. Using one of the following methods, indicate the returns to calculate:
 - Press the function key of a return to calculate. The return's identification number (SSN/EIN) appears in the field to the left of the list.
 - Type the SSN/EIN of a return into the top field and press ENTER.
8. Repeat the previous step until all returns are indicated.
9. Click **OK**. The program calculates the returns.

Calculation Results Window

When you calculate a return from data entry, the **Calculation Results** window (Figure 6-2) is displayed by default. You can also choose to display the **Calculation Results** window when you **View** a return or calculate a return outside of data entry (for instance, from the **Calculate** button of the **Home** window of Drake).

NOTE

The "pause" option in **Setup > Options > Calculation & View/Print** tab must be selected for the calculation results to be displayed when you click **View** or calculate a return outside of the return. For more information, see Table 2-6 on page 37.

Calculation Summary

The **Summary** tab, shown in Figure 6-2, has four main sections: the calculation summary; EF Messages; Return Notes; and Fee Type and Amount.

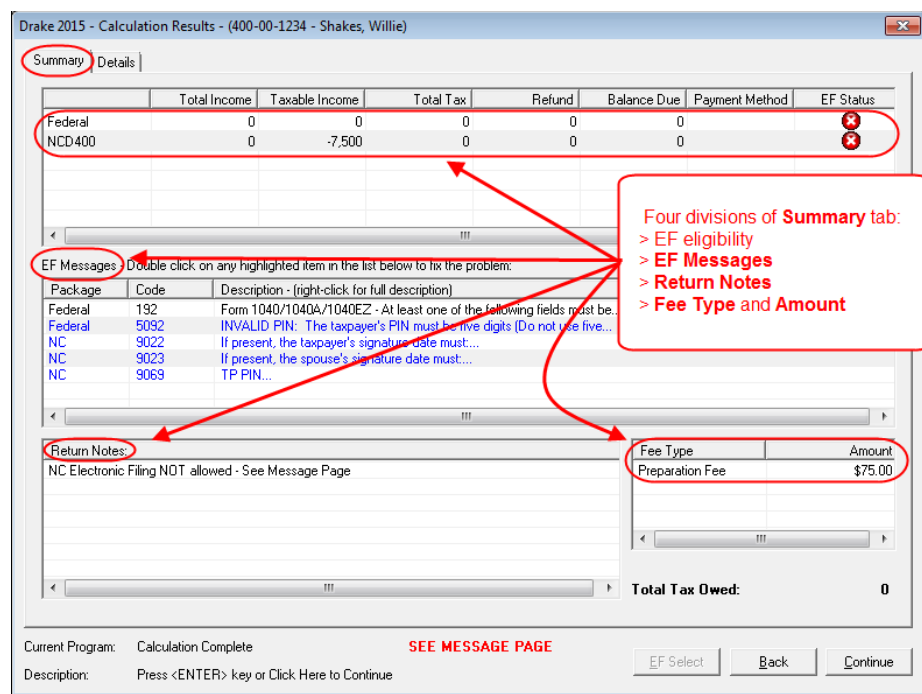


Figure 6-2: Calculation Results window

The **Summary** tab shows total income, taxable income, total tax, refund amount, balance due, payment method, and e-file eligibility. If the return is eligible for e-file, a green check mark is displayed. If a portion of the return is ineligible for e-file, a red X is displayed and a message appears in **EF Messages** (Figure 6-3 on page 241).

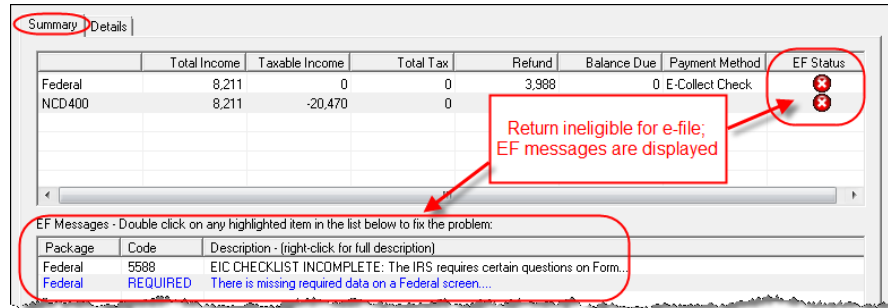


Figure 6-3: Return in this example is ineligible for e-file.

EF Status Column

The **EF Status** column of the **Calculation Results** window displays the e-file eligibility of any federal and state forms calculated for the selected return. A green check mark (Figure 6-4) is displayed when the default product (Form 1040) is eligible for e-file—that is, when there are no EF Messages and no other products have been selected on the **EF** screen. A red X indicates that a prepared product is not eligible, having received an EF Message.

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

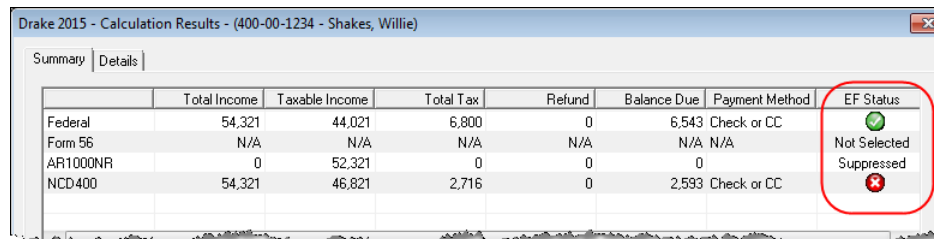


Figure 6-4: Indicators in the **EF Status** column

Other indicators give the status of other returns and forms, and vary by package. Table 6-1 describes all the EF indicators and what they mean.

Table 6-1: EF indicators and eligibility on **Calculation Results** window

Indicator	EF eligibility
Green check mark	Default product is eligible and has no EF Messages; other eligible products have been selected for e-file and have no EF messages
Red X	Product not eligible for e-file due to EF Messages
Accepted	Product has already been transmitted and has received “A” acknowledgment. (Product appears on ESUM screen with “A” ack)

Table 6-1: EF indicators and eligibility on **Calculation Results** window

Indicator	EF eligibility
Suppressed	Occurs with any product included in the return that is ready for e-file (no EF Message) but a Do NOT send Federal, Do not send any states, Suppress federal/state EF check box has been selected on the EF screen or at Setup > Options > EF tab
Not Selected	Occurs on any product included in the return that is ready for e-file (no EF Message) but has not been selected on the EF screen.
Not Available	Indicates that e-file is not available for a specific state product. Can be used in a federal product for forms that are part of the federal product but will not be e-filed with the return. (For instance, Form 5227 in the 1041 package. Even though you can complete the form in Drake, the 5227 will receive a "Not Available" indicator because the IRS accepts the 5227 in paper form only.)

Notes on the 1040 **Calculation Results** window when filing Form 9465, Installment Agreement Request:

- The IRS recommends filing Form 9465 online. Go to screen **9465** and click the **Business Name and EIN** link to go to the IRS Online Payment Agreement Application website.
- If Form 9465 is prepared along with Form 1040, and there are no EF messages and nothing has been selected on the **EF** screen, then both the **Federal** and **Form 9465** lines of the **Calculation Results** window will display green check marks in the **EF Status** column and both forms will be marked on the EF Status page in View mode as ready to be e-filed.
- If Form 9465 is prepared along with Form 1040, and there are no EF messages and **9465 only** has been selected on the **EF** screen and **9465** is selected on the **PIN** screen, then the **Form 9465** line of the **Calculation Results** window will display a green check mark in the **EF Status** column and the **Federal** line will display a "Not selected" indicator. Only the 9465 will be marked for e-file on the EF Status page and be available for e-file.
- If Form 9465 is prepared along with Form 1040, and there is an EF Message or **ETD_MSG**, and the **9465 only** check box has been selected on the **EF** screen and the **9465** check box has been selected on the **PIN** screen, then the **9465** line of the **Calculation Results** window will show a green check mark and the **Federal** line will display a red "X." Only the 9465 will be marked on the EF Status page and available for e-file.
- The **ESUM** screen has a line for Form 1040 and a separate line for Form 9465 (Figure 6-5 on page 243). If the 9465 is e-filed with the 1040 and the preparer receives an acknowledgment for the 1040 (which includes the 9465 transmission), the **ESUM** screen will show each product as having been accepted, triggering the "Accepted" indicator to be displayed on the **Calculation Results** window. The preparer will not receive a separate acknowledgment for the 9465 in this case. If the 9465 is sent separately from Form 1040, the **9465** line will display an

“Accepted” indicator on the **Calculation Results** window and the preparer will receive a separate acknowledgment for the 9465.

Product	First Tran Date	Last Tran Date	ACK Date	ACK Code
1040	01-05-2016	04-05-2016	04-05-2016	A
9465	01-05-2016	04-05-2016	04-05-2016	A

Figure 6-5: ESUM screen showing federal accepted “acks” for Forms 1040 and 9465

EF Messages

The **EF Messages** section of the **Calculation Results** window lists e-file message codes and descriptions by package. EF Messages pinpoint the reason a return is ineligible for e-file. Identified issues must be corrected for a return to be eligible for e-file.

- **Accessing full messages** — Some messages do not fit in the **Description** row. To view a full message, right-click a row and select **View Full Text Of EF Message**.
- **Accessing message links** — If an EF message is blue, double-clicking it opens the data entry screen that contains the error. If applicable, the field that caused the EF message is activated.

NOTE

If you double-click an EF Message in black text, a window with the full EF Message is displayed. Only messages in blue text link to screens within the return.

EF Messages appear on the MESSAGES page in View mode. For more information on viewing and eliminating EF Messages, see “e-Filing a Return” on page 294.

Return Notes

The **Return Notes** section (see Figure 6-2 on page 240) displays informational notes about the return. These notes provide details about the return, but they do not require that changes be made, and they do not prevent e-file. They appear on the NOTES page in View mode.

Fee Type, Amount

The **Fee Type** and **Amount** columns (see Figure 6-2 on page 240) list the preparation fees, and when bank products are present, the bank fees and the net amount of any refund check (or the total of all fees charged if the return has a balance due). (To have the fee type and amount displayed here, the **Display client fee on Calculation screen** option must be selected from **Setup > Options > Calculation & View/Print** tab.) Fee breakdowns appear on the bank product information page in View mode when bank products are present.

Calculation Details

The **Details** tab displays return amounts in an easy-to-read format (Figure 6-6 on page 244).

Summary Details	
Federal	
Wages.....	109876
Sch. C.....	-44
Rental.....	-1567
Rental.....	-7697
AGI.....	91655
Charitable.....	0
Item Ded.....	18049
TAX.....	7974
AMT.....	0
3800.....	0
4136.....	0
Refund.....	13732
NCD400	
Adjusted Gross Income.....	91655
Income Allocable to the State.....	75655
Tax.....	4883
Balance Due.....	3105
Penalty Amount Due.....	46
Fees	
Projected Bank Fee.....	30
Total Preparer Fees.....	345
Add On Fee.....	0
Software Fee.....	14

Figure 6-6: Calculation Details tab

Click **Print** (at the bottom of the **Details** window) to print the details displayed

Viewing and Printing a Return

View or print a return from either the **Home** window (without opening a return), or from within a return. To view or print from the **Home** window or from the **Data Entry Menu**, click **View** or **Print**. To view or print a return from a data entry screen, press CTRL+V (to view) or CTRL+P (to print), or right-click the screen and select **View Return** or **Print Return**. If results are first displayed in **Calculation Results**, click **Continue** to proceed.

NOTE

If you selected **Enable Windows standard keystrokes** at **Setup > Options > Data Entry** tab, then to calculate or view the return from data entry, you must press CTRL+SHIFT+V (to view) or CTRL+SHIFT+P (to print).

To view or print one or more returns from the **Home** window:

Shortcut: Press Ctrl+V or Ctrl+P.

1. Press CTRL+V or CTRL+P, click the **View** or **Print** icon, or select **File > View** (or **File > Print**) from the menu bar. The **Return Selector** lists all recently calculated returns available for viewing or printing.
2. Click the boxes to the left to select one or more returns.
3. Click **View** (or **Print**). If the **Calculation Results** window is displayed at this point (it depends upon your set options), click **Continue**.

Returns can be viewed in either Enhanced mode or Basic mode. In Enhanced mode, expand the tree view as needed and click the name of a form to view it. In Basic mode, view a form by double-clicking the label in the cascade of forms

NOTE

Links to video tutorials have been added to the Enhanced mode toolbar. Click the arrow beside the **Print**, **Archive**, **Email**, or **Help** icons on the toolbar and select one of the links to see helpful tutorials on printing, archiving, or emailing returns from View mode.

Viewing a Return (Enhanced Mode)

Enhanced mode, the default view/print mode, consists of five main components:

- A *toolbar* has icons for performing actions regarding the return. (See item # 1 in Figure 6-7; see also Table 6-2 on page 246.)
- A *viewing tool* allows zooming and clicking through the various forms. (See item # 2 in Figure 6-7.)
- *Category tabs* group documents within a return; select a tab to view all documents within a category. (See item # 3 in Figure 6-7.)
- A *tree view* showing all documents in a return can be expanded or collapsed. (See item # 4 in Figure 6-7.)
- A *viewing panel* displays the selected document. (See item # 5 in Figure 6-7.)

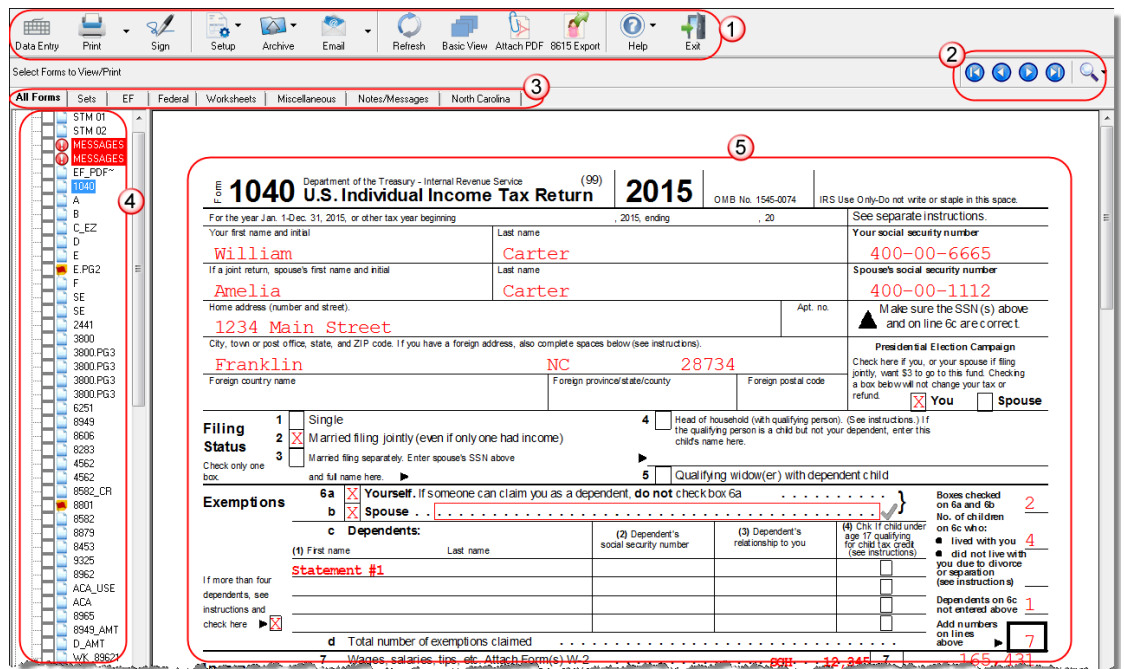


Figure 6-7: Enhanced Mode

These five components are described in the following sections.

NOTE

“Basic” mode (the View and Print screens used prior to 2008) is available for those who prefer it; see Table 6-2 on page 246.

Toolbar The Enhanced mode toolbar consists of the buttons described in Table 6-2.

Table 6-2: Enhanced mode Toolbar













Button	Description
 Data Entry	Leave View mode and return to data entry.
 Print	Send selected forms to printer; send selected forms to Drake PDF printer (includes option to password-protect PDF file); email selected forms; “quick print” only the form open in the viewer. Links to video tutorials are also available.
 Sign	Use with electronic signature pad to digitally sign tax forms in View/Print mode or from the DDM. See “Electronic Signatures” on page 252.
 Setup	Set up form properties, color, and order, including drag-and-drop ordering. Access other setup options available in the program. There are also links to Document Manager, Pricing, Printing, Sets setup, and to Page Layout of the Communications Editor.
 Archive	Access archiving features, including the Document Manager. Links to video tutorials are also available.
 Email	Email the return or the ACA assessment to a selected recipient. Links to video tutorials are also available.
 Refresh	Update the viewed return to reflect any changes made by another preparer working in the open return.
 Basic View	Switch to the cascade view (the exclusive Drake view before 2008).
 Attach PDF	Directions for attaching PDF documents to the return. Links to video tutorials are also available. This button is visible only when PDF attachments have been created for the return.
 8615 Export	Export parent information into child's Form 8615 (“Kiddie Tax”); this button is visible only for Individual (1040) returns with qualifying dependents. (See “Exporting Data for Kiddie Tax” on page 188.)
 K-1 Export	Open the K-1 Export tool. (This button is visible only for certain business returns.)
 Help	Access Drake online help.

Table 6-2: Enhanced mode Toolbar

Button	Description
	Exit View mode.

Viewing Tool Use the arrows and zoom icon (Figure 6-8) when viewing in Enhanced mode.



Figure 6-8: Click arrows to move through forms; click magnifying glass icon to zoom in or out.

Troubleshooting

If you have issues when viewing your client's bill or any of the client results letters (listed as LETTER, LETTER2, ENGAGE, PRIVACY, and AMD_LTR in View mode), such as text that's too large or running off the page, there are two ways of remedying the problem.

To set the viewing size globally (for all letters and bills):

1. From the **Home** window of Drake, go to **Setup > Printing > Printer Setup**.
2. Click the **(F7) Options** tab.
3. Change your zoom percentage in the **Letter Sizing Options** section.
4. Click **Save**.

View a letter and a bill to see if the problem is corrected and your letter or bill looks the way you want.

To change your viewing parameters on the fly (per return):

1. Open a return and view it.
2. Select the letter or bill from the document tree (item #4 in Figure 6-7 on page 245.)
3. In the viewing pane (item #5 in Figure 6-7 on page 245), right-click the screen, and from the right-click menu, select **Letter and Bill Sizing**. (Alternately, click the magnifying glass at the top-right corner of the viewing pane and select **Letter and Bill Sizing**.)
4. Select your sizing percentages until the letter or bill looks the way you want.
5. If you choose **Custom** from the right-click menu, a **Letter and Bill Sizing** dialog box will be opened. Enter your desired zoom percentage in the available field and click **OK**.

If you are using Basic view mode and wish to change the viewing percentage:

1. Double-click a letter or bill in the cascade of forms.
2. At the top-left corner of the viewing panel, click and hold the slider bar. Slide the bar left or right to increase or decrease the viewing size of the letter or bill. (Alternately, enter a number in the field to the right of the slider bar.)

NOTE

These procedures are for *viewing* problems, not printing problems. If you are experiencing problems when printing your letters or bills, see “Printing Setup” on page 64.

Category Tabs

Labeled tabs allow you to view sections of the return according to selected categories. For example, if you click the **EF** tab (Figure 6-9) only the documents directly related to e-filing are displayed in the tree view.

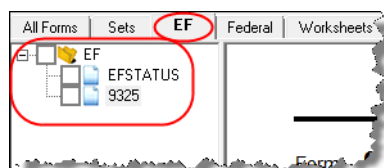


Figure 6-9: If the **EF** tab is selected, only EF-specific documents are shown in tree view.

Category tabs and descriptions are provided in Table 6-3.

Table 6-3: Category Tabs and Descriptions

Tab	Items Shown in Tree View
All Forms	Every form generated during production of the return
Sets	Forms as distributed into the printer sets selected in Setup > Printing > Printer Setup
EF	All forms for e-file, in addition to any EF Messages
Federal	All forms for filing the federal tax return
Worksheets	All worksheets produced with the return
Miscellaneous	Such items as W-2 forms, letters, overflow statements, depreciation lists, bill summary, direct deposit summary, notes, etc.
Notes/Messages	Return Notes and EF Messages only
State	All forms for filing the state tax return
Gift tax	Form 709 documents, if applicable

Tree View Directory

A tree view directory of all forms, worksheets, and other documents in a return allows you to view, at a glance, the components of a return. Expand or collapse the tree as necessary for your viewing needs.

Viewing Panel

The viewing panel (item #5 in Figure 6-7 on page 245) provides a preview of a selected document within the return. To preview a document, click the document name in the tree view.

DoubleCheck and LinkBacks

New for 2015: Drake has added two new features to help you review your data entry and find problems before returns are e-filed. These features offer another way to double-check and verify your work before you transmit a return.

LinkBacks LinkBacks help you locate the source of data on a tax return—in other words, the data-entry screens on which the information was entered—and the forms, schedules, and worksheets to which the information flows. They can also help you find the proper screens for entering data from unfamiliar forms or sources.

For instance, if you want to know how income data gets to line 7 of Form 1040, view the return (Enhanced mode only), open the LinkBack for line 7, and view a list of the screens from which the program pulls income sources that flow into the line 7 total—for instance, screen **W2**, screen **3 (Income)**, screen **2441 (Child Care Credit)**, screen **4137 (Tax on Tips)**, among others. Open a screen and go directly to the relevant line to make changes. (The line will be highlighted if data has been entered.)

Viewing LinkBacks

To see the LinkBacks:

1. View the return in Enhanced mode.
2. Select a form (see “Available LinkBacks” on page 250) from the document tree on the left side of the window. (See item 4 in Figure 6-7 on page 245.)
3. Right-click a text box in the form and from the right-click menu, select **Review Input Sources (LinkBacks)** to open the **LinkBacks** window.

In the example in Figure 6-10, the user right-clicked the text box on line 7 on Form 1040.

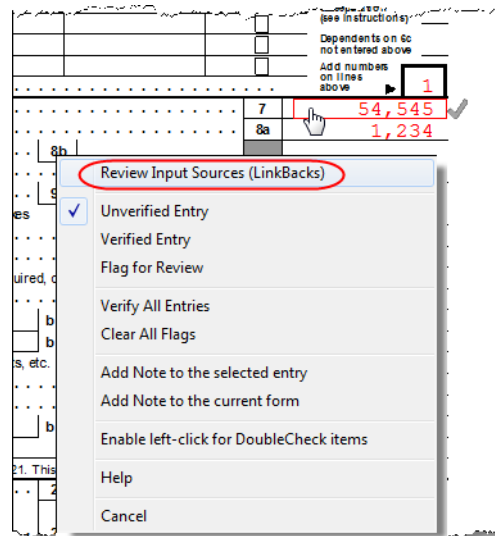


Figure 6-10: Select **Review Input Sources** from the right-click menu to see LinkBacks

Using LinkBacks

At the top of the **LinkBacks** window (item #1 in Figure 6-11 on page 250) is a note reminding you of which form and which line of the form you selected. If an amount was entered or calculated, that amount is also shown.

Below that note are three tabs (item #2 in Figure 6-11):

- **All Sources** – All items that appear on the other two tabs.
- **Data Entry** – The data-entry screens from which the program pulls data. If an amount was entered on one of these screens, that amount is listed to the right side of the screen in the **Source Entry** column (item 3 in Figure 6-11).
- **Tax Forms, Schedules, and Worksheets** – The items listed on this tab are the forms that have been generated by data entry. Double-click one of the items on the **Tax Forms, Schedules, and Worksheets** tab and you open the actual form that was generated.

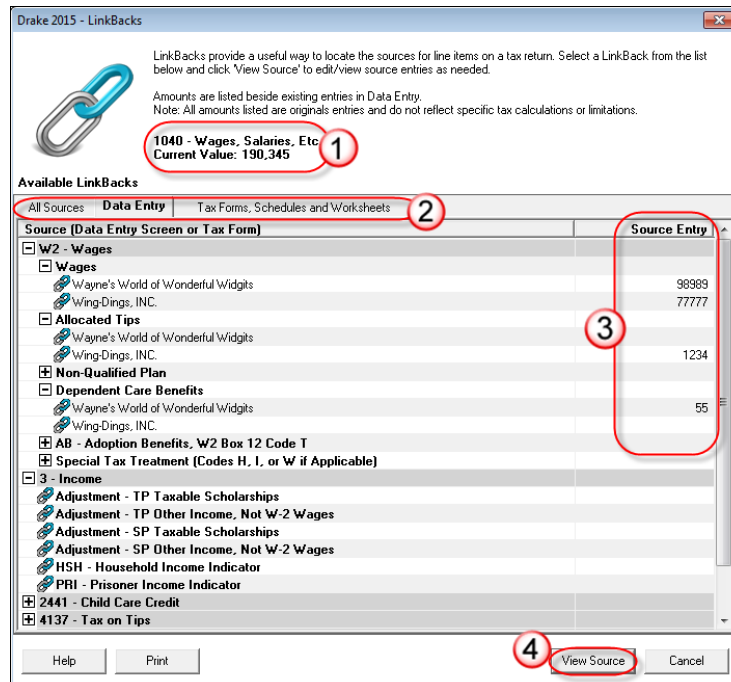


Figure 6-11: The LinkBacks window

To view a screen in data entry, select a screen from either the **All Sources** and **Data Entry** tab and click **View Sources** (item 4 in Figure 6-11) or double-click the item. The screen is opened and the line and data-entry field are highlighted in yellow.

To view other forms, schedules or worksheets to which the data flows, go to the **Tax Forms, Schedules, and Worksheets** tab of the **LinkBacks** window, select a form, schedule, or worksheet from that list, and click **View Source** (or double-click the form name).

Available LinkBacks

Active LinkBacks are available for following forms, schedules, and tax packages:

- Most forms and Schedules A through F (federal 1040 package)
- Main forms (federal 1041, 1120, 1120S, 1065 packages)
- Individual resident and nonresident main forms (all state 1040 packages)

Double-Check

Mark items on a return as “reviewed” or “in need of review” using the new DoubleCheck feature in Enhance View mode. This feature allows you to verify or flag for review any item on any form, statement, or document within a return.

In Enhanced View mode, select any item from the document tree in the left side of the window to open it in the document viewing pane on the right side of the window (see Figure 6-7 on page 245). In the viewing pane, roll your mouse pointer over any text box, check box, or amount on the document to see a gray check mark. Click the item once to place a green check mark beside it (Figure 6-12), indicating that this result has been verified. Click the box twice to place a red flag beside it, indicating that this entry or amount should be reviewed further. When the flagged item has been reviewed and verified, return to the form in Enhance View mode and click the item once more to remove the flag and replace it with a green “Verified” check mark.

OMB No. 1545-1073	
18801.	2015 Attachment Sequence No. 74
Identifying number 400-00-6665	
1	1,111 ✓
2	2,222 🚩
3	3,333 🟡
4	0

Figure 6-12: Check marks, flags and notes in Enhanced View mode

As you work your way through the fields and check boxes, the document in the document tree receives either a green check mark (indicating that items on that form have been verified), a red flag, (indicating something on the form has been flagged), or a yellow box (indicating a note has been placed on an item; see “Notes” on page 252 for details).

When an item is marked as “verified” (green check mark) in View mode, and then a change is made in data entry that affects the verified amount, the green check mark will be changed to a red flag, requiring re-verification.

e-File Eligibility of Flagged Returns

Flags on a return do not make an otherwise EF-eligible return ineligible for e-file unless you select that option in Setup. From the **Home** window, go to **Setup > Options > EF** tab, and at the bottom of the left-hand column, select **Disallow EF selection if DoubleCheck Review flag exists**. This selection automatically displays an otherwise EF-eligible return as ineligible on the **EF Return Selector**. To restore the return’s e-file eligibility, remove the flag from the return (in View mode, click the

flag once or right-click the page and from the right-click menu, select **Clear all flags**) and recalculate the return.

No EF Message is generated for returns made ineligible by DoubleCheck flags.

IMPORTANT

The green check marks have no effect on e-file. Check marks do not make an otherwise ineligible return e-fileable. These check marks are for preparer information only.

Right-Click Menu

Another way to use the DoubleCheck feature is through the right-click menu. Right-click any text box, check box, or calculated amount on the document and from the right-click menu, select **Unverified Entry** (remove a check mark or flag), **Verified Entry** (add a check mark), or **Flag for Review** (add a red flag).

You can also verify all entries on a form from the right-click menu by selecting **Verify All Entries**. This places a green check mark beside every box or field on the form that contains entries. Clear all green check mark and all red flags from the form by selecting **Clear All Flags** from the right-click menu.

Notes

The DoubleCheck feature also includes a **Notes** tool, allowing you to make notes about any of the items on the open document, or a general note about the document as a whole.

To make a note about a text box, check box, or calculated amount in the document, right-click it and select **Add Note to selected entry**. This opens a **Note Editor** window. Type your note in the **Notes** pane and click **Save**. A small yellow “note” box then appears beside the item in the document (Figure 6-12 on page 251), reminding you that a note was made about this item.

You can make general notes about the open form by selecting **Add note to the current form** from the right-click menu. When the **Note Editor** is opened, make your notes and click **Save**. The yellow “note” reminder box then appears in the upper-left corner of the document viewing pane, reminding you of the notes.

You can edit the notes—the screen note or the entry note—by selecting **Edit Note...** from the right-click menu, or delete the notes by selecting **Remove Note** from the **Note Editor** window. You can also click the yellow reminder box in the upper-left corner of the window to edit a general note.

When notes have been added to the form or to an item of the form, a yellow “note” reminder also appears in the document tree.

TIP

To deactivate the DoubleCheck feature, right-click any item, and from the right-click menu, select **Enable left-click for DoubleCheck items**, and when prompted, select **Yes**. To reactivate, repeat these steps.

Electronic Signatures

Drake supports electronic signature pads. This feature allows taxpayers and tax preparers to digitally sign a variety of documents, including bank applications, authoriza-

tions forms, and consent forms. This is truly a paperless process, allowing you to produce forms and get them signed and saved to the Drake Document Manager without ever printing on a piece of paper.

NOTE

To see or to purchase the electronic signature pads recommended by Drake, go to:

<http://drakesoftware.com/site/Products/ElectronicSignatures.aspx>

NEW FOR 2015

You can now set up your program to electronically sign engagement letters for the taxpayer, spouse, or business entity. For details, see “e-Signing Engagement Letters” on page 62.

Preparer Setup

Begin the process by setting up the software and the preparer's signature. This can be done in two places: at **Setup > Printing > E-Signature Setup** or at **Setup > Preparers**. Both accessible from the **Home** window.

1. From the **Home** window of Drake, go to **Setup > Printing > E-Signature Setup** to open the **E-Signature Setup** dialog box.
2. Select the **Use USB** check box. (If you must use a **Com** connection, enter the port number.) If your signature pad features an LCD screen that displays the signature as it is being signed, mark the **Use LCD** check box.
3. Select a preparer from the list and click **Setup** to open the **Preparer Signature Capture** window (Figure 6-13).
4. Have the preparer sign the signature pad. Click **Save**. This should be done for all preparers at the start of the tax season but shouldn't be necessary for the rest of the season.

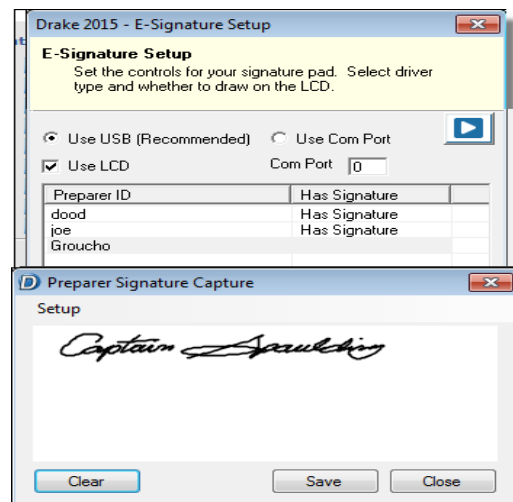


Figure 6-13: The signature appears on the **Preparer Signature Capture** window

5. *New for 2015:* To remove a preparer's signature, right-click the signature you wish to delete and click **Remove**. When prompted, click **Yes** and then **OK**.

When you're finished, click **OK** to close **E-Signature Setup**.

Rubber Stamp The “rubber stamp” feature allows you to electronically sign the preparer’s signature to all selected signature documents at once. The rubber stamp is for the preparer’s signature only.

To set up your rubber stamp:

1. From the **Home** window of Drake, go to **Setup > Preparer(s)**.
2. Select a preparer from the **Preparer Setup** window and click **Edit Preparer**.
3. In the **Return Signature Options** section, select **8879 PIN Signature**. Do *not* mark the **Alternative Electronic Signature** check box.
4. Click **Setup Signature**, have the preparer sign the pad, then click **Save**.

NOTE

The “rubber stamp” feature (used to electronically sign the preparer’s signature to all selected signature documents at once) is not available when the **Alternative Electronic Signature** check box is marked at **Setup > Preparer(s)** and there is a **PIN** screen present in the return.

Client's e-Signature

The process of having the taxpayer and spouse sign the documents begins in View/Print mode, and any documents the preparer must sign can also be rubber-stamped during the process. The documents are saved to the client’s Drake folder and (depending on setup) to the client’s DDM folder (see “Setting up Your Document Manager” on page 395 for details on the DDM). Documents saved but not signed can be recalled from the DDM and signed later.

To have the taxpayer and spouse sign forms:

1. Open the taxpayer’s tax return and click **View** (or press CTRL+V).
2. From the document tree on the left side of the window in View mode, select the forms to sign (for instance, 8879 e-file authorization, Consent to Use, bank application, engagement, ACA_Use, etc.).
3. Click **Sign** from the View mode toolbar to open the **Electronically Sign Return** dialog box. (If the forms have been previously signed and saved to the DDM, you’ll be notified that proceeding will overwrite existing signatures. Select **No** to open the documents without overwriting.)
4. (optional) Select to password-protect the documents or to print a watermark on the printed forms.
5. Click to **Sign Now** (The steps for **Sign Later** are slightly different. See “Sign Later” on page 256) to open the **Save As** dialog box. Click **Save**. The documents will be saved (depending on your setup) to the client’s Drake folder and to the client’s DDM folder.
6. The **Drake e-Sign** window is opened and a message asks if you would like to rubber stamp all the documents that the preparer must sign. Click **Yes** or **No**. A list appears in the left pane of those (taxpayer, spouse, preparer) who can sign the open form, and the form appears in the right pane.
7. Double-click the taxpayer or spouse (or preparer, if you chose not to rubber stamp in step 6), or select a name and click **Sign** from the tool bar.

8. When the **Drake e-Sign Capture** window is opened (Figure 6-14), have the client sign the signature pad. The signature appears on the **Drake e-Sign Capture** window.

To require all preparers to use the e-Signature feature for all signable documents, from the **Home** window, go to **Setup > Options > EF** tab and mark the check box **Require E-Signatures on all electronically signable forms**. (This option applies to 1040 returns only.)

NOTES

Override this global option for an individual return on the **EF** screen in data entry.

When using this option to require e-signatures, and you view or calculate a return, you generate a document titled "ESIGN," that lists all the forms that *require* an e-signature. All of these forms must be electronically signed before the return can be e-filed. *No EF Message will be generated.*

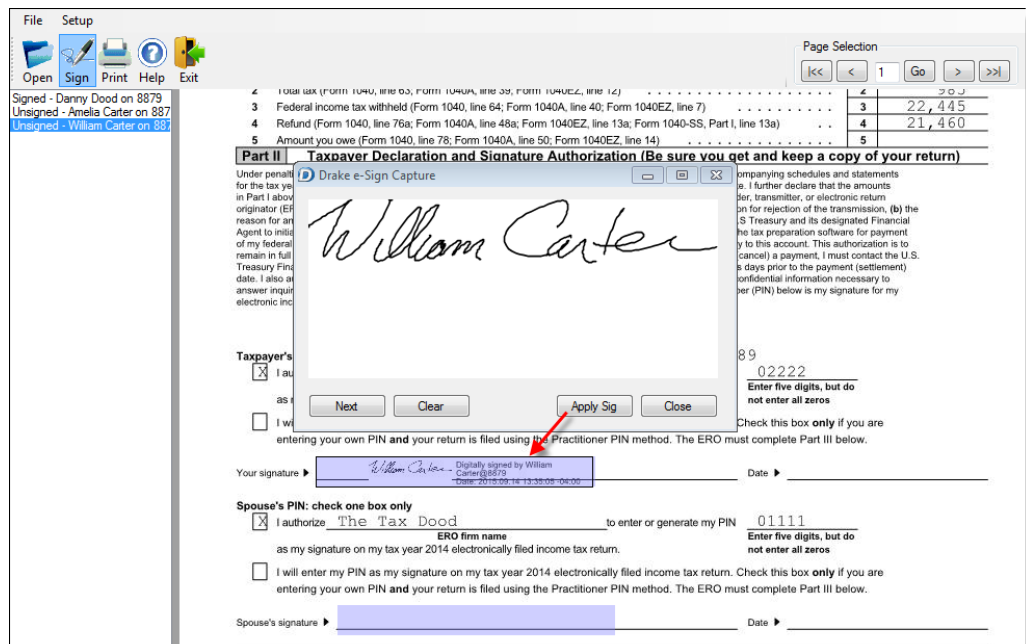


Figure 6-14: Signing form with an e-signature pad

9. To clear the signature and start over, click **Clear**. To apply the signature to the form, either:
 - Click **Apply Sig**. The signature is added to the signature line of the document.
 - Click **Next**. The signature is added to the signature line of the document and the next signature line for that person in the document becomes active. (You will be alerted if there are no more signature lines in the document.)
10. Scroll through the documents chosen for signature using the **Page Selection** arrows to the right of the toolbar or click another signature document from the list below the toolbar on the left side of the window.
11. Click **Exit** when finished.

Other Options

Also on the **Drake e-Sign** toolbar is the option to **Open** other documents in the client's folder that can accept an electronic signature (any PDF document with an active signature line can be signed using the e-signature pad). Click **Open** (or from the menu bar, select **File > Open**), select a form, and click **Open**.

Click the **Print** icon on the toolbar to print a selected document.

On the menu bar above the toolbar, click **Setup > Options** if you need to change the selections you made in Preparer Setup (see "Preparer Setup" on page 253). Usually, there is no need to make any selections from this box.

Click the **Help** button to get program help for the e-signature tool.

Sign Later

If you chose **Sign Later** in Step 5 on page 254, and you want to retrieve the documents for signing, click **Archive > Document Manager** from the View mode toolbar, or from the **Data Entry Menu** toolbar, click **Doc Mgr** to open the DDM.

Select a document to sign from the **Document Name** pane on the right half of the **Drake Document Manager** window (unsigned documents are listed as "Unsigned"), then click **Sign** from the toolbar to open the **Drake e-Sign** window.

Click **Yes** or **No** to rubber stamp the forms with the preparer's e-signature (if applicable), then follow steps 7-11 from the steps in "Client's e-Signature" on page 254.

According to the IRS, "EROs may use an electronic signature pad to have taxpayers sign Forms 8878 and 8879. Taxpayers must be present in the ERO's office where the electronic signature pad is located to sign using the signature pad. The ERO must retain the forms with the taxpayers' signatures and provide a copy to the taxpayer upon request."

IMPORTANT

NOTE

To see or to purchase the electronic signature pads recommended by Drake, go to:

<http://drakesoftware.com/site/Products/ElectronicSignatures.aspx>

NEW FOR 2015

To have the engagement letter signed electronically by the taxpayer and spouse on a 1040 return or by the representative of a business entity, see "e-Signing Engagement Letters" on page 62.

Printing a Return

You can print selected forms, selected sets of forms, or individual forms in a return. The instructions in this section refer to Enhanced mode. If you are using Basic mode, see the F1-Help resource in the program for printing instructions.

TIP

As explained in the procedure that follows, you can opt to open Adobe when the PDF document is created. This option prevents your having to go to the Document Manager to locate the new PDF for viewing.

Printing Forms in a Return

To print tax return forms and other documents:

1. View a return in Enhanced mode. (See item #4 in Figure 6-7 on page 245.) The **All Forms** tab is shown by default.
2. Collapse or expand the tree view as needed, and select the forms to be printed by marking the check box to the left of each form. To print all forms in a set, select all of the boxes in the tree view under **All Forms**.

NOTE If the main box of a set is selected, all sub-boxes are automatically selected.

Shortcut: Press CTRL+P for the Print Selection option.

3. Click **Print** to open the **Print Selection** dialog box. (If you click the arrow next to the **Print** icon, select **Print Selected Forms**.)
4. (optional) Select any printing options shown in the **Print** dialog box.
5. Click **Print** again. All of the selected items are printed using the printer selected from the **Printer** dialog box.

Printing to Drake PDF

To print tax return forms and other documents as PDF documents:

1. View a return in Enhanced mode. The **All Forms** tab is shown by default.
2. Select the forms to be printed. To print all forms in a set, select all the boxes in the tree view under **All Forms**.
3. Click the arrow next to the print icon and select **Print Selected Forms to PDF Document**. The **Print Selection** dialog box is displayed with the Drake PDF Printer selected. (Figure 6-15)

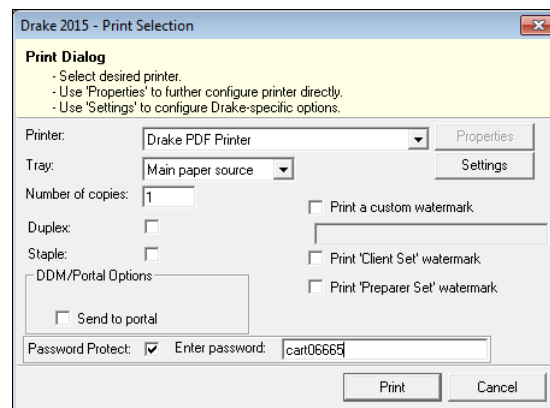
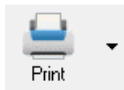


Figure 6-15: Print Selection dialog box for Drake PDF Printer

4. (optional) The program is set up to password-protect the PDF document. By default, the software uses the first four letters of the client's last name and the last five numbers of the taxpayer's SSN/EIN as the password. (An administrative user can change this default in **Setup > Options > Administrative Options** tab. See "About Passwords" on page 260.) To print the PDF document without having to enter the password, clear the check mark from the **Password Protect** check box.
5. (optional) To have the program open Adobe once the PDF document is created, click **Settings** and mark **Launch Adobe after creating a 'Drake PDF.'**

6. Select any other options, as desired, from the **Print Selection** dialog box.

NOTES

Among the options in the **Print** dialog box is the **DDM/Portal Options** for sending a PDF copy of the printed forms to the SecureFilePro™ portal. For more, see Chapter 13, "Suite Products."

If you are using a PDF printer besides the Drake PDF Printer, you also will have the option of storing the PDF document in the Document Manager.

7. Click **Print** to open the **Save As** dialog box.
8. If necessary, assign a filename and select a location for the document (the default location is the current-year folder in the Document Manager).
9. Click **Save**.

NOTE

If you password-protected the PDF document, the password will be required for anyone, inside or outside of Drake, who tries to open the file.

Printing Printer Sets

Default printer sets are established in Printer Setup (see "Printing Sets" on page 67) but you can override the defaults from Enhanced mode.

To print specific sets of a return from Enhanced mode:

1. Select the **Sets** tab. All sets in the return are shown in the tree view (Figure 6-16).

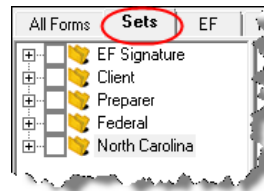


Figure 6-16: Example of a return that has five printer sets

2. Select the sets to print.
3. Click **Print** to open the **Print Sets** dialog box. (If you click the arrow next to the **Print** icon, select **Print Selected Forms**.)
4. (optional) Select any printing options shown in the **Print Sets** dialog box.
5. To change the number of forms to be printed, click **Sets Setup** to open the **Copies Per Set** dialog box. (A change here changes the number globally (for all returns). For more information see "Printing Sets" on page 67.) Click **Save**.
6. Click **Print** again. All of the selected items are printed.

Quick-Printing a Single Form

Enhanced mode allows you to print the document currently in view by pressing CTRL+Q or by clicking the arrow beside the **Print** button and selecting **Quick Print**. You can select any printing options shown in the **Print Selection** dialog box, then click **Print**. Printing a single form in this manner is referred to as *quick printing*.

Email from View/Print

You can email tax returns to your clients directly from both Basic and Enhanced modes. Before emailing returns this way, set up View/Print email preferences.

Setting Up Preferences

Use **Email Setup** in View/Print to indicate the email method you want to use and specify default settings.

IMPORTANT Even though you must open a specific return to indicate your settings, those settings will apply for *all* emailed returns.

The steps below are optional; you may not need to make any changes if you are happy with the program defaults. To set up your email program for sending returns:



1. View any return in Enhanced or Basis mode.
2. Click the arrow on the **Email** button and select **Email Setup**.
3. In the **Email Setup** dialog box, select your preferred email program from the **Select Email Method** drop list.
4. To include a default **Cc** or **Bcc** address (one to which all emailed returns will be sent), type the address in the applicable field under **Email Default Settings**. (See CAUTION below.) If entering multiple addresses, use a semicolon (;) as a separator between addresses.

CAUTION It is recommended that you *not* enter a default **To** address. If an address is entered in the **To** field, *every return emailed through View mode* will be sent to that address.

5. Make any changes to the default message.
6. Click **Save**.

Your default settings will be applied for *all* emailed returns.

Sending a Return to a Client

To send a return to a client from Enhanced mode:

1. Open the return.
2. Click **View** or **Print** to access View mode.
3. Select the forms to be included in the email. (In Enhanced mode, select forms from the Forms tree; in Basic Print mode, make sure you're in Print mode then right-click a form and choose **Select Form** from the right-click menu.)
4. Click **Email** to use the default email method, or click the arrow next to the **Email** button to choose a method. The **Email Return** dialog box is opened, showing options for using a password and printing watermarks. (Figure 6-17 on page 260); see "About Passwords" on page 260 for more information on passwords.

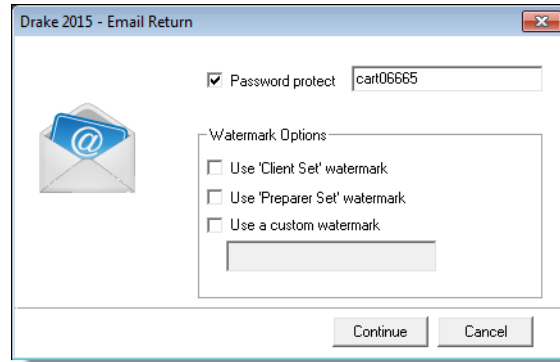


Figure 6-17: Email Return dialog box

5. Click **Continue**. The **Save As** dialog box is opened so you can save the PDF version of the return in the client's Drake folder. Click **Save**.
6. The email message is opened in the desired email program, with the selected return documents attached. The client and spouse email addresses are automatically shown in the **To** field if the addresses were entered on screen 1. (Any address you added in **Email > Setup** will also be in the **To** field; see "Setting Up Preferences" on page 259).
7. If no further changes to the message are needed, click **Send**.

NOTE For information on emailing Affordable Care Act assessments through Drake, see "Emailing ACA Assessments" on page 267.

About Passwords

The use of passwords is optional. A client must know his or her return's password in order to open the return.

The default format for passwords is the first four letters of the client's last name (or the first four letters of the entity's name) followed by the last five numbers of the SSN for individual returns or the last five numbers of the EIN for entity returns. (See Figure 6-17 for an example.) An administrative user can change the password format at **Setup > Options > Administrative Options** tab.)

Drake cannot recover a lost password. If you opt to replace a password with a new one in the **Email Return** dialog box, be sure to write down the new password and keep it in a secure location in case you forget it.

Sending Client Files to Drake Support

When you send an email to Drake Support from View mode, the program automatically sends both the print file and the data file. (These files allow the Customer Support Representative to view the return in data entry.) When working in Enhanced mode, you have the option of including PDF attachments with the e-mail.

To send files to Drake Support from Enhanced mode:

1. Go to View mode of the return.
2. (optional) Select any forms to be included as PDF documents in the e-mail.
3. Click the arrow on the **Email** button and select **Email to Drake Support**.

- If you selected any forms in Step 2, the **Email Return** dialog box is opened; make your selections and click **Continue**.
- If you selected any forms in Step 2, save the attachment as a PDF document to the client's file. Click **Save**.

The **Compose Message** window is opened, showing the attached files in the **Attachments** list (Figure 6-18).

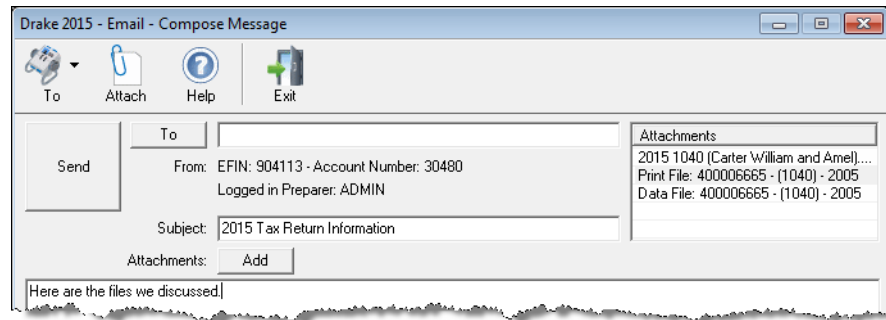


Figure 6-18: Attachments shown in **Attachments** list of the **Compose Message** dialog box.

4. Click the **To** button and double-click an e-mail address from the Drake Software Support Address Book. Click **OK**.
5. Click **Send**.

IMPORTANT

If you password-protected the PDF document, Drake Support will need that password in order to open the file.

Setting Up View/Print Options

Set up form properties, colors, printing order, and other options within Drake using the **Setup** feature.

Setting Form Properties

The **Form Properties** setup function allows you to change the form description, pricing information, and numbers of copies to print for a form within a return. To access this feature in Enhanced mode, select a document and click **Setup > Form Properties**.

Setting Form Colors

Colors can be customized in both Basic and Enhanced modes.

Enhanced Mode

The **Form Color**, **Background Color**, and **Text (Data) Color** can each be changed in Enhanced mode. Drake default colors for these three items, as shown in Figure 6-19 on page 262, are black, white, and red, respectively.

Form **1040** Department of the Treasury - Internal Revenue Service (99)
U.S. Individual Income Tax Return
 For the year Jan. 1-Dec. 31, 2013, or other tax year beginning
 Your first name and initial: **William** Last name: **Carter**
 If a joint return, spouse's first name and initial: **Amelia** Last name: **Carter**
 Home address (number and street): **1234 Main Street**
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces be

Figure 6-19: Customizable colors in Enhanced mode

To change colors in Enhanced mode, select **Setup > Form Colors**. In the **View Mode Color Selection** dialog box, click a color. After selecting a basic or custom color from the color palette, click **OK**. To revert to the Drake default colors, click **Reset**.

Basic Mode

Because Basic mode uses the multicolor cascade of forms, it offers more opportunity for color configuration on the screen. In addition to changing the form, background, and text (data) colors, you can customize the following items in Basic mode:

- The folders in View Mode (View mode only)
- The folders in Print Mode (Print mode only)
- The folders containing EF Messages
- The folders containing Return Notes

To change the colors shown in the cascade of forms in Basic mode:

1. Select **Setup > Color Configuration**. The **View/Print Mode Color Configuration** dialog box displays the default colors for Basic mode.
2. Click a color box and select a new color from the **Color** palette. You can also click **Define Custom Colors** to create any desired color.
3. Click **OK**. The corresponding color box changes to the color you selected.

To restore the default color palette, click **Restore Colors**.

NOTE

If the form, background, or text (data) colors are changed in one mode, the changes apply in both Enhanced and Basic modes.

Setting Form Order

To change the order in which the documents of a return are printed:

1. In Enhanced mode, elect **Setup > Form Order** to open the **Sort Form Order** dialog box (Figure 6-20 on page 263).

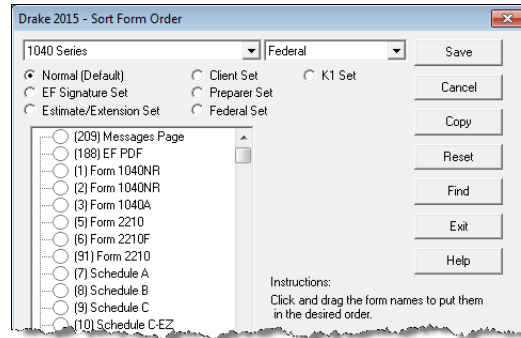


Figure 6-20: Sort Form Order dialog box

2. Select a printing set. (Default is **Normal**.)
3. Click and drag the form names to put them in the desired order. The document at the top of the list, if it has been generated with the return, will be printed first.
4. Click **Save**.

