

PREPARING 1040 RETURNS

This quick tour will teach you the basic procedures for preparing 1040 returns.

1040 REVIEW

The 1040 tax application provides a large number of default return and print options enabling you to customize your 1040 tax return preparation.

You can allocate income and deductions to part-year resident states from the federal Organizer screens.

Federal information is automatically carried to the resident state return.

TOPICS

- [General Information \(page 1\)](#)
- [Income and Deductions \(page 8\)](#)
- [Estimates and Penalties \(page 15\)](#)
- [State Returns \(page 18\)](#)
- [Tax Review \(page 21\)](#)
- [Reconciliation \(page 23\)](#)

GENERAL INFORMATION

QuickTrack is a navigation tool that saves the tax preparer time and helps new users get to the most commonly used Organizer forms quickly. Just click one of the buttons to go directly to the Organizer form.

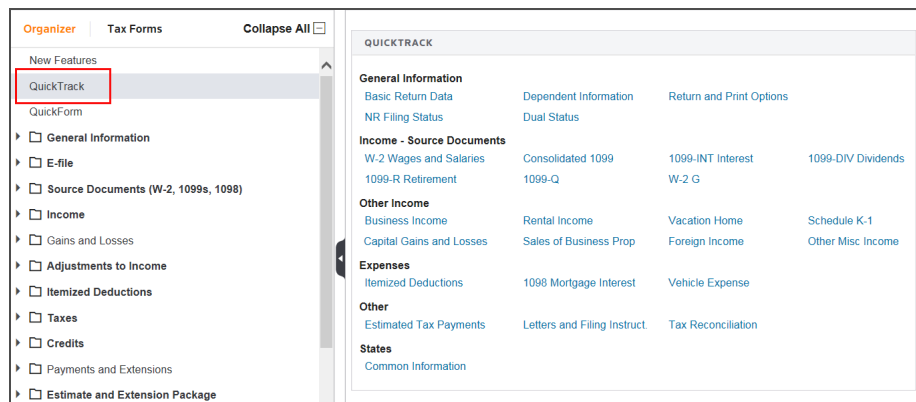


Figure 1

QuickForm is a navigation tool that saves the tax preparer time and helps new users get to the Organizers by form number. Just click one of the buttons to go directly to the Organizer for the selected form.

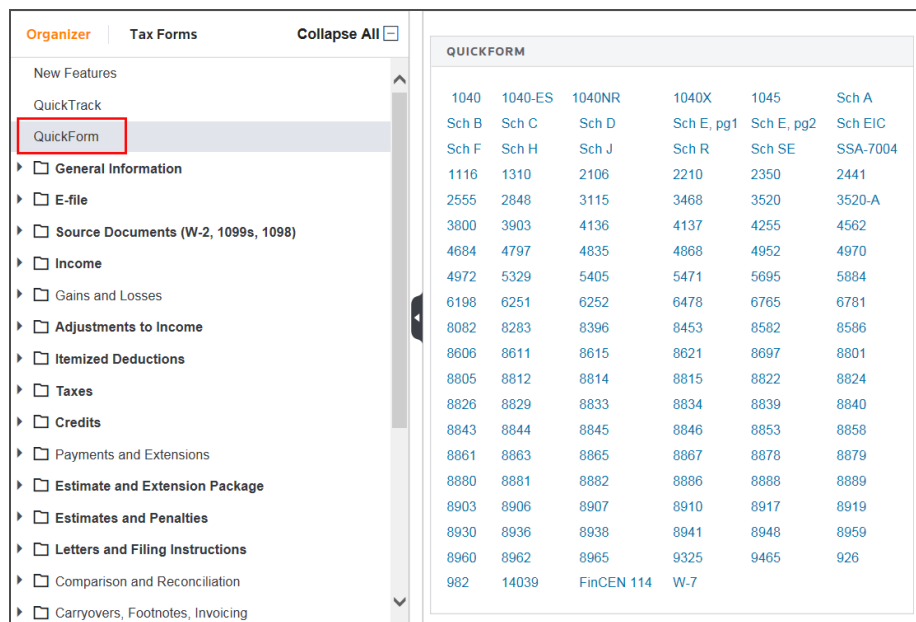


Figure 2

The traditional navigation appears in the Forms List Window. The **General Information > Basic Return Information > Taxpayer Information** folder provides fields to enter the basic return data and select your default return and print options.

The screenshot shows the 'Forms List Window' with a sidebar on the left containing a tree view of folders. The 'General Information' folder is expanded, showing 'Basic Return Information' and 'Taxpayer Information'. The 'Taxpayer Information' folder is selected and highlighted with a red box. The main area displays the 'FILING STATUS' section with a dropdown menu for 'Form 1040 filing status (Mandatory)' set to 'Married filing joint'. Below this are checkboxes for 'Filing married filing separately and spouse had no gross income in current year' and 'Filing married filing separately and spouse is a nonresident alien in current year'. There are also fields for 'First name', 'Middle initial', 'Last name', 'Suffix', 'SSN', 'Date of Birth', and 'Relationship'. The 'TAXPAYER INFORMATION' section at the bottom has tabs for 'Taxpayer' and 'Spouse'.

Figure 3

On the **Basic Return Information** screen, enter filing status information for the taxpayer. It is extremely important to select a filing status. If you do not, the return will not compute (even though it may appear to do so).