To restore the default settings, click **Reset** in the **Sort Form Order** dialog box.

Setting Up Drag/Drop Ordering

Select **Setup > Allow Drag/Drop Ordering** to activate drag-and-drop ordering while in Enhanced mode. This feature allows you to “drag” a form in the directory tree to another area of the tree and “drop” it into the new location. To “drag” a form, press and hold the mouse button on the form to be moved, and then move the form up or down the tree. To “drop” the form into the new location, release the mouse button.

Other Setup Options

The following programs and setup options are also available in both Basic and Enhanced modes:

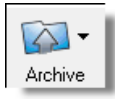
- Pricing setup (See “Pricing Setup” on page 46.)
- Printing setup (See “Printing Setup” on page 64.)
- Printing sets setup (See “Printing Setup” on page 64.)
- Document Manager setup (See “Using the Document Manager” on page 394)
- Page layout for letterhead, footers, borders, and electronic signatures of engagement letters (See “Setting Up Letterhead, Footers, Margins, and Borders” on page 58)

Archive Manager

Use the Archive Manager to archive returns and to review, restore, or delete the archived returns. This means you can save various versions of a return, such as the amended return *and* the original return prior to amending. The Archive Manager is accessible from both Basic and Enhanced modes.

Creating an Archive

To create an archive of an open return:



1. From View mode, select **Archive > Archive Client Return** (or select **Archive > Archive Manager** and click the **Archive** icon in the **Archive Manager** toolbar).
2. In the **Archive Client Return** dialog box, enter a description of the archived file (Figure 6-21), and click **OK**.

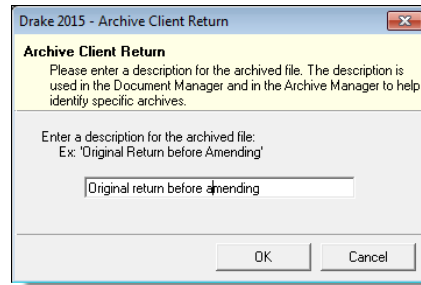


Figure 6-21: Archive Client Return dialog box

3. After the program has created the archive, click **OK** again. The program adds the archived return to the **Archive Manager** list.

NOTE

The archived return is also saved to the client's file in Drake and to the client's Document Manager. Reach the Document Manager from View mode by going to **Archive > Document Manager**.

Restoring an Archived Return

When you restore an archive, you replace the open version of a return with an archived version. A built-in prompt will suggest that you archive the latest version of a return before restoring an older version (recommended).

To restore an archive:



1. From View mode of the return, select **Archive > Archive Manager**.
2. Click the row of the archive to restore.
3. Click **Restore**. A program prompt suggests that you create a new archive of the current version of the return before restoring the older version.
 - To create a new archive, click **Yes**. The **Archive Client Return** dialog box is opened so you can name and save the new archive.
 - To proceed without creating a new archive, click **No**. A final warning is displayed; click **OK** to proceed.
4. When the archive has been created, click **OK**.

Deleting a Return from the Archive Manager

To delete an archive of a return from the Archive Manager:



1. From View mode of the return, select **Archive > Archive Manager**.
2. Click the row of the archive to delete.
3. Click **Delete**. You are prompted to confirm the deletion.
4. Click **Yes** to delete the file from the archive.

Once deleted, the previously archived file cannot be recovered.

ACA Calculations

The Affordable Care Act requires all taxpayers who are U.S. citizens or legal residents to have at least minimum health care coverage. Drake has included ACA calculations that will show your clients what their projected tax credit—and any potential tax penalty—would be. The calculations are generated on an “ACA” page in View mode, and includes an “Affordable Health Care Assessment,” a summary of what the calculations were based on, and other information taxpayers will need when applying for ACA health care coverage.

IMPORTANT

It is Drake's interpretation of the Section 7216 regulations that a preparer *need not* obtain a signed Consent to Use before doing an ACA Assessment; however, should the preparer use the information from the assessment to recommend a solution (that is, to refer the client to an online source such as eHealth), then the preparer *should* obtain a Consent to Use prior to performing the assessment.

Access the ACA calculators (Figure 6-22 on page 266) from the **Health Care** tab of the **Data Entry Menu** (or type ACA into the selector field and press ENTER).

Affordable Care Act Calculators

For current tax year health care coverage (ACA) information, use screen [HC](#) [Video: ACA Overview](#)

This ACA screen is used to project the cost of insurance and the penalty for noncompliance in future years. Information that may be necessary to apply for insurance at the Marketplace (also called the Exchange) will also be calculated and the Affordable Health Care Assessment will be produced. Information entered on this screen will not impact current tax year calculations.

Spouse will be the primary insurance applicant

7216 Disclosure Documents
 The taxpayer(s) has signed and been provided a copy of the Consent to Use of Tax Return Information as required by IRS regulation 7216.

Premium Tax Credit Qualification Calculator

Are you legally present in the U.S. and not incarcerated? (select No if incarcerated)... Yes No
 Are you enrolled in an employer-sponsored insurance plan?..... Yes No
 Are you eligible for other qualifying coverage, such as Medicare, Medicaid, or affordable employer-sponsored coverage?..... Yes No

Affordable employer-sponsored coverage: the employee-only premium is less than 9.56% of family income, and it provides the minimum value of covering 60% of total allowed costs.

State of residency..... =

Number of persons in family/household..... =

Your household income..... =

If you were enrolled in your employer-provided insurance, what would your annual cost be? (Enter employee portion only).....

Relief for future years

Projected Annual Penalty for Being Uninsured

	2015	2016
Annual penalty: \$325 per adult + \$162.50 per child, up to \$975 or 2% of income, whichever is greater.	Annual penalty: \$695 per adult + \$347.50 per child, up to \$2,085 or 2.5% of income, whichever is greater.	
Number of adults in family..... =	=	=
Number of children in family..... =	=	=

Figure 6-22: ACA calculators, accessible from the **Health Care** tab

For the **Premium Tax Credit Qualification Calculator**, answer questions about the taxpayer’s citizenship status and current insurance coverage. If the spouse will be the primary applicant for the insurance, mark that check box. Overrides are available for the taxpayer’s state of residence, size of household, and annual income.

Calculate or view the return and the software makes the calculations based on data entry on other screens and generates an “ACA” page, available in your forms tree in Enhanced View (or in the forms cascade in Basic View).

The **Projected Annual Penalty for Being Uninsured** calculator projects the annual tax penalty for the next three tax years, based on data entry, for those taxpayers who are required to have insurance but have failed—or declined—to get coverage (Figure 6-23 on page 267).

Taxpayer Penalty for Being Uninsured		
	2015	2016
Projected filing status	2	2
Filing threshold for your filing status	20,300	20,300
Number of adults	3	3
Number of children	4	4
Penalty based on family size	975	2,085
Adjusted family income	170,422	170,422
Penalty based on adjusted family income	3,408	4,261
Your projected maximum penalty	3,408	4,261

The penalty is calculated based on 12 months without insurance coverage; the penalty for going without insurance for part of the year may be less. The following exceptions were not included in the potential penalty displayed above:

- * The law allows an individual to be without insurance for less than three consecutive months without incurring a penalty.
- * The calculated penalty will not exceed the cost of National Bronze insurance. Penalty will not be greater than the cost of buying Bronze level insurance through the exchange.

Important information you may need to prepare your Marketplace application:

2014 Federal Income	William Carter	Amelia Carter
W-2 income	111,334	79,011
Self-employment income	21,195	6,173
Unemployment	0	0
Pensions/Retirement	55	0
Social Security	0	0

Figure 6-23: ACA page in View mode

Emailing ACA Assessments

To email the results of the ACA assessment:

1. View the return.
2. Select the ACA document:
 - (Enhanced view) From the document tree on the left side of the window, select **ACA**.
 - (Basic view) Click the **Print** button then select the **ACA** folder.
3. From the toolbar, click the arrow beside the **Email** button and select **Email to Client - Affordable Care Act (ACA) assessment**.
4. In the **Email Return** window, select to use a watermark (optional) and to password-protect the document (optional). (The use of a password is the default setting. To remove the password requirement, clear the **Password protect** check box.) If you choose to password-protect the document, remember that the recipient will need the password to open the document. Click **Continue**.
5. Click **Save** to save the ACA document to the client's DDM folder and go to the **Email - Compose Message** window.
6. In the **Email - Compose Message** window, make any changes you wish to the text in the lower portion of the window.
7. Click **Send**.

Accepting Payments

Drake allows you to accept credit card payments from your clients. You can also import from a Excel, CSV, or tab delimited worksheet containing payment information directly into Drake.

Merchant Credit Card Processing

Sign up to accept your customers' credit and debit cards as payment for your services with EPS Financial's credit card processing program. If you are already taking credit cards, find out if EPS' programs can save you money.

NOTE Although EPS Financial is offering this service, you can take advantage of it regardless of which of Drake's banking partners you choose.

To apply, go to the EOM. (See "Enterprise Office Manager" on page 280 for details on the EOM.) From the EOM menu bar, click **Enrollment > Merchant Credit Card Processing**, complete an application, and click **Save**. (If you've completed a bank application, much of the information is filled out for you.) After the application is submitted (after you click **Save**), you'll receive an email confirmation and an EPS enrollment account executive will contact you.

For more information, email EPS Financial at merchantsales@epsfinancial.net or call (844) 244-1787 to speak with an Account Executive regarding the status of the application.

Data Entry To accept payment from a customer's credit card:

1. Calculate the return.
2. From the **Data Entry Menu** toolbar, click the **e-Pay** icon to open the **E-Pay** dialog box (Figure 6-24). The calculated preparation fees appear in the **Amount Due** and **Amount to Pay** fields. Adjust the amount to pay as needed.

Figure 6-24: Select **Swiped Credit Card** or **Keyed Credit Card** tab on the **E-Pay** dialog box

3. Select the **Swiped Credit Card** (for using a card reading device) or **Keyed Credit Card** (for entering the card numbers manually):
 - If entering the card information manually, select **Use Taxpayer Information** to autofill the **Billing Information** fields with taxpayer data from screen 1 of the return, or complete the fields in manually.
 - Complete the **Credit Card Information** fields.

- If using a card reader, select the **Swiped Credit Card** tab then run the card through the reader.
- 4. (optional) For the customer to receive an electronic receipt and payment notifications, enter the customer's email address. (An email address entered on screen 1 automatically flows to this field.)
- 5. Click **Process**.

Once accepted, the credit card payment automatically flows to the client's **BILL** screen in Drake and the payment appears on the client's bill.

Importing Payments

You can import client payment information from any number of clients from an Excel, CSV, or tab delimited worksheet, or enter payment information to one return at a time, directly into the **BILL** screen of tax returns without having to open the returns. This feature is particularly helpful to offices where front-office personnel work in accounts receivable but not in return preparation.

Importing Multiple Payments

To take advantage of this feature, you first need to have a worksheet with payment information. The worksheet needs to have the same column headers in the same order as in Figure 6-25:

	A	B	C	D
1	TIN	Payment Description	Payment Date	Payment Amount
2	400-00-1111	Credit Card - AMEX	1/2/15	\$100.32
3	222-22-2222	Check	3/5/15	\$200.00
4	400-00-6665	Credit Card - Visa	4/15/14	\$572.95
5				
6				

Figure 6-25: Payment Import worksheet (column headers circled)

Save the worksheet. The default location is the FT folder in Drake15, but you can save it anywhere you can later find it.

Next:

1. From the menu bar of the **Home** window of Drake, go to **Tools > File Maintenance > Import Data** to open the **Import Data** dialog box.
2. Select the **Return Preparation Payment Information (Excel, CSV, Tab Delimited)** option. Click **Next**.
3. Read the instructions. Click **Next**.
4. Click **Browse** and find your worksheet. Click **Open**.
5. Make sure the import starts on the proper row. (In the example in Figure 6-25 on page 269, the starting row is "2" so the headings will not be included.) Click **Next**.
6. Click **Import**.

The payment information is imported into the return of every TIN on the worksheet. The information goes to the **BILL** screen (available from the **Miscellaneous** tab of the **Data Entry Menu**) and appears on the client's bill.

Entering Individual Payments

The program also allows you to enter payment information to one return at a time without opening the return. To do so:

1. From the **Home** window, go to **Tools > File Maintenance > Import Data** to open the **Import Data** dialog box.
2. Select **Return Preparation Payment Information (Manual Entry)**. Click **Next** to open the **Apply Payment** dialog box.
3. In the **Apply Payment** dialog box, enter a client's SSN or EIN, select a payment method from the **Description** drop list, change the payment date (if necessary), and enter the payment amount. Click **Save**. Click **Yes**. Click **OK**.

The payment information appears on the client's **BILL** screen and on the client's bill.

NOTE

To have payment methods appear on the **Description** drop list of the **Apply Payment** dialog box, you must first customize some of the **Bill Screen - Payment Description** user-defined data-entry fields. See "Customized Drop Lists" on page 44 for details.

7 Banking

For tax year 2015, Drake is working in conjunction with the banks listed in Table 7-1 to provide taxpayers access to bank products: cashier's checks, direct deposits, and debit cards.

This chapter covers requirements for you and your clients, processes for setting up your software for offering various banking options, and data entry for these products. It also explains what these products are, how to manage them through the Enterprise Office Manager, and provides valuable information you will want to review in addition to the information already provided by Drake and your banking partner.

NEW FOR
2015

Drake's banking partners are offering "Advance" products this year, a way for you to offer your clients a quick, no-cost advance against their tax refund in the form of a check, debit card, or direct deposit. Amounts of the advance and disbursement options vary by financial institution. See "Advance Products" on page 277.

Drake's Banking Partners

Drake's banking partners and their contact information is listed in Table 7-1.

Table 7-1: Drake Banking Partners

Bank	Phone	Website
EPS Financial	(877) 801-4411	epsfinancial.net
Refund Advantage	(800) 967-4934	refund-advantage.com
Refundo	(866) 414-9947	refundo.com
Republic Bank & Trust	(866) 491-1040	republicrefund.com
River City Bank	(888) 820-7848	rcbral.com
Tax Products Group	(800) 779-7228	cisc.sbtpg.com

Tax Preparer Requirements

IRS Regulation 7216 provides guidance to tax preparers regarding the use and disclosure of their clients' tax information to parties outside of the tax preparer's firm. The Consent to Use of Tax Information must be signed and dated by the taxpayer (and spouse, if the filing status is Married Filing Jointly) before the return is prepared. The Consent to Disclosure of Tax Information must be signed and dated by the taxpayers before the return is e-filed and the information submitted to a third party.

Drake offers several options for making these forms available to your clients, including printing forms in batches and having clients provide their signatures electronically. These methods are described in the following sections.

Consent to Use of Tax Return Information

The Consent to Use of Tax Return Information explains the IRS Regulation 7216 requirement to the taxpayer. It must be signed *before* the return is prepared.

- **Paper Forms** — There are several ways to generate paper forms:
 - Log in to the Drake Support site (*Support.DrakeSoftware.com*), and from the blue sidebar menu, go to **Resources > 7216 Sample Letters**. Click to open the generic **Consent to Use of Tax Return Information**, in English or Spanish. Print or save to your computer desktop. Be sure to put your firm's name at the top of the page. Clients must sign and date this form manually.
 - From the **Home** window of the tax software, go to **Tools > Blank Forms**, and search for “7216.” Choose the form for your bank or the generic “Use” form (“7216_Use”).
 - Open a new return, and from the **Miscellaneous** tab of **Data Entry Menu**, open the **USE** screen. Enter a date, view the return (use both **Date** fields if filing status is Married Filing Jointly), then print the document titled “7216 Use.”
- **Electronic Signatures** — There are two ways to obtain electronic consent:
 - Through the e-Signature feature
 - Through the **USE** screen in the software

Code: **USE**

To use the e-Signature feature:

1. From the **Miscellaneous** tab of **Data Entry Menu**, open the **USE** screen.
2. Enter a date in the **Date** field. (Use both **Date** fields if filing status is Married Filing Jointly) and view the return.
3. Follow the steps for using the e-Signature feature as described in “Client's e-Signature” on page 254.

To use the **USE** screen in the software:

1. From the **Miscellaneous** tab of **Data Entry Menu**, open the **USE** screen.
2. Have the taxpayer and spouse (if filing status is Married Filing Jointly) type his or her name and the date onto the screen. (See Figure 7-1 on page 273.)

By signing below, you (including each of you if there is more than one taxpayer) authorize us to use the information you provided to us during the preparation of your 2015 tax return to determine whether to present you with the opportunity to apply for these products and services.

Electronic signature(s)	
Name of taxpayer (must be entered by the taxpayer)	Date
Napoleon Bonaparte	04-04-2016
Name of joint taxpayer (must be entered by the taxpayer)	Date
Josephine	04-04-2016

Figure 7-1: Names and the date as entered by clients on the USE screen

Once the required fields on the applicable screen are completed, the Consent to Use of Tax Return Information will be generated with the return with the preparer's name already entered and is considered "signed" electronically.

Consent to Disclosure of Tax Return Information

The Consent to Disclosure of Tax Return Information contains banking-option information and explains the IRS Regulation 7216 requirement to the taxpayer. It must be signed *before* the return is e-filed.

- **Paper Forms** — Paper copies of the 7216 Consent to Disclosure of Tax Return Information can be accessed by several means:
 - The software generates the disclosure form as part of the return (if bank products have been selected on a bank screen). The wording of the form reflects the banking option your firm has selected. This form can be signed with other signature documents prior to e-file.
 - Log in to the Drake Support site (*Support.DrakeSoftware.com*), and from the blue menu bar, go to **Resources > 7216 Sample Letters**. Click to open the generic **Consent to Disclosure of Tax Return Information** or any of the bank consent forms, in English or Spanish. Print or save to your computer's desktop. Be sure to choose the correct form for your firm's selected bank.
 - From the **Home** window in Drake, go to **Tools > Blank Forms**, and search for "Consent." Choose the form for your bank or the generic disclosure form (OF_7216D).
- **Electronic Signatures** — There are two ways to obtain electronic consent:
 - Through the e-Signature feature
 - Through the **DISC** screen in the software

Code: **DISC**

To use the e-Signature feature to obtain electronic consent:

1. Complete a bank screen.
2. View the return.
3. Follow the steps for using the e-Signature feature as described in "Client's e-Signature" on page 254.

To obtain electronic consent through the software:

1. From the **Miscellaneous** tab of **Data Entry Menu**, open the **DISC** screen.

2. Have the taxpayer (and spouse, if filing status is Married Filing Jointly) type his or her name and the date onto the screen.

Once the required fields on the applicable screen are completed, the Consent to Disclosure of Tax Return Information will be generated with the return and is considered “signed” electronically.

NOTES

See “E1 Visa Prepaid Card Program” on page 278 for information on consent form requirements for the E1 Card.

If using ABCvoice, go to the **ABCV** screen in data entry to indicate whether the taxpayer has signed the Consent to Disclosure of Tax Return Information.

Consent to Disclosure: Franchises/Networks

The Consent to Disclosure of Tax Return Information to franchises or networks (formerly, service bureaus) is required for *all* returns (not just bank-product returns) prepared by firms that are part of a franchise or network. The form is similar to the disclosure form for banks described previously and must be signed *before* the return is e-filed.

- **Paper Forms** — Log in to the Drake Support site (*Support.DrakeSoftware.com*), and from the blue menu bar, go to **Resources > 7216 Sample Letters**. Click **Consent to Use of Tax Return Information** in English or Spanish. Print the documents and enter the names of the preparer, taxpayer, (and spouse, if applicable). The taxpayer (and spouse) must sign and date the form prior to e-file.

Next, in the software, go to **CONS** (accessible from the **Miscellaneous** tab) and select the first box in the **Paper Consent** section (Figure 7-2).

Paper Consent of Disclosure to Franchise/Network

Consent to Disclosure of Tax Return Information to franchise/network has been signed by the taxpayer (and joint taxpayer if applicable)

Consent to Disclosure of Tax Return Information to franchise/network has NOT been signed by the taxpayer (and joint taxpayer if applicable)

Figure 7-2: Check boxes on **CONS** screen for disclosure to franchise/networks

Code: **CONS**

- **Electronic Signatures** — To obtain electronic consent, the taxpayer (and spouse, if the filing status is Married Filing Jointly) must enter their names and the date onto the **CONS** screen. The Consent to Disclosure of Tax Return Information is generated with the return and includes the name of the franchise or network from **Setup > ERO**.

IMPORTANT

If your firm uses a franchise or network, the **CONS** screen *must* be used—even if the client refuses to sign the form. If the client declines to give consent, select the second box in the **Paper Consent** section of the **CONS** screen. (See Figure 7-2 on page 274.)

A franchise or network EFIN must be entered in **Setup > ERO** in order to produce the correct letter from the **CONS** screen and ensure that consent can be obtained for every return. See “ERO Setup” on page 30.

Taxpayer Requirements

For a taxpayer to be eligible for one of the banking options offered, the return must be eligible for e-file. In most cases, the taxpayer must be 18 or older. If filing as Married Filing Jointly, both taxpayers must be 18 or older. Check with your banking partner for state-specific age requirements.

Application Forms

Both preparer and client must complete *all* parts of the appropriate application form. Form names vary by bank. If a bank is selected in **Setup > Firm(s)** and a bank product is indicated in the return's bank screen, the appropriate application is included in the forms produced with the return.

Banks typically have specific minimum and maximum refund requirements. For more information, consult the bank application.

NOTE

Do not confuse the applications described above with the bank application that an ERO must fill out online for Drake. For more on the Drake bank application, see “Preparing to Offer Bank Products” on page 280.

Franchise/Network Requirements

If your firm collects tax returns for e-file from outside companies or individuals, it might be considered part of franchise or network. Franchises and networks can be required to provide additional information when applying for banking services.

A preparer or firm can be considered a franchise or network if:

- The preparer accepts returns from other businesses that the preparer does not own
- A preparer issues Form 1099 for contract labor at other locations
- A preparer contracts with another to provide e-file and banking options
- A preparer issues W-2s to a non-employee who performs functions as a preparer

Your firm is *not* a franchise or network if it issues W-2s to employees who are under direct control of the firm and collect returns at the other locations.

NOTE

Protection Plus has a pricing option for its audit protection plan so that tax offices that are franchisees or part of a network can charge an additional fee on top of the fees charged by the ERO charges for tax preparation. See "Audit Protection" on page 117 for more details.

Bank Products

Traditional bank products allow taxpayers a way to pay their preparation fees from their refund rather than having to pay their fees up front. They also give taxpayers without bank accounts an alternate way to receive their refunds.

To provide a traditional bank product, the bank sets up a temporary account for direct deposit of the taxpayer's refund. Once the IRS deposits the refund into the temporary account, the bank deducts applicable fees and deposits the preparer's fees into the preparer's account while issuing the remaining funds to the taxpayer via check, direct deposit, or debit card.

New for 2015: "Advance" products are different: the bank does not withhold preparer fees from the taxpayer's refund. Preparers who offer the Advance-only products are responsible for collecting all fees, including tax preparation fees, bank fees, transmitter fees, etc., from their customer up front. Preparers who offer the Advance with a refund transfer (RT) will have their fees withheld from the RT as with traditional bank products.

See "Advance Products" on page 277 for more information.

NOTES

Banks provide certain products for state refunds. Check with your bank for a list of eligible states.

A bank product cannot be added once the IRS has acknowledged the return.

Office Setup

Find details for setting up your office to offer bank products at "Preparing to Offer Bank Products" on page 280.

Disbursement Methods

Bank products, including the Advance product, are disbursed to the taxpayer through a refund check printed in your office, by direct deposit into taxpayer's bank account, and through prepaid debit cards. All of Drake's banking partners offer variations of these products and most offer the Walmart Direct2Cash cards.

Show your client all bank documents, explain all costs, and check client ID to verify identity before offering banking services.

Advance Products

All of Drake's bank partners are offering "Advance" products for the 2015 filing season. These Advance products get money into the hands of your clients quickly, they cost your clients nothing, and in some cases, they cost you nothing. Some banks, however, charge you a fee for every Advance product funded. (These fees would be withheld from taxpayer's refund.)

Advance products have certain limitations set by the financial institutions, varying from \$400 to \$1,000. Depending on the bank, the Advance can be in the form of a check printed in your office, a debit card, a Walmart Direct2Cash disbursement card, or a direct deposit. Some banks require an RT (Refund Transfer) and some offer an Advance-only option.

With the Advance-only option, you are responsible for collecting the tax return preparation fees from your customer up front. The bank does not withhold fees from the refund and deposit them into the preparer's account with an Advance product as it does with traditional bank products.

Refer to your bank agreement for details on all fees and procedures.

Bank Product Costs

Fees are charged for each method of traditional bank product disbursement. Notify your client that the following fees can be subtracted from the refund amount:

- Tax return preparation fees
- Add-on fees
- Bank fees
- Software fees
- Franchise/network fees

Direct Deposit

Most bank products include a *direct deposit* option. If a taxpayer has a checking or savings account, funds can be deposited directly into the taxpayer's account, bypassing a trip back to the tax office to pick up a paper check.

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 286.)

Debit Card

All of Drake's bank partners provide the option of delivering bank products via debit card and some via a Walmart Direct2Cash card as a disbursement method. The steps to select a debit card for your clients are similar on most bank screens in Drake. Following, we focus on the e-Collect program and E1 Visa® card from EPS Financial.

For specific details regarding each bank product, go to the Drake Support site (Support.DrakeSoftware.com) and select **Partner Programs > Bank Partners**.

e-Collect Program and E1 Cards

The e-Collect program is a good option for people with no bank accounts or with poor credit ratings and who don't or can't pay up front for tax preparation service. The taxpayer chooses a disbursement method—prepaid card (see “E1 Visa Prepaid Card Program,” following), direct deposit, cashier's check—and the tax preparation fees and bank setup fees are deducted from the taxpayer's refund prior to disbursement. The refund amount must be more than the preparer fees, franchise/network fees, bank fees, and any Drake fees.

NOTE

If the taxpayer chooses the **Free Advance without refund deposit** option, no fees are collected. The preparer is responsible for collecting return preparation fees from the taxpayer. Select **Free Advance with refund deposit**, and the fees are collected by the bank and disbursed to the tax preparer when the funds are released.

E1 Visa Prepaid Card Program

If you're offering the E1 Card, you provide your client with the card at the time of tax preparation. Your client can receive notification by email or text message when funds are released. The refund amount must be at least \$10 plus the sum of the preparer fees, franchise/network fees, EPS fees, and any Drake fees.

This card can be used year-round, and clients can reload it at any time using one of the following methods:

- By direct deposit of payroll
- By direct deposit of government benefits
- Through an approved E1 Card reload network partner

The E1 Card is available to certain taxpayers who are 18 or older. For more information on qualifying for the E1 Card, visit www.2.epsfinancial.net

IMPORTANT

The E1 Visa[®] Prepaid Card is issued by The Bancorp Bank pursuant to a license from U.S.A. Inc. It can be used wherever debit cards are accepted. The Bancorp Bank; Member FDIC.

Obtaining Your Card: The USA PATRIOT Act is a federal law that requires all financial institutions to obtain, verify, and record information that identifies each person who opens a Card Account. What this means for you: When you open a Card Account, Bancorp Bank will ask for your name, address, date of birth, and other information that will allow Bancorp Bank to reasonably identify you. Bancorp Bank may also ask to see your driver's license or other identifying documents at any time.

7216 Signature

All 7216 forms must be signed by the taxpayer (and spouse, if applicable) before applying for the E1 Card. If the paper option has been used to obtain the taxpayer signatures, mark the box provided at the top of the **EPS** screen. To have the required forms signed electronically, click the links provided on the screen. (See “Consent to

Use of Tax Return Information” and “Consent to Disclosure of Tax Return Information” on page 273.

Security Information

The **Security Information** section of the **EPS** screen contains questions intended for the preparer's clients to answer. The taxpayer and spouse will have to be able to answer these same questions if they want to log in to the EPS Financial website (www2.epsfinancial.net) and set up an online account. You'll also have to make a selection from the **Preferred language** drop list before you can activate the card.

Disbursement Notification

In the **Disbursement Method** section of the **EPS** screen, choose how your client should be notified when funds have been loaded onto the E1 Card. From the first drop list of this section, select the notification method for contacting the taxpayer. If you select **SMS** (text messaging), you'll also have to select the cell phone carrier from the second drop list. (Be aware that charge may apply when using the SMS method.) The program uses the email address and cell phone number provided on screen **1**.

IMPORTANT

An email or cell phone number must be entered on screen **1** for a client to be notified when funds are loaded. If no email address or cell phone number can be found, the taxpayer will not be notified automatically when funds are loaded.

E1 Payment Reference Number (PRN)

Also in the **Disbursement Method** section of the **EPS** screen, enter the 19-digit E1 PRN as shown in the window of the E1 Card envelope. Re-enter it for verification purposes.

Apply for E1 Card

As the final step in the E1 Card application process, click **Activate Card**. The data retrieved allows Drake to know whether the card has been approved.

If the application is declined or rejected, an explanation is displayed in the text box at the bottom of the **EPS** screen. After reviewing the explanation, make any required modifications to the application and click **Activate Card** again to reapply.

Other options on the **EPS** screen include receiving a check printed in the preparer's office, having the refund deposited directly into the taxpayer's account, and receiving a Walmart Direct2Cash card.

IMPORTANT

All banks require identification documentation for the return to be transmitted and bank product accepted. Go to screen **IDS**, accessible from the **Electronic Filing and Banking** section of the **General** tab, to enter the taxpayer's ID information.

Signing Up

Tax preparers who want to offer a banking option through Drake must submit a banking application annually. To submit your application and sign up for disbursement program of your choice, go to your EOM (see “Enterprise Office Manager,” following), and from the menu bar, select **Enrollment > Bank Application**. Select a bank as your **Active Bank**, complete the application screen, and click **Submit Completed Application**. (See “Banking Application,” following, for more on applying to a bank.)

When you're notified of acceptance, open Drake, and from the **Home** window, go to **Setup > Firm(s)**, and double-click your firm's name to activate the lower portion of the screen. In the **Banking Information** section on the right side, select your bank from the drop list (or click **Retrieve** to retrieve your information from your EOM application). Complete the rest of the banking fields, including the pricing package you chose.

For more on entering firm information in Drake, see “Firm Setup” on page 28.

Preparing to Offer Bank Products

To offer bank products, you must set up your system with both Drake and the bank of your choice. Your firm must also submit an online bank application through Drake each year. This application is separate from the application discussed in “Application Forms” on page 275.

Banking Application

Banking applications must be submitted annually if you want to offer bank products. Drake transmits these applications to the preparer's selected bank for review. Bank information is managed using the Enterprise Office Manager (EOM).

Enterprise Office Manager

The EOM is an online site that allows you to:

- Complete, submit, and manage bank applications
- Apply for Protection Plus audit assistance
- Sign up to accept payment via credit cards
- Sign up for the Software Assistance program
- Manage fee direct deposits
- Manage EFIN data and create a login page for master EFINS and sub-EFINS
- Build reports for add-on fees and Protection Plus information.

Accessing the EOM

There are four ways to reach the EOM:

- Go to *Support.DrakeSoftware.com* and select **My Account > Bank Application**
- Go directly to the EOM website (*eom.1040.com*)
- From the toolbar on the **Home** window of Drake, click **Support > Drake Software Support Website**

- From the menu bar on the **Home** window of Drake, go to **Help > Support Info**, click the link to the Drake Support website, and select **My Account > Bank Application**.

IMPORTANT

Multi-offices must sign in with the Master EFIN and complete the required settings before the sub-offices can log in and access the EOM information.

TIP

Click **Help** on the EOM website to view or download the EOM manual. This manual provides information on managing your accounts, applications, sub-offices, fee overrides, and other options available through the EOM.

Applying for a Bank

In the procedure that follows, note that bank applications vary by bank selected.

To access and complete a banking application:

1. Access the EOM website. (See “Accessing the EOM” on page 280.)
2. Enter your EFIN and Drake password and click **Sign In**.
3. (single office site) If this is your first visit to the EOM, select the **Account Info** tab from the blue menu bar of the EOM home page, complete the **Company Information** fields, address fields, and **Ownership Information** and click **Save** before proceeding. It's a good idea to review this information each time you log in to the EOM. (If this is not your first visit and you have worked on or completed your application, the EOM is opened to the **Account Info** tab.)
4. From the blue menu bar of the EOM home page, go to **Enrollment > Bank Application**.
5. From the list of banks at the top of the window, select a bank from the **Active Bank** column. The application for that bank is displayed.
6. Complete the application. (If you're unable to complete the application in a single sitting, or if you want to come back and review the application later before submitting it, click **Save and Finish Later** at the bottom of the window.)
7. Click **Current Active Bank** at the bottom of the window only if you are changing banks and completing a new application.
8. Click **Submit Completed Application**. When you submit the application, Drake forwards it to the appropriate bank.

NOTES

To import your banking information from your Drake bank application directly into the tax software, see “Firm Setup” on page 12.

All of Drake's banking partners require some form of compliance training before allowing bank products. Contact your bank for details.

Checking Application Status

To check the status of your application, log in to the EOM and select **Enrollment > Bank Application** from the menu. The **Application Status** appears in the box at the top of the page.

CAUTION Making changes to an application and resubmitting it can change its status.

Application statuses are listed below.

- A = Accepted
- B = Accepted, post-acceptance changes rejected
- C = Accepted, post-acceptance changes pending
- D = Declined (Call the selected bank to resolve any issues.)
- E = Accepted, awaiting bank account information
- G = Approved pending state registration
- I = Incomplete
- J = Accepted, SPA accepted
- K = Accepted, SPA declined
- N = Needs compliance training
- P = Pending
- Q = Accepted conditionally
- R = Rejected (available for correction and resubmission)
- S = Suspended; contact the bank
- W = Withdrawn

Most status updates are available within hours of submitting the application. Once your application has been approved, contact the bank to order check stock and card stock and complete any additional agreements.

Banking Options

Once you have chosen your banking solution, activate your selection in Setup Options in the tax software so the correct screens are accessible from the **General** tab.

Setting Up Banking Options

1. From the **Home** window of Drake, select **Setup > Firm(s)**.
2. Double-click the firm (or select a row and click **Edit Firm**).
3. Under **Banking Information**, select your bank and enter additional information as necessary. Options described in Table 7-2 vary by financial institution. Click **Save**.

Table 7-2: Options under Banking Information in Setup > Firm(s)

Item in Setup	Description
Retrieve	Import banking information from your completed bank application in the EOM into Firm Setup.

Table 7-2: Options under Banking Information in Setup > Firm(s)

Item in Setup	Description
Additional Fee (Add-on)	These fees are deducted from the taxpayer's refund and held for you by Drake in a separate bank account. The balance of this account will be distributed directly back to you on a monthly basis during tax season, and in mid-November for after-season balances.
Add-On Fee Recipient	Use this field to have a name other than your firm's name printed on the bank product information on the line labeled "Additional Fee withheld on behalf of."
Document Prep Fee	Enter the amount you will charge for preparing bank product-related documents. (Available only with Tax Products Group as the selected bank.)
Product Selection	Offers vary by bank. Some have rebate programs to select, some just Advance products. Soem also require a document fee
Audit Protection	If you signed up for Audit Protection mark the Using Audit Protection through Protection Plus check box and enter an amount from \$1 to \$59 (inclusive) in the Protection Plus Markup Amount field. If your firm is a franchise/network, and you've signed up for Protection Plus Franchise/Network, enter your Master EFIN, the name, and the amount of markup. The total of Protection Plus markup amount and the franchise/network markup cannot exceed \$59. See "Audit Protection" on page 117.

NOTE

Check with your bank for limitations on add-on fees before setting up a new firm in Drake. Once an amount is set and a bank application has been created, the amount should never be changed. The banks closely monitor the amounts charged for application fees.

Viewing in Data Entry

Once a banking option is selected and saved, you can access it from data entry. In the **Electronic Filing and Banking** section of the **General** tab of the **Data Entry Menu**, click the bank's name (Figure 7-3).

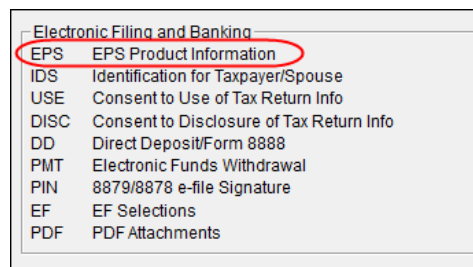


Figure 7-3: The bank screen in the Electronic Filing and Banking section of the General tab in data entry

Taxpayer Application

Complete an application/agreement for every taxpayer applying for one of the banking options available (see “Taxpayer Requirements” on page 275).

Check and Card Stock

Obtain all check and card stock from your bank. All stock must be verified and secured upon receipt. Read and retain all information included with the checks or cards.

Bank Screens in Data Entry

The Drake program has a separate screen for each of Drake's banking partners. While the bank screens have certain fields in common, each bank screen is unique. Become familiar with the screen for the bank you are using. Use the available help resources to ensure that all required information is entered for each taxpayer with bank products. Described here are the fields that are found on most bank screens in Drake.

Product Selection

Drake's bank partners offers multiple products, and the screen for that bank includes a **Product Selection** section. If adding a state bank product, select the state.

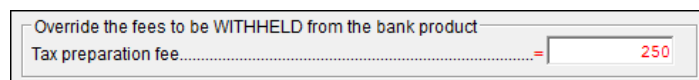
Identification

New for 2015: The taxpayer's and spouse's identification information is now entered on the **IDS** screen, accessible from the **Electronic Filing and Banking** section of the **Data Entry Menu** or by typing **IDS** in the selector field and pressing **ENTER**.

Identification information is required for the return to be transmitted and bank product accepted.

Prep Fee Override Field

Tax preparation fees are calculated from fees established in **Setup > Pricing** and can be overridden from both screen **1** and the **BILL** screen. You can also use the **Tax preparation fee** override field on your bank screen to override the fee amount that is to be withheld from the bank product.



Override the fees to be WITHHELD from the bank product
Tax preparation fee.....= 250

Figure 7-4: Overriding the **Tax preparation fees** from the bank screen.

Additional Disbursement Methods

Each Drake bank partner offers more than one disbursement method or product offering, and those selections are reflected on the various bank screens. If a taxpayer wishes to have the proceeds of the bank product deposited into an account rather than

distributed as a check or card, enter the banking information in the proper section of the bank screen. Note that the **RTN**, **Account Number**, and **Type of Account** must be entered twice for verification.

Address Override

The address fields on the bank screens are override fields; if an address is entered on screen **1**, you do not have to enter it again on the bank screen. If the taxpayer's address differs from the one entered on screen **1**, or if the screen **1** address is a P.O. box, enter a physical address on the bank screen to help avoid delays in processing the application.



Figure 7-5: Address override fields on bank screen

Bank Product Transmission

Several transmissions occur when you e-file a tax return with bank information using Drake:

- Drake transmits the tax return to the IRS and the appropriate bank.
- The IRS sends an acknowledgment (“ack”) to Drake. If the return has been accepted, Drake transmits the bank information to the bank.
- The bank sends an acknowledgment back to Drake.

The bank also posts a “Fees to ACH” (Automated Clearing House) acknowledgment when applicable to inform preparers that their fees have been distributed to their direct deposit account.

Your system picks up any new bank acks whenever you initiate a connection with Drake (transmit or receive from **EF > Transmit/Receive**).

Processing the Check

The following process is necessary for firms that print checks in-house. (If your firm does not print the checks, post the bank-acceptance acks to the EF database so your database will always reflect the most current client status.)

Testing Check Print

Before printing checks, test your printing procedure to ensure that checks will be printed correctly. One test check for each bank is loaded into Drake; when you test-print a check, the program uses the test check matching the bank that is set up for “Firm 1” in **Setup > Firm(s)**.

To print the test check:

1. Ensure that paper for printing has been loaded into the printer. (Drake recommends using a blank sheet of paper.)
2. From the **Home** window, select **EF > Check Print**. If no checks are ready, a message prompts you to reprint any previous checks. Click **Yes**.
3. At the bottom of the **Reprint Checks** dialog box, click **Test**.
4. Click **Print** in the **Print** dialog box.

NOTE You can test check printing only for banks actually having checks printed through Drake Software and not through the bank's website.

Printing Checks for Bank Products

Before you print checks:

- Be aware that you *cannot print checks* until you have *received* the appropriate IRS and bank acknowledgments.
- Make sure the computer for EF transmissions has the correct date.
- Make sure the check number on the computer matches the check number on the next available physical check.

CAUTION *Do not transmit returns from more than one computer unless the program is on a dedicated server. Transmitting and receiving from more than one computer can affect your ability to print checks correctly.*

To print a check for a bank product:

1. From the **Home** window, select **EF > Check Print** to open the **Select Checks** window.
2. Select the checks to be printed or use **Select All** or **Unselect All**.
3. Click **Continue** to open the **Setup Check Range** dialog box. Select your bank from the **Bank name** drop list, then enter the starting and ending check numbers. Mark the box if your printer prints the checks in reverse order. Click **OK** to open the **Check Print Options** dialog box.
4. The **Check Print Options** dialog box displays the client's name, ID number, check amount, and check number. Choose from the available options, listed in Table 7-3:

Table 7-3: Check Printing Options

Option	Description
Print this check on # ___	Prints the check on the displayed check number.
Delete this Client's check	Deletes the check from the system. The check will not be displayed for printing again.
Skip this Client's check for now	Excludes the check from the current print job.

Table 7-3: Check Printing Options

Option	Description
Print ALL selected checks starting on #__	Prints all previously selected checks starting at the displayed check number.

IMPORTANT

Only the first time you print checks will you be asked to set up a check range. You can also click **Setup Checks** from the **Check Print Options** dialog box to change the check number if necessary.

5. Click **Continue**. In the **Print Selection** dialog box, make sure the correct printer is selected. Click **Print**.

Immediately after the checks are printed, your system should initiate the process to transmit the check register to Drake. When the bank receives the check register, preparer fees are usually deposited on the next business day.

IMPORTANT

The check register *must be transmitted to Drake* before you can receive fees from the bank. Drake recommends running **EF > Transmit/Receive** after printing large batches of checks.

Reprinting Checks

To reprint a check:

1. From the **Home** window, select **EF > Check Print**.
 - If no new checks are ready for printing, you are prompted to reprint checks. Click **Yes** to open the **Reprint Checks** dialog box.
 - If new checks are ready, the **Select Checks** dialog box is displayed. Click **Exit**, and then click **Yes** to open the **Reprint Checks** dialog box.
2. Type an SSN and press ENTER. The **Reprint Checks** dialog box displays any previous taxpayer and check information.
3. Click **Print**. You are asked if you have the prior check in your possession. Click **Yes** and the program automatically voids the prior check number.
4. In the **Check Print Options** dialog box, select your options and click **Continue**.
5. Select your printer in the **Print Selections** dialog box and click **Print**.

NOTE

You must write "VOID" on the face of the check that is no longer valid. Follow your bank's guidelines for disposition of voided checks.

Check Register

To access a detailed register of checks printed by your office:

1. From the **Home** window, select **EF > Check Register**.

2. In the **Check Register** dialog box, 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. (optional) Print or export the register as needed.
5. Click **Exit** to close the Report Viewer.

Resetting Check Numbers

Occasionally, you might have to reset the check range. Follow the process outlined in “Printing Checks for Bank Products” on page 286. When you get to the **Check Print Options** dialog box, click **Setup Checks** to access the feature for resetting check range.

Lost or Stolen Checks

If you do not physically possess a check that must be reissued (for example, if a check is lost, missing, or stolen), follow your bank's procedures for a lost or stolen check. *Do not reprint the check.*

Troubleshooting Check Printing

Listed below are some common issues that preparers encounter when printing checks. Please read the following information before contacting Drake Software Support.

Checks Aren't Being Printed

There are many reasons that a check might not be printed. Before contacting Drake Support, review the following questions to ensure that the necessary conditions for printing checks have been met:

- Is the correct printer selected? (Go to **Setup > Printing > Printer Setup**, and look in the **Checks** drop lists of the **(F5) General Setup** tab. Select another printer from the drop list if necessary.)
- Are you using the same computer from which the return was transmitted?
- Have you received the bank acceptance acknowledgment for this taxpayer?
- Has the correct SSN been entered (if reprinting)?

Text Won't Line Up

If the text is not lining up correctly on the check, you may have to modify the adjustment settings for the printer. To adjust these settings:

1. From the **Home** window, go to **Setup > Printing > Printer Setup**.
2. Select the **(F8) Edit Printer Settings** tab.
3. Select the printer being used to print the checks. Once a printer is selected, all other fields are activated.

4. Enter a number in the **Check Adjustment - Vertical** field. Each whole number represents a fourth of a line. Enter a positive number ("1") to move the check *down* a fourth of a line (text will show up higher on the check). Enter a negative number ("-1") to move the check *up* a fourth of a line (text will show up lower on the check). Remember to click **Update** and then **Save** before closing the **Edit Printer Settings** window.

If the text is showing up too far to the left or right, you may have to adjust the printer itself. Consult the user manual for your printer.

Program Won't Allow Reprinting

If trying to reprint a check that was printed before the current date, you will get a **Reprint Not Allowed** message. If this happens, click **OK**, and then press F5. You will be asked if you have the prior check in hand. *A prior check must be physically in your possession in order for you to reprint a check.* If you have the check, select **Yes**.

If the check has already cleared, there will be a date in the **Clear Date** field. You cannot reprint this check. Contact your bank for additional assistance.

Misfeeds and Paper Jams

If a check is damaged and rendered unusable during printing, write "VOID" on the face of the check and reprint using a new check. (See "Reprinting Checks" on page 287.) If you accidentally print a check on something other than the check stock (such as a blank sheet of paper), print the check again, then guarantee that the original check cannot be cashed.

If the check is still usable, you can reload and reprint it. In the **Check Print Options** dialog box, the check number displayed should match the number on the next check to be printed. If it doesn't, see "Resetting Check Numbers" on page 288.

Tracking Prior-Year Information

The **ADMN** screen in data entry displays prior-year bank product information, including check number, amount, and date picked up. Data must be entered manually the first year these fields are used.

Post-Season Procedures

Required post-season procedures vary from bank to bank. Refer to your bank's operating procedures to determine the proper method of storing or returning taxpayer bank applications and the proper handling of excess check stock.

If your office is closing for any extended period between April and October, notify Drake and your bank so the bank can print any late checks, if the service is available.

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8 e-File

This chapter provides an overview of the e-file process and outlines procedures for:

- Setting up an e-file account
- Registering and validating your EFIN with Drake
- Testing your e-file system
- e-Filing federal and state tax returns
- Reading acknowledgment codes
- Using the EF database and online EF database

Drake's tax software incorporates IRS regulations where feasible to ensure that returns are e-filed correctly; however, as a tax preparer, you should be well-versed in the IRS rules and processes. Before tax season begins, all tax preparers should:

- Read relevant IRS publications — IRS Pubs 1345 and 1346 have information on the processes, laws, regulations, and specifications for e-filing tax returns.
- Register for a PTIN — Regulations require that all tax return preparers must register for a PTIN and pay either a first-time application fee of \$64.25 or the annual renewal fee of \$63. To apply for a PTIN, go to irs.gov/for-Tax-Pros and on the right side of the window, click **PTIN Open Season**.
- Obtain Circular 230 — All tax preparers must comply with the standards of conduct set by Treasury Department Circular 230.
- Know the applicable banking requirements — In addition to consulting your bank's handbooks and brochures, see Chapter 7, "Banking."

NOTE A detailed flow chart showing the e-file process as it occurs for most tax preparers is included in Appendix B.

Preparing to e-File

In order to e-file tax returns, your firm or office must be an Electronic Return Originator (ERO), have an Electronic Filing Identification Number (EFIN), and be an authorized IRS e-Services provider. ERO and EFIN information must be entered in ERO Setup before a return can be transmitted.

Applying for ERO Status

The IRS accepts ERO applications throughout the year. All new EROs must apply to the IRS to become an e-Services provider in order to receive an EFIN. If you are a new ERO and are not a CPA, EA, attorney, banking official, or officer of a publicly held company, you must also submit a fingerprint card.

An established ERO must make changes to its e-file application only if the information in its original application has changed. Changes are made online.

IMPORTANT

If you plan to e-file business returns this year after filing only 1040 returns in the past, you must update your e-file application online or your e-filed returns will be rejected by the IRS.

To register as an e-Services provider online through the IRS website:

1. Go to *www.irs.gov*
2. Click the **for Tax Pros** tab.
3. On the left side of the **for Tax Pros** window, click **Access e-Services**.
4. Follow the directions on your screen.

NOTES

Be aware that it takes time to complete the application. You may save your work and complete it at another time.

Processing your application can take up to 45 days.

To request federal e-file program fingerprint cards, contact Drake's Education Department at *education@DrakeSoftware.com*, call Drake at (828) 524-8020, or contact the IRS e-Help Desk at (866) 255-0654.

Once your application is processed, the IRS assigns you an EFIN. If your firm has applied for an EFIN but does not have one yet, Drake will assign you a temporary EFIN. Your temporary EFIN cannot be used to e-file returns, but it does allow you to transmit Drake test returns.

When you receive your EFIN or make changes to the ERO status, forward a copy of the response letter from the IRS to *accounting@DrakeSoftware.com* so we can update your Drake customer account and validate your EFIN. (See "Validating Your EFIN" following.)

Validating Your EFIN

Because many Electronic Filing Identification Numbers (EFINs) are compromised each year to file fraudulent tax returns, the IRS has asked software vendors to validate the EFIN on all returns processed through their respective processing centers. This includes every EFIN for which you transmit returns.

To validate an EFIN, submit a copy of the authorized e-file provider acceptance letter you received when you were accepted as an authorized IRS e-file provider showing a status of "completed."

Register your EFIN or another ERO's EFIN that you transmit for by sending us a copy of the acceptance letter using one of the following methods:

- (Preferred) Email to *efin@drakesoftware.com*
- Fax to Compliance at (828) 349-5733 (Please include your Drake Account Number on the cover sheet.)
- Upload a copy via the Enterprise Office Manager's the **EFIN Mgmt** tab

To obtain a copy of your application summary from IRS e-Services, go *irs.gov*, click the **for-Tax-Pros** tab, click the **e-Services** link, log on to your IRS e-Services account, then click **Go to Summary Page**. See Drake's Knowledge Base article 11426 for detailed instructions. You may call the IRS Helpline at (866) 255-0654 for additional help or to request a copy of your Application Summary to be faxed to you.

For more on using the Enterprise Office Manager (EOM), go to "Enterprise Office Manager" on page 280. For more on Drake's Knowledge Base, see "Knowledge Base" on page 322.

If you have questions about validating EFINs, call Drake Compliance at (866) 273-9032.

Uploading or Confirming EFIN with Drake

To either upload your EFIN or confirm that your EFIN is already registered with Drake:

1. Log in to *Support.DrakeSoftware.com*.
2. From the blue menu bar, go to **My Account > Account Management** to open the Enterprise Office manager (EOM) and sign in.
3. Click the **EFIN Mgmt** link and follow the steps provided.

EFINs registered with Drake appear in the lower half of the window. Under **Status**, a letter **A** indicates the EFIN has been accepted, **D** indicates the application has been declined, and **P** indicates the EFIN registration is being processed and acceptance is pending.

NOTE A copy of your Preparer Tax Identification Number (PTIN) application cannot be used to register an EFIN.

Testing Transmission

Once you have an EFIN, Drake strongly recommends that you run an initial transmission test to become familiar with the e-file process and ensure that your system is working properly. Open a test return and calculate it before testing transmission.

NOTE Your account number must be entered in ERO Setup in order to transmit returns. See "ERO Setup" on page 13.

To test system transmission:

Shortcut: CTRL+S

1. From the **Home** window of Drake, select **EF > Select Returns for EF**.
2. From the **EF Return Selector**, select the test returns to transmit.

CAUTION Select only the returns in the 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.

3. Click **Continue**. The Report Viewer displays the selected returns.

Shortcut: CTRL+T

4. Click **Exit** to close the Report Viewer.
5. From the **Home** window, select **EF > Transmit/Receive**.
6. Click **Send/Receive** in the **Transmit/Receive** dialog box that is opened.

NOTE A green progress bar appears, assuring you that the transmission is proceeding normally during the transmittal of large files.

7. When the process is complete, return to the **Home** window and select **EF > Process Acks** to view acknowledgments.

An IRS acknowledgment of “T” indicates a successful test transmission.

NOTE Transmission unsuccessful? Go to **Setup > ERO** and add or correct your ERO information as needed and re-transmit. If transmission is still unsuccessful, make sure your Internet connection is working properly.

TIP You can save time—and mouse clicks—by combining the previous seven steps into one. From the **Home** window, go to **Setup > Options, EF** tab. In the **Session Options** section, select **Combine EF Steps (Select, Transmit, Post Acks)**. You can still view the reports by going to **Reports > Reports Viewer** from the **Home** window.

e-Filing a Return

The e-file process can be said to consist of up to five main steps, starting with return calculation and ending with the processing of bank products.

Step 1: Calculate the Return

Calculate the return to determine if it is ready to be e-filed. (See “Calculating a Return” on page 179 for instructions on calculating returns in Drake.) Drake generates an “EF Status” document and, if necessary, EF Messages, shown in the Figure 8-1 directory tree and described in the following list:

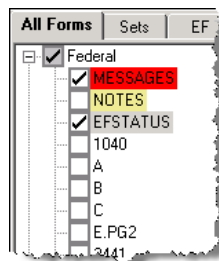


Figure 8-1: EF-related documents include EF Messages and an “EF Status” page

- **MESSAGES** — EF Messages are generated only if issues within the return cause it to be ineligible for e-file. Messages include error codes, descriptions of the issues, and identification of fields that must be verified.

- **EFSTATUS** — The “EF Status” page shows which federal and state returns will be transmitted and which returns have been suppressed and will not be transmitted. It also states whether any federal EF Messages were generated.

NOTE Error codes above 5000 are Drake error codes. All other codes are federal or state error codes.

NEW FOR 2015 Be sure to take advantage of the new LinkBacks and DoubleCheck features when viewing your returns. See “DoubleCheck and LinkBacks” on page 249 for details.

Eliminating EF Messages

All EF Messages must be eliminated before a return can be e-filed. To eliminate an EF Message:

1. Open the return and click **View** to calculate it and go to View mode.
2. Under the **All Forms** or **EF** tab in the left column, click **MESSAGES** to view.
 - EF Messages are displayed in red and are listed by error code.
 - Any unverified fields are identified at the end of the EF Message.

NOTE It's easiest to view all EF Messages from View mode, but individual issues can be viewed, and in some cases accessed, from the **Calculation Results** window. See “Calculation Results” on page 180.

3. Return to data entry and correct the issues that are preventing e-file.
4. Re-calculate the return.

Repeat the above steps until all federal and state EF Messages are eliminated.

Step 2: Prepare the Transmission File

TIP To bypass this step, select the return directly from the **Calculation Results** screen. (See Figure 8-3 on page 296.)

To prepare the transmission file:

Shortcut: CTRL+S

1. From the Drake **Home** window, select **EF > Select Returns for EF**. The **EF Return Selector** displays a list of recently calculated returns. Those eligible for e-file are indicated by a check box (Figure 8-2 on page 296).

The EF Return Selector window displays a table of returns. Red arrows point to the checkboxes: 'Selected for EF' points to a checked box, 'Not eligible for EF' points to an unchecked box, and 'Eligible for EF' points to an unchecked box.

ID Number	Client Name	Status	EF Documents
<input checked="" type="checkbox"/> 400006665	Carter, William & Amel	Ready For EF	9465
<input type="checkbox"/> 104110411	Fred's Fiduciary	No EF Docu...	
<input type="checkbox"/> 414141414	Partners in Grime	Ready For EF	1065
<input type="checkbox"/> 454454454	Socrates, Plato P	Ready For EF	1040, NCD400

Figure 8-2: Eligible returns are indicated by boxes

2. Select the boxes of the returns to transmit. Use the **Select All** or **Unselect All** buttons as needed.

TIP

Click column headers to sort returns by column.

3. (optional) Double-click a return to open an **EF Transmission Detail** box for the return. This box displays the client name, ID number, EF status, and federal and state forms to be filed and allows you to finalize the specific returns (1040, 4868, 1120, etc.) to be transmitted. Click **Save** to retain any changes you make.
4. Click **Continue**. The Report Viewer shows the **EF Selection Report**, which lists all returns that are awaiting transmission. See “Report Viewer” on page 293 for details on Report Viewer features.
5. Click **Exit** to close the Report Viewer.

The selected returns are now in the “send” queue and are ready for transmission.

EF Select Button

The **EF Select** button is available in all packages and is located at the bottom of the **Calculation Results** window. By default, the button is activated if the calculated return is eligible for e-file (Figure 8-3).



Figure 8-3: EF Select button at bottom of Calculation Results window

By clicking **EF Select**, you can send federal and state returns directly to the e-file “send” queue.

NOTE

The option to pause at the **Calculations Results** window must be selected in **Setup > Options, Calculation & View Print** tab. You also must go to **Setup > Options, EF** tab and select **Allow selection for EF from the 'Calculation Results'** screen.

Troubleshooting Return Selection

If a return is not in the **EF Return Selector**, consider these troubleshooting actions:

- Recalculate the return.

- Eliminate EF Messages. Remember to check for both federal and state messages.
- From the **Home** window, go to **Setup > Options** and select the **EF** tab to see if **Require 'Ready for EF' Indicator on EF screen** is selected. If it is, go to the **EF** screen in the return. In the **Ready for EF** box at the top, select **X – Ready for EF**.
- Check to see if the return contains forms that are not e-filable.

Step 3: Transmit Return

CAUTION Never transmit from more than one computer unless the software is installed on a dedicated server.

To transmit a return:

1. Ensure that the Internet connection is working properly and that the returns are selected for e-file. (See “Step 2: Prepare the Transmission File” on page 295.)
2. From the **Home** window, select **EF > Transmit/Receive** to open the **Transmit/Receive** dialog box, which displays the types of returns to be e-filed.
3. (optional) To review and, if necessary, eliminate files from the “send” queue, select a file from the **File for EF** pane and click **Review**. The **Transmit File Editor** lists individual returns. To remove a return from the queue, select it and click **Remove**.
4. Click **Send/Receive**. The Report Viewer displays the **EF Transmission Record**.
5. Click **Exit**.

Shortcut: Press CTRL+T to open the Transmit/Receive dialog box

NOTE The **EF Transmission Record** lists returns that are *planned* for transmission. Because transmittal can be interrupted or a return rejected, this list is *not* a suitable record of *transmitted* files.

The program immediately logs in to Drake and performs the following tasks:

- Checks for new acknowledgments
- Transmits files to Drake
- Retrieves pending acknowledgments of the transmitted files (if available)
- Logs out of Drake

Transmission notes appear in the **Communications** box of the **Transmit/Receive** window as transmission progresses. When transmission is complete, all returns transmitted through Drake are forwarded to the correct IRS processing center.

6. Click **Exit** to close the **Transmit/Receive** box.

Receiving “Acks Only”

To check for acknowledgments without transmitting any files to Drake, go to **EF > Transmit/Receive** and click **Acks Only**. The program checks for federal and state acknowledgments, bank-product acknowledgments, and check authorizations. See “Step 4: Process Acknowledgments” on page 298 for more on acknowledgments.

Step 4: Process Acknowledgments

When Drake receives a transmission, it immediately returns a one-letter acknowledgment, or “ack.” When the IRS Submission Processing Center receives the return, it sends an ack to Drake, which you can “pick up” by logging in to Drake.

Ack Processing

To process acks, go to the **Home** window and select **EF > Process Acks**. The **Process Acknowledgments** box displays progress. This data is copied to the EF database for later access. (See “EF Database” on page 303.) If no new acknowledgments are found, Drake asks if you want to review old ones. After you read the acknowledgment file, an **Acknowledgment Report** shows the acknowledgment code and batch ID.

Ack Codes

Drake codes are shown in Table 8-1. Re-send any return that receives a “B” ack.

Table 8-1: Drake Acknowledgment Codes

Code	Description
P	Tax return transmitted successfully to Drake. Return is being processed.
T	TEST return transmitted successfully to Drake.
B	Bad transmission

NOTE

A “B” ack received for a return sent in a batch with other returns means only that return received the “B” ack; the other returns in the transmission will still be processed if they each generated a “P” ack.

IRS acknowledgment codes are shown in Table 8-2. IRS acknowledgments are usually processed within 24 hours.

Table 8-2: IRS Acknowledgment Codes

Code	Description
A	Tax return has been accepted by the IRS.
R	Tax return has been rejected by the IRS.
E	Imperfect return; see “Imperfect Returns” on page 300.

Bank acknowledgments, listed in Table 8-3, are usually processed within hours of IRS acknowledgments, depending on volume.

Table 8-3: Bank Acknowledgment Codes

Code	Description
Bank Product Accepted	Bank product application has been approved.
Bank Product Declined	Bank product application has been declined.
Check Print	Checks are available for printing.
Prep Fees Deposited	Preparer fees have been deposited.

State acknowledgment codes are not listed here, as codes and processing times vary.

Troubleshooting Acks

Described below are some troubleshooting steps for commonly received acks.

- **B** — A “B” ack can occur for several reasons. The reason (for instance, if program updates are missing) is included with the acknowledgment. If you receive a “B” ack, correct the described problem, recalculate the return, and re-transmit.
- **R** — An “R” ack indicates that the return has been rejected by the IRS. A reject code showing the reason for the rejection is provided. Look up reject codes in the EF database (see “Reject Code Lookup” on page 304), address the issue, and re-transmit. Be sure to download and install the latest Drake updates (see “Update Manager” on page 261).

Staggering DCNs

Each computer assigns a Declaration Control Number (DCN) to every calculated return. Although the IRS no longer uses DCNs, Drake still tracks returns by these numbers, and duplicating DCNs can lead to problems for “peer-to-peer” setups and offices where multiple non-networked computers are running Drake.

Returns in Drake are assigned a DCN in sequential order, starting with 01001 (for instance, 01001, 01002, 01003, etc.). If an office is not networked and uses multiple workstations for data entry, each workstation must adjust (“stagger”) its DCN counter.

IMPORTANT

Stagger the starting DCNs *before* creating 2015 returns.

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

1. From the **Home** window, go to **Setup > Firm(s)**.
2. Double-click the firm, or select it and click **Edit Firm**. The bottom half of **Firm Setup** becomes active.
3. Change the **DCN serial number** (Figure 8-4). Drake suggests choosing starting DCNs that are at least 2,000 numbers apart.

The screenshot shows a dialog box for firm setup with the following fields:

Federal EIN	515151515
State ID number	
EFIN	414141
DCN serial number	05000
Non-paid-prep	<input type="checkbox"/>

Figure 8-4: DCN Serial Number field in Firm Setup

4. Click **Save** to save changes, or click **Cancel** to exit without saving changes.

Depending on the amount chosen to stagger the numbers, 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. In this case, each computer can process 2,000 returns before duplicating a DCN.

CAUTION

Be careful if changing DCNs after tax season begins and returns have already been transmitted. If DCN staggering is done improperly, your ability to receive acks and your EF database could be adversely affected.

Imperfect Returns

Two common error codes (listed below) for IRS rejection of 1040 returns relate to “name” and “SSN” mismatches on either Form 1040 or Schedule EIC:

- **Error Code 0501** — A dependent’s SSN or name on Schedule EIC does not match the SSN or name in the IRS master file.
- **Error Code 0504** — A dependent’s SSN or name on Form 1040 does not match the SSN or name on the IRS master file.

The IRS will accept such returns with these error codes (as “imperfect” returns), but you must set up the program for e-filing them.

To set up your program:

1. From the **Home** window, go to **Setup > Options, EF** tab.
2. Select **Activate imperfect return election in data entry**.

To e-file an imperfect return:

1. Open the return and go to the **EF** screen in data entry.
2. Under **Additional Options**, select **Imperfect return election**.
3. Calculate the return.

When you view the return, Drake generates a Return Note indicating the return is imperfect. When you e-file the return, the IRS will accept it (provided there are no other, unrelated issues), but with an “E” ack. Processing of an imperfect return can take up to six weeks.

NOTES

Because IRS acceptance is not guaranteed for an imperfect return, no bank products can be e-filed with the return.

Any refund amount could be adjusted as the return goes through exception processing if an exemption claimed is deemed invalid.

EF Override Options in Data Entry

By default, the program designates all eligible federal and state forms for e-file. Use the **EF** screen to override program defaults on a per-return basis.

Marking “Ready for EF”

At the top of the **EF** screen is a **Ready for EF** drop list. If the option is selected in Setup, you must select **Ready for EF** before the return is put into the “send” queue for e-file—even if it is otherwise ready to go. Because you must manually indicate that

each return is ready to be e-filed, selecting this option can help prevent accidental e-file. To choose this option, go to **Setup > Options, EF** tab and select **Require 'Ready for EF' indicator on EF screen**.

Suppressing e-File

To suppress a return that is otherwise eligible for e-file:

1. Open the return and go to the **EF** screen, accessible from the **General** tab.
2. Select one of the following check boxes, as appropriate:
 - **Do NOT send Federal** (suppresses e-file of federal return; see Figure 8-5)
 - **Do NOT send any states** (suppresses e-file of all state returns)
 - **Suppress federal/state EF and all bank products** (suppresses e-file of both the federal and state returns, plus any bank products)

The selected returns are not e-filed until the check boxes are cleared.

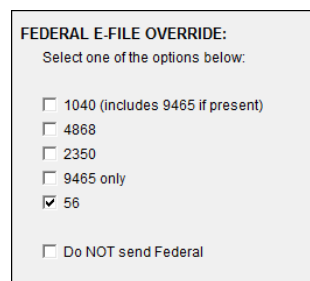
e-Filing Special Returns and Forms

The **EF** screen includes the options to e-file the following forms *only* (without transmitting any other forms):

- Extensions (Forms 4868 and 2350)
- Form 9465, Installment Agreement Request
- Form 56, Notice Concerning Fiduciary Relationship

To e-file one of these types of forms:

1. Open the return and go to the **EF** screen, accessible from the **General** tab.
2. Under **Federal E-file Override** (Figure 8-5), select the forms to e-file.



FEDERAL E-FILE OVERRIDE:
Select one of the options below:

- 1040 (includes 9465 if present)
- 4868
- 2350
- 9465 only
- 56
- Do NOT send Federal

Figure 8-5: Federal E-file Override options; in this example, Form 56 will be e-filed.

Be aware that if the **9465 screen** is completed, Form 9465 will be transmitted *with* the 1040, but if the **9465 only box** is marked on the **EF** screen, only Form 9465 will be transmitted; the 1040 will *not* be transmitted. Similarly, by selecting the check boxes

for **4868**, **2350**, or **56**, you are indicating that the program should transmit *only* the form you've selected; no other forms will be transmitted.

IMPORTANT

Leaving the **1040** box blank does *not* prevent the 1040 from being transmitted if it is otherwise ready to be e-filed. It *will not* be transmitted, however, if you've marked one of the other check boxes in the **Federal EF Override** section of the **EF** screen.

If you're filing an extension, the applicable box (**4868** or **2350**) *must* be selected on the **EF** screen in order for the program to transmit it.

TIP

To expedite submission and acceptance of Form 9465, Installment Agreement Request, go to screen **9465** and click the **IRS OPA Application** link to go to the IRS Online Payment Agreement Application website. In most cases, eligible taxpayers receive immediate notification of approval status. Restrictions apply. See details at the website.

Suppressing State Returns

By default, all eligible returns are transmitted—unless you indicate otherwise on the **EF** screen. To suppress one state or city return while e-filing others, select the states or cities *you want to e-file* from the **Select the states/cities to e-file** drop lists. The selected states will be e-filed, but no other state returns will be transmitted, even if those other returns are eligible.

NOTE

If nothing is selected from the **Select the states/cities to e-file** drop lists, or no check mark is placed in the **Do NOT send any states** check box, the program sends all eligible state returns.

e-Signature Not Required

If you have marked the **Require E-Signatures on all electronically signable forms** option at **Setup > Options > EF** tab and this return is not required to have electronic signatures, mark the **E-signature NOT required on this return** check box on the **EF** screen, located under **Additional Options**.

Emailing Form 9325

Form 9325, Acknowledgment and General Information for Taxpayers Who File Returns Electronically, can be automatically emailed to the taxpayer. (To set up this option, from the **Home** window, go to **Setup > Options > EF** tab). Whichever option you choose can be overridden on the **EF** screen with the **Email 9325 Notice to taxpayer** drop list, located under **Additional Options**.

Overriding Bank-Product Alert

Under the **EF** tab of **Setup > Options** is an option to alert the preparer via an EF Message if no bank screen (for a bank product) has been completed for a return. There are two ways to eliminate this EF Message: complete a bank screen for the return, or, if

the taxpayer is ineligible for a bank product, go to the **EF** screen and mark the **Return not eligible for a bank product** check box, located under **Additional Options**.

Paper-Filing Forms and Supporting Documentation (Form 8453)

A return can be e-filed even if it contains certain forms that must be paper-filed. The IRS requires that Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, be e-filed in lieu of these required paper documents, and that these required documents be mailed. Form 8453 must indicate which forms are being mailed separately.

To produce Form 8453 for the paper documents to be mailed:

1. Open the return and go to the **EF** screen, accessible from the **General** tab.
2. Select the appropriate forms in the **Form 8453 Paper Document Indicators** box (Figure 8-6).

Form 8453 Paper Document Indicators		
<input type="checkbox"/> Form 1098-C	<input type="checkbox"/> Form 8332	NOTE: Do not make an entry on PDF screen for selected PDI items.
<input type="checkbox"/> Form 3115	<input type="checkbox"/> Form 8858	
<input type="checkbox"/> Form 3468	<input type="checkbox"/> Form 8864	Select all paper document indicators that apply. For more information on the paper document indicators, click the Screen Help button at the top of the screen.
<input type="checkbox"/> Form 4136	<input type="checkbox"/> Form 8949	
<input type="checkbox"/> Form 5713		To mark the Power of Attorney PDI, go to the MISC screen and complete the Power of Attorney section.
<input type="checkbox"/> Form 8283		

Figure 8-6: Form 8453 section of **EF** screen

When the return is generated, Form 8453 is also generated, showing which forms are to be mailed.

NOTES

To mark the Power of Attorney as a PDI on Form 8453, go to the **MISC** screen and complete the **Power of Attorney** fields (mark the check box and enter the name of the person functioning under the power of attorney).

For more information on Form 8453, go to **Screen Help** for the **EF** screen.

EF Database

The EF database is a searchable database that displays information about all returns your office has e-filed for the current tax year.

To search the EF database:

1. From the **Home** window, click **EF > Search EF Database**.
2. Enter an SSN, EIN, or name in the **SSN/EIN/Name To Search For** field of the **Search EF Database** window (Figure 8-7 on page 304). To browse all records, leave this field blank.

Figure 8-7: Search EF Database window



3. Click **Go**. To scroll through the records for that taxpayer, use the arrows at the bottom of the screen or press **PAGE UP** or **PAGE DOWN** on your keyboard.

To close the EF database, click **Exit**.

Database Content

The EF database stores data about the return and the associated bank products, fees, and reject codes. Different types of data are stored under tabs. (See Figure 8-7.)

General Information

The **F1-General Information** tab displays basic taxpayer information along with:

- **IRS acknowledgments** — Federal code and date, transmission date, filing status, and refund amount or balance due are displayed in the left column. This data is from the federal “accepted” record; otherwise, the most recent transmission record for the client file is displayed.

NOTE The **Where is my refund?** hyperlink connects you with the IRS “Refund Status” website.

- **State acknowledgments** — The **State** column displays the state code and date, filing status, and refund amount or balance due. This data is from the federal “accepted” record; otherwise, the most recent transmission record for the client file is displayed.
- **Reject Codes** — On the right side of the window are fields for the reject code, form ID, form number, and sequence number. Double-click a reject code to jump to the **F4 Reject Code Lookup** tab. (See “Reject Code Lookup,” following.)

Bank/Direct Deposit Info

The **F2 - Bank/Direct Deposit** tab contains detailed data about any bank products.

- Bank product information is located on the left side of the window.
- Direct-deposit information is located on the right side of the window. This information includes amounts paid to the bank, amounts paid to the preparer, and the dates of the payments.
- Account information can be found at the bottom of the window. Account type and number are displayed for each type of direct deposit.

Fees/Misc Info

The **F3 - Fees/Miscellaneous Info** tab contains general return information about the taxpayer, the firm, and fees distribution.

Reject Code Lookup

The **F4 - Reject Code Lookup** tab is a search tool for accessing and understanding IRS reject codes. To look up an IRS reject code for a federal return:

1. Select a federal return type (1040, 1120/1120S, 1065, or 1041; see Figure 8-8).
2. Enter the reject code in the **Reject Code** field.
3. Click **Go**. The IRS explanation of the code is displayed in the lower box (Figure 8-8).

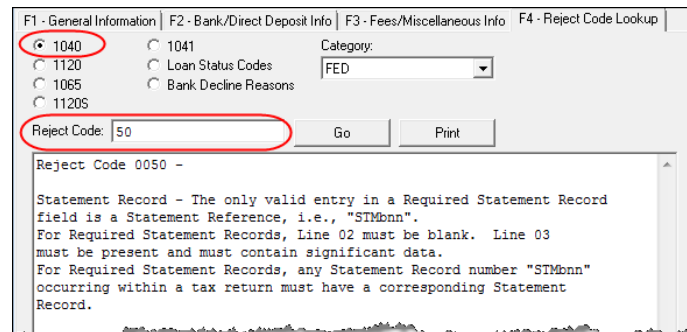


Figure 8-8: Looking up 1040 reject code on **Reject Code Lookup** tab

4. (optional) Click **Print** to print the code explanation.

To search for a state reject code for an individual return, select **1040**, and then select the state from the **Category** drop list before entering the reject code.

To view bank product status, select **Bank Codes** (wording varies by bank). Explanations are displayed in the lower box.

To view **Bank Decline Reasons**, select that option, and then choose a bank from the drop list. Explanations are displayed in the lower box. (Not all bank have codes listed.)

Leaving the EF Database

Take one of the following actions to close the EF database or access another application from within it.

- To close the EF database and return to the Drake **Home** window, click **Exit**.
- To open the **Online EF Database** (an Internet connection is required), click **F10 - Online DB** (or press F10). The EF database in Drake remains open.
- To close the EF database and access data entry for a selected return, click **F5 - Data Entry** (or press F5).

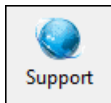
IMPORTANT

Peer-to-peer networks only: For non-transmitting workstations to view the EF database, those workstations must share their settings with the transmitting "server" computer. Go to **Setup > Data Locations**, and from the **Share setting (letters, pricing...)** drop list at the bottom of the window, select the drive letter that is being used by the "server" computer. See "Other Network Configurations" on page 26.

Online EF Database

The online EF database displays real-time data on e-filed returns. You can run reports on returns, bank products, and checks; search for e-filing information for a single SSN or EIN; access the Multi-Office Manager (MOM); view CSM data for one or multiple offices; and check the status of each IRS Service Center.

To access your online EF database from within the software:



1. From the **Home** window, click **Support**. (If you are already in the EF database, click **F10 - Online DB**.)
2. Enter your EFIN and Drake password and click **Log In**. (NOTE: The password is case-sensitive.)
3. Go to **My Account > EF Database**.

By default, the database displays information for the current tax year. To view another tax year, select the year from the **Tax Year** drop list under the blue sidebar menu on the left side of the page.

Below the tax year drop list is the **SSN/Last Name Search** field. To find information on a specific return, enter the SSN or last name in this field and click the blue arrow.

TIP Any available checks and outstanding acknowledgments appear on the opening window of the online EF database every time you open it.

Most of the options in the blue sidebar menu of the online EF database window are for viewing and running reports. You can also access these options by clicking the blue headings on the main part of the window (see Figure 8-9 on page 307). Reports available are listed in Table 8-4.

Table 8-4: Reports Options Available from Online EF Database

Category	Description
Returns	Filtered by: type, status, date, with and without bank products, EFIN
Bank Products	Filtered by: type, status, date, EFIN
Checks	Filtered by: Disbursement, status, date, EFIN
Fees	Filtered by: status, date, EFIN, preparer (and as summary)
Summary	Filtered by type (EF, preparer, Zip code, returns, returns by Ack date) and by date
Options	Configure report security, manage check suppression, manage saved reports, manage suppressed returns
Tools	94x reports (for Client Write-Up users; see "94x Reports" on page 308); download ABCvoice Files, generate client contact information lists
MOM (Multi-Office Manager)	Multiple office reports; see "Multi-Office Manager (MOM)" on page 309.

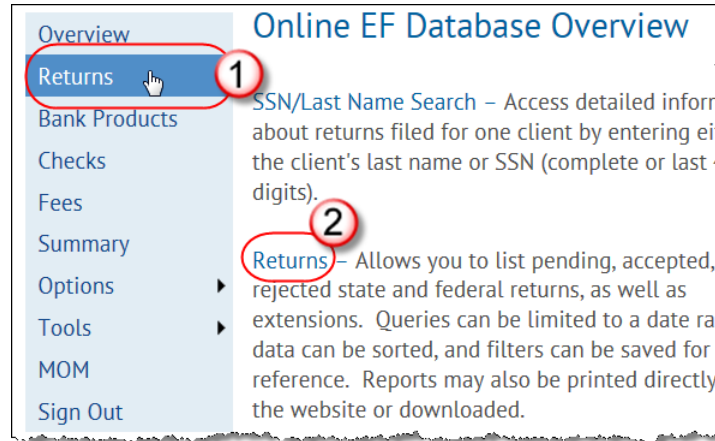


Figure 8-9: Two methods of selecting “Returns” from the Online EF database report categories

Viewing a Report

To view a report:

1. Click a category option to select a report category (Figure 8-9).
2. Select a **Return Type**, **Return Status**, **Date Range**, and any **Report Options**. These criteria vary by report type. The report pulls information from only those returns with records that fall within the date range based on the criteria selected.
3. (optional: for multiple-EFIN offices only) Select **Restrict to** and choose an EFIN to filter the report by returns for a particular EFIN.
4. Click **Create Report**.

Click **Download** and **Print**, respectively, to export a report in spreadsheet format (suitable for Microsoft Excel) or to print the report.

Saving Report Criteria

To save a set of report criteria for future use:

1. Click a category to select a report category (Figure 8-9).
2. Enter the report criteria.
3. Click **Create Report**, then click **Save Report**.
4. Type a report name in the **Save Report As** field.
5. Click **OK**.

In the future, when you want to view reports that meet those criteria, select the report name from the **Saved Reports** drop list.

Deleting Reports

When you are ready to delete a saved report, select **Options** from the blue sidebar menu and click **Manage Saved Reports**. Reports are displayed in columns on the **Saved Report** page. Select a report and click **Delete**. Sort reports by clicking column headers.

Using the Database for Multiple EFINs

If your company has multiple EFINs, you can provide different levels of access to the online EF database for different EFINs.

NOTE

Hierarchies are built and maintained through the EOM. Access the EOM through the Drake Support webpage (*Support.DrakeSoftware.com*) by selecting **My Account > Bank Application** from the toolbar. An EOM manual and video tutorial are available; on the opening window of the EOM website, click **Help**.

Setting Security Levels

Security settings allow you to password-protect reports in the online EF database. To define security settings:

1. Log in to the online EF database. (See “Online EF Database” on page 306.)
2. Go to **Options > Configure Report Security** and enter an email address and password and click **Add/Update Security Password**.
 - From the **Tab Security** section, click **False** or **True** for a whole report category. (**False** leaves the report unprotected; **True** requires the password for access.)
 - From the **Report Security** section, click **False** or **True** as desired for a specific saved report.

From the **Options** menu, you can now manage suppressed checks, suppressed returns, and saved reports.

Tools

Three functions are available from the **Tools** option: **Run 94x Report**; **Download ABC Voice**; and **Generate Contact List**.

94x Reports

If you use Drake's Client Write Up to e-file 940, 941, and 944 reports and returns, the online EF database allows you to run reports on those clients. To run a report:

1. From the online EF database sidebar menu, click **Tools > 94x Report**.
2. Choose the **Return Type** and **Date Range**.
3. Select a **Status**. The available statuses are:
 - **A** — Include only returns with “A” (accepted) acks
 - **P** — Include only returns with “P” (pending) acks
 - **R** — Include only returns with “R” (rejected) acks
 - **S** — Include state returns with no federal return
4. Click **Create Report**.

ABCvoice Files

Also in **Tools**, the option to **Download ABC Voice** applies to preparers using the ABCvoice File tool. For more information, call Versicom at (937) 438-3700.

NOTE

If using ABCvoice, go to the **ABCV** screen (accessible from the **Miscellaneous** tab of the **Data Entry Menu** in Drake's tax software) and indicate whether the taxpayer has signed the Consent to Disclosure of Tax Return Information.

Generate Contact Lists

To build lists containing contact information for your clients:

1. From the online EF database toolbar, click **Tools**.
2. Click **Generate Contact List**.
3. Enter report criteria by selecting or clearing the check boxes.
4. To further restrict the results, enter start and end dates to search.
5. Click **Create Report**.
6. (optional) To export the report into a spreadsheet, click **Download**. You are asked whether you want to open or save the file. Click **Open** or **Save** as desired. If you click **Open**, you will have another opportunity to save the report from within Excel.



Multi-Office Manager (MOM)

The Multi-Office Manager (MOM) is the online version of the Client Status Manager (CSM). (See Chapter 9, "Client Status Manager.") Designed for the multi-office environment, MOM allows you to track workflow of multiple offices, providing a snapshot of your entire business. Reports and statistics on return status, return type, bank, payments, fees, and billing information are available.

Transferring Data to MOM

For CSM data to be transferred to MOM, the software must be configured to send CSM data to Drake during the e-file process. Each Level-1 and Level-2 EFIN office in a multi-office environment must complete the following steps:

1. From the **Home** window of Drake Software, go to **Setup > Options, EF** tab.
2. Under **Session Options**, select **Transmit return data to Drake for multi-office web reports**.
3. Click **OK**.

Any changes made in CSM will be transmitted to MOM during e-file transmissions.

Running a MOM Report

To run a MOM report:

1. In the online EF database sidebar menu, click **MOM** to view filters. (Figure 8-10 on page 310).

Figure 8-10: Multi-Office Manager (MOM) filters

2. Select an option from each filter and click **Create Report**.

The report displays all of the data columns available in the CSM. Scroll down or across the report screen to view all the available data.

If a report contains more than a specified number of rows (default is 20), it is paginated. Page numbers appear in the upper- and lower-left corners. The number of rows displayed per page can be changed via the **Lines Per Page** drop list above the report.

Print

- To *print the report*, click **Print**. Only the data on the report is printed.
- To *sort data* based on the column selected, click a column header.
- To *view e-filing details* for a particular return, click the record's **ID number**.

Download

- To *export the report* into a spreadsheet, click the **Download**. You are asked whether you want to open or save the file. Click **Open** or **Save** as desired. If you click **Open**, you will have another opportunity to save it from within Excel.

All data for the given report criteria is saved—not just the data shown on the current page. Once the report is exported and saved as a worksheet, access it from either Excel or Access.

Copying EF Data

Firms with multiple computers but no network might have to copy data from computer to computer using a disc, USB flash drive, or other memory storage device.

IMPORTANT

For firms that use a network, copying EF data from one computer to another is not recommended.

Copying to Another Location

To copy EF data from a computer to a memory storage device:

1. From the **Home** window of the software, select **EF > Copy EF Returns to Disk** and from the **EF Return Selector**, choose the returns to copy. Click **Select All** or **Unselect All** as needed.

TIP Click column headers to sort in ascending or descending order.

2. Click **Continue**.
3. Select the output drive from the **Select Drive** drop list.
4. Click **Copy Files** (Figure 8-11).

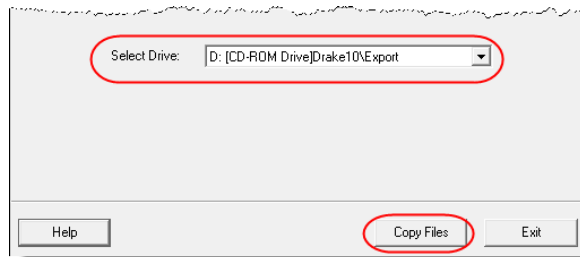


Figure 8-11: Copying files to CD

5. Click **OK** after files are copied.

Copying From a Storage Device

To copy EF information from a data storage device to a computer:

1. From the **Home** window of the software, select **EF > Copy EF Returns from Disk**.
2. In the **Copy EF Return from Disk** dialog box, select the drive to copy files from.
3. Click **Copy Files**.
4. Click **OK** to copy each file. Click **Exit** to close.

About State e-File

Most states accept e-filed returns and some require it—or have regulations that determine at what point a tax professional can or must begin to e-file. (Mandates don't apply to taxpayers who e-file their own returns.) Some states with mandates have their own application process for EROs and tax preparers who offer bank products. These processes and the rules and regulations pertaining to e-file vary from state to state.

The state **FAQ** screens in data entry includes links to state e-file information. Information on individual state requirements is available at *Support.DrakeSoftware.com* and in "Appendix D: State e-File Mandates."

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9 Client Status Manager

Use the Client Status Manager (CSM) for tracking workflow within an office. The CSM can show you, with just a glance, the status of all returns in their various stages of completion: when a return was begun, when it was completed, who worked on it, and the current filing status and payment status, to name a few of many available statuses.

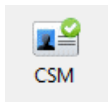
The CSM can display various other types of data, including client name, ID number, phone number, return type, balance due, preparer name, client status, bank deposits, client payments, and the starting and completion dates for each return. The CSM can be used for searching, viewing, organizing, and printing data.

NOTE

The logged-in preparer can see his or her CSM data upon login using the Personal Client Manager (PCM). Much of this chapter applies to the PCM and the CSM; see notes throughout these pages.

Accessing the CSM

You can use any of the following methods to open the CSM:



- From the Drake **Home** window, click the **CSM** icon in the toolbar.
- From the Drake **Home** window, select **Reports > Client Status Manager**.
- Press CTRL+L on your keyboard.

You cannot access the CSM from data entry, but you can change the client's status. To do so, click the **CSM** icon in the **Data Entry Menu** toolbar and select a new status.

About Client Statuses

The CSM categorizes clients by status. A *client status* is the stage of a return in the return-preparation cycle. The CSM's predefined client statuses are set automatically as the return progresses through the cycle (Figure 9-1), or manually as needed. You can also define new statuses.

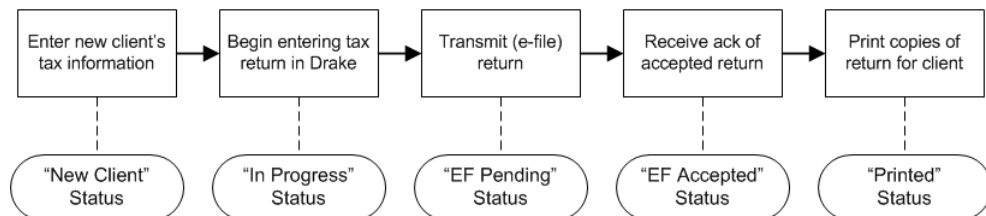


Figure 9-1: Some statuses are set automatically as the return is processed.

Predefined Statuses

Table 9-1 displays the predefined statuses in the CSM. Note that some are set automatically while others must be set manually.

Table 9-1: Predefined Statuses in the CSM

Set Automatically			Set Manually		
New Client	EF Pending	Printed	Complete	On Hold	Signed
In Progress	EF Accepted	EF Rejected	Under Extension	Under Review	Delivered
Updated from 2014					

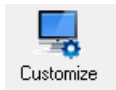
Set statuses manually as appropriate. Note that the program never automatically assigns a return a status of **Complete**.

NOTE When a status changes in the CSM, it also changes in the PCM.

Custom Statuses

You can define as many as 10 custom statuses. Custom statuses must be set and changed manually. We recommend creating custom statuses before tax season begins.

To define a custom status in the CSM:



1. From the **Client Status Manager** toolbar, click **Customize**. The **Customize Display** dialog box is opened.
2. Click the **Status Settings** tab, and then select a status description to rename (Figure 9-2 on page 315). Five of the custom statuses have suggested descriptions that can be changed.

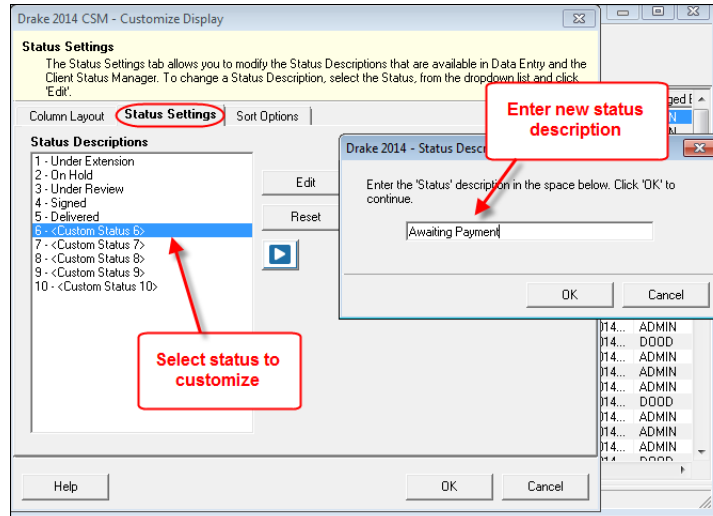


Figure 9-2: Creating custom statuses

3. Click **Edit**.
4. Enter a status description in the **Status Description** text box (Figure 9-2) and click **OK**.

To restore all original statuses, click **Reset**.

NOTE When a custom status is changed or created in the CSM, it is also changed or created in the PCM.

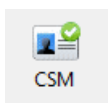
Setting Statuses

Set return statuses at any time during the return-preparation cycle. A status can be set from within the CSM or from data entry. For consistent and valid CSM status reports, set statuses for each stage of a return.

TIP You can ensure that the CSM **Status** column is always correct. From the Drake **Home** window, go to **Setup > Options**. Under the **Calculation & View/Print** tab, select **Auto-calculate tax return when exiting data entry**. When the return is calculated upon exit, the **Status** column will be automatically updated.

Setting a Status from the CSM

To set the status of a return from within the CSM:



1. Right-click a return record in the **Client Status Manager** list.
2. Select **Set Client Status**. A status list is displayed.
3. Select a return status from the list.

The status is updated in the **Status** column.

Setting a Status from Data Entry

To set the status of a return from within data entry, click the **CSM** button from the **Data Entry Menu** toolbar to display a status list, and then select a return status from the list. The status is automatically updated in the CSM.

Adding a Client to the CSM

If your client has a data file in Drake, he or she will have a record in the CSM. New client records can be added to the CSM in two ways:

- From the **Home** window, click **Last Year Data > Update 2014 to 2015** and update the return. The client's record goes into the 2015 version of the CSM.
- Create the return using the **File > Open** menu from the Drake **Home** window.

Opening a Return from the CSM

Returns can be opened or created from the CSM.

Shortcut: Press CTRL+O to open a return in data entry.

To *open* a return from within the CSM, highlight a client record from the list and click **Open** (or double-click the record to open in **Client Quick View**, and then click **Open**. See "Quick View" on page 238.) The return is opened to the **General** tab in data entry. When you exit the return, you are brought back to the CSM.

To *create* a return from within the CSM:

Shortcut: Press CTRL+N to open the Open Client File dialog box.

1. Click the arrow next to the **Open** button and select **New Client**.
2. Enter the SSN or EIN for the return in the **Open Client File** dialog box.
3. Press **Open**, and then click **Yes**.

When prompted, you can begin entering data for the new return.

Customizing the Display

Because custom views are saved and displayed according to the logged-in preparer, each preparer can set his or her own display.

NOTE

Changing the custom view in the CSM does not change the custom view in the PCM. To change the PCM's custom view, right-click within the PCM window and select **Customize Display** from the right-click menu. Use the same **Customize Display** dialog box used with the CSM, as described in the following steps.

To customize the CSM display:

Shortcut: Press CTRL+D to open the Customize Display dialog box.

1. From the **Client Status Manager** toolbar, click **Customize**. In the **Column Layout** tab of the **Customize Display** dialog box, **Available Columns** are listed in the left pane, and **Columns in Current View** are listed in the right. (Figure 9-3 on page 317.)

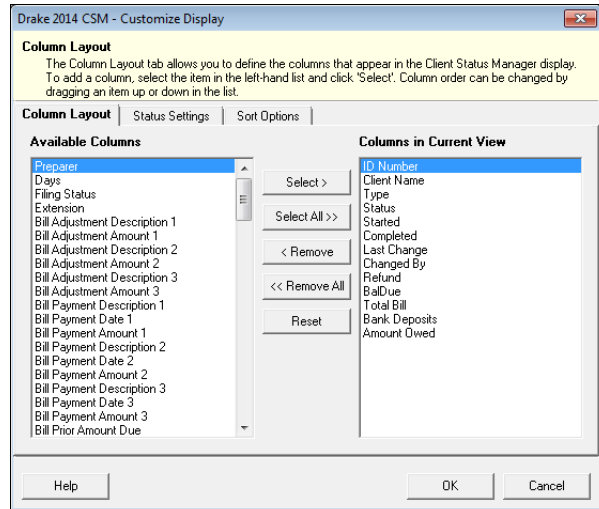


Figure 9-3: Column Layout tab

- To *add* a column to your view, select an item in the left pane and click **Select** (or double-click the item) to move it to the right pane. To add all items, click **Select All**.
 - To *remove* a column from your view, select an item in the *right* pane and click **Remove** (or double-click the item) to move it to the left pane. To remove all items, click **Remove All**.
 - To *change* the column order, drag items up or down the list in the right pane.
 - To *reset* columns to the default view, click **Reset**.
2. Click **OK** to save your changes.
 3. (optional) To restore the CSM to its default settings, click **Restore Default**.

Other Ways to Customize the Display

Other ways to customize the column display are listed below:

- **Sort** — Click a column header to sort records in ascending or descending order. You can further customize the sorting options by clicking **Customize** and selecting the **Sort Options** tab. From here, you can select multiple columns to sort records by. To do this, make selections from the **Column** and **Sort Order** drop lists as applicable.
- **Adjust widths** — Drag the edge of a column to the desired width.
- **Size to fit** — Double-click a column header's right border.
- **Change column order** — Click and drag a column header left or right, and release to reposition the column. (This new order is saved upon exit and is automatically updated in the **Customize Display** dialog box (Figure 9-3)).

Searching, Updating, and Filtering, and Viewing

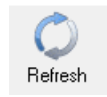
The following tools will help you find and use data stored within the CSM.

Searching the CSM



To find a return in the CSM, click **Search**, or press CTRL+F to open the **Find Client Record** text box. As you type the client name or ID, the CSM searches for and highlights the matching record. Click **Close** to exit.

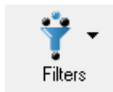
Updating the CSM



To incorporate the latest return updates when the CSM is open, either click the **Refresh** button or press F5 on your keyboard.

NOTE CSM data is updated automatically through different components of the application. Processes affecting CSM data include data entry changes, return printing, e-file, and check-printing functions.

Filtering Data in the CSM



Filters allow you to control which records are shown in the CSM. To select filters:

1. From the **Home** window, click **CSM**.
2. Click **Filters**. The filter list is divided into four sections, as shown in Figure 9-4.

Shortcut: Press CTRL+L to view the filter list.

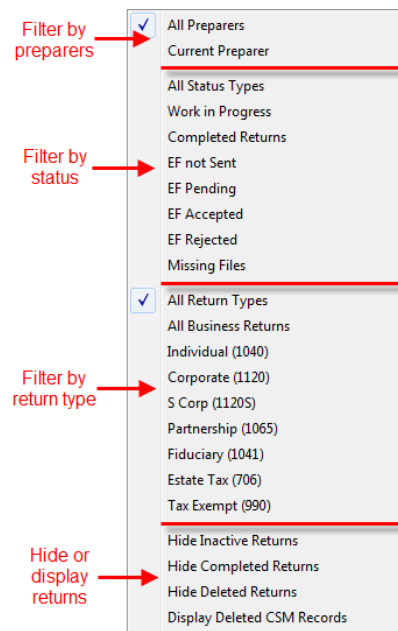


Figure 9-4: CSM filter list

3. Select filters. You can select one filter from each of the first three lists, and any or all of the filters in the bottom list. A selected filter is indicated by a check mark.

The CSM displays the files that fall within the selected filters.

NOTES

In the **Status** column of the CSM, a red **File Not Found** message indicates a deleted return. Records of deleted return files stay in the CSM for tracking purposes.

Filters are also available in the PCM; select **Filter Client List** from the PCM's right-click menu.

Quick View



The **Client Quick View** window summarizes the CSM data for a selected record. To open this window for a client in the CSM, select a client row and click **Quick View** or double-click the line. Displayed is client information, including the amount of the refund or balance due and actions regarding the return, preparer and firm information, billing information, e-file information and acknowledgments, state information, and any information from your customized **Misc Code** drop lists. (For details on these miscellaneous codes, see “Customized Drop Lists” on page 44.)

From the **Client Quick View** window, click **Print** to print the data or click **Open** to open the return in data entry. Click **Exit** to close the **Client Quick View** window.

NOTE

To access Quick View from the PCM, double-click a record or right-click the record and choose **Quick View** from the PCM's right-click menu.

CSM Reports

Seven predefined status and financial reports (Table 9-2) are available in the CSM.

Table 9-2: CSM reports

Report Title	Description
CSM Data	Report is based solely on the data in the CSM current view.
Cash Receipts	Report lists cash amounts from bank deposits (resulting from bank products) and client payments from the BILL screen in data entry.
Cash Receipts - Bank Deposits	Report lists cash amounts received from bank deposits only. The data in this report is pulled from the EF database.
Cash Receipts - Client Payments	Report lists amounts entered on the BILL screen in data entry.
Completed Returns	Report lists SSN/EINs and client names of returns with a Complete status. The program pulls the date completed from the ADMN screen, which is automatically set when you select a status of Complete . (An administrative user can manually set the completion date by completing the Date complete field on the ADMN screen.)
Problem Returns - 'Old' Returns	Report lists returns that have taken longer than a specified number of days to complete.
Problem Returns - 'Missing' Files	For this report, the CSM scans client files for File Deleted and File Not Found statuses.

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 in Table 9-2.

To generate a report from the CSM, select **Reports.**, select a report from the **Select Report** drop list, enter the requested data, and click **Report**. The report data is displayed in the Report Viewer. For information on using the Report Viewer, see "Report Viewer" on page 389.

NOTE To access the **CSM Reports** dialog box from the **Home** window, select **Reports > Report Manager**. Next, under **Other Report Options**, double-click **Client Status Manager Reports**.

Exporting CSM Data



To export CSM data to a Microsoft Excel worksheet, click **Export** in the CSM toolbar. The worksheet is opened and filled automatically.

Admin-only Features

Users with administrative rights can delete records from the CSM display, restore CSM data, and remove duplicate entries.

Deleting a Record from the CSM Display

When a record is deleted from the CSM display, it is no longer visible in the CSM, but it still exists in the software. To delete a record from the CSM display, right-click the record and select **Delete CSM Record (This Client)**. To view a deleted record, click **Filters > Display Deleted CSM Records**.

NOTE To delete a client file from Drake, see "Deleting Files from the Program" on page 364. A client file cannot be deleted from within the PCM.

Restoring Data

When restoring data, the CSM scans a client file, calculates the return, searches the EF database, and updates the data. To restore data to the CSM, right-click a record and select **Restore CSM Data (This Client)**. Click **OK**.

Removing Duplicates

To remove a duplicate entry in the CSM, right-click a record and select **Remove Duplicate Entries (Entire Database)**.

NOTE Duplicate CSM (and PCM) entries must be removed from *within the CSM*; they cannot be removed from the PCM.

10 Resources and Support

Drake Software offers a wide range of support resources. In addition to our unparalleled telephone support, Drake has a variety of online and software help resources to give you 24-hour access to the latest information.

Help resources are available to assist you in making the most of your tax preparation software and using it successfully. We do not, however, provide tax law advice. Support is provided as an aid to tax return completion only. Preparers are responsible for knowing tax preparation and for the accuracy of returns filed with the IRS and state tax authorities.

Other resources available to help you prepare tax returns are also included in this chapter.

Drake Software Manual

Your *Drake Software User's Manual: Tax Year 2015* has a comprehensive index to help you quickly find the information you want. You can save the electronic version of the manual to your desktop or you can print your own paper copy. It is available from three locations:

- **Support website** — *Support.DrakeSoftware.com* > **Training Tools** > **Manuals**
- **Drake Home window toolbar** — Select **Support** > **Drake Software Support Website** > **Training Tools** > **Manuals**
- **Software CD** — The latest version of the manual is shipped with each CD

To purchase a printed copy of the manual (\$25 plus tax and shipping), go to *Support.DrakeSoftware.com* (**Training Tools** > **Manuals**).

IMPORTANT

If you use a printed copy, be aware that you might need to update it manually throughout tax season. Because Drake continually updates the online manual throughout the season, your best bet for always having the most current version is to copy the online manual to your computer's desktop frequently.

Online Support

Drake's Support website (*Support.DrakeSoftware.com*) offers a wealth of resources available 24 hours a day. In addition to current tax information, it provides the online support options discussed here. A reliable Internet connection is necessary to take full advantage of Drake's online resources.

Knowledge Base

The Drake Knowledge Base (KB) is a searchable database of articles submitted by clients, programmers, the IRS, and state revenue departments covering most of the topics that generate support questions. There are more than 2,800 articles covering such topics as Drake's tax software and the tools and programs that go with it, Client Write-Up software and CWU update notes, changes in state and federal tax laws, tax-return troubleshooting, tax-law research, bank products, e-file, SecureFilePro™, Grunt-Worx®, and other topics related to your tax preparation practice.

To access the KB, go to the Drake Support site and select **Resources > Knowledge Bases** to open the KB's **Home** window (Figure 10-1). From there, you can view the latest articles submitted to the KB, search or browse through the various KB topics, or do a quick search of the entire KB database. You can also choose to restrict your search to the Drake tax knowledge base or the CWU knowledge base.

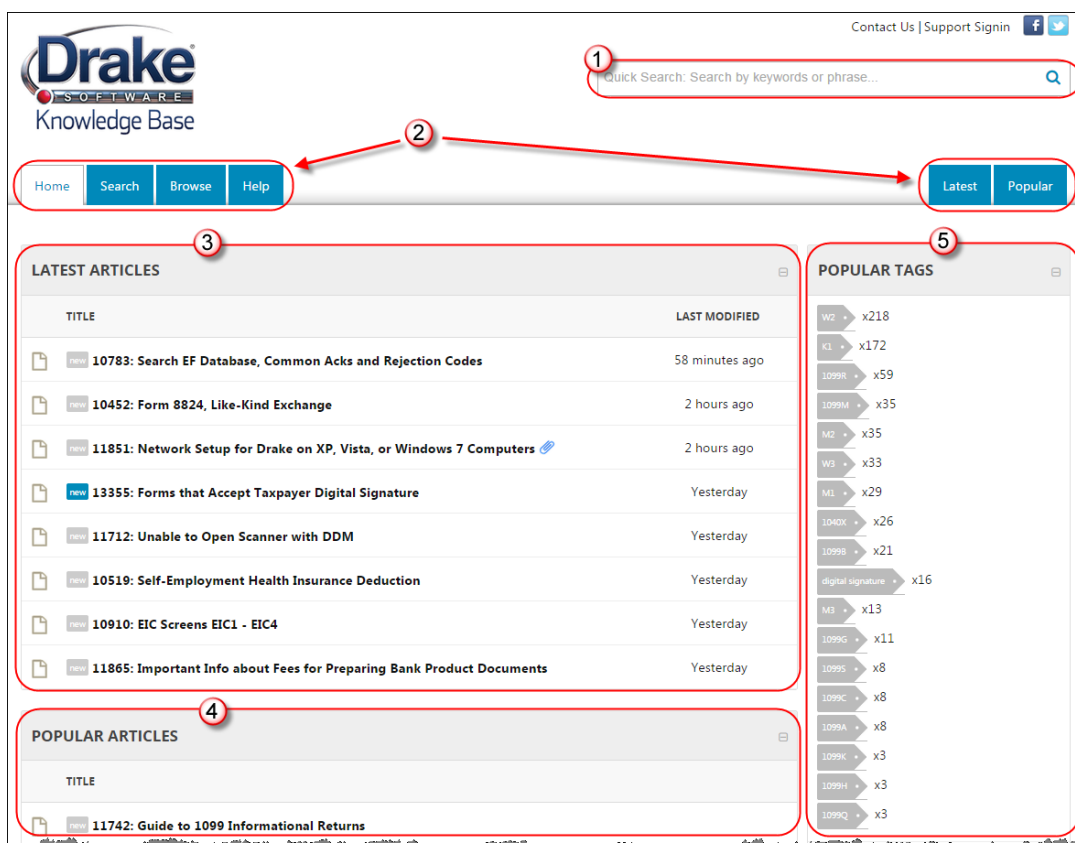


Figure 10-1: Knowledge Base quick search (item #1); KB tabs (item #2); Latest articles (item #3); Popular articles (item #4); popular IRS forms (item #5)

NOTE Depending on the Web browser you use, the location of items on the Knowledge Base website may vary.

Accessing KB Articles

Use **Quick Search**, the **Latest Articles** or **Popular Tags** sections, or the **Search**, **Browse**, **Latest**, or **Popular** tabs to navigate the Knowledge Base and find KB articles.

The KB tabs and their uses are described in Table 10-1:

Table 10-1: KB Tabs

Tab	Description
Home	Return to the Home window of the Drake Knowledge Base at any time.
Search	Search for articles using word searches. Enter search criteria under Advanced Search . (See "Searching the KB," following.)
Browse	Open folders containing all articles on a selected subject. Choose from tax software topics and Client Write Up topics.
Help	Read the instructions for refining a search
Latest	Find the most recently added or modified articles
Popular	Find the most popular articles

Searching the KB

There are several methods of searching for a topic or article, beginning at the **Home** window of the KB:

- In the **Quick Search** field on the top right side of the **Home** window, enter a word, phrase, or form number and click **Search** or press ENTER (item #1 in Figure 10-1 on page 322).
- Click **Search** from the KB tabs (item #2 in Figure 10-1 on page 322), enter a word or phrase, and press ENTER.
- Click **Browse** from the tabs (item #2 in Figure 10-1 on page 322). See "Browsing the KB" on page 324 for details.
- From **Popular Tags** (item #5 in Figure 10-1 on page 322), click a tag relating to a corresponding IRS form to see a list of all articles related to that form.
- From the top right of the **Home** window, click either the **Latest** or **Popular** tab (item #2 in Figure 10-1 on page 322) and click the topic that matches your query.

The results of your search appear in the **Search Results** in the lower half of the window, allowing you to quickly find the articles you are most interested in.

NOTE The green bars next to the results of a search show the frequency and placement of keywords in that article.

Advanced Search Options

Direct your search by selecting options from **Advanced Search**. From the drop lists, choose to search:

- **Using: All Keywords** (searches for articles containing all search terms entered); **Any Keyword** (searches for articles containing any one of the search terms); **Exact Match** (searches for articles containing the exact phrase entered).
- **By: relevancy** (frequency and placement of keywords in article); **last modified** (when the article was last changed); **views** (how many times this article has been viewed).
- **In:** Ascending (**ASC**) order or descending (**DESC**) order.

- **With:** Choose how many articles will appear in the **Search Results**.

Browsing the KB

The **Browse** window gives you access to all available KB articles. The articles are stored in one of three folders (see Figure 10-2) in a document “tree” to the left side of the **Browse** window:

- **Drake Software:** All articles related to Drake’s tax software, the tools and programs that go with it, tax-return troubleshooting, tax-law research, bank products, e-file, Drake Document Manager, SecureFilePro, GruntWorx, and other topics related to your tax preparation practice.
- **Client Write-Up:** All articles related to Drake’s write-up and accounting program, including articles on bookkeeping, payroll, direct deposit, accounts payable, accounts receivable, and e-file options.
- **CWU Update Notes:** Notes related to all CWU updates that are available for download throughout the past two tax seasons.

Click a folder to open the tree of categories, then click a category to list all relevant articles in the document pane on the right side of the window. Click an article to open it.

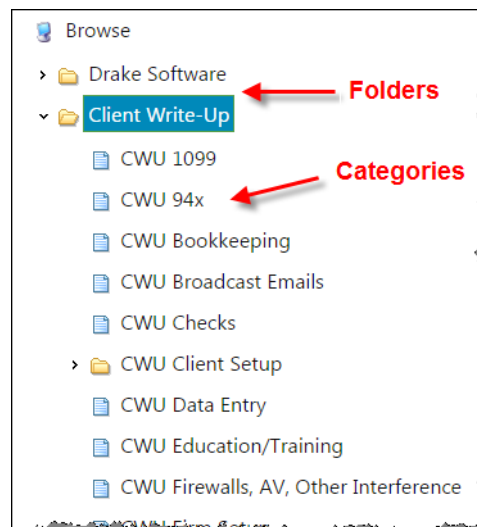


Figure 10-2: Some folders and articles within the **Browse** tab

On the right side of the **Browse** window is a list of the latest articles produced by the Drake Support team and a list of the most often-read articles in the Knowledge Base.

To return to the **Browse** window from the tree or from an article, click the **Browse** tab again, right-click and then select **Back**, or click the “back” arrow at the top of your browser.

Printing Articles

On the right side of every KB article is the **Print Article** link that opens the **Print** dialog box.

Related Articles

If there are other articles in the KB related to the one you queried, **Related Links** appear at the end of the article. Click a link to view those articles.

Attachments Some articles have links that take you to other documents that you can download and view. The attached documents provide additional detail beyond that provided in the text of the article.

Drake's e-Training Center (ETC)

Drake ETC is a convenient resource for training your office staff and earning continuing professional education (CPE) credits through the use of tutorials, practice returns, videos, webinars, interactive tax courses, and self-study courses. ETC also provides tracking tools and interactive testing so individuals and group administrators can monitor their personal and collective progress.

NOTES

In preparation for the IRS's Annual Filing Season Program (AFSP), take Drake's Annual Federal Tax Refresher Course and Comprehension Test, a six-hour course accompanied by a 100-question knowledge-based comprehension test.

For details, see "Annual Federal Tax Refresher Course and Comprehension Test" on page 332.

To access Drake ETC, go to *DrakeETC.com*, or from the Drake Support website, select **Training Tools > Drake ETC**. The first page displayed, the ETC **Welcome** page, includes news and information on what's happening in Drake ETC (Figure 10-3).

Welcome to Drake e-Training Center
CPE-accredited tax and software training for your entire staff

Webinars

Keep up to date with Drake ETC's webinars. Topics and continuing education available for CPAs, EAs, and RTRPs.

Current & Upcoming Topics

- **EITC Due Diligence** – Oct 14, 2014 2 pm
CPE Details
- **Individual Provisions of the Affordable Care Act - 2014 Update** – Oct 15, 2014 10 am
CPE Details
- **Safeguarding Taxpayer Information** – Oct 16, 2014 2 pm
CPE Details
- **Drake 101 - Program Settings and Tools** – Oct 21, 2014 11 am
CPE Details
- **Drake 101 - Data Entry** – Oct 22, 2014 10 am
CPE Details
- **Individual Provisions of the Affordable Care Act - 2014 Update** – Oct 22, 2014 2 pm
CPE Details
- **Drake 101 - e-Filing Returns** – Oct 23, 2014 2 pm
CPE Details

See the full schedule and sign up

What can you do with Drake ETC?

Learn	Evaluate	Succeed
<ul style="list-style-type: none"> • Access 80+ tutorials & lessons • Use practice returns • Attend tax courses & webinars 	<ul style="list-style-type: none"> • Test your knowledge • Track your progress • View report cards 	<ul style="list-style-type: none"> • Train your entire staff • Earn CPE credits • Prepare for tax season

Figure 10-3: The ETC **Welcome** page

Creating an ETC Admin Account

Before you can log in to ETC, your office must have an ETC administrator (Admin) account. Once the account is established, you can create student accounts and begin tracking student progress. With their own user names and passwords, students can log in to ETC on their own.

Admin accounts are created using the **Need to sign up?** section of the **Welcome** page. To create an Admin account:

1. In the **Need to sign up?** section, Drake customers select **Yes** and click **Submit**.
2. Enter your EFIN and Drake password and click **Submit**.
3. In the **Welcome** window, complete all applicable fields, making sure that you select "Yes" in the **Administrator** field.
4. To earn CPE credit for completing ETC courses, select **Yes** from the **CPE Credits** drop list.
5. Preparers registered in California, Texas, or Pennsylvania should mark their respective boxes in order to receive CPE credits in those states.
6. Enrolled Agents should mark the **Enrolled Agent** box, while other, non-CPA tax return preparers should mark the **Registered Tax Preparer** box.
7. Enter your PTIN.
8. Click **Save Information**. When the system has saved your data, click **Next**.

Creating an ETC Student Account

To create a student account, log in to ETC (See "Logging In," following), click the **Administration** link, and click **Add New Student**. After completing all applicable fields (see steps 4-7 in the "Admin account" setup above, making sure that you select "No" in the **Administrator** field), click **Save Information**.

NOTE

When creating a Drake ETC student account, each student must enter a unique email address, even if all students are part of the same administrative account.

Logging In

To log in to ETC:

1. Go to the Drake Support site and select **Training Tools > Drake ETC**, or go to *DrakeETC.com*.
2. In the **Returning Users** section, enter a **Username** and **Password**.
3. Click **Sign In**.

Once you're logged in, the ETC **Home** page is opened. On the left side of this page is a blue sidebar menu (Figure 10-4).

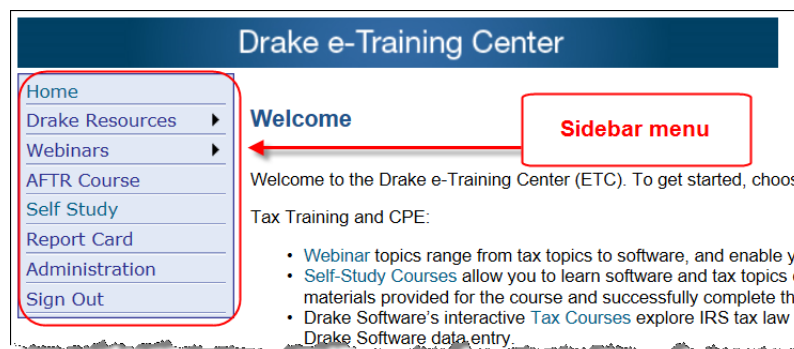


Figure 10-4: Sidebar menu for all ETC selections

The sidebar menu lists the available resources within ETC, as described in Table 10-2.

Table 10-2: Drake ETC Resources

Item	Description
Drake Resources > Tax Courses	Interactive tax courses explore IRS tax law and terminology and how they apply to Drake data entry. CPE credits are available. Current courses include 1040, 1065, 1120, and 1120S.
Drake Resources > Tutorials	Instructional slide shows teach the basics of Drake Software. Topics include tax and CWU subjects and "Quick Tips." Some topics are available in Spanish.
Drake Resources > Practice Returns	Hands-on data entry and e-file training.
Drake Resources > Videos and Recorded Webinars	Recorded webinars cover such subjects as Drake setup and tools, data entry, and e-file, and EITC Due Diligence, plus CWU End of Year e-Filing. Other videos and webinars will be added through the year.
Webinars > Available Webinars	Recent webinars covered such topics as: Provisions of the Affordable Care Act, Drake 101, Safeguarding Taxpayer Information, EITC due diligence, and Intro to CWU. More webinars are added each month. Panelists are available to answer your questions. CPE credits are available (no test required). Also keeps track of webinars you have attended through Webinars > My Webinars .
AFTR Course	Study courses to help preparers pass the IRS's Registered Tax Return Preparers competency test.
Self Study	Self-paced study courses include: Drake Software Evaluation Guide, Introduction to IRS Circular 230, and Calculating Partner Basis.
Report Card	Track students' progress in the tax courses, webinars, and training courses. Includes dates of completion, test results, and CPE credits earned.
Administration	Available only when logged in with an Admin account, this section allows you to create student accounts and view student report cards.



When a course unit, tutorial, practice return, recorded webinar, or video has been viewed, a green check mark replaces the red "X" next to the completed item. (See Figure 10-5 on page 328.)

Tax Courses

ETC offers basic return preparation courses for forms 1040, 1120, 1120S, and 1065. CPE credits are available for the completion of each course. There is no charge to take a course, but there is a fee to receive CPE credit and print the completion certificate. Check the Drake ETC website (*DrakeETC.com*) for details and pricing.

For a list of available courses and units, from the sidebar menu, click **Drake Resources > Tax Courses**. The **Tax Courses** page displays the units of the **Basic Tax Course** (Figure 10-5 on page 328).

Tax Year: 2013 Tax Year		Course: Drake Basic 1040 Tax Course	
Drake Basic 1040 Tax Course			
	Introduction	Launch Course	✓
Unit 1	Filing Status	Launch Course	✓
Unit 2	Dependents	Launch Course	✗
Unit 3	Income		✗
Unit 4	W-2 Wages		✗

Figure 10-5: Units of the Basic Tax Course

To view units for a different tax year or course, select an option from the **Tax Year** and **Course** drop lists.

IMPORTANT

Click **System Requirements** on the **Tax Courses** page to ensure that your system supports the tax course programs. Make sure your speaker volume is turned on if you would like to hear the audio.

To open a unit:

1. Click **Launch Course** for the selected unit. (See Figure 10-5.) The unit is opened in your browser.
2. Use the navigation buttons (**Previous** and **Next**) in the lower-right corner of the window to move through the course. Use the **Play Narration** button in the lower-right to play audio.
3. Some windows feature images of IRS tax documents, website windows, videos, or Drake Software screens. Click a button to see a desired image or play the video.
4. Click **Menu** in the lower-left corner of the window at any time to see a list of the topics to be covered in the course. Click an item to jump forward to that screen.
5. Click **Index** to see a list of locations of various topics discussed in the course.
6. When you finish a unit, click **Exit** to return to the **Tax Courses** page.

View completed units again at any time. Once all course units are completed, the **Launch Exam** button will become available. Click it to begin the test. Submit your score upon completion of the test.

CPE Credits

To earn CPE credits for taking a tax course in Drake ETC, you must score 70% or higher on the course exam and submit a course evaluation. Review the CPE details (click the word “**here**” at the end of the **Cost** paragraph) to determine CPE eligibility. Other CPE information is available from the main Drake Support page, under **Training Tools > CPE**.

After completing all units of a course, click **Launch Exam** on the **Tax Courses** page for that course. After passing the exam with a score of 70% or higher, click **Launch**

Evaluation. Once you have completed and submitted the evaluation, you will be able to print a CPE certificate.

NOTES

To reprint a CPE certificate, click **Report Card** in the Drake ETC sidebar menu. Select a **Tax Year** or **Calendar Year** filter, scroll to the bottom of the **Report Card** window to the **CPE Credits** list, and click **Print** for the desired certificate.

Tutorials Tutorials teach the basics of Drake Software through text, sound, and animation. For a list of available tutorials in ETC, click **Drake Resources > Tutorials** from the blue sidebar menu. The **Tutorials** page displays a list of Drake tutorials, (Figure 10-6), with green check marks indicating tutorials completed and red Xs indicating tutorials not yet begun.

Tutorials		
1040.com Affiliation	Launch Tutorial	✓
7216	Launch Tutorial	✓
8615 Export	Launch Tutorial	✗
Appointment Scheduler	Launch Tutorial	✓
Archiving	Launch Tutorial	✗

Figure 10-6: Tutorial list

Click **Launch Tutorial** for the desired tutorial. (Tutorials do not have to be completed in the order listed.)

NOTE

Tutorials are added throughout the season, so it's a good idea to check often for new tutorials. To view "Quick Tip" tutorials and tutorials for Drake CWU, select from the **Subject** drop list (shown in Figure 10-6).

Practice Returns

Practice returns have been designed to help your firm become familiar with the basics of data entry and e-file in Drake Software. To access practice returns in ETC, click **Drake Resources > Practice Returns**. The **Practice Returns** page displays instructions and a list of available practice returns (Figure 10-7).

Practice Returns		
Individual - Practice Return 1	View Return	View Solution
Individual - Practice Return 2	View Return	View Solution
Individual - Practice Return 3	View Return	View Solution
Individual - Practice Return 4	View Return	View Solution
Individual - Practice Return 5	View Return	View Solution

Figure 10-7: List of practice returns on the **Practice Returns** page

Click **View Return** to view the basic return scenario in a PDF file. Open Drake's tax software and prepare the return according to the scenario. Once you've calculated the return, go back to the **Practice Returns** page and click **View Solution** to compare your return to the solution return.

Drake ETC offers 10 practice returns for the 1040 package and one practice return each for the 1120, 1120S, and 1065 packages. To practice e-filing and working with

bank products, scroll to **EF Banking** and click **View Return**. Follow the instructions located in the PDF file.

NOTES

Tutorials and practice returns are also available outside of ETC. To see the tutorials, or to work on the practice returns without signing on to ETC, go to the Support website and click **Training Tools > Practice Returns > Returns**. Practice returns are also available on your Drake CD and through the software. To access them through the software, from the toolbar on the Drake **Home** window, go to **Support > Drake Software Support Website > Training Tools > Practice Returns > Returns**. (Internet access is required.) The practice returns and solutions are kept in the "Practice" folder.

Solutions to the practice returns are kept online so that we can make adjustments when changes to the software affect the solutions.

Recorded Webinars

Some of our software-related live webinars have been recorded and can be viewed at any time. Although these recorded webinars do not earn you CPE credits, they can help familiarize you with many Drake topics. Past recordings have included "Drake Quick Start," "Program Settings and Tools," "Data Entry," "e-Filing," and "EITC Due Diligence" for Drake tax software users and "Spreadsheet Importing" and "End of Year e-Filing" for Client Write-Up users. Other courses are added during the year.

To view a recorded webinar:

1. From the sidebar menu at the left of the Drake ETC window, select **Drake Resources > Videos and Recorded Webinars**.
2. Select a tax year and course from the drop lists.
3. Click **Launch Recorded Webinar**.

The first time you view a webinar, the WebEx Manager is automatically downloaded to your computer. For help with WebEx Manager, call WebEx Support at (866) 229-3239.

NOTE

Drake ETC also offers DVD videos of our annual Update Schools. To order, from the sidebar menu of the main Drake Support website, go to **Resources > Supplemental Resources**. (If you're logged in to ETC, return to the main Support website by clicking **Support Signin** in the upper-right corner of the window.)

Live Webinars

Drake ETC provides live webinars on various topics with new webinars added every month. The live webinars are presented with panelists available to answer viewers' questions during the event. CPE credits are available (no test required). Review the CPE details provided with each Drake webinar to determine CPE eligibility.

Registration for Webinars

To register for a webinar from DrakeETC:

1. From the sidebar menu, go to **Webinars > Available Webinars**. (See "Logging In" on page 326 for details on logging in to DrakeETC.)

- From the list of **Available Webinars**, click **Register** on the right side of the window for the webinar you wish to attend (see Figure 10-8). A fee is required for most webinars.

All Times Eastern Daylight Time (EDT)		Available Webinars		(go to My Webinars)
Date/Time	Title	CPE Details	Cost	
9/23/2014 10:00 am	CWU Payroll Setup & Processing [details]		\$15.00	Launch
9/23/2014 2:00 pm	Drake 101 - Program Settings and Tools [details]		\$15.00	Register
9/24/2014 10:00 am	Drake 101 - Data Entry [details]		\$15.00	Register
9/24/2014 2:00 pm	Individual Provisions of the Affordable Care Act - 2014 Update [details]		\$29.00	Register
9/25/2014 10:00 am	EITC Due Diligence [details]		\$15.00	Register

Figure 10-8: Signing up for webinars on the ETC webpage

- If the **Webinar Registration** window is opened, verify your unique email address. Click **Register** then select your webinar again.
- Provide payment information in the **Webinar Payment** window and click **Submit**.
- When the **Thank you for your payment** window is displayed, click **Continue** to proceed with your registration.
- In the **Webinar Registration** window, confirm your email address and click **Register**.
- A message informs you that your webinar registration was successful.

IMPORTANT

If you register with an email address that is different from your current Drake ETC account email address, your Drake ETC account email address will be changed to the new email address.

After your registration is processed, you will receive:

- A confirmation email message containing details of the upcoming webinar, an appointment you can add to your calendar, and a link you can click in order to join the webinar.
- Reminder email one day before the event and one hour before the event.

Attending Webinars

To join the webinar, click the link provided in the confirmation email and follow the included instructions, or from the sidebar menu of the Drake ETC website, go to **Webinars > My Webinars** and click **Launch**. Please join webinars at least 10 minutes before the scheduled start time. Speakers or headphones are required.

Webinar CPE Credits

To earn CPE credits, attendees must respond to at least 75% of the poll questions posed during the webinar and complete a short evaluation after the event.

Webinar attendees will receive an email notification when the CPE credits are made available (usually within 48 hours). After receiving the notification email, follow these steps to complete the CPE process:

- From the sidebar menu, go to **Webinars > My Webinars**. A list of completed webinars is displayed.
- Click **Evaluation** on the line of the webinar you completed.
- Complete the short evaluation and click **Submit**.

4. When the certificates are posted (24–48 hours after submission of the evaluation), return to **My Webinars**. On the line of the webinar completed, click **Print CPE**.

More information on hardware and software requirements, registration, pricing, refunds, CPE details, and other webinar-related topics is available on the **Available Webinars** and **My Webinars** windows.

Annual Federal Tax Refresher Course and Comprehension Test

The IRS's Annual Filing Season Program (AFSP) is a voluntarily program designed to encourage tax return preparers to participate in continuing professional education (CPE) courses. Unenrolled return preparers can elect to voluntarily take continuing education each year in preparation for filing season and receive an AFSP Record of Completion.

To earn an AFSP Record of Completion for the 2016 filing season, preparers must:

- Complete an Annual Federal Tax Refresher (AFTR) course by December 31, 2015 (unless exempt)
- Earn specified CPE credits by December 31, 2015
- Obtain or renew a PTIN for 2016 after the PTIN renewal season begins in October 2015
- Consent to be subject to the duties and restrictions of Circular 230

Preparers who complete the AFSP will also be included in a new public directory that will be added to the *IRS.gov* website, where taxpayers can search for qualified tax return preparers. The directory will include the name, city, state, ZIP Code, and credentials of all attorneys, certified public accountants (CPAs), enrolled agents, enrolled retirement plan agents (ERPAs), and enrolled actuaries with valid PTINs. It will also include information on individuals who have received an AFSP Record of Completion.

Drake's AFTR Course

In preparation for the AFSP, you can take Drake's Annual Federal Tax Refresher Course and Comprehension Test. The Annual Federal Tax Refresher (AFTR) course is a six-hour course accompanied by a 100-question knowledge-based comprehension test. Participants must obtain a passing score of 70% and complete a test in three hours or less.

The course is structured into three domains:

- New Tax Law/Recent Updates
- General Review
- Ethics, Practices and Procedures

As an IRS-approved CE provider, Drake has been authorized by the IRS to offer the AFTR course.

For more information on AFSP requirements and for details on how Drake can help you earn the CPE credits necessary to earn an AFSP Record of Completion for the 2015 filing season, visit our AFSP page at *DrakeSoftware.com*: from the tabs at the top of the window, go to **Training > AFSP**.

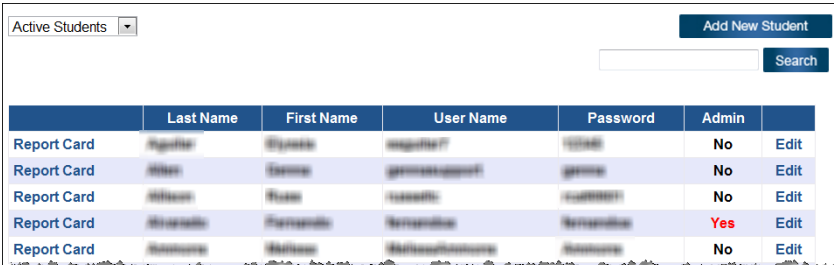
Self Study Self-paced study courses help preparers become more familiar with Drake Tax Software and learn about tax topics.

Courses are added during the year. Currently available courses are:

- **Drake Software Evaluation Guide:** An overview of Drake's tax preparation software and the basics of software navigation and setup, preparing basic 1040, 1120, and 1065 returns in the software, and preparing for and review e-file steps.
- **Defense of Marriage Act:** This course focused on the 2013 Supreme Court ruling of Section III of the Defense of Marriage Act, or DOMA, as unconstitutional and, subsequently, the 2013 IRS issuance of Revenue Ruling 2013-17 and its effect on same-sex marriage taxpayers.
- **Home Office Deduction:** This course examined the federal income tax deduction for business use of a home.
- **Introduction to Circular 230:** An overview of IRS circular 230 topics, including a review of the rules governing "Authority to Practice," duties and restrictions relating to practice before the IRS, and sanctions for violations of circular 230.
- **Calculating Partnership Basis:** This course introduced the components of partnership basis, including "inside basis," "outside basis," and "at-risk basis" for a general partner involved in a partnership, how to apply the rules and regulations affecting partnership basis, and to calculate basis for a partner.

Report Card Click **Report Card** from the ETC sidebar menu to view CPE credits earned, test results, and webinar progress for a selected year. You can also check training progress on practice returns, tutorials, and videos, the AFTR course, and other self-study courses. To reprint a CPE certificate, in the **CPE Credits** section, click **Print** for the desired certificate.

Admin The **Administration** page is available only for users logged in as Admin. To access this ETC page, click **Administration**. Displayed are a list of students, buttons for adding and searching student records, and a drop list for displaying **Active Students**, **Inactive Students**, or **All Students**. (Figure 10-9).



Report Card	Last Name	First Name	User Name	Password	Admin	Edit
Report Card	Agarwal	Divya	agarwal1	12345	No	Edit
Report Card	Allen	Teresa	allen12345	teresa	No	Edit
Report Card	Allen	Ryan	allen12345	ryan	No	Edit
Report Card	Hernandez	Hernandez	hernandez	hernandez	Yes	Edit
Report Card	Hernandez	Hernandez	hernandez	hernandez	No	Edit

Figure 10-9: Admin page displays list for student information

Click to view a student's **Report Card**, or click **Edit** to view and edit a student's account information. (Click **Save** to save it.)

Logging Out To log out of Drake ETC, click **Sign Out**. You are returned to the Drake ETC login page.

Other Resources at Drake Support

The Drake Support site offers a wealth of additional resources, such as information about trade shows, live training sessions, preparer regulations, state and federal tax laws, *1040.com* email and webpage accounts, update schools, mobile apps for smart phones, e-Pay merchant card processing, GruntWorx, SecureFilePro, and CWU. You can also view helpful publications and download prior-year Drake programs, prior-year release notes, and software for converting data files from other tax software programs into Drake, and order marketing kits, checks, and printed forms.

Some of these resources are available from the tab across to the top of the top of the *Support.DrakeSoftware.com* webpages, some from the sidebar menu on the left side of the webpages, and others by scrolling down the **Resources Overview** page.

Following are just a few of the many resources available:

Drake Software Status

The Drake Software Status webpage allows you to see the real-time operational status of Drake e-file servers and the status of IRS, state, and bank ACK processing, and the status of all of Drake's customer support and online services, including Support call center and website, e-file, email, acknowledgments, bank processes, Online EF Database, GruntWorx, SecureFilePro, Drake Zero, Drake Hosted, Online Filing, and credit card processing. The webpage can be accessed by clicking the blue **Drake Software Status** link under **Resources Overview**, or by selecting **Resources > Drake Software Status** from the blue sidebar menu.

Federal/State Facts

The **Federal/State Facts** pages have lists of forms eligible for e-file, and current and prior-year state information on e-file, state tax forms, state payments and deposits, state due dates, penalties, and extensions (Figure 10-10). You can also access state shipment letters, form instructions, and update notes. As EF packages are approved, that information is added to the state pages. The pages also include links to the Drake Forums (see "Drake Forums" on page 336) and state taxing authority websites.

DRAKE SOFTWARE SUPPORT					
Select a link on this site E-file Packages Available E-file Requirements Payments and Deposit Reciprocal Agreements Amended Returns Due Dates Penalties Extensions Products by Package Web Information Shipment Letter Form Instructions Update Notes Drake Forum		Year: 2013	State: California	California Franchise Tax Board	
Products available for Electronic Filing					
Tax Type	Available for 2013	Residency Exclusion	Status	Date Approved	
				Direct	Piggyback/ State Only
1040	Yes		Approved	11/27/13	
1120	Yes		Approved	11/27/13	
1120S	Yes		Approved	11/27/13	
1065	Yes		Approved	11/27/13	
LLC	Yes				
1041	Yes		Approved	12/10/13	
Website		California Franchise Tax Board			

Figure 10-10: Selections (item # 1) on the CA page; link to the state taxing authority (#2)

Download Center

The Download Center, available from **Resources > Download Center**, displays the software packages available for download. Click an item and follow directions to download it.

SecureFilePro

SecureFilePro™ provides secure client file exchange portals for your practice, so you and your clients can exchange confidential tax documents securely and conveniently. Send and receive client documents on your own secure site anytime from anywhere. All transmissions are secured with 256-bit SSL encryption, and files are encrypted at rest on the server. Clients can view and access only their own documents.

Explanations and prices are on the window at **Resources > SecureFilePro**, as are links to sign up for a free trial or to purchase any of the regular SecureFilePro packages. For more details on using this feature, see “SecureFilePro” on page 425

Supplemental Resources

Purchase Drake's software manual, the Client Write-Up manual, and an Update School videos.

Broadcast Center

Keep abreast of all the important tax and software information with Drake broadcasts. The broadcast email messages that Drake sends out during the tax season are compiled and saved in the Broadcast Center. These broadcasts are grouped by categories; chosen from the **Display** drop list.

Conversions

To download software to convert data files from other tax programs into Drake format, go to the Drake Support site and select **Resources > Conversions**. Choose a tax year and a brand of software. Read the instructions (available for downloading and printing) before running the conversion.

Prior-Year State Programs

Drake's prior-year software packages for state programs (1998–2009) are available for installation.

- **Tax years 2007 and after** — Use **Tools > Install State Programs** in your Drake program. Once state programs are installed, update them using **Tools > Install Updates** (for 2007 and 2008) or **Tools > Update Manager** (for 2009).
- **Tax years 2003–2006** — First download the state tax packages from the Download Center (From **Resources > Download Center** on the Drake Support site, select a year then any states you need), and then install the updates within Drake Software (**Tools > Install Updates**).

- **Tax years 1998–2002** — Go to **Resources > Prior Year States** on the Drake Support site, click the appropriate year, select the state to download, and then follow the instructions on your screen.

Drake Forums

The online Drake Forums allow you to interact with other Drake clients. Participation in Drake Forums is strictly voluntary. To access Drake Forums from the Drake Support site, select **Resources > Forums** or from the sidebar menu on any of the state pages of the **Federal/State Facts** page.

First-time users must register before participating, read the text on the **Forums** page regarding registration requirements, and then click **Register**. Follow the instructions provided on your screen.

Once registered, log in to the **Forums** page and click **FAQ** for further instructions. Click **User CP** to set up a user profile.

NOTE The Drake Software Forums are strictly voluntary and should not be used as a substitute for obtaining help from Drake Support.

Release Notes

Software release notes from prior years are available on the Drake Support site. Select a year and update category to view the list of releases and release dates. Click a note link to view the release note.

Marketing Kits

Advertise your business using the newspaper ads, posters, banners, and radio spots available at the Drake Support site. Select **Resources > Marketing Kits** to access and order these resources, visit links to other marketing resources, and pick up free marketing kits from the IRS.

Informational Downloads

Details of the Patient Protection and Affordable Care Act, and the Small Business Jobs Act, can be downloaded from the Resources Overview page of the Support site.

Blank Forms

Several blank banking and checking forms are available through Drake Support, including state-specific bank disclosures, lost check affidavits, check registers, and voided check lists. Select **Resources > Forms** to access these forms.

Publications

From the Drake Support site, select **Training Tools > Publications** to download some commonly accessed IRS publications. At the bottom of the publications list is a

Search 1040.com for more publications link, which takes you to the *1040.com* website. From this site, you can search for federal and state tax forms, instructions, and news; get tax tips; download tax tables; find federal tax estimators and financial calculators; and get information all professional tax preparers need.

Partner Programs

From the sidebar menu, click **Partner Programs** to access information on Drake's partner companies that provide solutions for banking (including direct deposit for Client Write-Up users), tax research, office supplies and checks, electronic tax payments, audit assistance, and the Business Planning Group.

Other Resources

Other resources available to Drake customers.

Software Support Within Drake's Tax Software

Several support resources are available from within the Drake program itself. Access Frequently Asked Questions, searchable help, data entry help, and broadcast emails.

Frequently Asked Questions (FAQs)

An **FAQ** screen is included with each tax software package in Drake Software, accessible from any tab on the **Data Entry Menu** or by typing **FAQ** into the selector field and pressing **ENTER**. **FAQ** content varies by state and package.

Help Resources



Drake offers many ways for you to get the help you need. When you click the **Help** button from the **Home** window, you are given three options:

- **Drake Software Knowledge Base**, an online reference source containing answers to common tax and software questions. (See “Knowledge Base” on page 322 for more information)
- **Drake Software Program Help**, a searchable “Drake encyclopedia,” arranged in “books” and an index. The Help System answers many of the most commonly asked questions about the software. (See the following paragraphs for more information)
- **Drake Software Support Site**, a website with links to all of our online help resources, including the Knowledge Base, Drake ETC and many other helpful web pages. (See “Online Support” on page 321 and “Other Resources at Drake Support” on page 334 for more information.)

All other Drake windows (except the data entry screens) have a clickable **Help** icon or button for accessing the Drake Help System.

When you access the Help System, it is opened for the window you are in. For example, if you are in pricing setup (**Setup > Pricing**) and click **Help**, you are shown the Help information for pricing setup. To print a topic, click the **Print** icon in the toolbar.

NOTE

If you encounter an error accessing the Help System, run X:\Drake15\Help\FixHelp.exe on each workstation. (Replace 'X' with the letter of the drive where Drake is installed.)

Access Help System items by using the **Contents**, **Index**, and **Search** tabs.

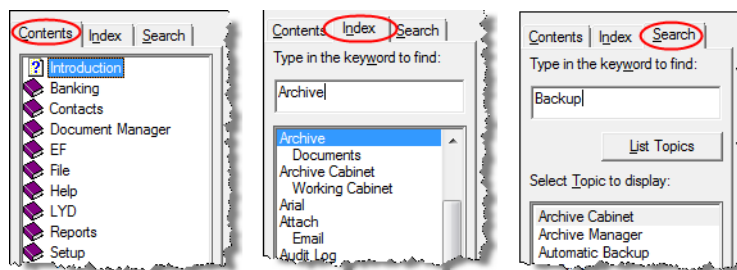


Figure 10-11: Contents, Index, and Search tabs

Contents Arranged in a “Table of Contents” style, the **Contents** tab (Figure 10-11) lists all available Help topics. Topics are organized into “books,” which contain the Help files for a specific topic. Double-click a book to see a list of topics contained in that book. To see the Help screen for a topic, click the topic.

Index The **Index** tab (Figure 10-11) allows you to access the Help index by keyword. As you type a keyword into the search field, the matching index term is displayed in the lower box. To see the Help screen for a matching term, double-click the topic or select the topic and click **Display**. Use the UP ARROW and DOWN ARROW on your keyboard to move from term to term.

Search The **Search** tab (Figure 10-11) allows you to search the Help topics by keyword. Enter a search term and click **List Topics** (or press ENTER). From the topics displayed, double-click a topic to view (or single-click it and press ENTER). You can also use the UP ARROW and DOWN ARROW on your keyboard to move from topic to topic.

Data Entry Help

As always, Drake offers its screen-level and field-level helps to explain the uses for certain screens, what data is expected in which fields, and how to find more information through links and IRS references. We’ve enhanced our helps, giving you more choices, more help, and more chances to learn. We’ve added instructional video clips covering a wide number of topics throughout the software. Through the **Research** function, you can set up a Web-based search for answers to your tax questions, and you can also access the Drake Knowledge Base from anywhere in data entry.

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

- Click inside a field and press F1

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

The help for the selected field is displayed as shown in the example in Figure 10-12.

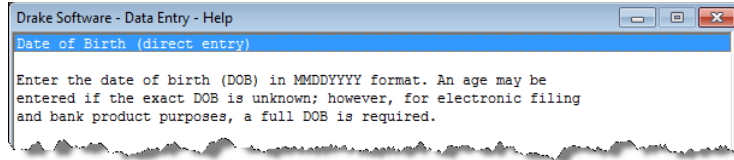


Figure 10-12: Example of field help

Each help window indicates whether the field is a direct entry, adjustment, or override field. To close a help window, click the **X** in the upper-right corner or press **ESC**.

Screen Help

Screen help provides information about an open screen in data entry. There are three ways to access screen help: either click the **Screen Help** button at the upper-right corner of the screen (Figure 10-13; this button may not be visible for all Windows 7/8 users), press **CTRL+ALT+?**, or select **Screen Help** from the right-click menu.

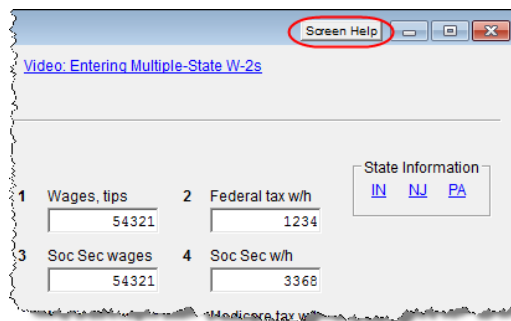


Figure 10-13: Screen Help button for W2 screen

In most cases, a window similar to the field help window displays the screen help. Some screen helps include links to form instructions and other related documents.

Enhanced Help Resources

When you access help in Drake15, you're not only given the help you need, but you're also given options for learning more about the topic for which you're seeking help.

For instance, click the **Help** button on the **Data Entry Menu** toolbar (Figure 10-14 on page 340) or right-click any data-entry field within a Drake screen (Figure 10-15 on page 340), to see links to Program Help, Navigation Help, Drake's Support website, the Drake Knowledge Base (KB), and the Drake e-Training Center website.

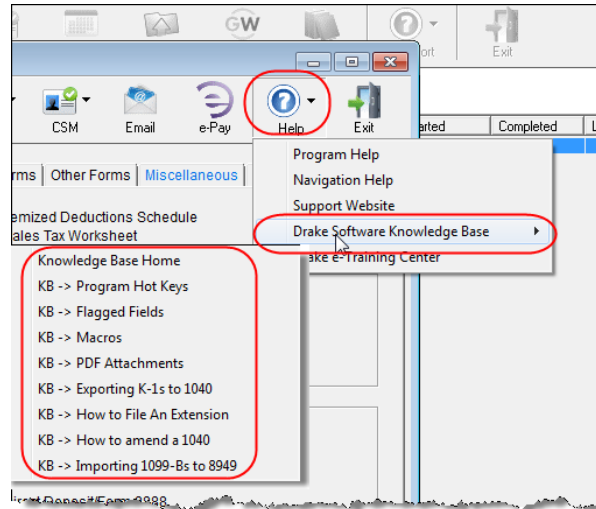


Figure 10-14: Click the **Help** button from the **Data Entry Menu** toolbar for list of help options. Above, the user has selected the **Drake Software Knowledge Base**, from which to select links to KB **Home** window to eight often-viewed articles on program functionality.

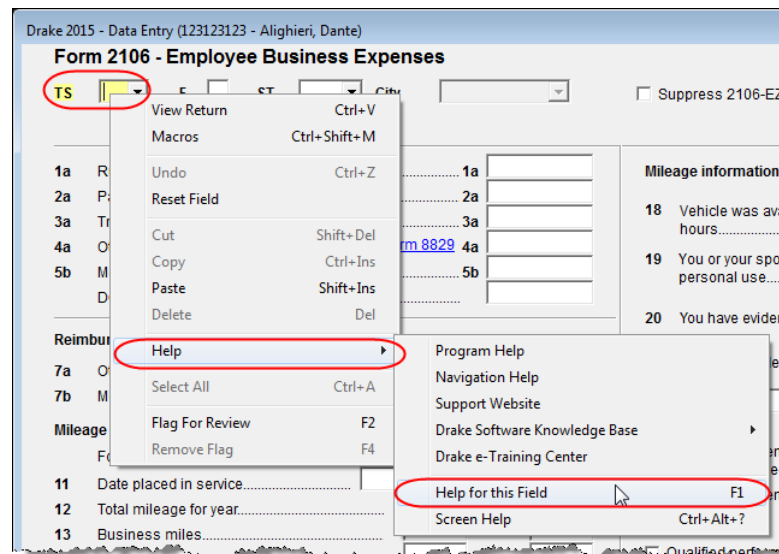


Figure 10-15: Right-click in a field to open the new right-click help menu. Above, the user is selecting a link to the field help for the **TS** drop list of screen **2106**.

When you select the right-click menu from a data-entry field, you're also offered the traditional helps for the field and for the screen.

The links on the right-click help menu include:

- **Program Help** — Opens the Drake Help Program.
- **Navigation Help** — Offers a short explanation of how to navigate in Drake and includes a link to a list of keyboard shortcuts that help make data entry easier and faster.
- **Support Website** — Links to the Drake Support site. (You need your EFIN and password to log in.)

- **Drake Software Knowledge Base** — Links to Drake's Knowledge Base and includes a list of the eight popular articles on program functionality.
- **Drake e-Training Center** — Links to the Drake ETC website. (You need your ETC user name and password to log in.)
- **Help for this Field** — Opens the field help for the clicked-in field.
- **Screen Help** — Opens the screen help for this screen.

Video Clips

More than 100 short, instructional video clips are accessible throughout the software to give you quick “go-to” resources for learning about. The main topics include:

- | | | |
|--------------------------|------------------------------|------------------------|
| - Getting Started | - 1040 Date Entry | - e-Filing |
| - Practice Management | - Business Return Data Entry | - Drake Software Demos |
| - Setup | - Client Communications | - Affordable Care Act |
| - Bank Products | - Client Write-Up | - SecureFilePro |
| - Software Customization | - Spanish | - Video Messages |

Videos are added or updated throughout the year to reflect tax industry changes and filing deadlines.

To view the videos outside of data entry, look for one of the blue **Start** arrows (Figure 10-16).

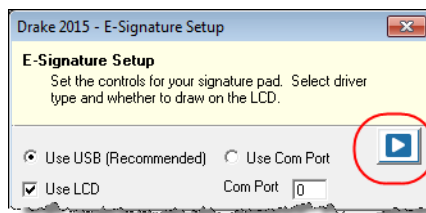


Figure 10-16: Click a blue **Start** arrow to view a video

In data entry, click one of the blue links (Figure 10-17). Most of these data-entry video links are located at the top of data-entry screens, but some are located in the section of the screen specific to that video.

[Video: Completing the EIC Checklist](#)

Figure 10-17: Video link on screen 2 explaining how to complete the EIC checklist.

Other video links can be found in certain help menus, such as many right-click menus, and from the **Drake Document Manager** menu bar (Figure 10-18 on page 342):

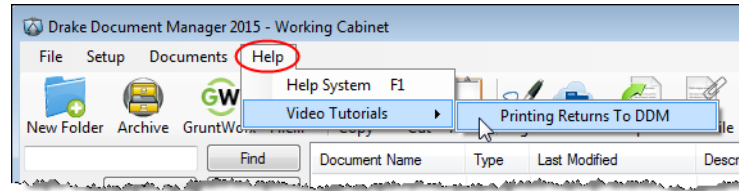


Figure 10-18: Find a video tutorial from the DDM menu bar

TIP

To find all the videos in one convenient place, from the toolbar of the **Home** window of Drake, click the **Support** icon and select **Drake Software Video Tutorials**.

Tax Research

Drake's tax research tool provides a way of searching the Internet for answers to any tax question. This site search scans three default websites—*irs.gov*, *DrakeSoftware.com*, and *TaxingSubjects.com*—for answers and allows you to add any site you wish to search. You add other sites of your choice.

To begin a search for tax information, first click the **Research** button on the toolbar of the Drake **Home** window (Figure 10-19).

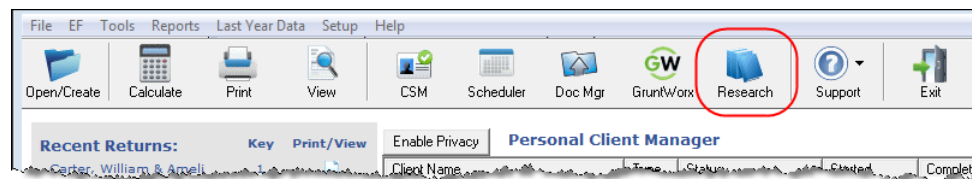


Figure 10-19: Begin your tax research with the new **Research** button

1. In the **Custom Web Search** window, enter a keyword (item #1 in Figure 10-20).
2. Select sites from the **Search Sites** fields (item #2 in Figure 10-20).
3. (optional) Add any sites you want to search and click **Save**. (item #3 in Figure 10-20).
4. Click **Search** (item #4 in Figure 10-20).

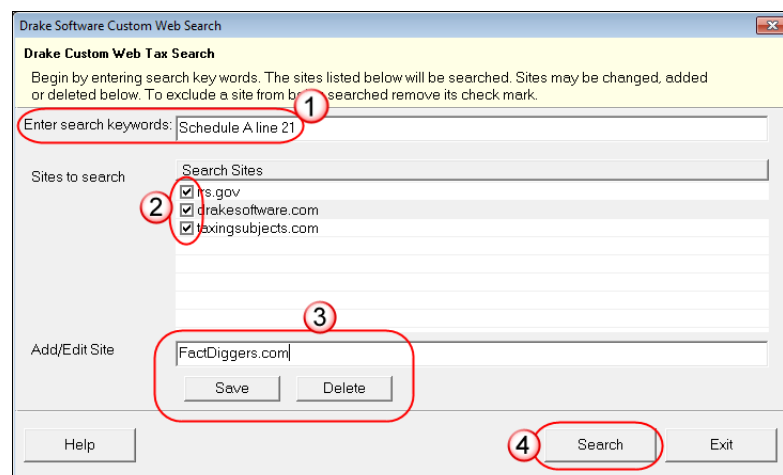


Figure 10-20: Steps for building a search through the Research tool.

Any websites listed and selected with a check mark in the **Search Sites** fields are searched and the results are displayed in a browser window. Clear the check mark from any site you don't want searched. To delete a site from the list, double-click the site and click **Delete**.

Internet access is required for using the Research tool.

Subscription-Based Research

Thomson Reuters – Checkpoint is offering a package of quick-reference federal tax materials designed especially for Drake Software customers. Customize your searches to get fast, accurate answers using Checkpoint's exclusive Intuitive Search. Checkpoint has received a 5-Star rating in The CPA Practice Advisor (formerly CPA Technology Advisor)'s annual review of tax research systems for the last 11 years in a row.

Drake Software customers receive exclusive pricing for a one-year subscription for only:

- \$89 for one user
- \$99 for two-to-five users

The Checkpoint IRS Response Library provides subscribers the comfort and confidence to efficiently and effectively respond to clients and the IRS by using step-by-step work plans, letters, statements, sample forms and transcripts, and other "How To" resources. The IRS Issues section includes a topical listing of commonly encountered IRS issues/engagements, broken down into Individuals and Businesses/Payroll.

Drake Software customers receive discounted pricing for the IRS Response Library:

- \$247 for one user
- \$297 for two-to-five users

Free training is available and one hour of CPE is provided.

To order, go to: tax.thomsonreuters.com/drake/

Broadcast Email

Broadcast email messages announce the latest developments in the industry, including banking news, IRS or state alerts, software issues, educational issues, and important information about new products or programs. These email messages are sent during tax season to the email address you set up when you registered with Drake for your account. All broadcasts are also posted at the Drake Support site (**Resources > Broadcast Center**).

Interactive Support

Drake provides interactive support via email, phone, and fax.

Email Through Drake

You can continue to use the *1040.com* email address that you've used in the past for a nominal fee (\$1 per month), or you can use the email provider of your choice, including any of the free email providers, such as *Gmail.com* and *Outlook.com*. You can also use Drake's email program to send questions or files to Drake Support.

To access Drake email, open the tax software, and from the menu bar of the **Home** window, select **Help > E-Mail**. To access Drake email from data entry, click the **Email** icon from the **Data Entry Menu** toolbar. There is also an **Email** button on the View mode toolbar and on the Drake Document Manager toolbar to facilitate sending PDF-copies of the return to your clients.

NOTE

Find Drake Support email address by clicking the **To** button on the **Email - Compose Message** toolbar. Email addresses for Drake Support are also listed in "Contacting Drake Support" on page 2 of the Quick Reference chapter.

Email Setup

To add and set up your email accounts, begin setting up your Administration Options. From the *menu bar* of the **Home** window, go to **Help > E-Mail** to open the **Email** window. From the menu bar of the **Email** window, select **Setup > ADMIN Options** to open the **Email - ADMIN Options** dialog box.

NOTE

Every preparer in your office can have his or her own email account. To do so, each must complete a separate setup.

At the top of the **ADMIN Options** dialog box (Figure 10-21), three options are available:

- Allow each Preparer to Use the 'Office' Email Account
- Force Each Preparer to Use the 'Office' Email Account
- Only Allow Preparers to Send Messages/Files to Drake Software

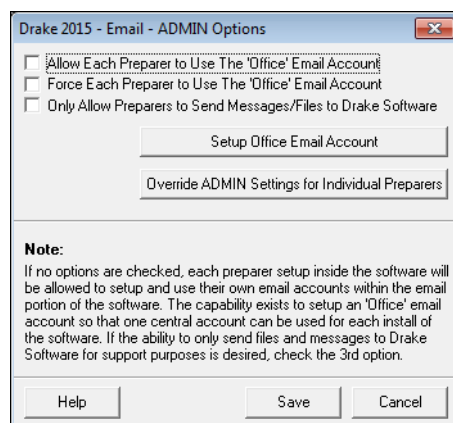


Figure 10-21: Administrative email options

If none of these options are selected, the preparers in your office will be able to set up and use any email program they choose through Drake's tax software. If, however,

you choose to set up an “Office” account, select one of the first two options, then click **Setup Office Email Account** to set up the email program everyone will use.

The third option—**Only Allow Preparers to Send Messages/Files to Drake Software**—would allow office personnel to contact Drake Support but not to email clients.

To set up individual email accounts, from the menu bar, select **Help > E-Mail**. From the menu bar of the **Email** window, select **Setup > Accounts** to open the **Accounts Settings** window. To add a new account, click **Add Account** at the bottom of the window to open the **Email - Add Account - Account Type** list of email providers:

1. Select an email provider from the list and click **OK** (or double-click the provider's name) to open the **Email - Add Account** dialog box.
2. In the **Account Information** section, type a name for the account in the **Name/Description** field.
3. In the **User Information** section, type the name you want your email recipients to see when they receive your email and then type an email address (for instance, *MaxsTaxes@EMAIL PROVIDER.com*).
4. If you made a selection from the **Add Account Type** list, the **Server Information** section should be complete; otherwise, type the name of the **Incoming and Outgoing Mail Server**. Click **More Settings** and change the program **POP Account** default settings as needed. (See NOTES, following.)
5. In the **Login Information** section, enter the username and password you selected when you set up the account with the email provider.

IMPORTANT

This password is not in the Drake system and there is no way we can retrieve it. Keep a reminder of this password in a secure location.

6. Click **Save**.
7. Click **Test Settings** to make sure your setup is correct and an Internet connection is made. If the test is successful, click **OK** and then **Save**.
8. In the **Email - Account Settings** dialog box, select an account to be the active account and click **Set Active Account**. This account name will appear at the top of the **Email** window.
9. Click **OK**.

NOTES

If the **Server Information** section of the Add Account dialog box was not automatically completed for the provider you selected, you will need your email account information, including the server settings, Post Office Protocol (POP) and Internet Message Access Protocol (IMAP) connection data. Contact your email provider.

POP and IMAP settings for many email programs can be found through Google. (In Google, type “What are the POP and IMAP settings for...” and enter the email program you want to use. Press ENTER.

Checking for Email

Once you have selected **Help > E-mail** from the **Home** window, click **Check Mail** to check your Drake email. (You can also select **File > Check Mail** from the menu bar, or press CTRL+M.)

Sending Email to Drake Support

It is sometimes necessary to send a client's files to Drake's customer support department for help with a data-entry problem. The process to email files to our Support team will look and feel the same as in prior years. Behind the scenes, we will be using a secure file-transfer program in order to meet IRS security compliance.

NOTE You will be able to send client files to Drake Software even if you do not have email accounts configured in Drake15.

Attaching Files

When contacting Drake Support with an issue, you might be asked to send, via email, a client's data file (a return), a file stored in your Document Manager file, Drake Software program file, or another kind of file. Entire folders cannot be attached.

From Data Entry

To send a client data file directly from data entry:

1. In Drake, open the return you want to transmit.
2. From the toolbar at the top of the **Data Entry Menu**, click **Email**. The **Compose Message** window shows the client's data file attached to the message (circled in Figure 10-22).

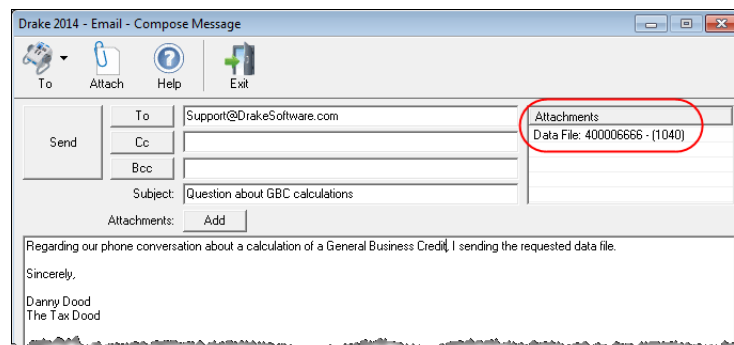
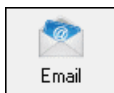


Figure 10-22: Email - Compose Message window with data file attached

3. Complete the **To** and **Subject** fields (required), and compose your message.
4. Click **Send**. The email with the client data file attachment is sent to the recipient.

NOTE You can add other attachments to the email using the **Add** button (or the **Attach** icon) in the **Compose Message** window. For more information, see "From the Home Window," following.

From the Home Window

To email a client data file from the **Home** window:

1. From the menu bar, select **Help > E-Mail**. The **Email** window is displayed.



2. Click **New** to open a blank **Compose Message** window.
3. Click **Add** (or the **Attach** icon) to open the **Email – Attachments** dialog box (Figure 10-23).
4. In the **SSN/EIN Search** text box of the **Client Data Files** section, enter the SSN or EIN of the file to send (item #1 in Figure 10-23).

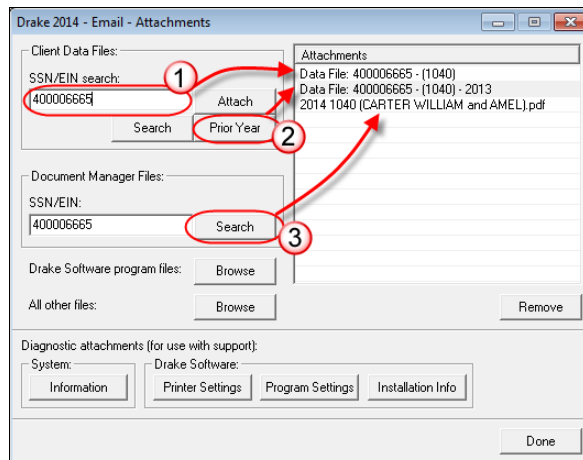


Figure 10-23: Enter an SSN or EIN and click **Attach** to attach tax returns (item #1).
Use **Prior Year** to attach prior-year returns (item #2).
Use **Document Manager Files** to attach a PDF copy of a saved file (item #3).

5. Click **Attach** (or press ENTER). The file appears in the **Attachments** pane to the right.
6. (optional) Attach prior-year files (item #2 in Figure 10-23) or DDM files (item #3 in Figure 10-23). See “Attaching Prior-Year Returns,” following, and “Attaching Other Types of Files” on page 348.
7. Click **Done**. You are returned to the **Compose Message** window with the file attached. (See Figure 10-22 on page 346.)
8. Complete the **To** and **Subject** fields and compose your message.
9. Click **Send**. The message and attachment are sent to the recipient.

NOTE

Enter a partial SSN or EIN in the **SSN/EIN Search** text box and click **Search** for a list of returns beginning with those numbers. Double-click a return on the list to attach it to the email.

Attaching Prior-Year Returns

To attach returns from prior years through Drake15, follow these steps:

1. Click **New** to open a blank **Compose Message** window.
2. Click **Add** (or the **Attach** icon) to open the **Email – Attachments** dialog box.
3. In the **SSN/EIN search** text box of the **Client Data Files** section, enter the SSN or EIN of the file to send.
4. Click **Prior Year** (item #2 in Figure 10-23) to open the **Prior Year** dialog box (Figure 10-24 on page 348).

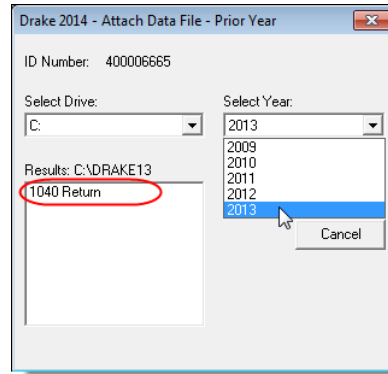


Figure 10-24: Attaching prior-year returns

5. Select the drive where your prior-year Drake files are kept.
6. Select a tax year.
7. Click a return (circled in Figure 10-24).
8. Click **Attach**. The prior-year return appears in the **Attachments** pane to the right side of the **Email - Attachments** dialog box.

Attaching Other Types of Files

Other file types can be attached to an email message from the **Attachments** dialog box in the Drake email program. (See item #3 in Figure 10-23 on page 347.)

- To attach Document Manager files, enter an SSN or EIN in the **Document Manager Files** fields of the **Email - Attachments** dialog box. Click **Search** to open the **Add Attachment - Document Manager** window. Select a file and click **Open**. File is shown in the **Attachments** pane of the **Email - Attachments** dialog box. Click **Done**.
- To attach a Drake program file, click **Browse** for **Drake Software program files**. Locate the file in the **Attach File** window, and then double-click it (or select the file and click **Open**). The file is shown in the **Attachments** pane of the **Email - Attachments** dialog box. Click **Done**.
- To attach a file other than the types described above, click **Browse** for **All other files**. Locate the file in the **Attach File** window, and then double-click it (or select the file and click **Open**). The file is shown in the **Attachments** pane of the **Email - Attachments** dialog box. Click **Done**.

Removing an Attached File

To remove an attached file, select it in the **Attachments** list (see Figure 10-23 on page 347) and select **Remove** from the right-click menu.

Diagnostic Attachments

Use these only at the direction of Drake Support.

Address Books

You have several options for storing email addresses in an address book. To access these options, click **New** to open the **Compose Message** window and click the **To** icon on the tool bar (item #1 in Figure 10-25 on page 349) or click the **To** button to the right of the **Send** button (item #2 in Figure 10-25 on page 349). Address books are shown the **Address Book** drop list (item #3 in Figure 10-25 on page 349.)

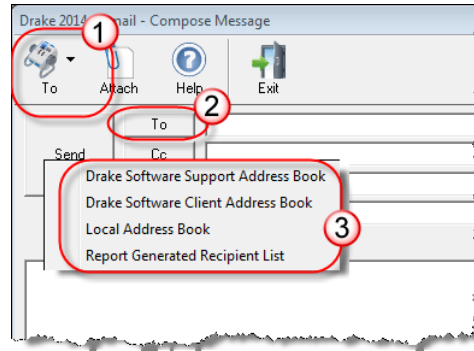


Figure 10-25: Two ways to open **Address Book** drop list

Support Address Book

The **Drake Software Support Address Book** displays general, federal, and state support addresses at Drake. To insert an address into the **To** field of your message, double-click an email address and click **OK**.

NOTE

Questions sent to Support via email are generally answered with email responses.

Client Address Book

If a client's email address is entered on screen **1** of the return (1040 package only), it can be accessed from the Drake Software Client Address Book. To fill this address book for the first time, you'll need to repair the index files first (see "Repair Index Files" on page 359). Next, return to the email program, click **New**, click **To**, and then select **Drake Software Client Address Book**. Double-click a line to add the client's email address to the **To** field for recipients of the email message. When finished adding addresses, click **OK**.

Local Address Book

The Local Address Book can be filled with email addresses of your choice. (Option not available when accessing the email program from data entry.) To add an address:



- 1.** From the **Email - Inbox** window toolbar, click the **Address Book** button to open the **Edit Address Book** dialog box.
- 2.** Click **Add** to open the **Email Address Book** dialog box.
- 3.** Enter first name, last name, and email address. Click **Save**.
- 4.** Click **Done**.

Importing Addresses

You can also import addresses from a spreadsheet into your **Local Address Book**. Your spreadsheet must have the proper headings before you can run the import.

To create a file to be imported into the email program:

- 1.** Using a spreadsheet program (such as Microsoft Excel), create three columns: **Last Name**, **First Name**, and **Email Address** (Figure 10-26 on page 350).

A	B	C
Last Name	First name	Email Address
Sample	Junior	BR-549@dnet.net
Regard	Beau	Beau@dnet.net
Philbin	Regis	Star@Hollywood.com
Dillon	Marshal	Sixshooter@Gunsmoke.com
Chaucer	Geoffery	Chantacleer@Canterbury.com

Figure 10-26: Row headings must be **Last Name**, **First Name**, and **Email Address**.

2. Enter last names, first names, and email addresses of all clients to be imported.
3. Click **File > Save As**. (Microsoft® Office 2007/2010 users click the **Office** button at the top-left corner and select **Save As**.)
4. Choose a location to save the file.
5. Assign a file name.
6. From the **Save as type** drop list, select **CSV (Comma delimited)**.
7. Click **Save**.

To import the file into your Local Address Book:

1. From the **Email** window, click the **Address Book** button to open the **Edit Address Book** dialog box.
2. Click **Import**.
3. From the **Import Address Book File** window, browse to the address book file and double-click it (or select it and click **Open**).
4. Click **OK**.



NOTE To delete an address from the Local Address Book, select it and click **Delete**.

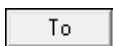
Report-Generated Recipient List

The **Report Generated Recipient List** option allows you to run a customized report from your client, EF, and Scheduler data to generate a list of email addresses. The keywords selected during the query are then used to create an email message. Keywords inserted into the body of the message are replaced with the client's information.

NOTE You can access Scheduler data to send appointment reminders to groups of clients. To do so, select a **Scheduler** report in Step 3 of the following procedure.

To create a report-generated recipient list:

1. From the Drake **Home** window, click **Help > E-Mail**.
2. Click **New** to open a blank **Compose Message** window.
3. Do either of the following to open the **Report Manager** window:
 - Click **To** in the **Compose Message** window and click the **Create Report Generated Recipient List** link.





- Click the arrow next to the **To** icon on the toolbar and select **Report Generated List**.

The **Report Manager** window is displayed.

4. Select (or create) a report that includes only those clients who fit the criteria for the email list. (For example, to include only those clients who have filed an extension application, you would create an “Extensions” report.)
5. Click **View Report**. A message states the number of matching email addresses found. Click **OK** to close the message window.

Your recipient list has been generated. When you click **Send**, the email message will go to all email addresses in the list. To view the addresses, click the **Edit** button (see Figure 10-27). To remove a name from the address list, select it and click **Remove**.

Email Keywords

Any keywords that were available to the report are now in the **Keyword Selector** pane of the **Compose Message** window (Figure 10-27.) You can double-click a keyword to add it to the body of the email. In the Figure 10-27 example, the preparer has begun the letter with the greeting “Dear <TAXPAYER NAME>.”

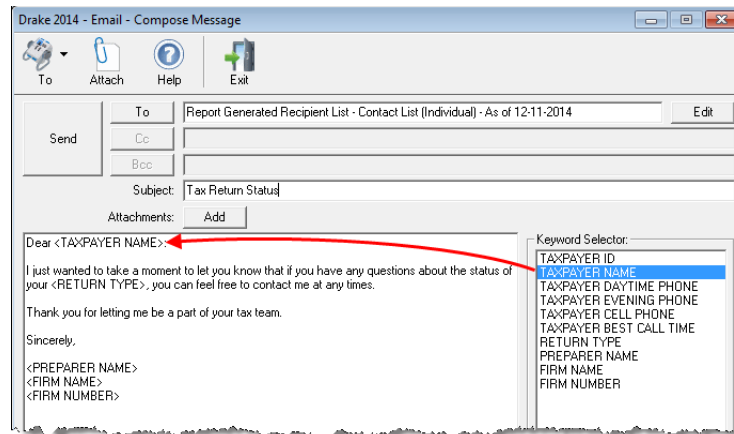


Figure 10-27: Selecting from available keywords for email message

Click your pointer anywhere within the body of the email before double-clicking the keyword to have the keyword entered in that location. Once keywords are added, edit the email message, add a subject line, and add any attachments before clicking **Send**. The message is sent to all selected recipients.

NOTES

Recipients will be unable to see other addresses in the recipient list; they will be unaware that others are receiving the same email.

To delete the recipient list, click **Cancel Query** at the bottom of the **Compose Message** dialog box.

If you close the completed message before sending it, you will be prompted to save it in the **Drafts** folder. If you click **Yes**, the email message is saved, along with the generated report list and keywords.

Phone

Work one-on-one with a Drake customer service representative (CSR) to resolve software issues. CSRs are trained year-round on Drake Software topics such as connections, conversions, networking, and other customer-service needs. To reach any department, call (828) 524-8020 or fax (828) 349-5718. For additional phone numbers and contact information, see “Drake Accounting Department” on page 2 of the Quick Reference chapter.

Fax

Get answers to software questions using the fax cover letter provided on the following page. Drake replies to faxes with faxes, not phone calls.

Fax Cover Letter for Support

Name:

Company Name:

EFIN:

Phone number:

Fax Number:

To (department or individual):

Computer Operating System (select one):

Windows 2000 Windows Vista Windows NT

Windows ME Windows XP Windows 7

Windows 8

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:

This page intentionally left blank.

11 Tools

This chapter covers the various tools available on the **Tools** menu of the software and online at *DrakeSupport.com*.

Update Manager

Regular updates to the program are critical to ensure that your software is performing efficiently. The program alerts you when updates to the program are available (see “Notification of Updates” on page 356), or you can use the Update Manager to obtain and install files manually or automatically. Updates include modifications to both the federal and state packages to reflect the most recent changes in the tax law.

NOTE

Program updates include updates to the Document Manager’s “Working Cabinet,” but not to the “Archive Cabinet.” (For details on backing up and restoring the Archive Cabinet, see “Backing Up and Restoring the Archive Cabinet” on page 405).

Downloading and Installing Updates Manually

To download and install updates manually:

1. From the **Home** window, select **Tools > Update Manager**. The **Drake Update Manager** dialog box is displayed (Figure 11-1). Updates are shown in tabbed format, with tabs representing the program packages, one representing updates for each state, and one for updates common to all states. Click column headers to sort data in ascending or descending order.

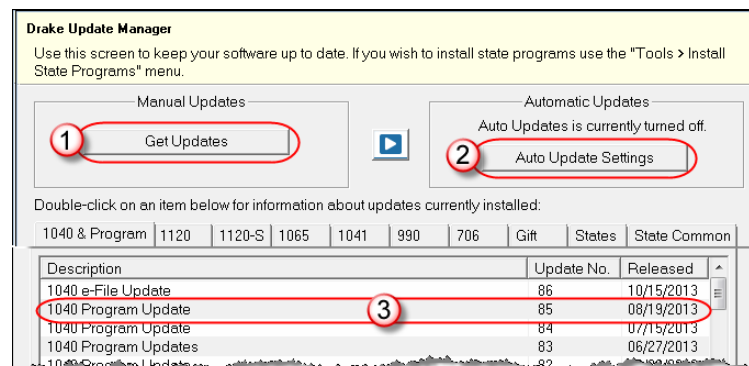


Figure 11-1: Drake Update Manager dialog box

2. Click **Get Updates** (item #1 in Figure 11-1) and wait while the program checks for updates.

- If no updates are found, click **Exit** twice to return to the **Update Manager** dialog box.
 - If updates are found, you will be prompted to install them. Proceed to Step 3.
3. Click **Yes**. The program is closed and the Installer installs the updates
 4. Click **Continue** to reopen the program.

Viewing Release Notes

When updates are installed, the program creates an installation log showing the file name, release date, and number of the update. To view a release note, double-click the desired row in the **Update Manager** dialog box (item #3 in Figure 11-1 on page 355). Notes are displayed in the Report Viewer, where you can print or export the notes as desired. (For more information on the Report Viewer, see “Report Viewer” on page 389.)

Automatic Updates

You can set your software to receive and install program updates automatically at the time of day of your choosing. Automatic updates are not set by default; you must set up the software to receive updates automatically.

To view or change your automatic-update settings:

1. From the **Home** window, select **Tools > Update Manager**. The **Update Manager** dialog box is displayed (Figure 11-1 on page 355).
2. Click **Auto Update Settings** (item #2 in Figure 11-1 on page 355). The **Automatic Update Manager** dialog box is displayed.
3. Choose one of the following options:
 - Select **On** to turn on automatic updates. If you select this option, specify the hour, minute, and second each day that you want the program to check for updates. The **Status** section alerts you to the last time the program checked for updates and the last time it downloaded updates.
 - Select **Off** to turn automatic updates off.
4. Exit the **Automatic Update Manager** dialog box by clicking either **Hide** (if you turned automatic updates on) or **Exit** (if you turned them off).

If you clicked **Hide**, a message informs you that the Update Manager will be hidden from view but that automatic updates will continue to operate normally. Click **OK** to close the message and return to the **Update Manager** dialog box. If you clicked **Exit**, a message informs you that no update operation was set. Click **Yes** to return to the **Update Manager** dialog box.

TIP

When automatic appointment reminders are turned on through the Scheduler (see “Setting Up Scheduler Options” on page 106), you will have to temporarily turn them off from your computer's system tray before downloading updates.

Notification of Updates

When you log in to the program, you can see, in the **Notifications** section of the **Home** window, if program updates are available and ready for download—even if automatic updates are not activated. This feature can be accessed if all of the following conditions are met:

- The program detects that the machine is connected to the Internet.
- You have security rights to install updates. (See “Setting Up Preparer Security” on page 32.)
- You have permission to see the message regarding the updates ready for download. (You must be an administrator or have the **Display program update availability** drop box at **Setup > Options > Administrative Options** tab set to **All w/ Update Rights**. See Table 2-12 on page 43 for more information.)
- Your system needs the updates.

NOTE GruntWorx jobs that are completed and ready for uploading also appear in the **Notifications** section.

If no updates are needed, an “Up to Date” message is displayed in the **Notification** section of the **Home** window. When your system needs updates, you are informed that updates are available; click the **Get Updates** button to begin updating. (Figure 11-2)

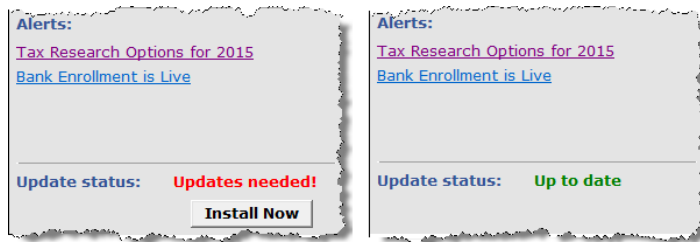


Figure 11-2: (L) System needs updates; (R) System is up to date.

Download Fonts

Special software-based fonts, or *soft fonts*, are required for printing tax forms. Because most laser printers do not come with these fonts installed, you might have to download them to the printer's memory each time the printer is turned on. Drake includes downloadable software fonts that work with HP-compatible laser printers and allow preparers to produce federal and state tax forms. By default, fonts are downloaded with each print job. If the printer is turned off, however, the fonts must be downloaded manually whenever the printer is turned back on.

To manually download fonts:

1. From the **Home** window, go to **Tools > Download Fonts**.
2. Click **Download** to open the **Download Soft Fonts** dialog box.
3. Choose a printer from the **Printer** drop list.
4. Click **Download**. As downloading proceeds, the font download status is shown.
5. Click **Exit** when the download is complete.

NOTES

When choosing a printer from the **Printer** drop list, be sure to select the printer that needs the fonts.

To set up options for downloading fonts, go to **Setup > Printing > Printer Setup**. Under the **(F7) Options** tab, select an option from the **PCL Soft Font Option** drop list.

Blank Forms

All forms and worksheets supported by the program are available as blank forms in **Tools > Blank Forms**. If a state prohibits printing blank state forms, contact the state revenue office to obtain them.

To view or print a blank form in Drake:

1. From the **Home** window, go to **Tools > Blank Forms**. The **Blank Forms** window (Figure 11-3) displays form categories, names, and descriptions for each package.

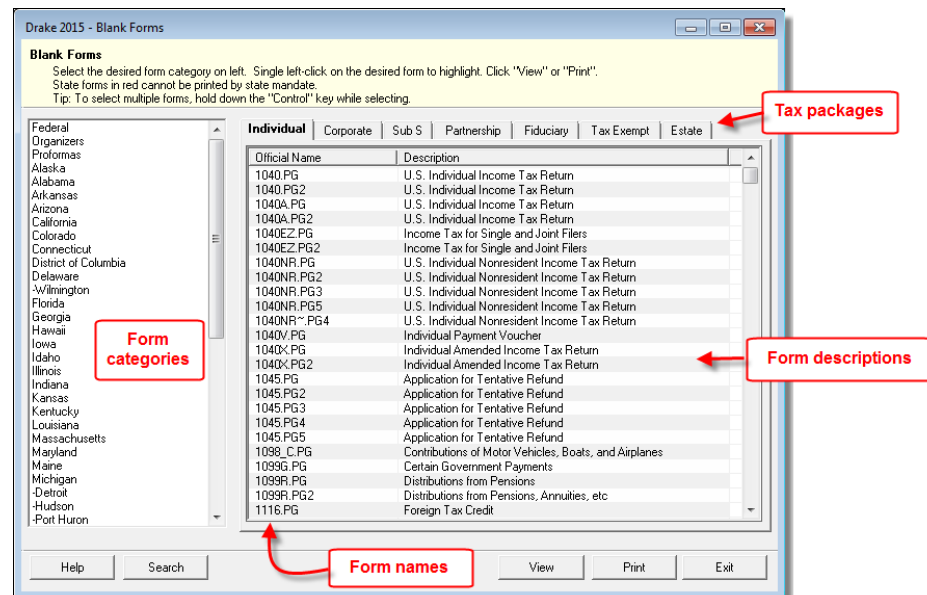


Figure 11-3: Blank Forms window

Click a column header to sort forms in ascending or descending order.

2. Pick a form category (default is **Federal**) and tax package (default is **Individual**).
3. Scroll through the form list to locate a form.
4. Select a form and click **View** or **Print**.

NOTE

IRS Rev Proc 96-48 requires the Paperwork Reduction Act Notice to be distributed with federal forms. When providing a blank copy of a federal form, you must include a copy of the notice. Access it from **Tools > Blank Forms > Federal**. Under **Individual**, select **PAPERWRK.PG**.

Repair Index Files

An index file is a comprehensive list of data on the client files in Drake. Keep index files current by repairing them regularly as part of your general file maintenance routine. Table 11-1 lists specific instances that could require repair of index files.

Table 11-1: Situations that Might Require Repairing of Index Files

Situation	What To Repair
Files were restored using Tools > File Maintenance > Restore .	Name Index
A client record was deleted through Tools > File Maintenance > Delete Client Files .	Name Index
The EF > Search EF Database function does not seem to work properly.	EF Index
Records were added to the EIN database.	EIN Index
The Client Status Manager (CSM) index was updated.	CSM Index

To repair index files:

*Shortcut: Press CTRL+R to open the **Repair Index Files** window.*

1. From the **Home** window, go to **Tools > Repair Index Files**.
2. Select the index files to repair. To repair all types of index files, click **Repair All**.
3. Click **Continue**.
4. Click **OK**. (If **Name Index** was selected, select a **Name Index Option** first.)
5. When the file repair is completed, click **Exit** to return to the **Home** window.

File Maintenance

The File Maintenance menu provides access to the following functions:

- Backing up and restoring files (including copying data and configuration files to other computers or for use as backups)
- Importing, exporting, changing, deleting, unlocking, and password-protecting files

Backing Up and Restoring Files

Use the **Backup** and **Restore** tools to prevent loss of client data or to move client files to another machine. Files backed up to other locations can be used to restore lost data. If multiple machines are used for tax preparation in one office, files can be moved to other computers and uploaded to a single machine to create a master file.

Backup To back up your files from the hard drive:

1. From the Drake **Home** window, select **Tools > File Maintenance > Backup** to open the **Backup** dialog box (Figure 11-4 on page 360).
2. Click **Select a backup location** and browse to the file-storage location.

3. Click **OK** to return to the **Backup** dialog box.

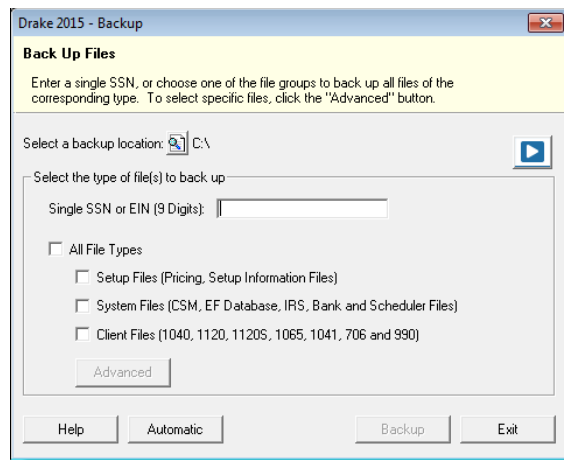


Figure 11-4: Backup window

4. Select the file or file types to back up by entering the SSN or EIN, or by selecting **All File Types**, **Setup Files**, **System Files**, or **Client Files**.
5. If you marked a box, click **Advanced**. The **Advanced Backup** dialog box lists all files of the selected type. Filter or sort files as needed using the date and type filters on the right side of the **Advanced Backup** window.

NOTE

The files listed contain only the file types selected. For example, if the **Client Files** group is not selected, no client files (1040, 1120, 1120S, 1065, 1041, or 990) are displayed.

6. Click **Backup**. Files are backed up to a folder at the root of the selected drive or subdirectory. In the 2015 Drake program, the folder name always starts with **DS2015** and is followed by the eight-digit date (MMDDYYYY format), a hyphen, and the number of the backup for the day. For example, the second backup file of January 28, 2016, would be titled DS201501282016-02.

Restore Use the **Restore** tool 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 Drake files:

1. From the **Home** window, select **Tools > File Maintenance > Restore** to open the **Restore Files** dialog box.
2. Click the **Location to restore files from** button and browse to the desired location. Once you have made a selection, the **Select folder to restore from** drop list displays all of the subdirectories created during backup. Folder directories are displayed in the format described previously.
3. Choose to **Restore All Files in Folder** or **Restore Select Files in Folder**.
4. Click **Restore**. (This button is not activated until a restore location is entered.)
5. Click **Exit** when restoration is complete.

Automated Backup

Use the automated backup feature to have the program automatically back up client, setup, and system files at a specified time each day. Two types of backups are available: a *full* backup backs up all selected files, and an *incremental* backup backs up only those files that have changed since the last backup.

To activate automatic backup:

1. From the **Home** window, select **Tools > File Maintenance > Backup** to open the **Backup** dialog box (shown in Figure 11-4 on page 360.)
2. Click **Automatic** at the bottom of the window. The **Automatic Backup Settings** dialog box is displayed (Figure 11-5).

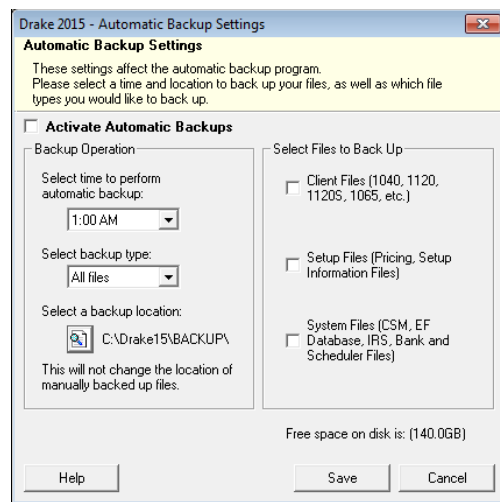


Figure 11-5: Automatic Backup Settings dialog box

3. Place a check mark in the **Activate Automatic Backups** box.
4. In the **Backup Operation** box, choose a time, type, and location for your backup.
 - **Time** — Select a time from the **Select time to perform automatic backup** drop list.
 - **Type** — Select a type from the **Select backup type** drop list. Choose **All Files** for a full backup; choose **Only changed files** to back up only those files changed since the last backup.
 - **Location** — Click the backup location icon and browse to a desired location.
5. In **Select Files to Back Up**, choose the files to be automatically backed up.
 - **Client Files** — Client files located in the Drake15\DT folder
 - **Setup Files** — Pricing and setup information files
 - **System Files** — CSM, EF database, IRS, bank, and Scheduler files
6. Click **Save**. Click **Exit** to close the **Backup** dialog box.

Once automatic backup is activated, the backup icon is added to the system tray at the bottom of your screen. You can click this icon to view the latest backup information. The automated backup program is also added to the Startup menu and will continue to be in operation after the machine is rebooted.

Disabling Automated Backup

There are two ways to turn off automatic backup:

- Go to **Tools > File Maintenance > Backup**, click the **Automatic** button, and clear the **Activate Automatic Backups** check box.
- Click the icon in the system tray, click **Stop**, and click **OK**.

Changing a Client's ID Number

Changing a client's SSN or EIN in the program requires more than simply making the change in data entry. To change a client's SSN or EIN in the software:

1. From the **Home** window, go to **Tools > File Maintenance > Change SSN/EIN on Return**.
2. In the **Incorrect SSN/EIN** text box, enter the ID number that is currently in the system.
3. In the **Correct SSN/EIN** text box, enter the new ID number.
4. Click **Continue**.
5. Click **Exit** (or click **Continue** again to change another SSN or EIN).
6. As directed in the program, repair the index files. (See "Repair Index Files" on page 359.)

CAUTION

PPR clients: If you change an SSN or EIN – even on a practice return – you will be charged for another return.

Clearing Drake Update Files

Use the **Clear BBS Files** feature in File Maintenance to delete Drake update files after they have been downloaded to the computer. To delete update files:

1. From the **Home** window, select **Tools > File Maintenance > Clear BBS Files**.
2. Click **Continue**.
3. When the deletion process is complete, click **Exit**.

Exporting Data from Drake

The exporting tool allows you to transfer client data and the EF database files to either a text file or a CSV (spreadsheet format) file. You can then import that information into other programs, such as Microsoft Word, Excel, or Access.

To export data files:

1. From the **Home** window, go to **Tools > File Maintenance > Export Client/EF Data**. The **Export Client/EF Data** dialog box provides several choices (Figure 11-6 on page 363).

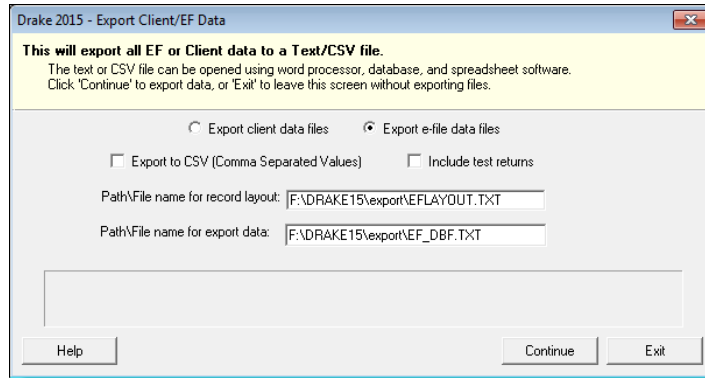


Figure 11-6: Export Client/EF Data dialog box

2. Select to either **Export client data files** or **Export e-file data files**.
 - If you choose **Export client data files**, the path to the location of the exported client data files is displayed. Change the default path as needed.
 - If you choose **Export e-file data files**, the *path to the location of the exported e-file data files is displayed*. Change the default path as needed.
3. (optional) Click **Export to CSV (Comma Separated Values)** if you want to export the data to a spreadsheet.; otherwise, the data is exported at a .TXT text file.
4. (optional) Click **Include test returns** if you want to include Drake test returns in the export.
5. Click **Continue**.
6. Click **Exit** when the export is complete.

Password-Protecting Client Files

The **Password Protect** tool protects files from unauthorized access. A protected file cannot be opened in data entry until it is unlocked with a password.

To password-protect a file:

1. From the **Home** window, go to **Tools > File Maintenance > Password Protect Files**.
2. In the **Password Protect Client Data Files** dialog box (Figure 11-7 on page 364), enter the SSN or EIN of the client file you wish to password-protect.

Figure 11-7: Enter the SSN, and then enter the eight-character password twice.

3. Enter an eight-character password in the **Enter Password** field. Passwords are case-sensitive and can consist of any combination of letters and numbers.
4. Enter the password in the next field to confirm it.
5. Click **Continue**.
6. Click **Yes** to confirm that you want to password-protect the file.
7. Click **Exit**.

If a password has already been entered for an SSN or EIN, the **Current Password** field (Figure 11-7) is activated. Once you've entered the correct password, you can change or remove it using the bottom two text boxes on the screen.

IMPORTANT Be sure to record your password in a secure location. Drake cannot retrieve forgotten passwords.

Unlocking Client Files

If files are automatically locked upon e-file acceptance, they can be viewed but not changed after e-file. (The option to lock files automatically is available in Options Setup; see "e-File" on page 41.)

To unlock a client file that has been locked:

1. From the **Home** window, go to **Tools > File Maintenance > Unlock Client Files**.
2. Enter the SSN or EIN of the return.
3. Click **Continue**. The file can now be modified in data entry.

Deleting Files from the Program

A *client file* is created when a return is prepared. A *print file* is a temporary file that is created when a return is calculated. Print files are used for the e-file process and are automatically removed from the system after the designated number of days. (See Table 2-6 on page 37 to view or change the number of days to store print files.)

Deleting Print Files

To manually delete print files:

1. From the **Home** window, select **Tools > File Maintenance > Delete Print Files** and wait for the program to scan the day's files. Print files are listed in the **Return Selector**.
2. Select the files to delete. To delete all files, click **Select All**.
3. Click **Delete**.
4. Click **Yes** to continue.
5. Click **OK** to return to the **Home** window.

TIP Since print files appear on the EF transmission selection list, you may want to delete print files for returns that are not ready for e-file.

Deleting Client Files

To manually delete a client file from the database:

1. From the **Home** window, select **Tools > File Maintenance > Delete Client Files** to open the **Delete Client Data File** dialog box.
2. Enter the SSN or EIN of the client file to delete.
3. Click **Continue**.
4. Click **Yes** to continue.
5. Click **OK**.
6. Click **Exit** to return to the **Home** window.

NOTE If you are not accessing files on a network, the deleted files go to the recycle bin.

Changing Return Types

A return can be changed to another file type without your having to create a new file. When a return type is changed, the following information is transferred:

- Name, address (including county), and telephone number
- Fiscal year
- All depreciation data, including screens **6, 7, 8, 9, and 10**

When a corporation return is converted to an S corporation return, the balance sheet and Schedule A information are also transferred.

IMPORTANT Not all data is transferred. Before using **Change File Type**, back up the original file. (See "Backup" on page 359.)

To change a return type:

1. From the **Home** window, select **Tools > File Maintenance > Change File Type**.
2. Enter the SSN or EIN of the file to convert, and click **Continue**.
3. Select the new file type (**Individual, Corporate, Sub-S Corp, Fiduciary, Partnership, Tax Exempt, Estate, or Heir**) (See Figure 11-8 on page 366).

4. Click **Continue**.
5. When the conversion is complete, click **OK**.

Estate and Qualified Heir Returns

You can use a single SSN for two return types when a taxpayer requires a Form 1040 and one of the two return types listed below:

- Form 706, U.S. Estate (and Generation-Skipping Transfer) Tax Return
- Form 706-A, U.S. Additional Estate Tax Return

An SSN must already be associated with a return in the software before it can be assigned to a second return type. To assign a single SSN to multiple returns:

1. From the **Home** window, select **Tools > File Maintenance > Change File Type** to open the **Convert Client Data File Type** dialog box.
2. In the **Enter SSN/EIN to convert** field, enter the SSN to be assigned to a new return type and click **Continue**.
3. The available return types are displayed. In Figure 11-8, the selected return is a 1040, so that option is disabled. Note that the 706 and 706-A options are in the right-hand column.

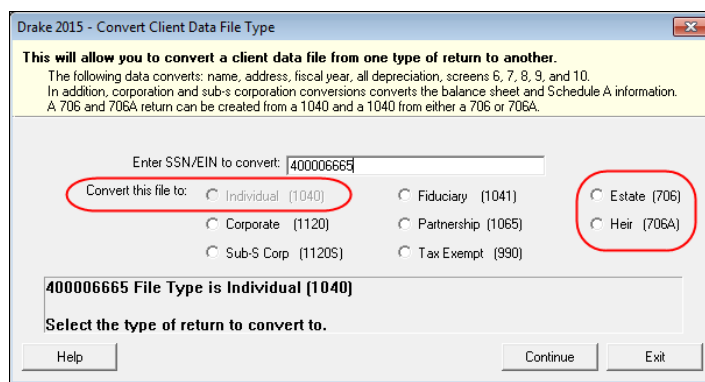


Figure 11-8: Available return types are displayed; in this example, **Individual** is not available

4. Click an option to select it, and then click **Continue**.
5. When asked if you want to keep the original return in addition to the new return, click **Yes**.
6. Click **OK**.

The SSN is now applied to both the original return and the new return. In the future, when you enter the SSN to open a return, you will be asked which return you wish to open. When you use other features of the program where SSNs are entered, you will be asked to indicate which return the program should use.

Importing Data from QuickBooks

Two main steps must be taken to import client data from QuickBooks into Drake: (1) preparing the QuickBooks file, and (2) performing the import. Always back up Drake files (see “Backup” on page 359) and the QuickBooks files before importing client files.

Preparing a QuickBooks File

Before you can import QuickBooks files into Drake Software, you must first place the QuickBooks files into an import file inside QuickBooks.

To create the import file from inside QuickBooks:

1. Select **Report > Accountant & Taxes > Income Tax Summary**.
2. Click **Print** to open the **Print** dialog box.
3. Select the option button to the left of **FILE**.
4. Select **ASCII text file**.
5. Press **Print**.
6. Enter a file name of eight characters or fewer with no spaces.

Importing QuickBooks Data

To import data from a QuickBooks import file into Drake Software:

1. From the **Home** window of Drake, select **Tools > File Maintenance > Import Data** to open the **Import Data** dialog box.
2. Choose **QuickBooks Financial and Accounting Software**. Click **Next**.
3. Read the instructions on creating an export file on the **QuickBooks Import** window. Click **Next**.
4. In step 1, enter the name of the import file created from QuickBooks or click the button to the right of the text box and browse to the QuickBooks file. The file extension is **.txt**. Drake searches the local hard drive for the import file.
5. In step 2, enter a **Client ID Number** (SSN or EIN) and click **Next**.

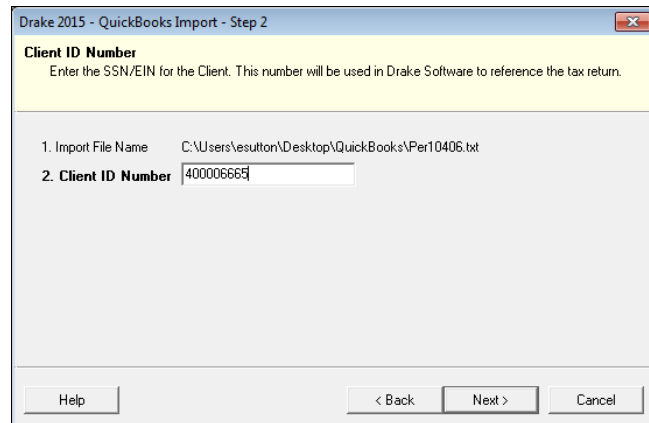


Figure 11-9: Step 2. Enter SSN or EIN

6. The program searches for a Drake file with the same EIN/SSN.
 - If no Drake file is found, you are prompted to choose a **Business Type**. Make your selection from the drop list (Figure 11-10 on page 368), and click **Next**.

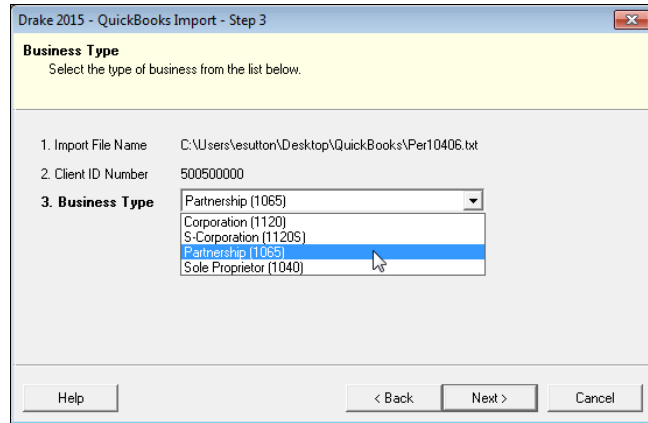


Figure 11-10: Step 3: Choose one of the business types listed.

- If a Drake file is found, you're asked to confirm the business type. Click **Yes** to proceed.

7. Click **Finish** to import the QuickBooks file into the Drake file.

After importing the QuickBooks files, enter **Inventory** amounts and details for **Other Deductions** and items requiring details on the return.

NOTE

If the QuickBooks file type does not match the one in Drake, you are prompted to convert the QuickBooks file while importing (for example, if there is an S corporation file to import into the Drake 1120 package).

Payment Import

The Payment Import tool allows you to import client payment information from an Excel, CSV, or tab delimited worksheet directly into the **Bill** screen of tax returns without having to open the returns. This feature is particularly helpful to offices where front-office personnel work in accounts receivable but not in return preparation.

For details, see “Accepting Payments” on page 267.

Letters

The Letters tool allows you to print batches of certain client letters at a time. These letters, listed in Table 11-2, are those that do not typically accompany a tax return.

Table 11-2: Letters Available from **Tools > Letters > Letters**

Type of Letter	Suggested Purpose of Letter
Postseason letter	Thank clients for their business; remind them that you are available for additional tax-preparation assistance.
Preseason letter	Make contact with last year's clients; encourage clients to use organizers.
Estimate payment reminder	Remind current-year clients that estimate payments are due; provide instructions for sending payments.

Table 11-2: Letters Available from Tools > Letters > Letters

Type of Letter	Suggested Purpose of Letter
Appointment letter/ email notifications	Send appointment reminder letters to selected clients via letter or email.
EF status letter	Provide acknowledgment status of e-filed return.
Engagement letter	Enter into contract with clients to prepare their tax return.

You can also use the **Letters** tool to print batches of pre-addressed mailing labels, envelopes, and postcards.

NOTES

The information provided here applies to letters that can be printed in batches. For more information on the other types of letters available in Drake, see "Introduction to Letters in Drake" on page 50.

If printing an engagement letter for a taxpayer who has not been entered into the system, you are prompted to provide the person's name and address information and type of return. This action does *not* create a client file in Drake; the information is used for the engagement letter only.

Printing Letters

To print one or more letters:

1. From the **Home** window, go to **Tools > Letters > Letters**.
2. From the **Client Letters** dialog box, select a letter type (Figure 11-11).

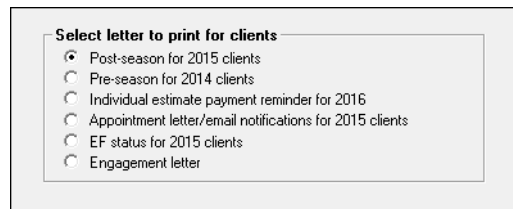


Figure 11-11: Letter choices in Client Letters dialog box

3. Click **Next** to open the **Client Selection** dialog box.
4. Complete one of the following:
 - **Print a letter for specific clients** — Enter a client's SSN/EIN and click **Add Client**. Repeat for additional clients. Click **Next**.
 - **Print a batch of letters** — 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 385.) Click **Next** for **Basic Search Conditions**. Click **Continue** to **Scan Client Files**.
5. Click **Print**.

Mailing Labels

You can print mailing labels to a label printer. To print mailing labels:

1. Ensure that label sheets are loaded correctly into the printer.
2. From the **Home** window, go to **Tools > Letters > Mailing Labels**.
3. Select a label type from the **Select label** list.
4. Enter the requested information (if necessary), and then click **Next**.
5. (If the **Filter Selection** dialog box is opened) Set desired filters and click **Next**. (See "Filter Manager" on page 385 for more on filtering.)
6. Select any **Basic Search Options** and click **Continue**. (For more on search conditions, see "Search Conditions" on page 385.)
7. Position the mailing labels as needed. Options are described below.
 - **Print to a label printer** — Select to print to a label printer.
 - **Number of copies of this Label** (This option is available only when printing a single label.) — Number of labels to be printed. For example, if you enter a "5," five labels will be printed with the same name and address.
 - **Position of the first available label** — Position of first label on the available sheet. If the first label is missing, you can enter "2" to have printing begin in the position of the second label.
 - **Vertical adjustment** — Enter a positive number. Each number refers to a row. If you enter "2," printing will begin two rows into the label.
 - **Horizontal adjustment** — Enter a positive number. Each number refers to a column. If you enter "2," printing will begin two columns into the label.
 - **Name format** — From the drop list, select the name format to use.
 - **Include 'or Resident' statement** — Mark this check box to have the words "or Resident" appear after the name of the addressee on all printed mailing labels. (For example: "John Doe or Resident, 1234 Main St., Anytown, USA)
8. Click **Finish**. The **Client Labels** dialog box is opened if you selected **Print to a label printer** in Step 7. If so, make the following selections:
 - Choose the clients from the list on the left whose labels will be printed. Click to highlight one name, press CTRL and then click names to choose multiple clients, or click **Select All**.
 - In the **Other Selections** section, choose to:
 - Print labels with **IRS 'Mail To' Addresses** for individual and business returns with and without payments
 - Print labels with **State 'Mail To' Addresses** for various individual and business returns
 - Print labels for mailings to **IRS Service Centers**
 - Build a user-defined **Custom Label**.
 - **Options** allows you to change the order of the clients' names on the label, to hide the **Label Preview** (which appears when you choose one of the other options in the **Other Selections** section or when you choose **Single client address** in Step 2), and to use a custom printer dialog box.

Recommended labels are three across and ten down (Avery 5160 or 8160)

9. Click **Print**.

NOTE The Mailing Labels tool can also be used to run reports. See Chapter 12, "Reports."

Printing a Client Label From Data Entry

Drake provides a convenient way to print a mailing or folder label from data entry. To print a single label from data entry:

1. Ensure that the label printer is installed properly per the manufacturer's instructions and that the label sheet is properly loaded.
2. In data entry, go to screen **1 (Name and Address)** of the return.
3. Right-click on the screen (not a field) and select **Client Labels > Name Format** from the right-click menu and select the name format (**LastName, FirstName** or **FirstName LastName**).
4. Right click on the screen (not a field) again and select **Client Labels**.
5. Choose from the following label types:
 - Mailing Label
 - Folder Label (**SSN/EIN and Name, Name only, SSN/EIN, Name, Tax Year, or Name, Tax Year**)

NOTE Unless you chose to hide the **Preview Label Window** in step 8 of the previous procedure (see "Mailing Labels" on page 370), you will see the **Preview Label** window. Click **Continue**.

6. Select the label printer from the **Print** dialog box.
7. Click **OK** to print the label.

NOTE This option is designed for use with a dedicated label maker such as the DYMO LabelWriter 400 Label Printer. Data can be printed on any label size, but DYMO Label Writer labels, size 30252, are recommended because they work well for folder and mailing labels. Size 30252 labels are included in the DYMO printer starter kit.

TIP You can also choose to print individual address and folder labels for a client, or print labels for mailings to the IRS and state taxing authorities, and design custom labels from the **Data Entry Menu**. Right-click the menu and select **Client Labels** to open the **Client Labels** dialog box. See step 8 of "Mailing Labels" on page 370 for more information on the options.

Envelopes

To print addresses on envelopes:

1. Ensure that envelopes are loaded properly into the printer.
2. From the **Home** window, go to **Tools > Letters > Envelopes**.
3. Select filtering and sorting options from the **Envelopes Filter Selection** box. If you need a more complex filter, click **Edit Filters**. (See "Filter Manager" on page 385.) Click **Next**.

4. Modify the **Basic Search Conditions** as needed, and then click **Continue**. (For more on Basic Search Conditions, see “Search Conditions” on page 385.)
5. In the **Envelopes** dialog box, update the envelope formatting as needed. Click **Help** for more on individual fields.
6. Click **Finish**.
7. Set printer options in the **Print Envelopes** dialog box as needed, and then click **Print**.

NOTE Always test-print an envelope before printing an entire batch.

Postcards

To print addresses on postcards:

1. Ensure that the postcards are loaded properly into the printer.
2. From the **Home** window, go to **Tools > Letters > Postcards**.
3. Select filtering and sorting options from the **Postcard Filter Selection** box. If a more complex filter is needed, click **Edit Filters**. (See “Filter Manager” on page 385.) Click **Next**.
4. Modify the **Basic Search Conditions** as needed, and click **Continue**. (For more on basic search conditions, see “Search Conditions” on page 385.)
5. From the **Postcards** dialog box, update the postcard formatting as needed. Click **Help** for more on individual fields. Click **Finish**.
6. Set printer options in the **Print** dialog box as needed, and then click **Print**.

Amortization

The **Amortization** tool prepares loan repayment schedules for various loan scenarios. To prepare a loan repayment schedule:

1. From the **Home** window, select **Tools > Amortization**.
2. Enter a **Schedule Title** to be displayed at the top of the amortization schedule.
3. Complete all other applicable fields. Fields are described in Table 11-3.
4. Click **Calculate**. The program creates the amortization schedule.



To print the schedule, click **Print**.

To save it for later viewing (using **Reports > Report Viewer**), click **Save**.

Table 11-3: Amortization Schedule Fields and Descriptions

Amortization Schedule Field	Description
Loan Amount	The original amount of the loan.

Table 11-3: Amortization Schedule Fields and Descriptions

Amortization Schedule Field	Description
Amortization Periods	The number of payments to be made over the life of the loan. (Example: If the loan is for two years and monthly payments are required, you would enter 24 (2 years = 24 months).
Payments Per Year	The number of payments to be made each calendar year.
Annual Interest	The annual interest amount for the loan. This amount is calculated automatically. If the interest is unknown but the payment amount is known, leave this field blank.
Payment Amount	The amount of the payment. In most cases, this amount is calculated automatically based on the other information entered. If this field is left blank and the interest amount is entered in the Annual Interest field, the program displays the calculated payment here.
Payment Type	The payment type. Select one of two types of payments: Fixed Payment or Fixed Principal . (The default is Fixed Payment .)
Date of First Payment	Due date of the first payment. This entry is used to determine the dates for subsequent payments.

To show only the payments from certain dates, enter those dates in the **Filter Schedule Payments** fields and click **Apply**. (These fields are active only after you calculate.)

To clear the screen, click **Reset**.

To get information on balloon payments, click the **How do I do a balloon payment?** link.

To send the schedule to the printer, click **Print**. To save it for viewing through **Reports > Report Viewer**, click **Save**, designate a file name, and click **Save**.

EIN Database

The program stores all EINs and related data in the EIN database for later retrieval. Use the **Edit EIN Database** tool to add, edit, or delete an employer's information.

Adding or Editing Employer Information

To add or edit an employer's EIN database information:

1. From the **Home** window, go to **Tools > Edit EIN Database** to open the **EIN/ Employer Database** dialog box.
2. (If editing) Enter or select the EIN to edit, or begin typing the name of the employer and select it when it appears in the list below.
3. Click **New** (if adding) or **Edit** (if editing).
4. Modify or complete the fields in the **Edit EIN/Employer Listing** dialog box.
5. Click **Save**.

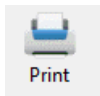
Deleting Employer Information

To delete employer data from the EIN database:

1. From the **Home** window, go to **Tools > Edit EIN Database** to open the **EIN/Employer Database** dialog box.
2. Enter or select the EIN to delete, or begin typing the name of the employer and select it when it appears in the list below.
3. Click **Delete**.
4. Click **Yes** when asked to confirm the deletion.
5. Click **Exit** to close the **EIN/Employer Database** dialog box. (Depending on your changes, it might take several seconds to close as the database is updated.)

Printing a List of EINs

To print a list of EINs from the EIN database:



1. From the **Home** window, go to **Tools > Edit EIN Database** to open the **EIN/Employer Database** dialog box.
2. Click **Print**. The **Print EIN/Employer Listing** dialog box displays sorting options.
3. Select to sort the list by **EIN**, **Company Name**, **City**, **State**, or **Zip Code**.
4. Click **OK**. A preview of the list is displayed in the Report Viewer.
5. Click **Print** to open the **Print 'Drake Report'** dialog box.
6. Click **Print**.

NOTE

Export EIN data to another program if desired. From the Report Viewer, click the arrow on the **Export** icon and select a format. If you click the **Export** icon (not the arrow), the program automatically exports the data into Excel.

Install State Programs

Use **Install State Programs** to install or repair state program files. This can be done by accessing the Internet, the latest CD, or any drive location that has the needed program files. For networked offices sharing information, all users must close Drake before installing state programs.

To install state programs:

1. From the **Home** window, select **Tools > Install State Programs**. The **Install State Programs** dialog box is displayed.
2. Choose to install state programs from a drive or from the Internet (**Drake Download**; see Figure 11-12 on page 375). If a selected location has state files available, the files are displayed in the **States Available for Download** panel on left. (If the **States Available** panel stays empty, select another location.)



Figure 11-12: Installing state programs from Drake via Internet.

3. Choose the states to be installed and click **Select** (or **Select All**). States selected appear in the **States Selected for Installation** pane on the right.
4. Click **Install**. The progress bar identifies the states being retrieved and installed. (Only installed states are updated.)
5. To remove any states from the **Installation** pane, highlight the state in the **Installation** pane and click **Unselect** (or **Unselect All**).
6. To remove any state program from Drake, click **Uninstall State(s)**, and from the **Remove States** dialog box, select the states currently installed, click **Select** (or **Select All**) and click **Uninstall**.

TIP

Check for updates (**Tools > Update Manager**) after installing state programs to ensure that you have the most up-to-date information.

Repairing State Program Files

If the state program files on your computer or server are more recent than the state program files most recently installed, the current files will not be replaced. If you must overwrite the current state files, contact Drake Support or click the **Help** button of the **Install State Programs** dialog box for more information.

Scheduler

The Scheduler tool is used for scheduling and maintaining client appointments. For information on using this tool, see “Scheduler” on page 105.

Tax Rates for Ohio and Pennsylvania Cities

Use the **City Tax Rate Editor** to edit and add tax rates, credits, and addresses to be used when creating city returns for the states of Ohio and Pennsylvania. Always verify tax rates as they are subject to change.

To view and edit city tax details for these states:

1. From the **Home** window, go to **Tools > City Tax Rates** and select a state. The **City Tax Rate Editor** for the selected state is displayed.
2. Select a city or municipality from the drop list. The city's details automatically fill the text boxes, which you can edit as needed.

3. Click **Update** to save any changes.
4. Click **OK**.

About PA Cities

The PA editor is designed for local city forms not including Philadelphia tax forms.

The default address from the database is the “Zero Due” address listed on Pennsylvania’s Municipal Tax Information website. “Balance Due” and “Refund” addresses can be obtained from this site or from the paper form if provided by the municipality.

To find a tax rate or other county or municipality tax information, click the **Find Tax Rate and Address** link.

If penny rounding is required for a specific municipality a Pennsylvania return:

1. In data entry, enter the desired amount, rounding to the penny (example: 810.33).
2. Press CTRL+F.

The CTRL+F action forces the program to allow penny rounding for that field only and for that return only. Otherwise, the program automatically rounds all numbers entered.

NOTE

Penny rounding can be set globally from **Setup > Options > Optional Items on Return**. Note that amounts on federal returns must be rounded to the nearest dollar in order to be eligible for e-file.

Forms-Based Data Entry

Forms-based data entry is an alternate method of opening data-entry screens and is available for all packages. Click links from a facsimile of a tax return to open the screens that were completed to fill specific lines of the return.

To enter a forms-based return in Drake:

1. From the **Home** window, go to **File > Forms Based Data Entry**.
2. Enter or select the desired return.
3. Click a link to open the screen for a particular line. Repeat for other lines.
4. Once you’ve filled in all return data, click **Exit** to close the form.

Note that the same toolbar from data entry is available in forms-based data entry.

NOTE

The forms-based data entry is now available in all Drake packages.

Quick Estimator

Use the Quick Estimator to quickly calculate results for new individual (1040) clients.

CAUTION

Do not e-file or mail the return generated in the **Quick Estimator** to the IRS or an amended return will be required.

PPR clients: A return created in the **Quick Estimator** counts as one PPR return.

To use the Quick Estimator:

Shortcut: Press CTRL+Q to open Quick Estimator.

1. From the **Home** window, select **File > Quick Estimator**.
2. Enter or select an SSN.

NOTE

If an existing return is selected, the Quick Estimator will not override previous entries and the Quick Estimator version will not be viewable.

3. Enter all applicable information for the return. Press F1 in an individual field for help on that field.
4. Press ESC to save the data, exit the screen, and view the return. Depending upon your setup options, you may be able to press CTRL+C to calculate, or CTRL+V to calculate and view.

Please note the following points when using the Quick Estimator:

- Because the total of interest, dividends, and other income are entered in one field (**Interest/dividends/Other income**), the bank-product and preparer fees might not be accurately reflected on the bill. The income could be overestimated or underestimated.
- The Quick Estimator produces only one return if calculating a **Married Filing Separately** return. A separate return must be generated for the other spouse.
- Because the names of dependents are not entered in the Quick Estimator, the individual names are not shown on the return. The appropriate credit amounts are indicated if all applicable fields are completed in the Quick Estimator.
- Select ERC if the taxpayer would want an Electronic Refund Check when the IRS deposits the refund.
- A **Preparation fees withheld from Bank Product** entry overrides the **Tax preparation fee** field on the **BANK** screen.

NOTE

Remember, the Quick Estimator should be used only for estimating taxes for new clients. A full return should be prepared later. No all data from the **Quick Estimator** flows to the full tax program.

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12 Reports

The Reports function allows you to create printable reports based on data entered into the program via data entry, the CSM, or the Scheduler.

Report Manager

Use the Report Manager to create a variety of predefined and customized printable reports. To access the Report Manager from the Drake **Home** window, select **Reports > Report Manager**.

Report Categories

Five report categories are provided in the Report Manager:

Table 12-1: Report Categories

Report Category	Description
Client Reports	Criteria for these reports consist of client contact data, preparer and revenue data, return details, status and tracking data, and summary data.
EF/Bank Reports	Criteria for these reports consist of data related to e-filing and banking, including bank-product status, tracking, check, and summary data; and EF status, tracking, and summary data, and preparer revenue and fee reports.
Scheduler Reports	Reports are based on data entered in the Scheduler and include reports on new clients, preparer call lists, and appointments.
My Reports	Reports that you create, either by editing one of the predefined reports or by starting with a blank report, are automatically stored in My Reports .
Other Report Options	This category gives you access to the reporting capabilities of the CSM and the Fixed Asset Manager, and allows you to compile depreciation lists and hash totals.

As shown in Figure 12-1 on page 380, the Report Manager uses a standard tree format. Click [+] to expand a category list; click [-] to collapse the list and hide the reports in the category.

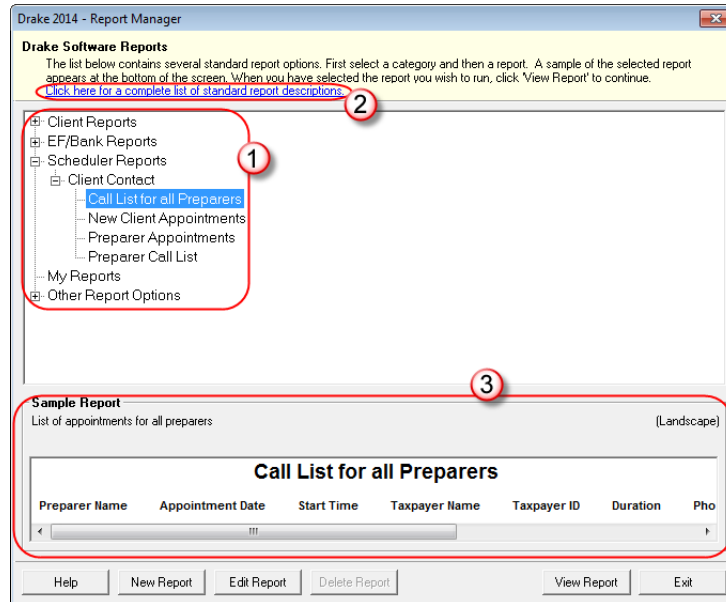


Figure 12-1: Tree view of Report Manager

Only those reports in **My Reports** can be deleted. To delete a report, select it and click **Delete Report** (or choose **Delete Report** from the right-click menu).

NOTE

Drake 2015 Help includes descriptions of all standard reports in the **Report Manager**. Click the link at the top of the **Report Manager** window (item #2 in Figure 12-1) to see the complete list. (You can also click **Help** on the **Report Manager** window, or, from the Drake **Home** window toolbar, click **Help** and search for “Report Descriptions.”)

Sample Report Window

Before generating a report, you can preview the report title and column headers to see how the report will fit on the printed page. The report preview is displayed in the **Sample Report** window at the bottom of the Report Manager. (See item #3 in Figure 12-1.) Also included is a brief description (if available) of the selected report.

To preview a report in the Report Manager, click the title of the report to preview. As shown in Figure 12-1, the report title and column headings are displayed. The display reflects changes as report details are updated.

The **Sample Report** box also indicates a report layout of **Portrait**, **Landscape**, or **Potentially too wide**. A layout of **Potentially too wide** means that some data could be cut off in the printed report due to the number of columns. A report that is **Potentially too wide** can still be exported as a .CVS file or to Excel, where it is possible to widen columns, change font size, or increase margins and be able to print reports that are potentially too wide to be printed directly from the Drake Report Manager.

Regardless of width, the report can still be viewed in the Report Viewer using scroll bars.

Setting Up a Report

When planning reports for your office, consider beginning with one of Drake's pre-defined reports that may already include most of the information you want. You can create a new report if none of the predefined reports meet your needs. The steps for these procedures are similar, but it may be easier to learn how to create reports by working first from a predefined report.

Several tasks, some of them optional, are involved in creating a report. These tasks are described in the following sections.

Assigning a Title and Description

Open any of the predefined reports in the **Report Manager** window.

The **Report Title** is displayed on the actual report; the **Report Description** is for informational purposes and is displayed in the Report Manager's **Sample Report** box.

To assign a new title and description to a report in the Report Manager:

1. Select the report to use as a template.
2. Click **Edit Report**. The **Report Editor - Step 1** window is opened (Figure 12-2).

Figure 12-2: Report Editor - Step 1 window for formatting reports

3. Revise the **Report title** and **Report description** as needed. (The **Report description** text box is limited to 70 characters.) Note that changes to the title appear in the **Sample Report** box as you type.
4. Click **Save** and the program stores the report with the new title under **My Reports**, or proceed to “Assigning Columns” on page 382.

Assigning Columns

The various columns that make up your report are represented by keywords. Select the columns and the order in which they are shown by choosing and ordering the keywords in the **Selected report columns** section of the **Report Editor - Step 1** window. Note that the columns currently appearing in the selected report are listed in the **Selected report columns** box on the right. (See Figure 12-2 on page 381.)

To establish the columns shown in a report:

1. From the **Report Editor - Step 1** window, select a category from the **Categories** drop list. The available columns for that category are represented by the keywords in the **Available columns** field. Select **All Categories** to see every column header keyword available to the Letter Editor.

TIP Place the mouse pointer over an **Available columns** keyword to display a tooltip description of the item.

2. From the **Available columns** list, double-click a keyword, or single-click it and click **Select**. The column heading (keyword) moves to the **Selected report columns** box. Note that the new column heading appears in the **Sample Report** box. (To remove a column heading from the **Selected report columns** field, click it then click **Unselect**. Click **Unselect All** to remove all column headings.)
3. Click **Save** or **Next** to proceed to “Assigning Filters,” following, to assign report filters.

The program stores the modified report under **My Reports**.

NOTE New reports overwrite existing reports of identical names in the **Report View/Print Utility**. To have multiple versions of one report, you must give them different names.

Assigning Filters

Filtering limits the information to be included in a report by screening out unwanted data. With the many filters available, and the ability to create filters and add conditions to each filter, you have an almost unlimited variety of output options for reports.

Choose a filter from one of Drake's many predefined filter choices. You can edit an existing filter to meet other selected criteria.

Existing Filters

To assign a filter to a report:

1. From the **Report Editor - Step 1** window (see Figure 12-2 on page 381), click **Next**. The **Report Editor - Step 2** window is opened (Figure 12-3 on page 383).

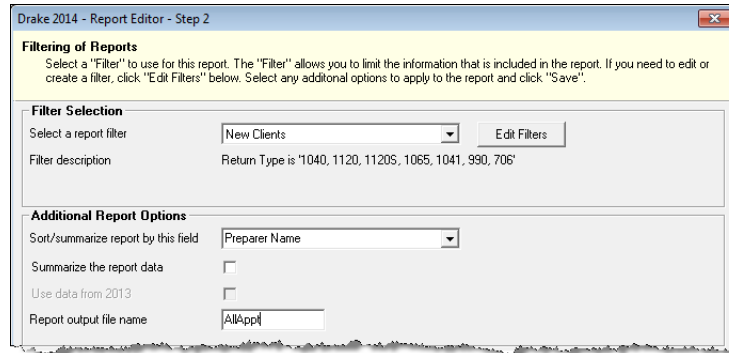


Figure 12-3: Report Editor - Step 2 window (top half)

2. Select a predefined or custom filter from the **Select a report filter** drop list. Note the **Filter Description** is displayed when a filter is selected. (Figure 12-3).
3. Click **Save**.

Customized Filters

Use a predefined filter as a template for creating a customized filter. Be aware that *changing a predefined filter affects every report in the program that uses that filter*. We recommend making a custom filter (or copying a filter and giving it a unique name), and then editing it to your specifications.

IMPORTANT

Before a change is made to a filter, the program indicates which reports will be affected and offers the option of editing the existing filter or editing a copy of it. If you edit a copy, the original filter and associated reports remain unchanged; only the current report is affected.

To customize a filter to assign to a report:

1. After making changes in the **Step 1** window (Figure 12-2 on page 381), click **Next** to open the **Report Editor - Step 2** window (Figure 12-3).
2. Select a filter from the **Select a Report Filter** drop list.
3. Click **Edit Filters** to open the **Filter Manager** window (Figure 12-4). The filter you selected is highlighted.

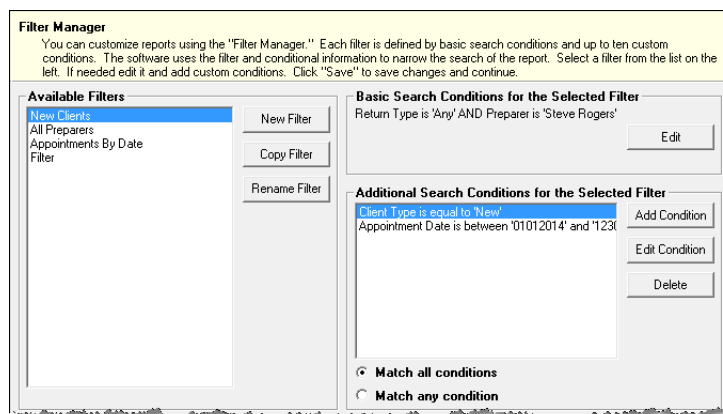


Figure 12-4: Filter Manager window

4. Click **Copy Filter**. Name the filter and click **OK**. The new filter is highlighted.
5. Modify the **Basic Search Conditions** and the **Additional Search Conditions** for your filter, as appropriate; there is a limit of 10 additional search conditions per filter. (See “Search Conditions” on page 385.)
6. Click **Save**. The program returns to the **Report Editor - Step 2** window.
7. Click **Save** again to save the report. To close the Report Manager, click **Exit**.

NOTE For more on editing and using filters, see “Filter Manager” on page 385.

Selecting Additional Report Options

Additional options for sorting data, calculating numeric data, using prior-year data, and assigning an output file name are available from the **Report Editor - Step 2** window (Figure 12-3 on page 383).

Sort/ Summary Order

Under **Additional Report Options**, choose a keyword by which to sort reports. For example, to build a report on “Clients,” with results sorted by the last name, select **Taxpayer Last Name** from the drop list. This list includes all the keywords in the report, plus various others —these other keywords vary, depending on the report selected.

Data Calculations

Select the **Summarize the Report Data** box to have the program calculate and total each column. Not all reports benefit from summarizing. Edit your report and add such keywords as **Count**, **Average**, and **Percentage** to enhance the summary.

Prior-Year Data

The program queries current-year data by default. To have a report run prior-year data, select the **Use Data from 2014** box. (This option is available only with **Client Reports**.)

Output File Name

An output file name consisting of the first eight letters of the **Report title** (Step 3 in “Assigning a Title and Description” on page 381) is entered automatically in the **Report output file name** field. Changing this name is optional. A new name must be fewer than nine characters. You will use this name to locate the report in the Report Viewer. (See “Report Viewer” on page 389.)

Creating a New Report

To create a new report (without starting with a predefined report) in the Report Manager:

1. Click the **New Report** button (at the bottom of the **Report Manager** window).
2. Select one of the following report types:
 - **E-filing and banking** — For a report based on the EF database
 - **Tax return data** — For a report based on data entry information
 - **Scheduler** — For a report based on schedules set up in the Scheduler
3. Click **OK** to open the **Report Editor - Step 1** window.

- Using the instructions in “Setting Up a Report” on page 381 as a guideline, enter the report formatting and filtering information, and then click **Save**.

Deleting a Report

Only a report in **My Reports** can be deleted. To delete a report, from the **Report Manager** dialog box, select (single-click) the report to delete, click **Delete Report**, and then click **Yes** to confirm the deletion. If you have run the report, you are asked if you want to delete the report from the Report Viewer. Click **Yes** or **No** as applicable.

Filter Manager

The Filter Manager is used primarily in reports but is also used for letters, mailing labels, envelopes (see “Letters” on page 368), for proformas and organizers (see “Organizers and Proformas” on page 100) and the Fixed Asset Manager (see “Fixed Asset Manager” on page 390). Access the Filter Manager from a **Filter Selection** box, which is opened when you might have to narrow a selection of records. (See Figure 12-3 on page 383.) To access the Filter Manager from a **Filter Selection** box, click **Edit Filters**. (See “Customized Filters” on page 383.)

Search Conditions

Use the Filter Manager to set up search conditions. There are two levels of search conditions: **Basic Search Conditions** and **Additional Search Conditions**.

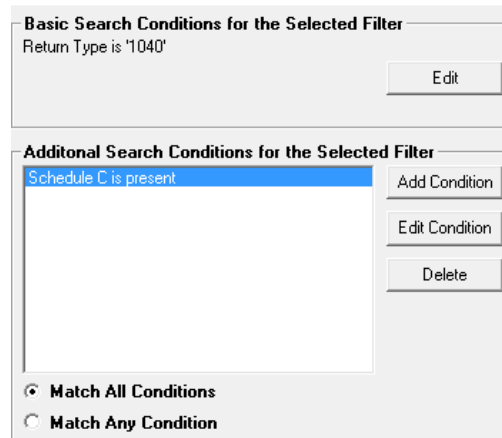


Figure 12-5: Basic and Additional Search Conditions boxes

Basic Search Conditions

Basic search conditions, described in Table 12-2, refer to the most common filtering criteria: **Return Type(s)**, **Return Result**, **Activity**, and **Preparer and Firm**.

Table 12-2: Basic Search Conditions: Categories

Category	Description
Return Type(s)	Return types to include in the report. To include all return types, select All Return Types . Select Allow MFS 1040 Returns to include returns with a status of Married Filing Separate.

Table 12-2: Basic Search Conditions: Categories

Category	Description
Return Result	Result types of the returns to include in the report. Example: If Balance Due is selected, only those returns with a balance due will be included. Select Any Result to include all results.
Activity	Status of returns to include in the report. To include both active and inactive returns, select Any Status Type .
Preparer and Firm	Preparer and firm of returns to include in the report. To include only those returns handled by a specific preparer or firm in the report, select a preparer or firm name as applicable.

To edit basic search conditions:

1. Click **Edit** in the **Basic Search Conditions for the Selected Filter** box.

CAUTION

If you're changing a filter that is used in other reports, the **Filter Changes** window is opened, describing these reports and informing you that changes to the filter will affect these reports. Click **Edit** to continue to edit the filter, or (recommended) click **Copy** to make a copy of the filter and change the copy so as not to affect other reports.

2. When the **Basic Search Conditions** dialog box is opened, select items within the main categories.
3. (optional) To include applicable test/sample returns (for example, Drake returns that begin with 400-00) in the report, select **Allow Test/Sample Returns**.
4. (optional) To allow a user to modify conditions when running a report, select **Ask about the 'Basic Search Conditions' each time the filter is used**.
5. Click **OK** to save the changes to the basic search conditions.

Additional Search Conditions

You can add as many as 10 additional search conditions. Use the **Additional Search Conditions** feature to further specify the types of data to include in the report.

To add a new search condition in the Filter Manager:

1. Click **Add Condition**. (See Figure 12-5 on page 385.)
2. If you're changing a filter that is used in other reports, the **Filter Changes** window is opened. (See "Caution" note above.)
3. In the **Filter Condition Editor** dialog box, select a **Keyword name**.
4. Select a **Comparison** option and a **Value** (if required) (Figure 12-6 on page 387).

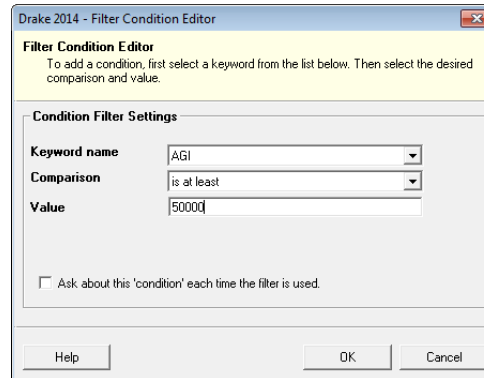


Figure 12-6: Comparison (“is at least”) and Value (50000) selected for AGI keyword

If a value is required, the **Value** field appears. A value can be alphabetic or numeric. For example, if **AGI** is selected with a comparison of **is at least**, the value must be numeric. (Do not use commas when entering numbers.) If **Taxpayer’s Last Name** is selected with a comparison of **starts with**, the value must be alphabetic.

5. (optional) To allow a user to modify this condition when running a report, select **Ask about this ‘Condition’ each time the filter is used**.
6. Click **OK**. The new condition is displayed in the Filter Manager (Figure 12-7).

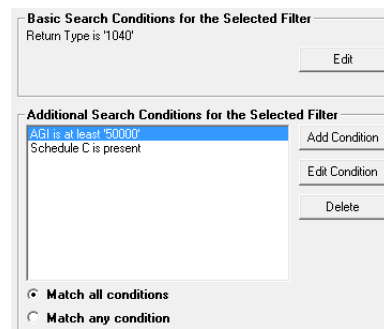


Figure 12-7: New condition (“AGI is at least ‘50000’”) is displayed.

7. (optional) Repeat the previous steps to add more conditions as needed.
8. Select **Match All Conditions** (for narrower results) or **Match Any Condition** (for broader results) as applicable.
9. Click **Save**.

NOTE

To *edit* a search condition, select the condition and click **Edit Condition**. Make changes and click **OK**. To *delete* a search condition, select the condition and click **Delete**. When prompted, click **Yes**.

Available Filters List

The **Available Filters** list in the Filter Manager (Figure 12-4 on page 383) can be modified as needed. Create new filters, edit existing ones, or rename filters.

Creating a Filter

To create a new filter in the Filter Manager:

1. Click **New Filter**.
2. Enter a unique filter name.
3. Click **OK**. The new filter is added to the **Available Filters** and can be edited.
4. Modify the search conditions as needed. (See “Search Conditions” on page 385.)
5. Click **Save** at the bottom of the **Filter Manager** window.

Modifying a Filter

To create a filter in the Filter Manager using an existing filter as a template:

1. Select a filter to use as a template.
2. Click **Copy Filter**.
3. Enter a unique name for the new filter.
4. Click **OK**. The new filter is added to the **Available Filters** and can be edited.
5. Modify the search conditions as needed. (See “Search Conditions” on page 385.)
6. Click **Save** at the bottom of the **Filter Manager** window.

Renaming a Filter

To rename a filter in the Filter Manager:

1. Select a filter to use as a template.
2. Click **Rename Filter**.
3. Enter a new name for the filter.
4. Click **OK**. The renamed filter shows in the **Available Filters** and can be edited.
5. Click **Save** at the bottom of the **Filter Manager** window.

TIP

You can reset the list of **Available Filters** to its original settings at any time by clicking **Restore Defaults**. You will be advised that restoring the default list will delete any changes you've made.

Viewing a Report from the Report Manager

To view a report from the Report Manager:

1. Locate and select the report in the report tree.
2. Click **View Report**. If a **Basic Search Conditions** box appears, make any desired changes and click **Continue**. If a previously saved version of the report is detected, you are prompted to:
 - Click **Yes** to re-create the report using the most current data.
 - Click **No** to open the previously saved report.If you clicked **Yes**, a **Basic Search Condition** box might appear. Make any desired changes and click **Continue**.
3. Wait for the program to search the records for data matching the report criteria.

The report is displayed in the Report Viewer.

Report Viewer

All reports in Drake are accessible through the Report Viewer. To access the Report Viewer, from the **Home** window select **Reports > Report Viewer**.

The reports are arranged in tabs, from **Standard Reports**—the reports built and generated from the Report Manager, Scheduler, **Setup > Firm(s)**, and **Setup > Preparer(s)**—to reports generated during the e-file process (**Bank Ack Reports**, **EF Selection Reports**, and **Transmission Reports**.) The **Release Notes** tab compiles all the notes from the various updates released by Drake and downloaded to your system.

To view a report, select the report to view and click **View**. From this point, you can print the report, export it, or change the font. You can also scroll through multiple-page reports by using the arrow keys at the top of the viewer. To perform a task, click the applicable icon.

NOTE

It's best to save reports where they're easily found. Drake suggests location: Drake15\Reports. To select this or any location, click the arrow beside the **Export** button, select **Save CSV file**, and browse to the folder where you want to save the report.

Depreciation List

The **Depreciation List** is a report that displays depreciation information for selected clients. There are two methods for creating depreciation lists in Drake: manually entering client SSN/EINs to be listed, and filtering the client database for clients that meet specified criteria.

To create a depreciation list for one or more clients:

1. From the **Home** window, select **Reports > Depreciation List**. The **Depreciation List Client Selection** dialog box is displayed.
2. Choose one of the following methods:
 - a. **Create a list** — Enter the SSN/EIN and click **Add Client**. Repeat for additional clients until all the desired clients are entered, and click **Next**.
 - b. **Filter the client database** — Click **Next** to open the **Basic Search Conditions** dialog box. Edit settings as desired (see “Search Conditions” on page 385), and then click **Continue**.
3. Choose to **Print** the depreciation list or to **Export to File**.
 - **Print** — Send the list to the printer. In the **Print** dialog box, click **Print**.
 - **Export to File** — Depreciation lists exported to file are stored in Drake15\Reports as CSV files. Click **OK**.

Fixed Asset Manager

Use the **Fixed Asset Manager** (from the **Home** window, go to **Reports > Fixed Asset Manager**) to run reports based on client assets. Nine report types, shown in Table 12-3, are available.

Table 12-3: Fixed Asset Manager Report Types

Report Type	Report Description	Items on Report
Depreciation Schedules	Depreciation list sorted by asset number (assigned asset number and department number separated by a decimal; example of asset number: 122.01)	Asset Number, Description, Date in Service, Method and Recovery Period, Basis, Prior Depreciation (Prior and Current), Salvage Value, and Current Year Section 179 expense
Listings	Depreciation list sorted by asset number (assigned asset number and department number separated by a decimal; example of asset number: 122.01)	Asset Number, Description, Date in Service, Method & Recovery Period, Business Percentage, Cost, Federal Basis, Current Year Sec 179, Prior Year Depreciation, State Depreciation, Amt Depreciation, Book Depreciation, Tax Schedule, Code, Date Disposed
Section 179 Assets	Asset list of items expensed during the current year	Asset Number, Department Number, Description, and Date Placed in Service, Cost, Section 179 Expense, Prior Year Carryover, Current Year Sec 179 deduction
Dispositions	Asset list of items disposed of within the current year	Asset Number, Descriptions, Date Acquired, Date Sold, Gross Sales Price, Depreciation Amount, Cost or Other Basis, Loss or Gain
Department Summary	Asset summary report sorted by department or schedule	Department Number, Description, Cost, Federal Basis, Current Section 179 expense, Federal Depreciation, State Depreciation, Alternate Depreciation, Book Depreciation
Year Summary	Summary report of assets on a yearly basis, grouped by department. Each department has a summary line for each year up to 10 years prior. Also totals depreciation for 11 years and prior. Sorted by department then year.	Year Acquired, Cost, Prior Federal Depreciation, Current Federal Depreciation, Total Federal Depreciation, State Prior Depreciation, State Current Depreciation, and Total State Depreciation.
Asset Category Summary	Summary report of asset categories (as set on 4562 screens).	Asset Category, Cost, Federal Basis, Current Section 179, Federal Depreciation, State Depreciation, Alternate Depreciation, Book Depreciation
Preference Report	List of assets placed in service after 1986	Asset Number, Description, Date in Service, Method & Recovery Period, Basis, Current Depreciation, Alternate Depreciation, Preference Amount.

Table 12-3: Fixed Asset Manager Report Types

Report Type	Report Description	Items on Report
Auto Code Print	Report based on the macro setup for each client selected. Reports can comprise any of the described reports and any valid options associated with them. See "Using Fixed Asset Manager Macros" on page 392.)	

Running a Fixed Asset Manager Report

To run a report using the Fixed Asset Manager:

1. From the **Home** window, select **Reports > Fixed Asset Manager**. The **Fixed Asset Manager** dialog box has drop lists for report types, reporting options, and sorting options (Figure 12-8).

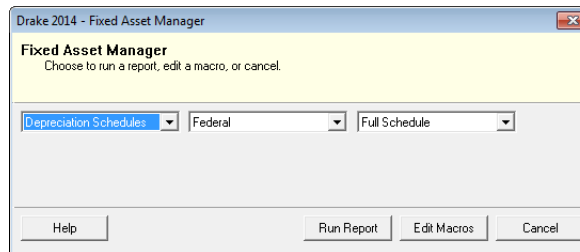


Figure 12-8: Fixed Asset Manager dialog box

2. Select a report type. (See Table 12-3 on page 390 for available report types.)
3. Select a tracking format. Options are:
 - **Federal** — Tracks federal depreciation methods
 - **State** — Tracks state depreciation methods
 - **Alternative** — Tracks alternative depreciation methods
 - **Book** — Tracks depreciation using book method
4. Select a sorting option from the drop list on the right. Choose to print a **Full Schedule**, to sort **By Department**, to sort by **Form/Schedule**, or to sort by **Asset Category**. (Not all of these sorting options are available for every tracking format.)
5. Click **Run Report**.
6. In the **Asset Manager Client Selection** dialog box, create a report for one or more specific clients or create a filtered report based on all clients.
 - **One or more clients** — Enter SSN/EIN in the blank field and click **Add Client**. Repeat for all desired clients then click **Next**.
 - **Filtered report** — Click **Next** to open the **Asset Manager Filter Selection** dialog box. Select a filter or sort option then click **Next** to open the **Basic Search Conditions** dialog box. Edit settings as desired (see "Search Conditions" on page 385) and click **Continue**.
7. Select an option for displaying the depreciation list.

- **Print** — Send the list to the printer. When the **Print** dialog box is opened, choose a printer and click **Print**.
- **Export to File** — Save the report as a .CSV file. Click **OK**. To open the saved file, go to your Drake15\Reports folder.

Using Fixed Asset Manager Macros

Use the Fixed Asset Manager macros to run a set of standard reports at one time.

To set up a macro in the Fixed Asset Manager:

1. From the **Home** window, select **Reports > Fixed Asset Manager**.
2. Click **Edit Macros** to open the **Fixed Asset Manager Macros** dialog box. This box has three columns of drop lists: one for type of **Report**, one for **Depreciation** method, and one for **Style**.
3. Select a report type, depreciation method, and style for each report to be printed under the macro.
4. Click **Save** to save your changes and return to the **Fixed Asset Manager** dialog box (Figure 12-8 on page 391).

To run the macro, select **Auto Code Print** as the report type (in the left-most drop list) and click **Run Report**.

Client Status Manager (CSM) Reports

For information on running CSM reports, see Chapter 9, “Client Status Manager.”

Hash Totals

The Hash Totals report displays the number of forms and schedules generated on a selected return. By consulting these totals, the data entry operator can be reasonably sure that the correct values have been entered into the fields.

To generate a report of hash totals:

1. From the **Home** window, select **Reports > Hash Totals**.
2. Enter the SSN or EIN of a return.
3. Click **Continue**. The report is displayed in the Report Viewer.
4. Click **Exit** to return to the **Home** window.

13 Suite Products

This chapter focuses on two Suite Products—the Drake Document Manager and Tax Planner—and on two additional products—GruntWorx and SecureFilePro—that can be integrated with the tax software to make your office run more efficiently. The Document Manager can be installed when the tax software is installed. The Tax Planner is installed and updated with the tax software.

NOTES

For Client Write-Up instruction, the CWU manual is available on the Drake CD, through the tax software, from *Support.DrakeSoftware.com* (**Training Tools > Manuals**), and from the toolbar of the **Home** window of the tax software (**Support > Drake Software Support Website > Training Tools > Manuals**).

CWU is included with the full Drake package; Pay-Per-Return customers must pay an additional fee for CWU.

GruntWorx™ and SecureFilePro™ can, for an additional cost, be integrated with Drake products to make document mobility and usage a lot easier.

Through GruntWorx, you can:

- Organize multiple scanned, imported, or created documents into one PDF file
- Extract data from certain forms and import that data directly to Drake data-entry screens
- Import information from certain 1099s and stand-alone 1099-Bs from an Excel file directly into Drake through a process similar to Drake's Form 8949 Import function

Through SecureFilePro, you can upload tax returns, organizers, proformas, and any other document to your online portal from which your clients can download the documents and upload their own for you to access, saving you paperwork, postage, time, and money.

NEW FOR 2015

In January 2016, SecureFilePro will offer an additional way to share and receive files. “Guest Exchange” will provide a convenient and secure way for you to send and receive files, without having to create and set up a SecureFilePro client account. For more, see “Guest Exchange” on page 427.

Drake Document Manager

TIP Signable documents can be signed electronically from the DDM using a signature pad. For details see “Electronic Signatures” on page 252.

Document Manager users have two storage options or “sources” to choose from: the “Archive Cabinet” and the “Working Cabinet.” The Archive Cabinet stores documents for all clients from multiple years in a central location outside of Drake Software; the Working Cabinet allows individual-year storage in the same location where the Drake program is located.

Which DDM “source” you choose depends on how you want to handle your document storage.

Archive Cabinet files are stored outside of the tax software and are backed up and restored separately from the tax software. All documents from all years for all clients are stored in the Archive Cabinet, in alphabetically arranged “cabinets,” “drawers,” and “folders.” If you choose the Archive Cabinet as your source, see “Setting up the Archive Cabinet” on page 404.

Use the Working Cabinet as your source if you prefer more integration with the tax software. Working Cabinet source files are stored inside the tax software; saved documents are backed up or restored whenever the tax software is backed or restored. You access Working Cabinet documents from within the Drake tax program for whichever year you are interested in: 2014 documents in the 2014 software, 2015 documents in the 2015 software, etc. If you choose the Working Cabinet as your source, see “Working Cabinet Window” on page 401.

IMPORTANT If you choose the Working Cabinet as your source, you can easily send your saved documents into the Archive Cabinet with just a few mouse clicks. See “Sending Files to Archive Cabinet” on page 402 for details.

Using the Document Manager

NOTE Instructions in this chapter apply to both the Working Cabinet and the Archive Cabinet unless otherwise noted.



Use the Document Manager to store and organize electronic documents such as PDF copies of tax returns, signed Forms 8879, scanned Schedules 1099-B, and scanned copies of driver's licenses, Social Security cards, and other forms of ID. Anything you can put on paper can be stored in the DDM. Think of the Document Manager's file structure as a virtual filing cabinet where files are saved within folders and folders are stored in drawers of the cabinet.

You can also use the Document Manager to:

- **Copy files to CD** — Copy Document Manager files directly to a CD.
- **Password protect** — Protect your clients' documents with passwords.

- **Assemble documents sent to GruntWorx** — See “GruntWorx” on page 419 for more information on this product.
- **Access SecureFilePro** — See “SecureFilePro” on page 425 for more information of this product.

Document Manager makes storing and moving documents easy:

- When you create a new return in Drake, a corresponding folder is opened in the Document Manager.
- When you archive a return in View mode of the tax software, a copy of the archived return is automatically saved in the Document Manager. (See “Archive Manager” on page 263 for details.)
- You can click the **Doc Mgr** button in *data entry* to open the Document Manager directly to the client's folder.
- Files saved in the Document Manager can easily be attached to email messages or e-filed with a return as a PDF attachment.

Backing up and Restoring

The Working Cabinet files are automatically backed up or restored whenever Drake files are backed up or restored. (See “Backing Up and Restoring Files” on page 359.) The Archive Cabinet files are backed up and restored through the Archive Cabinet toolbar. See “Backing Up and Restoring the Archive Cabinet” on page 405 for more information.

IMPORTANT

If you run Windows Server 2003, Windows Server 2008, Windows Vista, Windows XP, Windows 7, or Windows 8, but (1) *have not* kept up with regular Window updates and (2) have an older version of Microsoft® .NET Framework, you will automatically be directed to the Microsoft website, where you can download (at no charge) the newest version of .NET. If your system runs .NET Framework v3.5 or later, a newer version is not necessary and no further steps are needed.

Setting up Your Document Manager

Unless otherwise noted, the setup options described here apply to both the Working Cabinet and Archive Cabinet. Any unique setup options will be described in the sections, “Working Cabinet Window” on page 401 or “Setting up the Archive Cabinet” on page 404.

Selecting a Document Manager

When you've decided which DDM you want to use—Working Cabinet or Archive Cabinet—make your selection in the Setup Options of Drake Software:



1. From the **Home** window of Drake, go to **Setup > Printing > Document Manager** to open the **Drake Document Manager Integration Options** dialog box.

2. In the **General Options** section, select **Use Working Cabinet** or **Use Archive Cabinet**.
3. (Optional) Select **Allow Drake to set up Document Manager client folders (Recommended)**. If this box is not marked, you will have to specify the location each time a scanned document is saved or a return is printed through the PDF “printer” to the Working Cabinet. (Archive Cabinet files are automatically stored in the location you set. See the “Document Manager Data Path” option in Table 13-1 on page 399.)
4. Click **Save**.

Restricting Access to the DDM

To restrict access to the Document Manager for individual preparers:

1. From the **Home** window of Drake, go to **Setup > Preparer(s)** to open the **Preparer Setup** window.
2. Double-click a preparer's name, click the **Security** button, and select **Custom Security** from the menu to open the **Preparer Security Setup** window.
3. From the menu bar, select **Tools**.
4. Remove the check mark from the **Document Manager** check box.
5. Click **Save**, **OK**, and then **Save**.

To restrict access to the DDM for groups of preparers:

1. From the **Home** window of Drake, go to **Setup > Preparer(s)** to open the **Preparer Setup** window.
2. Click the **Group Security** button.
3. From the list at the top of the window, double-click to choose a security group to edit.
4. From the menu bar under the **Security Setting** tab, select **Tools** (Figure 13-1).

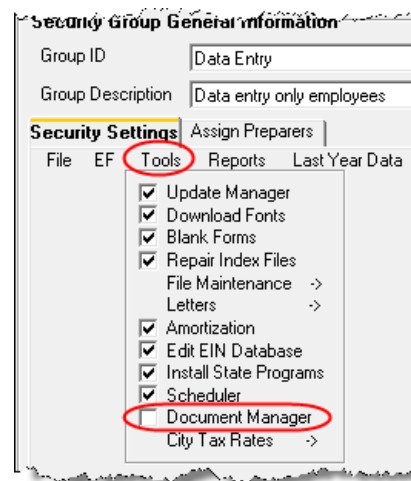


Figure 13-1: Restricting access to the Working Cabinet

5. Remove the check mark from the **Document Manager** check box.

6. Click **Save**.

NOTES

Individual restrictions are not available for security groups **ADMIN** and **FULL**. The **FRONT OFFICE** security group and any security groups you've added can be restricted. For details on setting up security groups, "Setting Up Group Security" on page 33.

For information on password-protecting individual files in the Archive Cabinet, see "Document Security" on page 413.

Users accessing the Archive Cabinet from a desktop icon will be required to enter their preparer's login name and optional password. See "Accessing the Archive Cabinet" on page 404 for more information.

Email Setup

New for 2015: Drake's email setup has been simplified this year. If you will be using your default email program for sending email messages from the Document Manager, you need do nothing. If, however, you want to use the email program you set up previously with the tax software, from the menu bar of the DDM:

1. Go to **Setup > Options**.
2. In the **Document Manager Options** box, mark **Use my Drake email account**.
3. Click **Save**.

For details on setting up the Drake email program, see "Email Through Drake" on page 344.

File Structure

Both the Working Cabinet and the Archive Cabinet display stored files alphabetically in a folder "tree" (Figure 13-2).

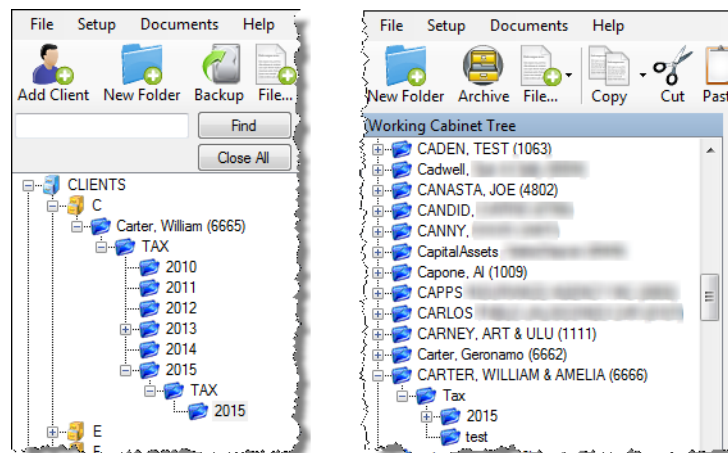


Figure 13-2: Archive Cabinet files (left) and Working Cabinet files (right) are stored in a "tree" of client folders

You can use the default Document Manager file structure or customize it as needed. To implement the Document Manager file structure, see Step 3 on page 396. To customize your file structure:

1. From the **Home** window of Drake, go to **Setup > Printing > Document Manager** to open the **Drake Document Manager Integration Options** dialog box.
2. In the middle section of the dialog box is the option to add folders to the default Document Manager file structure. To do so:
 - Click **Add**.
 - Enter a custom folder name.
 - Click **OK**. The new folder will be inserted one level below the selected folder.
 - Mark the **Apply this layout...** check box if you want to insert the new folder into existing *and* new client files; otherwise, the new folder will be inserted only into new client files.
 - To change the name of a folder, select the folder and click **Edit**. To delete a folder, select the folder and click **Remove**.
3. Click **Save**, and then click **OK**.

TIP

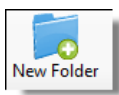
- To avoid later restructuring, determine the type of file structure you want to use before you begin storing items in the Document Manager.
- To set up any additional security settings, from the **Home** window of Drake, go to **Setup > Preparer(s)**. See “Setting up the Archive Cabinet” on page 404 and “Preparer Setup” on page 33 for directions on setting up preparer and group security.
- In the Archive Cabinet, you can set up your customized file structure from the menu bar. Select **Setup > Custom Folders**, then follow the steps above.

Adding Individual Subfolders

Individual subfolders can be added to the Drake-integrated file structure of either the Working Cabinet or the Archive Cabinet. To add folders to the Archive Cabinet, however, you have to be on the “Drawer” or “Folder” level. See “Navigating the Archive Cabinet” on page 407 for more information on the different levels of the Archive Cabinet.

To create additional subfolders for individual client folders, open the DDM:

1. Highlight the folder in the “tree” that will contain the new subfolder.
2. Take one of the following steps:
 - From the toolbar, click **New Folder**
 - On your keyboard, press F4
 - From the menu bar, select **Setup > New Folder**
3. Enter a folder name in the **New Folder** dialog box.
4. Click **OK**. The new subfolder appears in the left pane.



Repeat these steps as needed to create more subfolders.

Delete or rename subfolders by selecting them, right-clicking, and then selecting **Delete New Folder** or **Rename New Folder** from the menu.

Configuring Your DDM Cabinet

To set configurations for the DDM cabinet:

1. Open the DDM (from either the **Home** window toolbar or from the **Data Entry Menu** toolbar inside a return).
2. From the DDM menu bar, choose **Setup > Options** to open the **Document Manager Options** dialog box (Figure 13-3). Options are listed in Table 13-1.

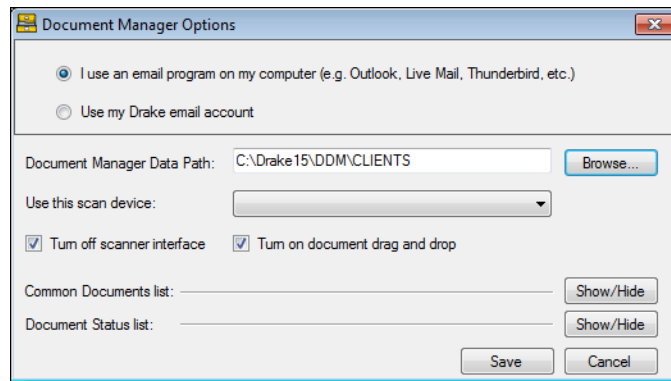


Figure 13-3: Document Manager Options dialog box(data path for Archive Cabinet only)

Table 13-1: DDM Cabinet Setup Options

Option	Description
Email options	Choose to use your computer's default email program, or use the Drake email program you set up (see "Email Through Drake" on page 344).
Document Manager Data Path	(Archive Cabinet only) Indicate the data path to the location you want to store DDM files. Click Browse to map to the location.
Use this scan device	By default, the Document Manager chooses a scanner. To choose a different scanner, select it from the list.
Turn off scanner interface	The software automatically uses the default scanner's settings. To change those settings, click this box. Make changes to the color, dpi, size or shape options in the scanner's control box.
Turn on document drag and drop	Activate "drag-and-drop" navigation, which allows cabinets, drawers, folders, and files to be "dragged" from one place in the DDM and "dropped" in another. Click and hold on an item and drag the selected item to the new location.
Common Documents list	Click Show/Hide to edit names assigned to commonly scanned document types. For more information, see "Setting Up Common Documents" (following this table).
Document Status list	Click Show/Hide to see the status of documents in the Document Manager. You can add statuses here, then apply them to the document. For details, see "Setting Document Status" on page 412.

Setting Up Common Documents

The “Common Documents” feature is available to help your office save time while maintaining its naming convention. Customizable default descriptions allow you to eliminate the step of typing a description by selecting pre-established descriptions.

To set up default descriptions in your DDM cabinet:

1. From the **Document Manager Cabinet** menu bar, click **Setup > Options**. The **Document Manager Options** dialog box is opened (Figure 13-4).

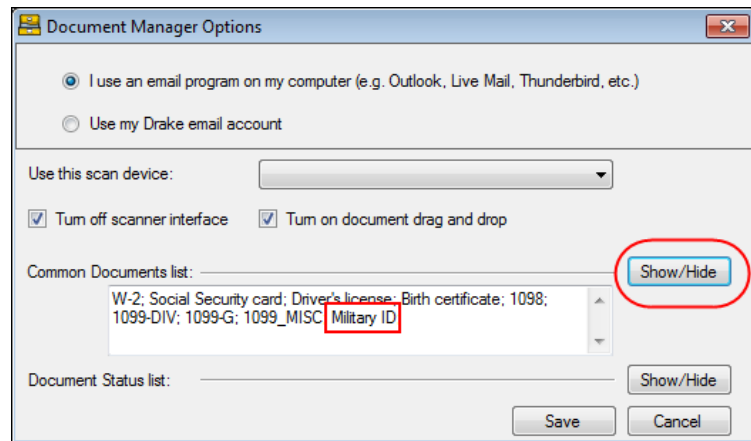


Figure 13-4: Options for commonly scanned documents

2. Click the Common Documents **Show/Hide** button. The common document names are shown in a small window of the dialog box.
3. In the example in Figure 13-4, the user has added “Military ID” to the list.
4. Add or edit names as desired.
5. To save changes, click **Save**.

Whenever you scan a document into the DDM, you have the option of selecting one of the descriptions entered as a common document. (See “Scanning a File” on page 410.)

Searching the DDM Cabinet

To find a particular folder in your DDM cabinet:

1. Click **Search Working Cabinet Tree** (or **Search Archive Tree**) at the bottom of the folder tree (item #1 in Figure 13-5 on page 401).

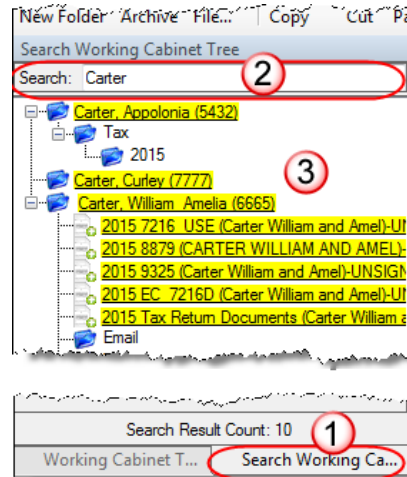


Figure 13-5: Using the search feature of the Working cabinet

2. Enter the name (or part of a name) of the client, folder, or document you're searching for in the **Search** field at the top of the folder tree (#2 in Figure 13-5).
3. Press ENTER.

Any files containing the words or names you entered will appear in the folder tree (#3 in Figure 13-5).

To return to the original folder tree, click **Working Cabinet Tree** (or **Archive Cabinet Tree**) at the bottom of the tree.

NOTE

It is now easier to locate documents stored in your DDM. Enter the name—or portions of a name—of a stored document and the Search engine locates all documents in all folders that contain the words or phrases you are searching for.

Working Cabinet Window



Everything in this section will pertain to the use of the Working Cabinet.

The **Document Manager Working Cabinet** window consists of the folder “tree” on the left side, a list of files contained within the selected folder on the right, and a menu bar and toolbar at the top (Figure 13-6 on page 402).

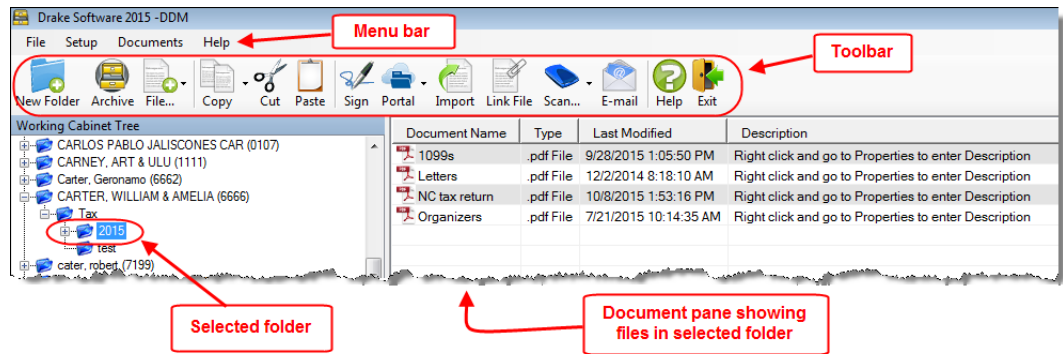


Figure 13-6: Part of the Document Manager interface

Folders are listed alphabetically, on the left side of the window, based on the individual clients' last names or the business clients' first names. Subfolders are stored within each client's folder. Click [+] to expand a portion of the tree; click [-] to collapse it. Or with a folder selected, press the [+] or [-] keys on the numbers pad of your keyboard.

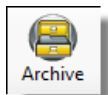
Navigating the Working Cabinet

Click to open a folder and view a list of its files. In the document pane, the Document Manager displays document names, types, dates modified, descriptions, and status. Click column headers to sort by columns.

Like other Drake windows, the Document Manager has a menu bar and a toolbar. If a shortcut key (such as F1 for help) exists for a menu item, it is listed to the right of the menu item. You can also access many toolbar selections from the menu bar. Each toolbar button activates a different function.

Sending Files to Archive Cabinet

To send the documents saved during the 2015 tax season from the Working cabinet to the Archive cabinet, take the following steps:



1. From the Working cabinet toolbar, select **Archive** to open the **DDM Archive Utility** window.
2. Select the boxes to the left of the client folders you wish to archive (or click **Select All**).
3. Click **OK**.
4. When the process is complete, click **Close**.

NOTE If you open the DDM Working cabinet from within a return, only that client's file will be offered for transfer to the Archive cabinet.

Other Tasks

Other tasks that can be performed in the Document Manager are listed in Table 13-2 on page 403. The following buttons are available on both the Working cabinet and Archive cabinet toolbars. (Certain buttons are hidden on the Archive cabinet toolbar, depending on which level you're on. See "Navigating the Working Cabinet," above, for more details.)

Certain buttons and their functions are explained in the section “Working With Document Manager Files” on page 409.

Table 13-2: Other Working Cabinet Tasks













Task	Description
	<p>Click the File button and select New Text File, New Word Document, or New Excel Spreadsheet to open one of those Microsoft programs. Select a file in the document pane and click Open, Rename, or Delete in order to open, rename, or delete the file. (See “.txt, .doc, .xls” on page 413 for more information.)</p>
	<p>Select a file in the Document Manager document list, and click Copy. Choose to copy to the clipboard, copy to a location, or copy to a CD. If copying to the clipboard, use the Document Manager’s Paste button to paste the document into another folder. If copying to a location, choose a location for storing the copied file, and then click Save. If copying to a CD, follow the instructions provided on your screen.</p>
	<p>Use the Cut and Paste buttons to move documents from one folder to another. To copy a folder to another document, use the Copy button.</p>
	<p>Use the Cut and Paste buttons to move documents from one folder to another. To copy a folder to another document, use the Copy button.</p>
	<p>Use with an electronic signature pad. For details, see “Electronic Signatures” on page 252.</p>
	<p>Access your SecureFilePro portal and options to Upload or Download files to the portal. See “SecureFilePro” on page 425 for details.</p>
	<p>For information on importing, see “Scanning a File” on page 410.</p>
	<p>For information on linking files, see “Linking a File” on page 411.</p>
	<p>For information on scanning to the DDM, see “Scanning a File” on page 410</p>
	<p>Select a file in the DDM document list (or select multiple files using the SHIFT or CTRL keys), and click E-mail. Your default email program (either your default Windows email program or the Drake email program you set up earlier) is opened with the document added as an attachment.</p>

Table 13-2: Other Working Cabinet Tasks

Task	Description
	Access Help.
	Exit the DDM.

Accessing the Archive Cabinet

The first time you access the Archive cabinet from the Drake toolbar or from the View mode menu bar, you will be required to enter your login name and (optional) login password. Thereafter, you can access the DDM from the software during the rest of the session without needing enter the login name and password.

Every time you open the Archive cabinet from the desktop icon, however, you will be required to enter the login name and password.

See “Preparer Setup” on page 31 for details on entering a login name and password.

Setting up the Archive Cabinet

The Archive cabinet is the source to use for storing forms and documents accumulated over years for all your clients. The files are saved in “folders,” “drawers,” and “cabinets” to help make search and retrieval easy and fast. And because the files are stored outside of Drake15, the Archive cabinet can also be used as a stand-alone document manager.

Many of the setup procedures described earlier in this chapter apply to both the Archive cabinet and the Working cabinet. The information in this section pertains to the Archive cabinet only.

Storing Archive Cabinet Files

(Optional) To store data in a location other than the default location, take the following steps:

1. From the **Archive Cabinet** menu bar, go to **Setup > Options** to open the **Document Manager Options** dialog box.
2. Enter the data path in the **Document Manager Data Path** field or click **Browse** to map to a new location. (See Figure 13-3 on page 399.)

The other options on the **Document Manager Options** dialog box are described in Table 13-1 on page 399.

Technical Requirements

The Archive cabinet takes up very little disk space, but more space may be required for storing office files. The storage drive for an average-sized office needs approximately 1GB of space for each year. Most new computers have at least a 20GB hard drive, so if you own a new computer, storage should not be an issue.

Backing Up and Restoring the Archive Cabinet

The backup/restore feature copies files to a local, networked, CD/DVD, or USB drive. You can back up and restore the entire Archive cabinet structure or a specific cabinet, drawer, or folder.

To back up *individual* documents:

1. Select a document from the document pane of the Archive cabinet.
2. Click the arrow beside the **Copy** button.
3. Choose to copy to the clipboard, copy to a location, or copy to a CD. If copying to the clipboard, copy the document and then use the **Paste** button to paste the document into another DDM folder. If copying to a location, choose a location for storing the copied file, and then click **Save**. If copying to a CD, follow the instructions provided on your screen.

Backing Up Contents



To back up cabinets, drawers, folders, or the entire contents of the Archive cabinet:

1. Open the Archive cabinet.
2. Select a specific cabinet, drawer, or folder to back up.
3. Click the **Backup** icon on the Archive cabinet toolbar. The **Backup** dialog box is displayed (Figure 13-7). Note that the **Selected Folder** option is marked as the default cabinet, drawer, or folder to back up.

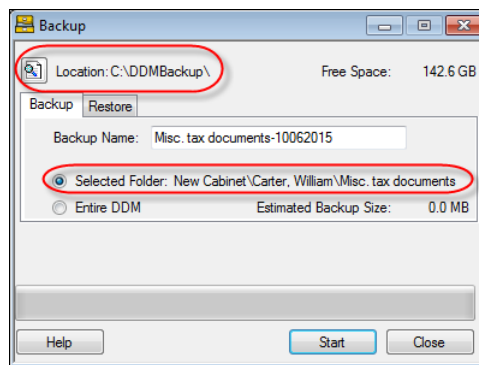


Figure 13-7: Backup dialog box for Archive cabinet

4. (optional) If you do not want to use the default location to store your backup, click the **Location** button in the upper-left corner and specify a new location.
5. (optional) If you do not want to use the default **Backup Name**, enter a new name. The default name uses the cabinet, drawer, or folder name and the current date. If more than one backup of the same selection is done on the same day, the system incorporates a sequential identifier by default.

6. Click **Start** to begin the backup process.

NOTE To back up the entire Archive cabinet, select **Entire DDM** in the **Backup** dialog box before clicking **Start**.

Because a backup may take several minutes, you can minimize the dialog box and continue working. You will be notified when the process is complete, at which point you should click **Close** to return to the Archive Cabinet.

TIP Use the **Copy** function or the **Backup** tool to back up and restore files from one computer to another or to store data off-site as part of a disaster recovery plan.

Estimated Backup Size & Free Space

As shown in Figure 13-7 on page 405, the **Backup** dialog box provides **Estimated Backup Size** and **Free Space** information for the selected location. If there is not enough free space, you will be instructed to select another location. The **Free Space** information is not available if backing up to a CD/DVD drive, so you need to determine the amount of free space by manually checking the available space on the disk.

Restoring Contents

To restore backed-up contents to the Archive Cabinet:

1. Click the **Backup** button on the **Archive Cabinet** toolbar. The **Backup** dialog box is displayed. (See Figure 13-7 on page 405)
2. Click the **Restore** tab.
3. If necessary, click the **Location** button to browse to the location of the files you want to restore.
4. From the **Select a Backup to Restore** drop list, click a file to restore.
5. Click **Start** to begin the restore process.

NOTE If you see a "**No Backups were found at...**" message, you may have selected an incorrect location to fill the **Select a Backup to Restore** drop list. Check your information and try again.

You will be notified when the process is complete, at which point you should click **Close** to return to the Archive cabinet.

Archive Cabinet Window

The Archive cabinet window displays the file structure "tree" on the left side, a list of files contained within the selected folder on the right, and a menu bar and toolbar at the top. (Figure 13-8 on page 407.)

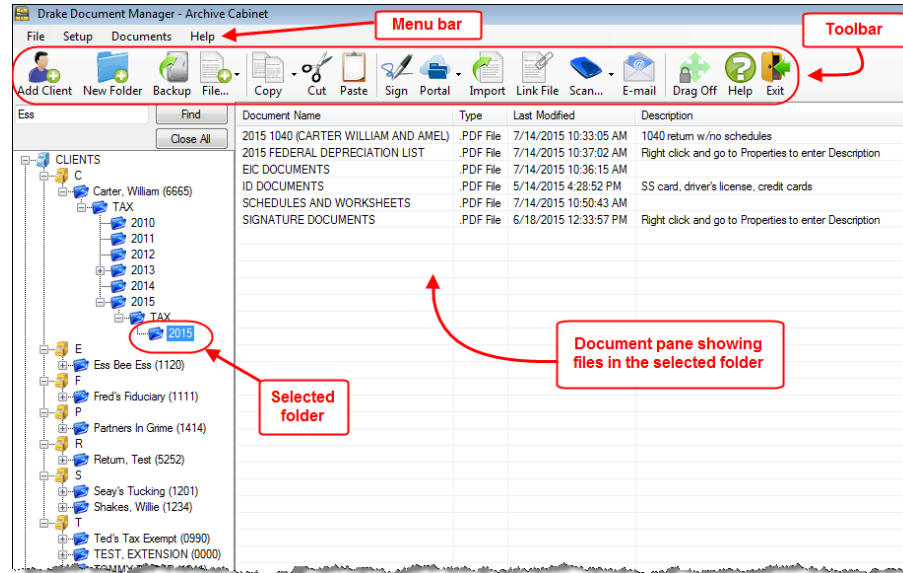


Figure 13-8: Parts of the Archive cabinet interface

“Folders” are organized in “drawers” of “cabinets” in standard tree format. Click [+] to expand a portion of the tree; click [-] to collapse it. Or with a folder selected, press the [+] or [-] keys on the numbers pad of your keyboard.

Archive Cabinet Toolbar

The features on the Archive cabinet toolbar function the same as in the Working cabinet. For details, see Table 13-2 on page 403 and “Working With Document Manager Files” on page 409.

Navigating the Archive Cabinet

Click to open a cabinet, a drawer, then a folder to view a list of its files. In the document pane the Archive cabinet displays document names, types, dates modified, descriptions, and status. Click column headers to sort by columns.

Like other Drake windows, the Archive cabinet has a menu bar and a toolbar. If a shortcut key (such as F2) exists for a menu item, it is listed to the right of the menu item. You can also access many of the toolbar selections from the menu bar. Each toolbar button activates a different function, and different buttons are available at different levels of the Archive cabinet. For example, from the Cabinet level, you can add only cabinets and drawers, so only these buttons are available; from the Drawer level, you can add new folders, back up and restore, and electronically sign documents; from the Folder level, you can add folders, back up and restore, create files, import files, e-sign, scan, copy, rename, delete, drag, send email, and link to other files.

Archive Cabinet File Structure

You can use the Archive cabinet’s default file structure or customize file structure as needed with new cabinets, drawers, folders, and subfolders. If you’re building your

own file structure, map it out by hand before creating it in the Archive cabinet. More cabinets, drawers, and folders can be added to a Drake-integrated file structure.

NOTE

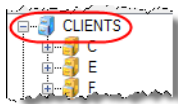
Be aware that while long file names can be used, this naming convention might not function properly on older systems that limit file names to eight or fewer characters.

Customizing File Structure

You can add folders and subfolders to the Archive cabinet's document file structure that are automatically added to all files (See "File Structure" on page 397) or add individual cabinets, drawers, and folders as you go.

Adding Cabinets

Cabinets are the top level of the Archive cabinet's filing structure. The Drake filing system creates a **Clients** cabinet, but you can separate clients by return types if you like and have an **Individual** and a **Business** cabinet instead or some other method you devise. Regardless of the structure you choose, cabinets are required for storing drawers and folders.



To create a cabinet in the Archive cabinet, follow these steps. You must be on the Cabinet level to add a cabinet. If you are not on the Cabinet level, click the cabinet icon. (See figure at left.)

1. Click **New Cabinet**.
2. Enter a name in the **New Cabinet** dialog box.
3. Click **OK**. The new cabinet appears in the left pane.

Repeat these steps as needed to create more cabinets.

NOTE

File cabinets cannot be stored inside other file cabinets. Each cabinet is for Level-1 storage. Drawers are for Level-2 storage, and folders are for Level-3 storage.

Adding Clients

To add new clients to the existing file structure without going through Drake, follow these steps:

1. Open the Archive Cabinet by clicking the **Doc Mgr** button from the **Home** window of Drake or from the **Data Entry Menu** within a return.
2. Click the **Add Client** button from the **Archive Cabinet** toolbar to open the **Add Person** dialog box.
3. Enter the name of the new client in the **First name** and **Last name** fields for individual clients or the name of a business or estate in the **Business/Estate name** field.
4. Enter the last four digits of the client's SSN (or EIN) in the **Last 4 digits of ID** number field.
5. Click **Add**.

NOTES

Adding a client to the Archive cabinet *does not* add the client to Drake Software or to the Working cabinet.

You must be on the Cabinet level to add a client.

Adding Drawers

Add drawers to cabinets for file storage. The Drake filing system lists these drawers by the first character of the name on the return. To add a drawer to a cabinet:

1. Open the Archive cabinet by clicking the **Doc Mgr** button from the **Home** window of Drake or from the **Data Entry Menu** within a return
2. Highlight the cabinet you want to add a drawer to.
3. Click **New Drawer**.
4. Enter a drawer name in the **New Drawer** dialog box.
5. Click **OK**. The new drawer appears in the left pane.

Repeat these steps as needed to create more drawers.

NOTE

You must be on the Cabinet level to add a drawer.

Adding Folders

Documents are stored in folders, listed in alphabetical order by the clients' last names (individual returns) or first names (business returns). When you create a return in the tax software, Drake automatically creates the client folder with subfolders labeled **Tax** and subfolders for the tax year.

To create additional folders:

1. Highlight the drawer or folder that will contain the new folder.
2. Click **New Folder**.
3. Enter a folder name in the **New Folder** dialog box.
4. Click **OK**. The new folder appears in the left pane.

Repeat these steps as needed to create more folders.

NOTE

You must be on the Drawer level or Folder level to add a folder.

Working With Document Manager Files

Once the Document Manager (Working cabinet or Archive cabinet) folders and any subfolders are established, you can begin adding files. The Document Manager supports many file types and allows you to import or scan files into the Document Manager or link to a file outside of the Document Manager. Once added to a folder, files are listed in the right pane of the Document Manager window (Figure 13-8 on page 407).

NOTE

Files can be added to the Document Manager from the toolbar or through the menu bar (**Documents**).

Printing Returns

When you print a completed tax form or tax return in Drake, you have the option of also saving an electronic copy of the form or return in the Document Manager, and

sending it to the SecureFilePro™ portal. For details, see “Printing to Drake PDF” on page 257.

Importing a File

You can import a .PDF copy or scanned image from another application or program located elsewhere in your computer or network into the client's Document Manager folder. To import a file into the Document Manager:



1. Select the folder where the document will be stored.
2. From the toolbar, click **Import** to open the **Import File** dialog box.
3. Browse to and select the desired document.
4. Click **Open**. The Document Manager copies the document into the selected folder.

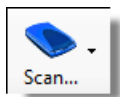
Scanning a File

Scan documents into the Document Manager using a flat-bed or document-feed scanner. A flat-bed scanner scans one page at a time, creating a separate .PDF document for each page. A document-feed scanner scans multiple pages and makes one document of many pages.

NOTE Document-feeder scanners are recommended. See “Compatible Scanners” on page 411 for scanners that have been reviewed and found to be compatible with the 2015 Document Manager release.

When you scan a document using the Document Manager, the program automatically locates and uses your system's default scanner. A **Scanner Cannot be Located** message implies that the scanner is not TWAIN compliant or has been improperly installed.

To scan a document into the Document Manager:



1. Select the folder where the file will be stored.
2. From the toolbar, click **Scan**, and select **Use Scanner Bed** or **Use Document Feeder**.
3. From the **Scan Input** dialog box, select a file type (item #1 in Figure 13-9).

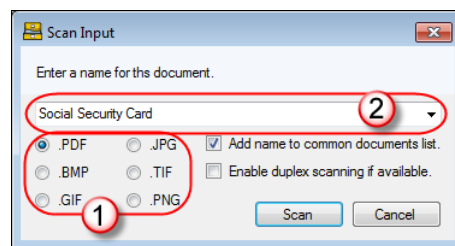


Figure 13-9: Scan input dialog boxes for Document Manager

4. Enter a name for the scanned document or choose a default name from the drop list by clicking the arrow at the right end of the name input field (item #2 in Figure 13-9). In the example, “Social Security Card” has been selected.
5. Click **Scan**.

TIP To ease search and retrieval of Document Manager files, use a consistent naming convention. The **Common Documents** feature can help you to do this. See “Setting Up Common Documents” on page 400.

Compatible Scanners

Drake has reviewed the following scanners and found them compatible with the Document Manager 2015 release. This list does not represent product endorsement or preference by our company.

- Fujitsu fi-6130
- Fujitsu fi-6140
- Canon DR-2050C
- Xerox DocuMate 510
- HP Scanjet 5000
- HP Scanjet 5590
- HP Scanjet 7000

For more information on scanners, go to the **Home** window of Drake and click **Help > Drake Software Program Help**. In the **Help** window, do a search for “scanners.”

You can also find helpful information at these sites:

- gruntworx.com/support/scanning
- Istinscannersl.biz/gruntworx/

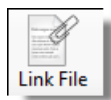
Many TWAIN-compliant scanners will work with the Document Manager. Always review scanner specifications before purchasing a scanner.

Linking a File

You can create a link between a Document Manager file and a document outside the Document Manager. The Document Manager maintains the link to the external document so that if the document is updated, the link remains and you do not have to replace the document in the Document Manager.

To create a link to a file in the Document Manager:

1. Select a folder in which to store the link.
2. Click the **Link File** button from the Document Manager toolbar.
3. Browse to and select the document to be linked and click **Open**. The link is indicated in the **Type** column of the Document Manager (Figure 13-10).



Document Name	Type	Last Modified
Mortgage papers.pdf	Linked - pdf File	10/15/2015 12:07:02 PM

Figure 13-10: Link is indicated in **Type** column of Document Manager.

Double-click the line in the document pane to open and review the linked file.

Using the Audit Log

Each time an action occurs to a file, the Document Manager makes note of it in an audit log. An *action* includes importing, linking, exporting, copying, moving, open-

ing, and renaming. The audit log records the action, the date and time the action was taken, and the user who performed the action. It also shows the document name and path to that document and has a field for entering a document description.

To access the Document Manager Audit Log, select a file from the DDM document pane and choose **Properties** from the right-click menu (or click F9).

If desired, enter a description of the document in the Audit Log's **Description** field.

Setting Document Status

You can choose a status for any document in your filing system. The status will be listed in the **Status** column in the DDM document pane.

To change the status of a document:

1. Select a document from the document list and choose **Properties** from the right-click menu (or click a document and press F9.) The **Audit Log** is displayed.
2. From the **Status** drop list, choose **Final**, **Review**, or **Draft** (Figure 13-11).

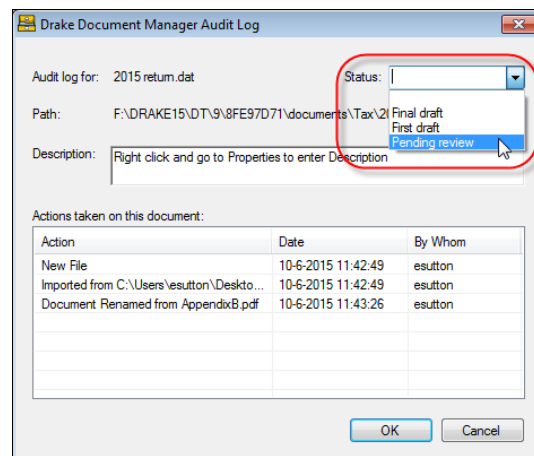


Figure 13-11: Choosing a document

3. Click **OK**.

Adding Statuses

To add new statuses:

1. From the **DDM** menu bar, click **Setup > Options**. The **Document Manager Options** dialog box is opened (Figure 13-12 on page 413).

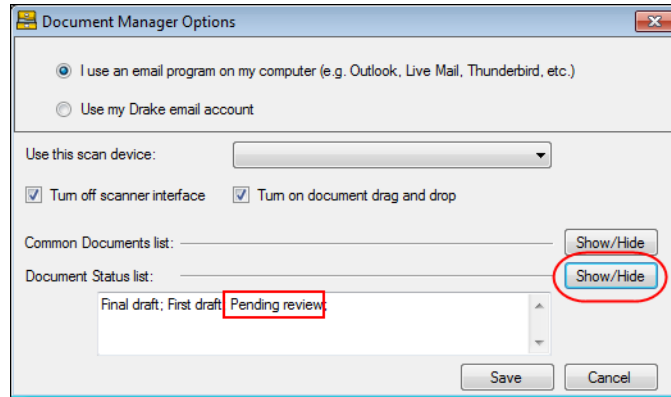


Figure 13-12: Options for commonly scanned documents

2. Click the Document Status list **Show/Hide** button. The list of document statuses is shown in a small window of the dialog box.
3. In the example in Figure 13-12, the user has added “Pending review” to the list.
4. Add or edit names as desired.
5. To save changes, click **Save**.

.txt, .doc, .xls

Your computer must have Microsoft Notepad, Word, and Excel installed in order to use the Document Manager to create new text (.txt), Word (.doc), and Excel (.xls) files. To create a new text, Word, or Excel file:



1. From the Document Manager toolbar, click the **File** icon.
2. In the menu that is displayed, select **New Text File**, **New Word Document**, or **New Excel Spreadsheet**.
3. Enter a name for the new document or spreadsheet.
4. Click **OK**.

The applicable program is opened when you click a selection. You can open, rename, or delete folders from the **File** button.

Document Security

When a DDM document is password-protected, a password must be entered before the document can be accessed. The use of a password is optional.

IMPORTANT

If you choose to password protect documents, be sure to write the password down and save it to a secure location. Drake cannot retrieve Document Manager passwords.

To assign a password to a document: select a document and then go to **Documents > Password Protection** from the Document Manager menu bar (or right-click a file and select **Password Protection**). In the **Password Protection** window, enter the password twice and click **Save**.

To open a password-protected document: double-click the file (or right-click the file and then click **Open**). Enter the password and click **OK**.

To remove a password: right-click the file, select **Password Protection**, and in the **Password Protection** window, enter the password in the **Enter OLD Password** field and click **Save**. (Leave both **NEW Password** fields blank.)

To change a password: right-click the file, select **Password Protection**, and in the **Password Protection** window, enter the old password in the **Enter OLD Password** field. Enter a new password twice. Click **Save**.

NOTE Document Manager passwords have an eight-character limit and are case-sensitive.

Sharing Documents

To share documents in a client's folder, from the Document Manager menu bar:

Copy to Location:

1. Select a document in the document pane to share.
2. From the menu bar, go to **Documents > Share Document > Copy to Location**
3. From the drop list at the top of the **Select Location to Copy Files To** window, browse to the location where you wish to save the file.
4. Click **Save**.

NOTE You can also select a document, then click the arrow next to the **Copy** button on the toolbar, and choose **Copy to Location**.

Attach to Email:

1. Select a document in the document pane to email.
2. From the menu bar, go to **Documents > Share Document > Attach to Email**.
3. In the **Untitled - Message** window, enter the addressee, subject, and any text to email body.
4. Click **Send**.

NOTE You can also select a document and then click the **Email** button from the toolbar.

Upload to Portal:

1. Select a document in the document pane to upload to SecureFilePro.
2. From the menu bar, go to **Documents > Share Document > Upload to Portal**.
3. In the **Portal Login** window, enter the **Portal username** and **Portal password**.
4. Click **OK**. (For details on using SecureFilePro, see "SecureFilePro" on page 425.)

NOTE You can also select a document and then click the **Portal** button from the toolbar.

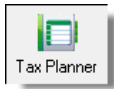
Tax Planner

The Drake Tax Planner helps you assist your clients in planning for the future. By comparing the client's current tax situation to different scenarios that could occur—such as marriage, the birth of a child, buying or selling a house, change in income—clients can see how these changes can affect their finances and tax liability. Because the different scenarios are set up using the same Drake **Data Entry Menu** and data-entry screens you're already familiar with, building your different scenarios is quick and easy.

The Tax Planner is installed when you install Drake.

Opening the Tax Planner

Open the Tax Planner from data entry:



1. Open a client's return.
2. Click the **Tax Planner** icon from the **Data Entry Menu** toolbar.

Tax Planner Window

The **Tax Planner** window displays a toolbar, the original return, and any planners (or “scenarios”) you create (Figure 13-13).

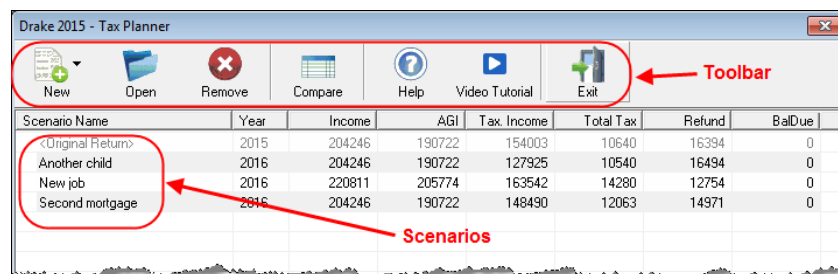


Figure 13-13: Tax Planner toolbar and scenario pane

The items on the toolbar are explained in Table 13-3.

Table 13-3: Toolbar of the Tax Planner

Tool button	Function
New	Click New to begin new scenarios for different tax years, or to plan a new scenario based on a previous scenario
Open	Click Open to open data-entry screens to set up various scenarios, or to open the client's original return
Remove	Select a scenario from the scenario pane and click Remove to delete the scenario.
Compare	Click Compare , select up to three scenarios, and click Compare again to compare the chosen scenarios to the client's current tax situation based on the original return.

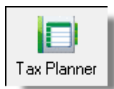
Table 13-3: Toolbar of the Tax Planner

Tool button	Function
Help	Click Help to get explanations and direction for using the planner
Video Tutorial	Click to see a short video tutorial on the basics of using the Tax Planner
Exit	Click Exit to close the planner and return to Drake data entry.

Working in the Tax Planner

The first step in working with the Tax Planner is to create various scenarios. After you've created the scenarios, you make changes to the scenarios (such as in a potential change in marital status, number of dependents, amount of income, etc.), then compare them to taxpayer's original return to see what effect the projected changes would make to the taxpayer's current financial and tax situation.

Creating Scenarios



To begin creating scenarios to compare to the original return, follow these steps:

1. Open a client's return in Drake.
2. Click the **Tax Planner** button on the **Data Entry Menu** toolbar to open the **Tax Planner** window.
3. Click **New** from the **Tax Planner** toolbar and choose a tax year (Figure 13-14).
4. In the **Tax Planner Creation** window, enter a name for the scenario and click **OK**. Create as many scenarios as you wish.

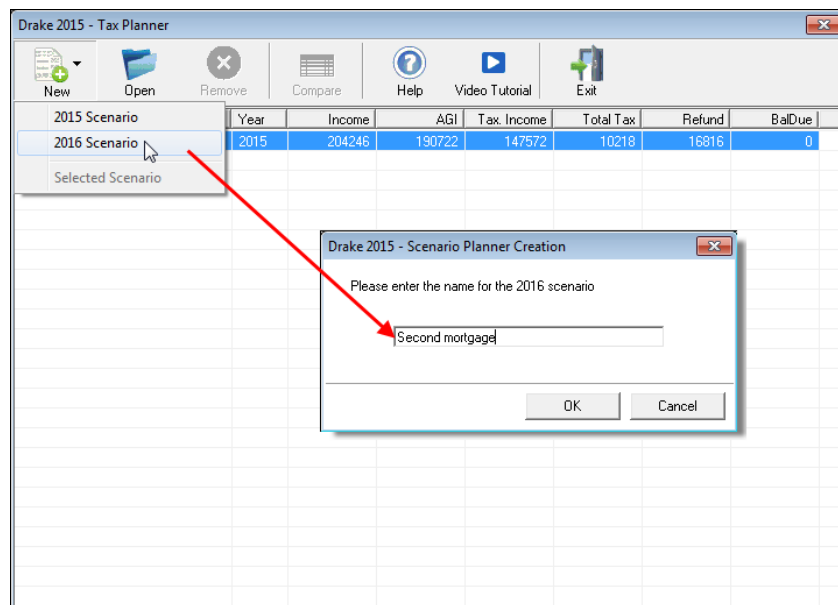


Figure 13-14: Click **New**, choose a tax year, and then name the scenario

Varying Scenarios

You can make different versions of a scenario. For instance, you might make a scenario in which the taxpayer has a child. You could make another version of that same

scenario in which the taxpayer has two children, or has a child and buys a house, or has a change in income.

To make various versions of already-created scenarios:

1. Select a scenario from the scenario pane.
2. Click the **New** button, and from the drop list, click **Selected Scenario**.
3. Enter a name for the new scenarios and click **OK**. This makes a copy of the original scenario that you can adjust. See “Setting up Scenarios,” following.

Setting up Scenarios

After you've created as many scenarios as you like, it's time to set up the scenarios by changing, adding, or removing data from screens likely to have an impact on the customer's tax situation. For example, for the birth of a child, you would most likely fill out or add to screen **2 (Dependents)** in Drake, maybe screen **2441 (Child Care Credit)**, and possibly screen **A (Itemized Deductions)**.

To set up a scenario, follow these steps:

1. From the **Tax Planner** window, click a scenario then click **Open**.

NOTE A reminder that you are in a Tax Planner scenario and not the original return appears in the lower-right corner of the **Data Entry Menu**.

2. From the **Data Entry Menu**, choose the screens you want to add or change.
3. When you're finished setting up the scenario, calculate the scenario (click **Calculate** from the toolbar).
4. Close the **Calculation Results** window.
5. Click the **Tax Planner** button to return to the **Tax Planner** window.

NOTE If you are in a scenario and want to go to the original return, click **Tax Planner**, select **Original Return** from the **Tax Planner** window, and click **Open**.

Comparing Scenarios

When you have finished creating and setting up different scenarios and you want to compare them to the taxpayer's original return, follow these steps:



1. Click **Compare** from the **Tax Planner** toolbar.
2. In the **Scenario Comparison Selector**, choose up to three scenarios to be compared to the original return.
3. Click **Compare** to open the Tax Scenario Planning Comparison worksheet in View mode (Figure 13-15 on page 418). Print the worksheet, email it, or send it to the Document Manager from View mode.

NEW FOR
2015

The **Tax Scenario Planning Comparison** worksheet (Figure 13-15 on page 418) note that the DoubleCheck feature is available. For more information, see “DoubleCheck” on page 251.

Tax Scenario Planning Comparison				
Name(s) as shown on return				
William Carter				
	Original Return	Another child	New job	Second mortgage
Filing Status	2	2	2	2
Number of Exemptions	7	8	7	7
Income:				
Wages, salaries, tips, etc	190,345	190,345	202,466	190,345
Taxable interest and dividends	11,479	11,479	11,479	11,479
Business Income (loss)	27,368	27,368	38,479	27,368
Gains (losses)	1,069	1,069	1,069	1,069
Pension and IRA distributions	55	55	55	55
Rental & Pass-through Income (loss)	-18,168	-18,168	-29,279	-18,168
Farm Income (loss)	-1	-1	-1	-1
Taxable Social Security Income				
Other Income	-12,345	-12,345	-7,901	-12,345
Total Income	199,802	199,802	216,367	199,802
Adjustments to Income:				
Self-Employment Tax Adjustment	1,930	1,930	2,334	1,930
IRA deduction				

Figure 13-15: Comparing scenarios to original return

NOTE For 2016 scenarios, the calculations are adjusted based on the 2016 inflation indexed numbers.

Client Write-Up

Client Write-Up (CWU) is used for bookkeeping, payroll, direct deposit, accounts payable (includes a check writer), accounts receivable, and e-filing options at no extra cost for customers who purchase the unlimited version of the tax software. (Customers using the Pay Per Return version of Drake Software must pay an extra fee.) CWU prepares and prints both live and after-the-fact payroll, produces client invoices and records payments from them, and produces most federal income statements (94X, W-2, 1099) and unemployment insurance (UI) reports. CWU e-files Forms 940, 941, 943, 944, and 945 and prepares e-files for W-2 and 1099 submissions. Most state UI reports and some state withholding and income reports can be produced, and an e-file option is available for some states. Other available reports include multi-column profit and loss reports, pre-posted reports, comparative or single-column balance sheets, and payroll reports. Templates allow easy creation of a Chart of Accounts, and an export function transfers selected balances into Drake's tax software.

CWU is shipped on every release of Drake Tax and is free with the unlimited version (clients using the Pay Per Return version must pay an extra fee). Install CWU from your Drake Software CD or from the Drake Support website. (Go to *Support.DrakeSoftware.com*, and from the blue sidebar menu, go to **Resources > Download Center**.) A manual is also available on the CD or for download from the Drake Support site. (Go to *Support.DrakeSoftware.com* and from the blue sidebar menu, go to **Training Tools > Manuals**. Scroll down to the **Client Write-Up Manuals** section and select a year.)

Additional Products

GruntWorx and SecureFilePro are separate programs designed to integrate with Drake Software to make storing, accessing, and manipulating large numbers of documents easier.

GruntWorx

Use GruntWorx to organize your clients' supporting documents in a single bookmarked PDF file. You can also import data from certain federal forms directly into Drake's tax software.

NOTE

There are several GruntWorx articles available in the Drake Knowledge Base. Go to *Drake.Support.com*, select **Resources > Knowledge Bases**, and select **Browse**. For the article "tree" to the left, click the [+] sign next to **Drake Software** and scroll down to **GruntWorx**.

GruntWorx offers three products to handle these tasks: *Organize*, *Populate*, and *Trades*.

- **Organize** — With *Organize*, a stack of scanned-in client source documents can be automatically organized for you. No organizing the documents pre-scan, no leafing through the pages to make sure they're all facing the same direction, and no pulling out documents they are irrelevant to the tax return. Scan the documents, send them to GruntWorx, and receive a PDF with your documents classified, organized, and bookmarked. For clients with multiple federal tax forms (such as W-2s, W-2-Gs, 1099s, K-1s), this feature can save time shuffling papers and organizing these documents yourself. You can also scan receipts, logs, and handwritten notes in the GruntWorx PDF file. IRS documents are saved in the PDF in the following order:
 - "Income" documents
 - "Adjustments" documents
 - "Deductions" documents
 - "Credits" documents
 - "Supporting" documents (not otherwise classified)
 - "Poor Quality/Handwritten Notes"

NOTE

Organize Lite allows you to take advantage of the Organize product with two key differences: turn-around time and price. For \$99 (unlimited for one tax season) Organize Lite provides all the features and benefits of original Organize product, minus the human data validation. With acceptable scan quality, you receive an organized, searchable PDF document in minutes, and it is stored directly in your client's folder within Drake. Purchase GruntWorx Lite through the Drake Support website (*Support.DrakeSoftware.com > My Account > GruntWorx Integration*). Organize Lite is available for individual returns only.

Populate — With *Populate*, the data contained in thousands of tax forms—including Form 1095-A, Health Insurance Marketplace Statement—can be extracted from the forms and imported directly into Drake Software, saving you data entry time and

expense. *Populate* extracts data from scanned source documents and from your proformas so you can import the data into Drake with a few key strokes.

NOTES

- The No.1 cause of problems encountered by customers comes from poor scanning techniques or from scanning unreadable documents. Become familiar with "Proper Scanning" on page 421.
- Unreadable or handwritten data on a supported form will not be imported.
- **Trades** — With *Trades*, you can quickly and easily manipulate trade data, perform calculations within the spreadsheet, and import the data into Drake. Stock sales from consolidated 1099s and stand-alone 1099-Bs can be extracted, put into an Excel file, and imported into Drake Software through a process similar to Drake's Form 8949 Import function. (From the **Data Entry Menu** toolbar in Drake Software, click **Import > Form 8949 Import/GruntWorx Trades**.)

GruntWorx Payment

Payment for most GruntWorx products is through the use of tokens. Each use of a GruntWorx product costs one token. For instance, it costs one token to organize a client's documents using *Organize*, and it costs another token to add *Populate* for the same client. Adding *Trades* to import brokerage data costs one additional token for every 25 trades.

To purchase tokens, go to *Support.DrakeSoftware.com*, (or, from the toolbar of the tax software's **Home** window, click **Support > Drake Software Support Website**, to open the **Support** Web page. From the blue sidebar menu on the **Support** page, select **My Account > GruntWorx Integration**. Scroll down to **Purchase GruntWorx Tokens** and click **Buy Now**.

The retail price is \$5 per token (sold in multiples of 10 only) with the per-token price decreasing for larger purchases. (See Table 13-4.)

Table 13-4: GruntWorx Tokens and Drake's Discounted Costs

Tokens	Discount Cost	Per Token
10	\$50	\$5
50	\$200	\$4
100	\$350	\$3.50
150	\$487.50	\$3.25
250	\$750	\$3
500	\$1,250	\$2.50

NOTES

Tokens are good for two tax seasons, based on time of purchase. Purchasing period is from April 16 through the following April 15.

Tokens purchased in different years are spent in a “first in, first out” order, meaning the older tokens are automatically used first.

Master EFINs can purchase tokens for their sub-EFINs or allow the sub-EFINs to purchase their own tokens.

GruntWorx Process

IMPORTANT

Add all the necessary documents before submitting a job to GruntWorx. You cannot amend, or submit an addition to, an already submitted file; instead, you would have to resubmit the entire file as a new job and pay the appropriate amount in tokens.

Proper Scanning

It's hard to over-emphasize the importance of proper scanning practices. Proper scanning has the greatest impact on accuracy, turn-around time, and customer satisfaction.

- Make sure your scanner is TWAIN compliant.
- Use the correct scanner settings: Scan to 600 DPI (recommended) and not lower than 300 DPI.
- Scan to black and white (monochrome), not color or gray scale.
- Scan all documents to .PDF format.
- Scan the document at its original size.
- Scan multiple-page documents together. Documents such as consolidated 1099s and K-1s, should be submitted in logical order.
- Scan each document to its own page.
- For best results, scan the original source document as received by the client. Avoid using copies of client documentation, particularly faxed copies.
- Do not upload files with Read/Write/Password protection
- Avoid submitting documents with faint or faded text. Not all original tax documents are suitable for processing by GruntWorx Organize and GruntWorx Populate.
- Do not use special characters when naming your .PDF files. PDF file names containing ampersands (&) and apostrophes (') can create problems when being processed by GruntWorx.

Uploading Files

You can upload documents from a single client or do “batch” uploads—submitting documents from several clients at once. Select documents from the various clients’

files of the DDM Working Cabinet document pane, or scan new documents not previously saved.

NOTES

Document-feeder scanners are recommended for use with GruntWorx. For special pricing on Fujitsu scanners for Gruntworx customers, go to 1st-in-scanners.com/gruntworx.

For more on recommended GruntWorx-compatible scanners, go to gruntworx.com/support/scanning/.

Selecting Documents

To select documents for uploading to GruntWorx, take the following steps (These steps will vary with Organize Lite):



1. Open GruntWorx by clicking the icon on the toolbar of the **Home** window of Drake. The **GruntWorx** window is opened. (See Figure 13-16 on page 423.)
2. At the top of the **Submit Jobs** tab, select a client from the **Step 1–Job For** drop list. (You can scroll down the drop list or begin typing an individual client's last name or a business's first name in the **Job For** field.)
3. In the **Step 2–Job Options** section, select **Populate** and/or **Trades**. (Each job automatically includes the Organize option and costs one token. Populate and Trades each cost an additional token.)
4. In the **Step 3–Files to Submit with job** section, click **Add Files** and browse to the location of the files you wish to upload. Select a document and click **Open**. Select as many documents as you wish.
5. For documents not already saved to your computer, put the documents in your scanner and click **Scan**. (Select **Duplex Scanning** if your scanner offers that option.) The scanned document is also saved to the client's "GruntWorx" folder.
6. To remove a document from the **Files to submit with job** pane, select the document and click **Remove**.
7. To have GruntWorx notify you when the jobs (Organize, Populate, or Trade) are complete, mark the **Step 4 (Optional)** check box and enter your email address.
8. When all documents have been selected, click the **Step 5 Ready** button.

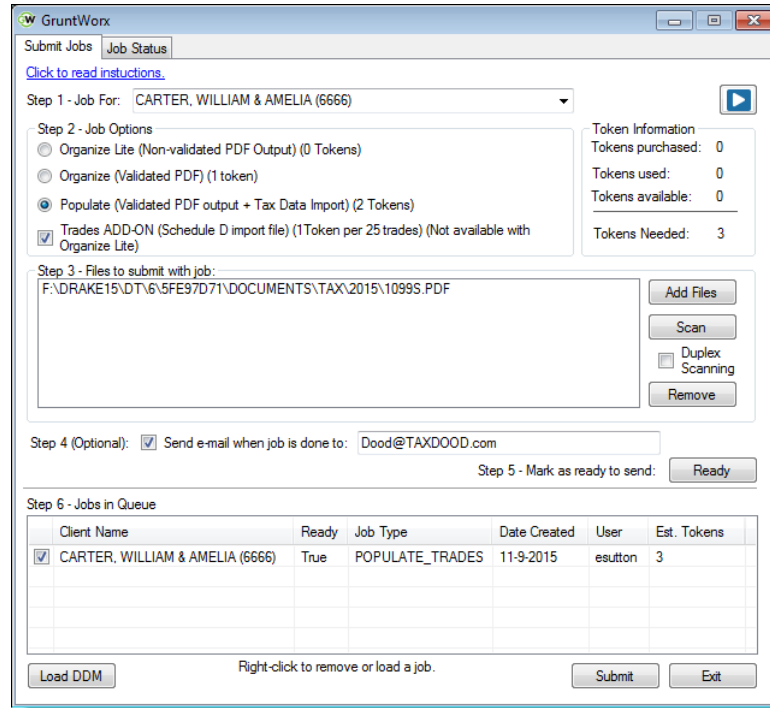


Figure 13-16: GruntWorx window for submitting jobs

To upload documents for another client, repeat steps 2-8.

NOTE

If you opened GruntWorx from the **Home** window and wish to open your DDM, click the **Load DDM** button on the lower left corner of the **Submit Jobs** tab. (See Figure 13-16.)

Job Size A single GruntWorx job is limited to:

- No more than 10 PDF documents. If you have more than 10 PDF documents, you must merge them into fewer files.
- No more than 244MB. The size of all PDF files in a job cannot exceed that limit.

NOTE

Upload time is related to the size of the job and the speed of your Internet connection. Large jobs may result in long upload times.

Submitting Jobs

To submit jobs to GruntWorx:

1. In the **Step 6—Jobs in Queue** list at the bottom of the **Submit Jobs** tab, place a check mark in the box to the left of the name of all client jobs to submit (Figure 13-16).
2. Click **Submit**.

Other items of note on the **GruntWorx** window:

- The **Click to read instructions** link near the top of the window offers instructions on how to select and upload files.

- The number of tokens you have purchased, used, have available, and that you're spending on the current job are listed to the right side of the window in the **Token Information** section. Amounts are adjusted after each job and with each purchase of new tokens from *Support.DrakeSupport.com*.

NOTE Only PDF documents may be uploaded.

Job Status The amount of time it takes to upload documents can range from a few minutes to several hours, depending on the number of documents you're uploading. To check on the progress of the upload, click the **GruntWorx** button, and from the GruntWorx window, select the **Job Status** tab. (Figure 13-17)

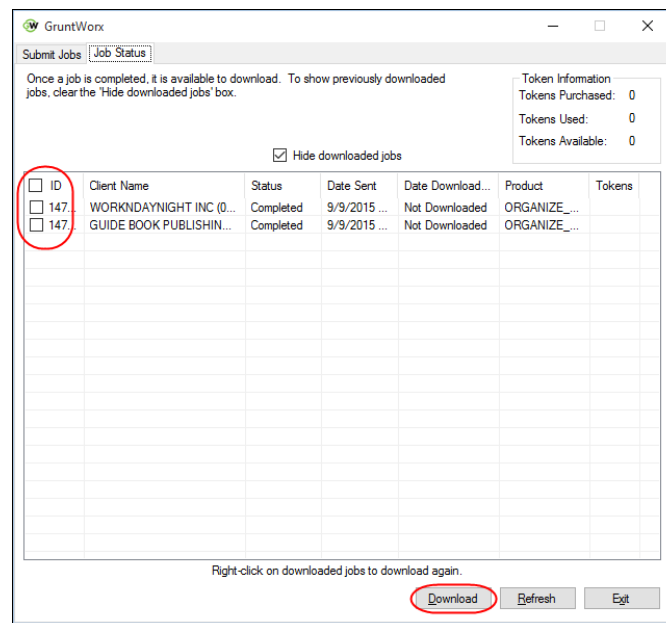


Figure 13-17: Checking on status of uploaded job

In the **Status** column of the **GruntWorx Status** dialog box, one of these statuses is listed:

- **Failed** — A transmission failure stopped the download.
- **Pending** — The upload to GruntWorx is still in progress.
- **Completed** — The upload to GruntWorx is complete but you have yet to download the completed job back to your computer.
- **Downloaded** — The job has been downloaded to your computer and the job is complete.

When the **Status** is **Completed**, select the job to download by marking the check box on the left of the client's name, and click **Download**. (Circled in Figure 13-17.) You can click the check box at the top of the **ID** column to select all listed jobs for download

Click **Refresh** to update the window.

Note that in the upper-right corner of the **GruntWorx Status** dialog box is a running tally of the number of tokens purchased, the number used, and the number remaining.

Video link 

For more information on GruntWorx, click the blue video link at the top of the **Submit Jobs** tab to see a tutorial.

Contact GruntWorx (email GruntWorxsupport@drakesoftware.com or call (828) 349-5505).

SecureFilePro

Available to users of either the Working Cabinet or the Archive Cabinet, SecureFilePro is an HTTPS file-sharing site that allows you to send and receive documents on your own secure Web portal. Think of it as a document exchange site for you and your clients. You can upload to SecureFilePro any documents that you have saved, imported, scanned, and stored in your Drake files, and your clients can go to the SecureFilePro website to view or download those documents. Your clients can also upload files to the portal for you to retrieve.

Other features of SecureFilePro include:

- An activity report that shows, at a glance, who has accessed which accounts and what has been uploaded and downloaded from the site
- Automatic alerts emailed to your clients when their documents (such as their tax returns) are available for viewing or downloading
- Automatic alerts when you are reaching the limit of your file-storage capacity
- Email customization allows clients to:
 - Change certain text within the automatic emails
 - Add/remove a logo
 - Customize instructional paragraph for new and existing clients
 - Add additional paragraphs, and add footer information to emails
- Administrators and preparers can now folders and upload files to “Documents to Preparers.”
- Users with access can rename and delete added folders. The default folders cannot be changed or deleted.
- Site Branding: Logos can be placed left or right of the Firm Name.
- File expiration settings allow our clients to set a date to expire all files.
- Move/Copy feature allows clients to move or copy to a new target location.
- A download indicator was added. When a file has been downloaded, the date and time the download was completed will show in the file information.
- An unlimited number of files is allowed in the following folders:
 - “Document to Clients”
 - “Documents to Preparers”
 - “Private” (administrator and preparers only)
 - “Public”

SecureFilePro Sign-up and Costs

Sign up for SecureFilePro from the Drake Support website (go to *Support.DrakeSoftware.com* or click **Support > Drake Software Support Website** from the Drake Software **Home** window). From the blue menu box to the left side of the Support web page, select **Resources > SecureFilePro**. Follow the onscreen directions to set up an administrative account and to add employees and clients who will have access to the site.

The cost of using SecureFilePro is determined by the number and size of the documents you upload and save there. Prices are as follows:

- \$9.95 monthly (\$99.95 annually) for a 250-Mb portal
- \$19.95/\$199.95 for a 1-Gb portal
- \$29.95/\$299.95 for a 5-Gb portal

Accessing SecureFilePro

Once your account has been set up and made accessible, you and your clients can access your clients' information from the SecureFilePro website (*www.securefilepro.com*). You and your staff can also access SecureFilePro through the Document Manager by clicking the **Portal** button from the **Document Manager** toolbar. (Figure 13-18).

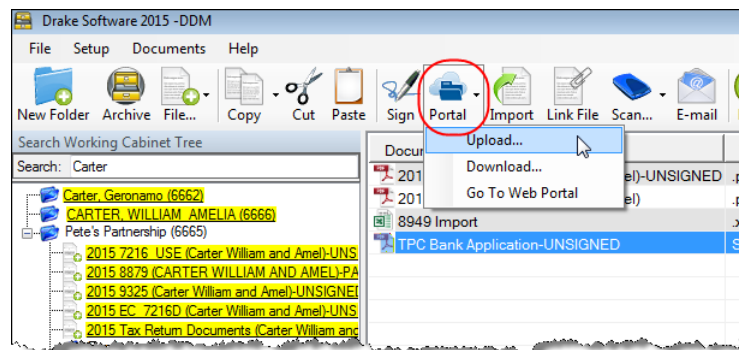


Figure 13-18: Click **Portal** to upload or download documents to and from the SecureFilePro portal.

Uploading and Downloading Files

IMPORTANT

Before you can upload and download files using SecureFilePro, you must set up both your portal and your system. To set up your portal, go to *www.secure-filepro.com* (or from your Document Manager toolbar, click **Portal**, and from the **Portal Login** window, click **Sign Up**.) Follow the directions for setting up your folders and your clients' folders, login and password options, and email addresses.

(Archive Cabinet only) To set up your system, from the **Document Manager** menu bar, go to **Setup > Options**, and at the bottom of the **Document Manager Options** dialog box, enter your Drake account number, EFIN, and Drake password.

Uploading Files

To upload files from the Document Manager to SecureFilePro:

1. Open the Document Manager. (Click the **Doc Mgr** icon from the **Home** window, any **Data Entry Menu** toolbar, or your desktop.)
2. From the client tree, open a client's folder.
3. From the **Document** pane, select the files to be uploaded.
4. Click the **Portal** button from the toolbar and select **Upload**.
5. Enter the **Portal username** and **Portal password** you set up with *SecureFile-Pro.com*. Click **OK**.
6. When the **Folder List For (client name)** window is opened, select a folder to receive the uploaded file and click **Upload**.
7. When the **Portal Upload Result** window is opened, click **OK**.

Downloading Files

To download files from a client:

1. From the Document Manager toolbar, click **Portal** and select **Download**.
2. Enter the **Portal username** and **Portal password** you set up with *SecureFile-Pro.com*. Click **OK**.
3. In the **Folder List for (client name)** window, select the item to be downloaded and click **Download**.

The file is downloaded to that client's Document Manager folder.

Guest Exchange

In 2016, SecureFilePro will offer an additional way to share and receive files. "Guest Exchange" provides a convenient and secure way for you to send and receive files without having to create and set up a SecureFilePro client account.

Files are sent using the new Guest File Exchange feature of your portal, where you can also view and manage your incoming and outgoing file exchanges.

In Drake, you can go to the Document Manager, and from the toolbar, click **Portal** and select **New Exchange** from the drop list.

When you send your client a file through Guest Exchange, the client receives an email containing a hyperlink that gives him or her access to the file online. The client has to simply click the link and enter his or her email address and last four digits of his or her SSN to access your file. Like the account-based features of SecureFilePro, you control file expiration, which enables you to control the amount of storage you need.

Guest Exchange acts as a separate feature of your portal, and is not integrated with the client account side of the portal. Take advantage of one or both of these file sharing modes.

14 New Features in Other Packages

This chapter lists some of the new features you'll see in Drake's corporation (1120), S corporation (1120S), partnership (1065), tax-exempt (990), fiduciary (1041) and estate (706) packages. Details for using these packages will appear in the supplemental manuals, to be published early in 2016.

Multiple Packages

The following changes affect several of the business packages (as noted):

Short-Year Return Screen

Screen Code:
YEAR

(1120, 1120S, and 1065 packages) In the past, short-year return election information and certain other elections made by business entities were entered in Drake on the **ELEC** screen. Starting this year, short-year return election information is entered on the **YEAR** screen, available on the **Miscellaneous** tab of the **Data Entry Menu** or from a **ShortYear** link on screen **1**.

On the **YEAR** screen, make your 52-53-week elections. If necessary, make a selection from the **Other short-year election reason** drop list, and use the new **Explanation** text box for details on your reasons for filing a short-year return.

The **ELEC** screen will be otherwise unchanged.

EF "ACK" Page

(1120, 1120S, 1065, and 1041 packages) Similar to federal Form 9325, Acknowledgment and General Information for Taxpayers who File Returns Electronically, generated with 1040 returns, the federal and state business packages now generate an "EF_ACK" page for the main forms of federal returns and "(ST)EF_ACK" page for the main forms of state returns.

This is a Drake-generated form that serves the same purpose as Form 9325: an acknowledgment that a return has been transmitted through Drake and received by the IRS or the applicable state agency.

When a return is e-filed and you receive a "P" ack (indicating that the return is being processed), the top section of the EF_ACK is completed, noting the name and address of the client, the return type, the ERO who transmitted the return), and a check mark indicating the return was *received* by the IRS or applicable state agency.

When the return has been accepted—when you download and process your acknowledgments and receive an "A" ack—the second section of the EF_ACK is generated,

indicating the return was *accepted* by the IRS or state agency and the date the return was accepted. The submission ID number is also included.

Expanded Officer/Partner Information

(1120S, 1120, 1065, 1041, 990 packages) Drake has added a **Suffix** drop list and **Professional** text box to the officer or partner information sections of the **PIN** screens in all the business packages, to the **1125-E Officer Information** screens in the 1120S and 1120 packages, and to the **OFF** screen in the 990 package. These new fields allow you to enter such designations as “Jr.,” “Sr.,” “III” to the name of the partner or corporation officer, and such professional designations as “Dr.” or “Ret.”

Royalties Worksheet

(1120S and 1065 packages) A new worksheet for reporting royalty expenses and income was added to the S Corporation and Partnership packages.

Instead of generating Form 8825, Rental Real Estate Income and Expenses, when royalty income and expenses are listed on screen **8825** (and **Royalties** is selected from the **Type of property** drop list), Drake now generates the Royalty Worksheet (“WK_SROY” in View mode).

When an 1120S return is viewed, instead of the royalty income and expenses flowing to box 2, “Net rental real estate income,” of Schedule K-1, gross royalties flow to Schedule K, line 6, “Royalties,” and expenses to Schedule K, line 13d, “Other deductions.” These amounts are also on the Royalty Worksheet.

When a 1065 return is viewed, instead of the royalty income and expenses flowing to box 2, “Net rental real estate income,” of Schedule K-1, gross royalties flow to Schedule K, line 7, “Royalties,” and expenses to Schedule K, line 13d, “Other deductions.” These amounts are also on the Royalty Worksheet.

Form 8825 isn't generated unless it is otherwise needed.

Screens K and KFT

(1120S and 1065 packages) To promote greater accuracy in allocating Schedule K data to the individual partner's Schedules K-1, and to improve the detailed statements provided to shareholders or partners on their K-1s, Drake has made several enhancements to the S Corporation (1120S) and Partnership (1065) packages for 2015.

Screen K Among the biggest changes is streamlining and consolidating data entry for Schedule K line items with a redesigned screen **K**. Screen **K** is now a “tabbed” screen, with separate tabs for data entry of **Income**, **Deductions**, **Credits**, **AMT and Basis**, and **Other Information** (circled in Figure 14-1 on page 431).

Line	Description	Amount	SA Link
1	Ordinary business income (loss)		SA
2	Net rental real estate income (loss)		Form 8825
	Disposition of property from rental real estate activities (8825, Line 19)		SA
	Net rental real estate income (loss) from pass-through entities (8825, Line 20a)		SA
3c	Other net rental income (loss)		RENT Screen
4a	Guaranteed payments		SA
4b	Portion of 4a allocated for other than services and not subject to SE tax		SA
5	Interest income		SA
6a	Ordinary dividends		SA
6b	Qualified dividends		SA
7	Royalties	6060	SA

Figure 14-1: Screen K is now tabbed (circled at the top of the screen (1065 package is displayed here; 1120S package differs slightly)

Each of the tabs includes more “Other” items, such as “Other” income, “Other” deductions, “Other” credits, allowing a more detailed supplemental K-1 statement than ever before. (Figure 14-2).

Schedule K-1 Supplemental Information		2015
Partner's name	William Carter	Partner's ID Number 400-00-6665
Name of Partnership	Partners In Grime	Partnership EIN 41-4141414
Line 11 - Other Income (Loss)		Statement #99
Code	Description	Amount
F	Sale of qualified prefer. stock of Fannie Mae or Freddie Mac	309
F	Recoveries of tax benefit items (Section 111)	1,111
F	Gambling gains(losses) subject to section 165(d) limits	1,358
F	Disposition of int. in oil, gas, geo. or other mineral prop.	1,697
F	Gains from disposition of farm recapture property	255
F	Section 751(b) gain(loss)	1,136
F	Specially allocate ordinary gain (loss)	2,219
F	Gain (loss) from Sch D, line 7 or 15 - NOT portfolio income	1,414
Total		9,499
Line 13 - Other Deductions (Loss)		
Code	Description	Amount
I	Deductions - royalty income	583
Total		583
Line 20 - Other Information		
Code	Description	Amount
A	Investment income	4,015
Z	3468 Line 5a	3,086
Z	3468 Line 5b	278
Z	3468 Line 5c	556

Figure 14-2: More detailed statements with Schedule K “Other” items

Multiple Foreign Transactions

(1120S and 1065 packages) Information on foreign transactions is now entered on a separate **KFT** screen, accessible from the **General** tab of the **Data Entry Menu** or from a link on the **Credits** tab of screen **K**. Through the **KFT** screen, you can now report multiple foreign transactions. (Press PAGE DOWN for a new **KFT** screen.)

Screen Code: **KFT**

In addition, Drake now generates a “Foreign Transaction Statement,” shown as “WK_FTRP” in View mode (see Figure 14-3 on page 432), that lists all of the partnership’s foreign transactions, or a “Foreign Transaction Statement” shown as “WK_FTRS,” listing all the foreign transactions for an S corporation. A separate “K-1 Foreign Transaction Statement” (K1_FTRP or K1_FTRS) is generated, reporting these foreign transactions for the individual partner or shareholder.

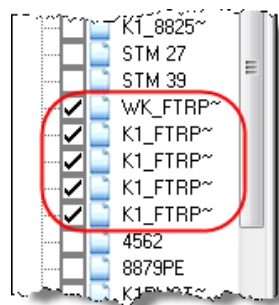


Figure 14-3: New Foreign Transaction statements for 1065 and 1120S

See “Special Allocations,” below, for additional enhancements to Schedule K reporting in partnership returns.

General Business Credits

(1120, 1041, and 990 packages) Screen **3800** (General Business Credits) and screen **GBC** (General Business Credits Carryforwards and Carrybacks) have been enhanced and improved to simplify the way you enter claims for business credits and enter credit carryforwards and carrybacks. Screen **3800**, screen **GBC**, and the new **CRED** (in the 990 package only) can be accessed from the **Credits** tab of the **Data Entry Menu**. (In the 1120 package, these screens are found on the *first Credits* tab.)

Use screen **3800** to claim current-year business credits that are not supported by Drake Software.

Use screen **GBC** for reporting general business credit (GBC) and eligible small business credit (ESBC) carrybacks and carryforwards, and to enter passive activity credit carryforwards.

For tax-exempt entities, use the new **CRED** screen if you want to enter current-year pass-through credits from pass-through entities (optional).

For details on using the **3800** and **GBC** screens in the 1040 package, go to “General Business Credits” on page 183. Details for using these screens in the business packages will be available in the business supplements, to be published Winter 2016.

Other Changes to the Business Packages

Other changes made that affect the business packages in Drake include:

Partnership Package (1065)

Along with the screen **K** changes and the addition of screen **KFT** (see “Screens K and KFT” on page 430), we have made the following addition to the 1065 package for making special allocations to the partners.

Special Allocations

In the 1065 package, we’ve made it easier to override the calculated amounts of Schedule K items that are allocated to partners on Schedule K-1.

The K-1 override fields that use to be on the **K1** screens and were used to allocate amounts to partners have been removed. On the new **Special Allocation** screen

(Figure 14-4), reached by clicking an **SA** link on screen **K**, you can override the allocation any of the items on screen **K** for any or all of the listed partners.

For example, in Figure 14-4, the calculated allocation to the partners of **Qualified Dividends** (#1) of \$98,765 is being overridden in **Dollar Amounts** (#2). As the allocations are entered in the **Dollar Amount** column, the program shows the percentage of the total that equals the dollar amount allocated (#3). The program also keeps a running total of the allocated amounts and the amounts yet to be allocated (#4). To change from allocation by dollar amount to allocation by percentages, select **Percentage** (#5).

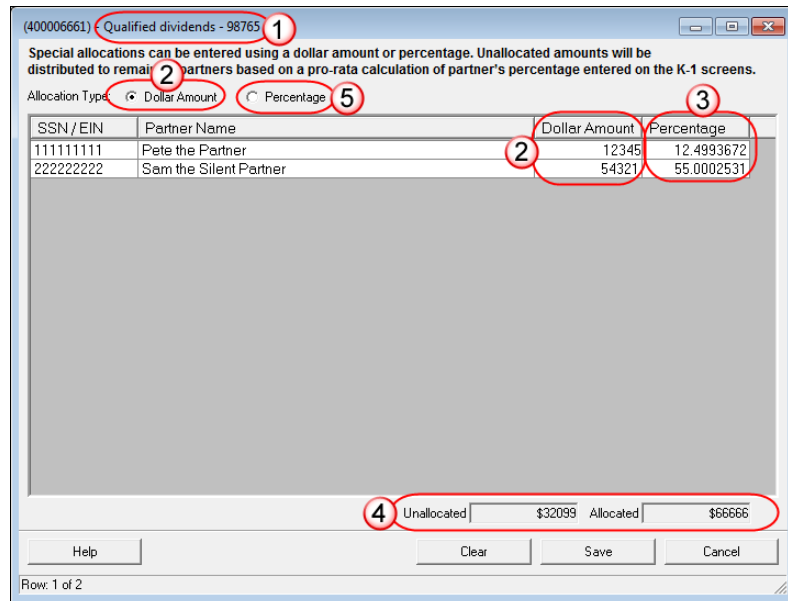


Figure 14-4: New Special Allocations (SA) screen

When the return is calculated, any amounts remaining unallocated will be allocated to the partners based on pro rata calculations of partners' percentage as entered on screen **K1**. Enter "0" for any partner to remove the partner from the pro rata distribution calculation.

NOTES

In the prior-year Drake programs, if an override was entered on the **K1** screens or using the old **SA** screen, the Section L, "Partner's capital account analysis," of the partner's Schedules K-1 was not recalculated using the overridden totals. An entry was required in the "Other adjustments" field of the Section L to reconcile the ending capital.

Now, Section L will be recalculated based on the overrides entered on the new **SA** screen.

Partners' Capital Analysis

There are also links to the **SA** screen on screen **M2**. Use the **SA** screen in this instance to reconcile Schedule M-2, Analysis of Partners' Capital, to the "Partner's capital account analysis" in section L of Schedule K-1.

Property Distributions

Links to screen **SA** are available on screen **8825** and **RENT** to allow allocation of property.

3468 Amounts The **Special Partner Allocations for 3468 Amounts** link at the top-right corner of screen **3468** opens screen **Schedule K Line 20C for Form 3468**, allowing you to allocate Form 3468 amounts to the partners.

NOTES SA screens should not be used for entering amounts on Schedule K.
SA screens cannot be used for any Schedule K line with a zero balance.

Foreign Tax Withheld

Screen Code:
8813

The new screen **8813**, Partnership Withholding Payment Vouchers, allows you to enter amounts paid by the partnership in the prior year on foreign tax withheld and to produce vouchers for making 2016 quarterly payments. The filing and mailing instructions are listed on screen **8813**.

Screen **8813** is accessible from the **Other Forms** tab of the **Data Entry Menu**.

S Corporation Package (1120S)

Form 5471 Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations has been added to the 1120S package of Drake Software. This form is used by certain U.S. citizens and residents who are officers, directors, or shareholders in certain foreign corporations. Taxpayers who must file this form are described in the IRS instructions.

If your client must file this form, go to screen **5471** (accessible from the second **Other Forms** tab) and enter the relevant information. Form 5471 will not be e-filed with the return. File by the due date (including extensions) for that return.

You will find the **5471** link on the second **Other Forms** tab.

For details on using this form, see the IRS instructions for Form 5471.

Fiduciary Package (1041)

The following changes affect the 1041 package:

Distribute Capital Gains

In the past, the only way to distribute capital gains or income to the beneficiaries was to open screen **D2** in the 1041 package and enter the amount in the **(1) Beneficiaries'** column at the bottom of the screen.

For 2015, we have added an easier way to distribute total capital gains and income to the beneficiaries.

On screen **1** of the 1041 package, mark the **Distribute all income** or **Distribute NET capital gains** check boxes (located in the **Other Information** box on the right side of the window; see Figure 14-5 on page 435) to distribute all income and/or capital gains to the beneficiaries' Schedules K-1.

The screenshot shows a software interface for the 1041 package. It features several input fields: 'Fiscal begin...', 'Fiscal end...', 'Resident state...', and 'Other information'. The 'Other information' section contains two checked checkboxes: 'Distribute all income' and 'Distribute NET capital gains'. A red oval highlights these two checkboxes.

Figure 14-5: New check boxes on screen 1 of the 1041 package

Tax-Exempt Income

We've added line 12 of Schedule B to screen 4, **Schedules A, B, & G**, as an override field. The program still does the calculation for this line on Schedule B—the amount of tax-exempt income on line 11, “Total distributions”—without an entry here, but there might come a time when you wish to override the calculated amount. You can now make that override on line 12.

Distributions for Split-Interest Trusts

Use the distribution screen (**DIST**) to the 1041 package to report distributions on Form 5227 for split-interest trusts. Access the **DIST** screen from the **5227** tab of the **Data Entry Menu**. Entries on the **DIST** screen flow to the Schedules K-1 based on percentages entered on the **K1** screens.

Form 5227 must be paper-filed.

Gift Package (709)

The following changes were made to the 709 package for generating Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return:

- When filing a MFJ return, and both spouses are donors, separate Forms 709 will be generated, one for each spouse.
- If View mode, a Return Note is generated displaying the mailing address to which all Forms 709 should be sent.
- The **ELEC** screen has been eliminated and the elections options are now available on the **Gifts** screen. Marking any of these “elections” will generate an EF Message noting the election made. This does not change the calculation of the return.
- The 709 package now supports foreign addresses.

Tax-Exempt (990) Package

The following changes affect the 990 package:

PMT Screen

An electronic payment screen (**PMT**) has been added to the 990 package for payment on Form 990PF only. The **PMT** screen can be accessed from the **Form 990PF** tab of the **Data Entry Menu**, or by entering **PMT** in the selector field and pressing **ENTER**.

By default, the program indicates that the entire balance is to be electronically withdrawn on the return due date unless otherwise indicated using the **Federal payment amount** and **Requested payment date** override fields on screen **PMT**. If the return is e-filed on or before the due date for this type of return, the requested payment date cannot be later than the due date for this type of return. If the return is transmitted after the due date, the requested payment date cannot be later than the current date.

A **Withdrawal Selection** is required if the program is to direct tax authorities to electronically withdraw funds from the foundation's account.

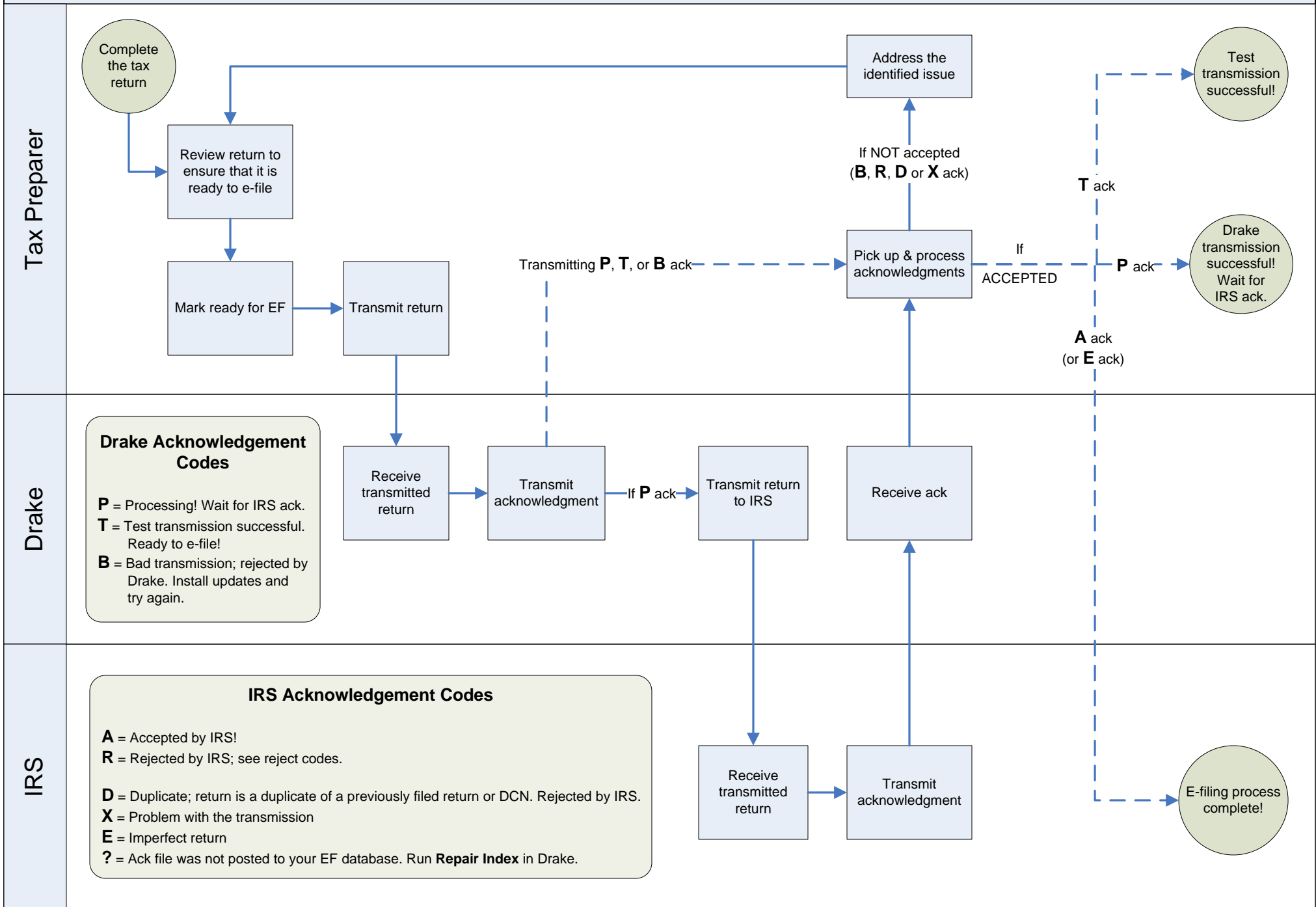
The name of the financial institution, the bank's routing number (RTN), the client's account number, and the type of account (checking or savings) are required. The RTN, account number, and type of account must be entered twice.

Finally, the **PMT** screen must indicate the return to which the payment data applies. Mark the box of the applicable return type (**990PF**, **8868**, or **Amended 990PF**).

Appendix A: e-File Overview

The flow chart on the following page shows an overview of the e-file process for most Drake preparers. Included are definitions of acknowledgment codes (“acks”).

PROCESS: E-FILING FEDERAL RETURNS



Appendix B: Keywords

Keywords are used in the Reports and Letters programs in Drake.

Report Keywords

Report keywords appear as columns in reports (Figure B-1). Reports are generated from the Report Manager.

Taxpayer Name	Return Type	Preparer Name	Preparer Number	Calculated	Opened	Refund	Balance Due	Refund Method
Inberger	1040			0	0			Receive Check
	990	Danny Dood	1	2	7			
	1040			0	0			Receive Check
Ester	1040			7	11			Receive Check
Go	1040			0	1			Receive Check
	1040			0	0			Receive Check
	1041			24	28		\$2,996.00	

Figure B-1: Report keywords appear as column headers in reports.

To view report keywords, select **Reports > Report Manager** from the **Home** window and choose to either open a new report or edit an existing report. The **Select Report Columns** section of the **Report Editor - Step 1** dialog box lists the available and selected keywords for each column category. Figure B-2 shows the keywords for the **Return Results** category.

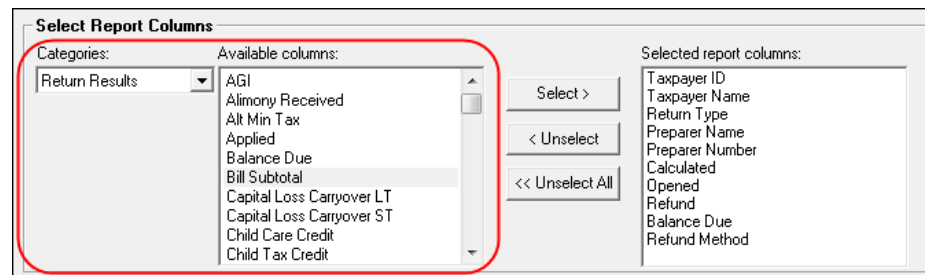


Figure B-2: Keywords are listed under available columns.

To view a keyword description, hold the mouse pointer over a selected keyword (Figure B-3 on page B-2).

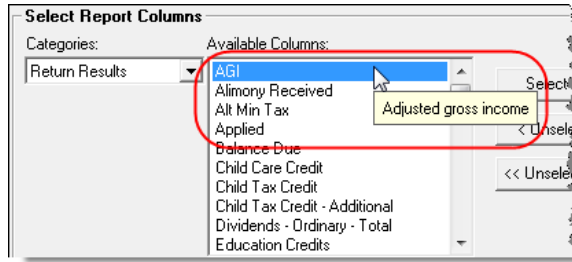


Figure B-3: Place mouse pointer over a selected keyword to see the description.

For instructions on creating and editing reports, see Chapter 12, “Reports.”

Letter Keywords

Letter keywords appear as bracketed phrases within the letter templates of the Client Communications Editor (Figure B-4).

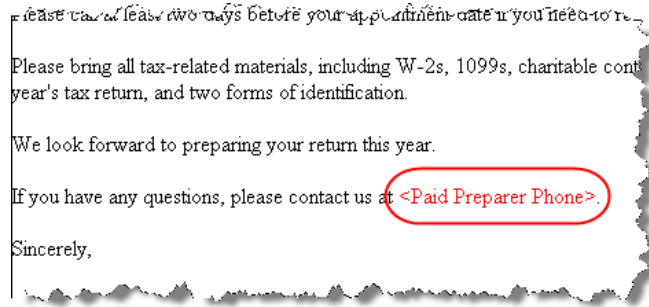


Figure B-4: Keywords from letter template

To view available letter keywords, from the **Home** window select **Setup > Communications Editor**, select any template to view, and then from the toolbar, click the **Full Edit** icon.

The tree view of the Client Communications Editor lists the keyword categories. Click [+] to view specific keywords within a category. In the example in Figure B-5, the **Prep, Firm and Revenue** category has been expanded.

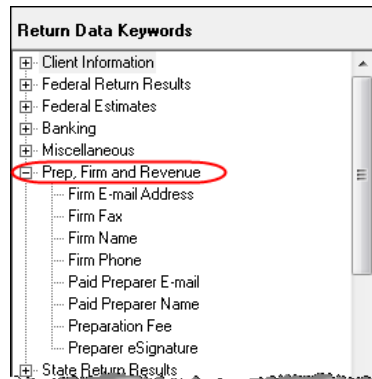


Figure B-5: Prep, Firm and Revenue keywords

To view a keyword description, hold the mouse pointer over a selected keyword (Figure B-6).

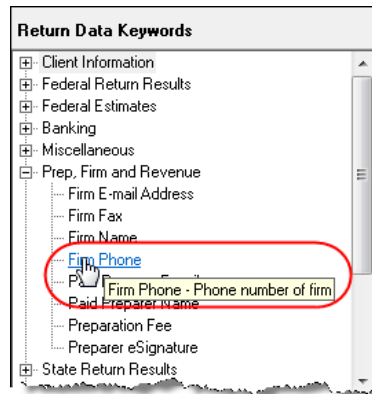


Figure B-6: Place mouse pointer over a selected keyword to see the description.

Instructions for adding and editing report columns are provided in “Introduction to Letters in Drake” on page 50.

“OtherTax” Keywords in Letters

The client result letters in the Client Communications Editor include keywords for other tax types for state and city returns, as shown in the example in Figure B-7. These “Other Tax” types generally refer to tax types other than income tax (franchise tax, composite tax, etc.) that are required by certain states and cities.

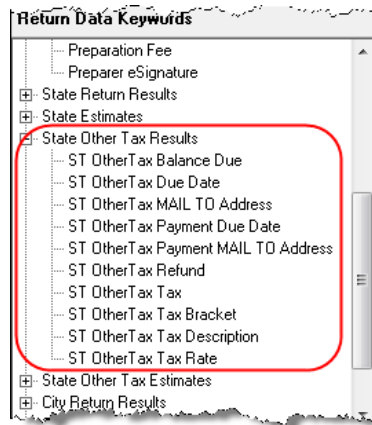


Figure B-7: Examples of “OtherTax” paragraph keywords

Table B-1-1 lists the “Other Tax” types indicated by specific letter keywords for state and city returns in the Drake tax packages.

Table B-1-1: Letter Keywords: Other Tax Types for State Packages

State or City	Other Tax Type Description
Alabama	Composite
	Privilege Tax and Annual Report

Table B-1-1: Letter Keywords: Other Tax Types for State Packages

State or City	Other Tax Type Description
Arkansas	LLC Composite
	Composite
	Composite
Colorado	Severance Tax
Connecticut	Gift Tax
	Business Entity Tax
Delaware	Composite
District of Columbia	Franchise
Florida	FL 405
	FL 1120ES
Georgia	Composite
Indiana	Business Tangible Personal Property
Kansas	Homestead
	Privilege
	Unitary
	Estate
Louisiana	Composite
Massachusetts	Unitary
	Annual Report
	Nonresident Composite
Michigan	Michigan Business Tax
	Homestead Property Tax Credit/Home Heating Credit
Minnesota	Property Tax Credit
Missouri	Kansas City
	St. Louis
New Hampshire	Business Tax
	Interest and Dividends
New Jersey	Composite
	NJ 1065
	Inheritance tax

Table B-1-1: Letter Keywords: Other Tax Types for State Packages

State or City	Other Tax Type Description
New Jersey	NJ-CBT-106
New York	IT-204-LL
	IT-214
	CT3M
	CT-245
New York City	NYC 1127 NYC Employment
Ohio	School District
	Composite
Oregon	LTD Transit
	Tri-Co
	Portland City/Multnomah Co. Business
Pennsylvania	Property Tax Rebate
	RCT-101 (SMLLCs)
	20S65
	NR Composite
Philadelphia	Business Profits Tax
	Net Profits Tax
Rhode Island	Composite
South Carolina	Withholding Tax - Nonresident Income
Tennessee	Franchise and Excise Tax
	Interest and Dividends
	Estate Tax
Texas	Franchise

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Appendix C: Keyboard Shortcuts

This appendix lists the various keyboard shortcuts available for use in Drake's tax software, Client Status Manager, EF Database, email program, calculator, and Print mode:

Table C-1: Home Window Keyboard Shortcuts

Desired Action	Keyboard Keys
Open Returns	CTRL + O
Calculate returns	CTRL + C
Print returns	CTRL + P
View returns	CTRL + V
Open recent client files	Enter 1-9
Open Quick Estimator	CTRL + Q
Open Client Status Manager	CTRL + L
Open EF Return Selector	CTRL + S
Transmit/Receive	CTRL + T
Open Drake Software Help	CTRL + F1
Exit the program	ESC

Table C-2: Navigating Through Data Entry Screens

Desired Action	Keyboard Keys
Move cursor forward one field	TAB, ENTER, or DOWN ARROW ↓
Move cursor back one field	SHIFT + TAB, CTRL + UP ARROW ↑, or SHIFT + ENTER
Move cursor with a field	LEFT ARROW ← or RIGHT ARROW →
Delete character behind the cursor	BACKSPACE
Delete character in front of the cursor	DELETE
Move to last field on the screen	CTRL + END
Move to first field on the screen	CTRL + HOME
Bring up additional data entry screens (W2, 1099 , etc.)	PAGE DOWN
Return to previous screen or exit	ESC
Go to the first position in a data entry field	HOME

Table C-2: Navigating Through Data Entry Screens

Desired Action	Keyboard Keys
Go to the last position in a data entry field	END
Navigate up and down a data entry screen	CTRL + UP ARROW ↑ or CTRL + DOWN ARROW ↓
Access View mode	CTRL + V
Access Print mode	CTRL + P
Access data entry from View or Print mode	CTRL + E
Access an action menu	Right-click in field Right-click in gray area

Table C-3: Data Entry Function Keyboard Shortcuts

Desired Action	Keyboard Keys
For field help during data entry or to verify a Social Security Number	F1, or SHIFT+?
Insert today's date in any date field	ALT+ D
Calculate a return	CTRL+ C
View a return	CTRL+ V
Print a return	CTRL+ P
Return to data entry from view or print mode	CTRL+ E
Split MFJ return to MFS return	CTRL+ S
Open a Detailed Worksheet; Access Form 4562 from the Depreciation field	Double-click, CTRL+ W, or Right-click > Add Worksheet
View preparer notes	CTRL+ R
Enter the Preparer note pad (PAD screen)	CTRL+ SHIFT+ N
Increase Declaration Control Number (DCN)	CTRL+ M
Toggle heads-down and standard data entry	CTRL+ N
Delete a data entry screen	CTRL+ D
Carry data to an amended screen	CTRL+ X
Reset the screen	CTRL+ U
Exit screen without saving changes	SHIFT+ ESC

Table C-3: Data Entry Function Keyboard Shortcuts

Desired Action	Keyboard Keys
Open Help	Within data entry: CTRL+? From Home window: CTRL+ F1
Flag a field for review	F2
Clear a flagged field	F4
Clear all flagged fields	CTRL+ SHIFT+ SPACEBAR
Open Drake Document Manager	F6
Open Drake Tax Planner	F7
Open the Set Client Status menu	F8
Go to EF database	F9
Activate the calculator	F10
Email a client data file	F11
Exit data entry	ESC
View / Open Forms-based data entry	CTRL+ G (1040 returns only)
Opens Macros	CTRL+ SHIFT+ M

Table C-4: Client Status Manager Keyboard Shortcuts

Desired Action	Keyboard Keys
Open CSM from the Home window	CTRL + L
Open selected client in CSM	CTRL + O
Search for a client record	CTRL + F
Customize the display	CTRL + D
Refresh the display	F5
Filter the client list	CTRL + L
View information for the currently selected return	CTRL + Q
Generate reports	CTRL + R
Export to Excel	CTRL + E
Help	F1
Exit CSM	ESC

Table C-5: Frequently Used Codes

Field	Code	Application
TS or TSJ	T	Assigns data to primary taxpayer. The program default is T if field is left blank.
	S	Assigns data to spouse.
	J	Assigns data to both taxpayer and spouse.
F	0 (zero)	Excludes data from federal return.
ST	State code	For state returns, enter appropriate two-letter state code. If field is left blank, program uses resident state.
ST	0 (zero)	Exclude data from any state return.
	PY	For multi-state returns, use PY as resident state code on screen 1. Do not use PY on any other screen.
C	City code	For city returns, enter appropriate code to indicate source of income.
Multiple	1-999	For Form 4562 (depreciation), indicate appropriate schedule for depreciated item in the For field. Indicate where information should be carried when there are multiple schedules.

Table C-6: Search EF Database

Key	Function	Instructions
F1	General information	View basic EF information about taxpayer: taxpayer information, federal and state acknowledgment codes, acknowledgment dates, transaction date, filing status, refund amount, or balance due.
F2	Bank information	Access detailed loan information, direct deposit information, Declaration Control Number, etc.
F3	Fees/miscellaneous information	Access miscellaneous information, including Earned Income Credit and AGI, MISC field data, firm and preparer numbers, and tentative fee distribution details.
F4	Reject code lookup	Access the reject code lookup feature, which allows you to search for federal and state reject code descriptions, loan status codes, and bank decline reasons.
F5	Return to data entry	Opens return data entry for the client.
F10	Online Database	View your online database from data entry or from your EF Database.

Table C-7: Email Keyboard Shortcuts

Desired Action	Keyboard Keys
Email a client data file from data entry	F11
Check mail / Send and Receive	CTRL + M

Table C-7: Email Keyboard Shortcuts

Desired Action	Keyboard Keys
Open a message	CTRL + O
Edit address book	CTRL + E
Create a new mail message	CTRL + N
Print a message	CTRL + P
Reply to a message	CTRL + R
Forward a message	CTRL + F
Delete a message	CTRL + D
Send a message in the New Message window	ALT + S
Open address book list in New Message window	ALT + T
Attach a file to a message	ALT + A
Check mailbox status	CTRL + S

Table C-8: Calculator Functions

Desired Action	Operator	Instructions
Access the calculator in a numeric field	F10	With the cursor in the desired field during return data entry, press F10.
Clear a number	Num Lock	Press NUM LOCK key or click the C button on the calculator.
Insert calculation total in data-entry field	F1 or F1-Insert Result	With desired total in calculator's summary field, press F1 key or click F1-Insert Result on calculator window. Calculator is closed and calculation total is transferred to data-entry field.
To exit the calculator	ESC	To deactivate calculator without inserting data in a field, press ESC or click ESC-Quit on calculator window.
Addition	+	Enter number to be added and press PLUS key or click plus sign (+) on calculator window.
Subtraction	—	Enter number to be subtracted and press MINUS key or click minus sign (–) on calculator window.
Multiplication	*	Enter first number of equation and press SHIFT+8 or click * on the calculator window. Enter second number. Press ENTER or click equal sign (=) on the calculator window.
Division	/	Enter the number to divide and press SLASH (/) key or click / on the calculator window. Enter the number to divide by. Press ENTER or click equal sign (=) on calculator window.

Table C-9: Print Mode Keyboard Shortcuts

Desired Action	Keyboard Keys
Toggle in/out of Classic mode	CTRL + S
Return to data entry	CTRL + E
Print selected form	CTRL + P
Quick-print select form	CTRL + Q
Help	F1

Macros

For information on setting up and using macros, see “Macros Setup” on page 48.

Appendix D: State e-File Mandates

State e-filing mandates for tax year 2015, as collected from state tax-authority publications, are provided below.

Alabama 1040 — If an income tax return preparer prepares 11 or more acceptable, original individual income tax returns using tax preparation software in a calendar year, then for each subsequent calendar year thereafter, all acceptable individual income tax returns prepared by that income tax preparer must be filed using electronic technology. Regulation 810-3-27-.09

1120/1120S/1065 — If an income tax return preparer prepares 25 or more acceptable, original corporation/partnership income tax returns using tax preparation software in a calendar year, then for that calendar year and for each subsequent calendar year thereafter, all acceptable corporation/partnership income tax returns prepared by that income tax preparer must be filed using electronic technology. Regulation 810-3-27-.09

California For taxable years beginning on or after January 1, 2014 (and due on or after January 1, 2015), business returns prepared using tax preparation software shall be electronically filed. This includes Original and amended Corporation, S corporation, Partnership and Limited Liability Company returns. Business entities may annually request a waiver from this mandate and the Franchise Tax Board may grant a waiver for the following reasons:

Technology constraints – the tax preparation software is unable to e-file the return due to the complex nature of the return or inadequacy of the software.

Compliance would result in undue financial burden.

Other circumstances that constitute reasonable cause and not willful neglect.

For taxable years beginning on or after January 1, 2017, business returns that do not comply with the mandate (not including businesses that receive a waiver from the Franchise Tax Board) will be subject to a first time penalty of one hundred dollars (\$100) and subsequent penalties of five hundred dollars (\$500). Group returns will be subject to the penalty at the combined reporting group level and not at the member level.

Connecticut Connecticut agency regulations Section 12-690-1 require tax preparers who prepared 50 or more CT income tax returns during any calendar year to e-file all CT income tax returns. Preparers may obtain a one-year waiver from the e-file requirement by establishing that they cannot e-file a return without experiencing an “undue hardship.” Regs. Section 12-690-1.

The following returns, and their associated payments, must be transmitted electronically for tax years on and after 2014:

- CT-1120, Corporation Business Tax Return
- CT-1065/CT-1120S, Connecticut Composite Income Tax Return
- Extensions connected with both packages

Florida A corporation in Florida must file and pay its income tax electronically if it paid \$20,000 or more in tax during the State of Florida's prior fiscal year (July 1–June 30). File Florida corporate income tax with the Florida Corporate Income/Franchise Tax Return (Form F-1120), and file through the IRS' 1120 Federal/State Electronic Filing Program using approved software.

Taxpayers required to file their federal corporate income tax returns electronically are required to file their Florida corporate income tax returns electronically.

Illinois Effective January 1, 2012, paid preparers who file more than ten (10) IL individual income tax returns must file those returns electronically.

The majority of returns, more than 77%, are already e-filed. e-Filed returns are processed more quickly, resulting in fewer errors and faster refunds to taxpayers.

Opt-out Information: If a client refuses to allow you to e-file his or her return, you can remain in compliance with the mandate by having your client complete and sign Form IL-8948, Electronic Filing Opt-Out Declaration. Retain all Forms IL-8948 you receive from your clients in your files for three years. The department may request copies at any time.

Form IL-8948 is available through Drake Software.

Indiana If a professional preparer files more than 10 individual income tax returns in a calendar year, for the subsequent year the professional preparer must file returns for individuals in an electronic format, as specified by the In Dept. of Revenue.

A penalty of \$50 may be imposed on the professional preparer for each return that is not e-filed (see Exception below). The maximum penalty is \$25,000 per preparer per calendar year.

Exception: An individual taxpayer may elect to opt-out of having his or her return e-filed. Form IN-OPT must be completed, signed, and retained on file by the paid preparer. A return filed under these circumstances will not be subject to a penalty for not being e-filed.

Kansas Preparers who file 51 or more returns a year are required to file at least 90 percent of their returns electronically. The requirement applies to any paid preparer who prepares 51 or more Kansas individual income tax returns during any calendar year. The combined total of the returns prepared by all employees at all of the tax preparer's locations will be used to determine whether or not the tax preparer is subject to the e-filing requirement. The Secretary may waive the e-filing requirement if it is determined that complying with the requirement would cause an undue hardship.

Kentucky Tax preparers who file 11 or more individual income tax returns are required to e-file their client's returns. There are some exceptions to the mandate. Form 8948-K (Preparer Explanation for Not Filing Electronically) is used to explain why a particular

return is being filed by paper. The form should be attached to and mailed with the paper return.

Louisiana The electronic filing mandate is the requirement for certain tax preparers to file individual income tax returns electronically beginning January 1, 2008, as authorized by Louisiana Revised Statute 47:1520. The mandate applies to any tax preparer that prepares more than 100 Louisiana individual income tax returns during any calendar year. For individual income tax returns due on or after January 1, 2012, 90 percent of the authorized returns must be filed electronically.

Maine Tax return preparers must file by electronic data submission all original Maine tax returns for individual income tax that are eligible for electronic filing, except:

- When for the previous calendar year, the tax return preparer prepared 10 or fewer original Maine tax returns for individual income tax that are eligible for e-file
- When the taxpayer refuses to allow the return to be e-filed and the tax return preparer notes the refusal in the taxpayer's records
- When the tax return preparer has been granted a waiver from mandatory participation under section .05 (Rule 104).

Maryland For any taxable year beginning after December 31, 2010, a preparer who has prepared more than 100 qualified returns in the prior taxable year is required to file the returns electronically. The Act authorizes the Comptroller to impose on a preparer a \$50 penalty for each return that is not filed electronically in compliance with this Act, unless the preparer is able to show that the failure to comply is due to reasonable cause and not due to willful neglect. The total penalties assessed may not exceed \$500 for all returns filed by the preparer in a taxable year. Waivers are available. Tax-General Article §10-824

Massachusetts Paid preparers must, under certain conditions, e-file all corporate, S corporation, and partnership returns and corporate extensions.

Additionally, the Commonwealth of Massachusetts requires personal income tax extensions with zero payment or with payments of \$5,000 or more to be filed (and paid, if applicable) electronically.

Income tax return preparers must file all Massachusetts personal income tax returns (Forms 1 and 1-NR-PY) electronically unless the preparer reasonably expects to file 10 or fewer original MA Forms 1 and 1-NR-PY during the calendar year or the taxpayer directs that filing be done on paper. (Note: Effective February 16, 2004, software-generated forms that are printed and mailed to the Department of Revenue must contain a 2-D barcode or the return will be sent back to the taxpayer unprocessed.)

Michigan To optimize operational efficiency and improve customer service, the Michigan Department of Treasury has mandated e-file of individual income tax returns.

The IRS mandates preparers filing 11 or more income tax returns to e-file those returns, with minor exceptions. Michigan would expect any preparer e-filing federal returns to also e-file Michigan returns.

The MI Department of Treasury will be enforcing the e-file mandate for CIT. The enforcement includes not processing computer-generated paper returns that are eligible to be e-filed. A notice will be mailed to the taxpayer, indicating that the taxpayer's return was not filed in the proper form, and content, and must be e-filed. Payment received with a paper return will be processed and credited to the taxpayer's account even when the return is not processed.

Minnesota Tax return preparers who prepared more than 10 personal income tax returns for the previous year are required to file all PIT returns electronically. State law (M.S. 289A.08, subd. 16) requires tax return preparers who are required to electronically file Minnesota individual income tax returns to pay a \$5 fee for each original Form M1 that is filed on paper that could have been e-filed. The fee will be waived only if the IRS or the MN DoR required the federal or Minnesota return to be filed on paper.

Nebraska Effective Jan. 1, 2010, any paid preparer who prepares and files more than 25 individual income tax returns annually must file the returns electronically.

New Jersey Practitioners who prepared 11 or more NJ resident income tax returns must file their clients' returns via one of the state's three e-filing services. An E-File Opt-Out Request Form, Form NJ- 1040-O, is available for taxpayers who choose not to have their returns e-filed by a tax practitioner.

New Mexico Mandatory e-file of PIT returns by preparers filing more than 25 returns; taxpayers can opt out in writing; penalty for noncompliance \$5 per return.

- New York**
1. If a tax return preparer prepares 10 or more authorized tax documents for compensation, then all authorized tax documents prepared by that tax return preparer must be e-filed. There is no client opt-out provision. Tax preparers who do not comply with the e-file mandate may be subject to a \$50 per document penalty.
 2. Individual taxpayers are required to e-file their NYS personal income tax returns if they meet the following conditions:
 - They use tax software to prepare their own return
 - Their tax software supports e-filing of their return
 - They have broadband access

New York State law prohibits software companies from charging an additional e-filing fee. If individual taxpayers don't meet all three of these conditions, or if they prepare returns using paper and pencil, they are not required to e-file.

The \$25 penalty that applied when an individual was required to e-file but instead filed using paper has been removed.

New York City New York City instituted a preparer mandate for the first time for tax year 2010. No change has been made to this mandate for tax year 2011. Preparers must e-file if they both:

- Prepared more than 100 original New York City General Corporation Tax or Unincorporated Business Tax documents in calendar year 2011, including tax documents for prior periods

- Used tax software to prepare one or more corporation tax documents in 2011.

Tax preparers who meet the mandated criteria above cannot opt-out of the e-filing mandate. If a taxpayer wants to opt-out, he or she must apply for a hardship waiver available at:

www.nyc.gov/html/dof/html/contact/contact_emailfilewaiver.shtml

Ohio A tax return preparer that prepares more than 11 original tax returns during any calendar year that begins on or after January 1, 2013, shall use electronic technology to file with the tax commissioner all original tax returns prepared by the tax return preparer. This division does not apply to a tax return preparer in any calendar year that begins on or after January 1, 2013, if, during the previous calendar year, the tax return preparer prepared not more than 10 original tax returns.

If a tax return preparer required by this section to submit original tax returns by electronic technology files an original tax return by some means other than by electronic technology, the tax commissioner shall impose a penalty of \$50 for each return in excess of 11 that is not filed by electronic technology. Upon good cause shown by the tax return preparer, the tax commissioner may waive all or any portion of the penalty or may refund all or any portion of the penalty the tax return preparer has paid.

A paid preparer may complete the IT EF opt-out form to request exclusion from the e-filing mandate. The requests will be reviewed and approved or denied on a case-by-case basis.

The taxpayer waiver is provided for taxpayers who do not want their tax return to be e-filed. The taxpayer must attach the completed and signed IT Waiver to his or her Ohio Form IT 1040 or IT 1040EZ. The taxpayer must complete and sign the waiver each year.

Oklahoma House Bill 3166 expands the mandate for those tax preparers who must e-file individual income tax returns from those who prepare more than 50 returns for the prior year to any “specified tax return preparer.” The term “specified tax return preparer” has the same meaning as provided in Section 6011 of the Internal Revenue Code.

The provision which allowed a taxpayer to designate that they did not want their income tax return e-filed has been deleted. 68 O.S. § 2385.

Oregon House Bill 2071 extends the federal requirement to Oregon personal income tax returns. Paid preparers who meet the requirements of the federal e-file mandate must also e-file Oregon personal income tax returns. (The federal mandate: Preparers who anticipate preparing 11 or more federal individual or trust tax returns during the year must e-file their returns.) Form 8948 (Preparer Explanation for Not Filing Electronically) is used to explain why a particular return is being paper-filed.

Penn. Individual Returns — For the tax year beginning on or after January 1, 2010, any PA-40 (2010) Pennsylvania Personal Income Tax Return prepared by a third-party preparer who submitted at least 50 PA-40 Pennsylvania Personal Income Tax returns or amended PA-40 Pennsylvania Personal Income Tax returns for any taxable year shall be e-filed in the manner prescribed by Departmental instructions.

Corporation Returns — Act 72 of 2013 requires electronic filing by third-party preparers who annually submit 11 or more state tax reports or returns. Act 72 of 2013 authorizes the DOR to mandate that payments of \$1,000 or more for corporation taxes, employer withholding and sales tax must be made electronically effective January 1, 2014.

Corporate Income Tax—Method of filing—Pennsylvania corporate partner return. For all calendar years following a calendar year in which the preparer prepares 11 or more Directory of Corporate Partners Returns (Form PA-65 Corp), the third party preparer is required to electronically file all such PA Directory of Corporate Partners Returns and associated schedules (including Federal Form 1065 and Schedule K-1) and attachments. A third party preparer who is subject to this filing mandate must have tax software that is compatible with Department e-filing requirements, and once a third party preparer is subject to this filing mandate, the third party preparer must continue to be subject to the mandate regardless of how many PA Directory of Corporate Partners Returns he or she prepares during a calendar year.

Rhode Island

Any paid preparer who filed more than 100 RI tax returns during the previous calendar year must e-file all eligible tax returns. A person employed by a paid preparer with multiple offices is required to e-file if the total of all tax returns filed from all offices is more than 100, regardless of whether a single office of the same preparer files fewer than 100 returns. If a paid preparer fails to abide by the e-file mandate, or otherwise causes clients' RI tax returns to be filed falsely or improperly, the Tax Administrator may, after a hearing to show cause, preclude such preparer from preparing and filing RI tax returns with the Tax Division.Reg. (ELF09-01).

South Carolina

Tax return preparers filing 100 or more returns of any package (individual, S corporation, partnership, etc.) must submit them electronically. The mandate is separate for each package. (For example, preparers e-filing 100 individual returns are not required to e-file 1120 returns unless the number of 1120 returns exceeds 99.) All returns should be e-filed if possible.

“Tax return preparer” refers to the business entity and not to the individual location or individual completing the return.

If compliance with this section is a substantial financial hardship, a tax return preparer may apply in writing to the S.C. Department of Revenue to be exempted from these requirements. The DoR may grant an exemption for no more than one year at a time.

Tennessee

Franchise and Excise Tax: Effective January 1, 2014, all filings of and payments related to franchise and excise tax returns (Form FAE170) must be made electronically. Financial institutions filing Form FAE174 are not required to file and pay this tax electronically.

Individual Income Tax: Effective January 1, 2014, individual income tax returns filed by preparers using commercially available software must be made electronically and payments submitted electronically.

Utah

Tax preparers that file more than 100 income tax returns in a calendar year are required to file all such returns using scan technology or by electronic means.

The filing requirement will not apply if:

- A schedule must be attached to the return that cannot be filed using scan technology or electronic means
- The taxpayer requests in writing that the income tax preparer not file the return using scan technology or electronic means
- The Utah Tax Commission waives the requirement that a return be filed by scan technology or electronic means

A tax preparer may obtain such a waiver from the commission by demonstrating that the use of scan technology or electronic means would result in an undue hardship. The filing requirement also does not apply to amended returns or returns for any taxable year that begins before the first day of the current taxable year.

If a preparer or multiple preparers affiliated with the same establishment prepared 101 or more returns in the prior calendar year, they must submit all UT individual tax returns electronically.

Virginia

Tax return preparers who prepare 100 or more individual income tax returns are required to file returns using electronic filing software. A tax return preparer is defined as a person who prepares, or who employs one or more individuals to prepare, an income tax return for compensation. The return threshold is applied based on the total individual income tax returns prepared by all tax return preparers in all offices. A tax return preparer can request a waiver in writing based on undue hardship, or taxpayers may elect not to have their returns e-filed. (House Bill 1045.)

Tax return preparers or payroll services who act on behalf of 100 or more taxpayers must remit withholding payments by ACH Credit transactions.

West Virginia

Income tax preparers who filed more than 25 personal income tax returns, and will be using tax preparation software to complete one or more of these returns, must e-file them for the current tax year. Tax preparers may opt out of the e-file provision by filing a hardship waiver request application and clearly demonstrating the nature of the hardship. In the absence of an approved hardship waiver, tax preparers required to e-file is liable for a penalty of \$25 for each return not filed electronically. However, if a taxpayer receiving services from a tax preparer who is required to file all West Virginia Income Tax returns electronically, elects (opts) to not have their return electronically filed by completing and signing Form OPT-1.

A penalty of \$25 will apply for each return not filed electronically.

Starting in 2012, taxpayers making more than \$10,000 in payments for a single business tax type, must e-file all returns; however the Department, through procedural rule, decided to phase this requirement in over three years. The threshold will be \$50,000 for the tax year beginning January 1, 2013 (look back to 2012), \$25,000 for the tax year beginning January 1, 2014, and \$10,000 for the tax year beginning January 1, 2015. W.V. Code of State Rules 110-10D-9.3.a. Under this procedural rule, the Commissioner has the authority to “carve out” certain tax types from the e-file requirement. Personal income tax is the tax that will likely be carved out of this requirement.

For periods starting on or after Jan. 1, 2015, taxpayers making more than \$10,000 in payments for a single business tax type, or a \$100,000 payment for personal tax during the previous fiscal year, must file returns and make payments electronically, unless specifically excluded.

Wisconsin Practitioners who filed 50 or more Wisconsin individual income tax returns in prior years are required to e-file returns. A practitioner can ask for a waiver from the e-filing requirement if the requirement causes an undue hardship. If a taxpayer wishes to file a paper tax return, the practitioner is not required to e-file that return. The taxpayer should write "no e-file" by his or her signature on the tax return.

Combined Corporate returns must be e-filed. Drake Software does not support e-filing of Combined or Apportioned corporation returns. A waiver request can be emailed (*DORWaiverRequest@revenue.wi.gov*), faxed (608-267-1030) or mailed to the state at:

Mandate Waiver Request
Wisconsin Department of Revenue
Mail Stop 5-77
P.O. Box 8949
Madison, WI 53708-8949

The state DOR has mailed letters to corporations and partnerships that are required to e-file. The Wisconsin Administrative Code provides that the DOR may require any corporation franchise or income tax return or any partnership return to be e-filed.

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