The screenshot shows the 'Basic Return Information' screen with the 'FILING STATUS' section highlighted by a red box. The 'Form 1040 filing status (Mandatory)' dropdown menu is open, showing a list of options: '(None selected)', 'Single', 'Married filing joint', 'Married filing separate', 'Head of household', 'Qualifying widow(er)', 'If NR spouse: Head of household status, spouse exemption not claimed', 'Head of household status, spouse exemption claimed', and 'If NR spouse: Married filing separately, spouse exemption claimed'. The 'Married filing joint' option is selected and highlighted in blue. Below the dropdown are fields for 'First name', 'Middle initial', 'Last name', 'Suffix', 'SSN', 'Date of Birth', and 'Relationship'.

Figure 4

The default return type is 1040; you can also select 1040NR-EZ or 1040-SR. If you want to force the use of standard or itemized deductions, select the appropriate options on the **General Information > Basic Return Information > Processing Options** screen. The default is to use the optimal selection.

Figure 5

The dependents information will be proformaed from year to year. To add a new dependent, go to **General Information > Dependents > Dependent Input**, and select **Add new First Name**. You will then be prompted to enter the dependent's name and enter information for that dependent.

Figure 6

Use return and print options to control such factors as which forms/schedules will print, what optional information will print on forms and attached statements, and which detail statements will be generated.

Organizer

Tax Forms

Collapse All

General Information

Basic Return Information

Dependents

Dependent Input

Stanley

Alice

Add new First Name

Columnar Dependents Entry

Housing Displaced Individuals

Return and Print Options

Amended Return

Tax Defaults

Separate Returns from Joint Data

E-file

Source Documents (W-2, 1099s, 1098)

Income

Gains and Losses

Adjustments to Income

Basic Options

Tax Form Options

Tax Form Options (contd)

Depreciation Options

QuickTrack

CLIENT CODE

CLIENT NOTES

PAGE HEADING PRINT OPTIONS

Page numbers on each page.....

Print

Suppress

Date and time stamp on each page.....

Print

Suppress

Taxpayer name, SSN, and client code on each page.....

Print

Suppress

Locator and account numbers on each page.....

Print

Suppress

Version number on each page.....

Print

Suppress

ATTACHMENT PRINT OPTIONS

Figure 7

These options are normally set up as Tax Defaults in RS Browser, but they may be entered (or changed) on a return-by-return basis on the **General Information > Return Options > Basic Options** screen.

QuickTrack

CLIENT CODE

MASTER

PAGE HEADING PRINT OPTIONS

Page numbers on each page.....	<input checked="" type="radio"/> Print <input type="radio"/> Suppress
Date and time stamp on each page.....	<input checked="" type="radio"/> Print <input type="radio"/> Suppress
Taxpayer name, SSN, and client code on each page.....	<input checked="" type="radio"/> Print <input type="radio"/> Suppress
Locator and account numbers on each page.....	<input checked="" type="radio"/> Print <input type="radio"/> Suppress
Version number on each page.....	<input checked="" type="radio"/> Print <input type="radio"/> Suppress

ATTACHMENT PRINT OPTIONS

Figure 8

Available selections on the **Basic Options** tab will affect the entire return. These options are not specific to a particular form or schedule. You can return to the **QuickTrack** navigation menu by clicking the **Quick Track** button.

QuickTrack

ATTACHMENT PRINT OPTIONS

Statement numbers on forms and whitepaper.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Detail of wages and salaries if no excess FICA is computed.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Detail of medical expenses.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Detail of cash contributions.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Detail of taxable Social Security income.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Schedule K-1 Report (Summary).....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress
Schedule K-1 Report (Missing K-1s).....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress
Schedule K-1 Report (Estimated K-1s).....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress
Detail of K-1 information from p'ships, S corps., estates, and trusts	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Schedule K-1 Review.....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress
PTP worksheets.....	<input checked="" type="radio"/> Print	<input type="radio"/> Suppress
Detail of gains and losses from K-1's to Sch. D and Form 4797.....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress
Detail of depletion and IDC tax preferences.....	<input type="radio"/> Print	<input checked="" type="radio"/> Suppress

Figure 9

For form- or schedule-specific options, select the **Tax Form Options** or **Tax Form Options (cont'd)** tab. Selections on these screens pertain to the computation and/or print of specific forms.

Basic Options

Tax Form Options

Tax Form Options (cont'd)

Depreciation Options

Print Copy Type

Next Years Organizer Print Options

Figure 10

INCOME AND DEDUCTIONS

Each employer has its own folder in the **Source Documents (W-2, 1099s, 1098) > W-2** folder. The employer's information is proformaed from year to year so you will only need to enter the amounts from the W-2s. You can add new employers and delete existing or proformaed employers if they are no longer applicable.

The screenshot shows the software's 'Organizer' pane on the left with 'Source Documents (W-2, 1099s, 1098)' expanded. The 'W-2' sub-folder is selected, showing a list of employers including 'Overland Financial'. The main window displays the 'W-2' form for 'Overland Financial'. The form includes fields for 'Employee's social security number', 'W-2 Type', 'OMB No.', 'Employer identification number', 'Wages, tips, other comp.', 'Federal income tax withheld', 'Social Security Wages', 'Social Security Tax Withheld', 'Medicare Wages and Tips', 'Medicare Tax Withheld', 'Social Security Tips', and 'Allocated Tips'. The 'W-2' tab is active, and the 'Wage State Alloc.' tab is also visible.

Figure 11

Enter state information for this employer on the bottom of the **W-2** tab, or go to the **Wage State Alloc** screen.

The screenshot shows the 'W-2' tab with the 'Deductible Mandatory Contributions for State Programs' section expanded. This section includes fields for 'State', 'Employer's st ID', '16 St wages, tips, etc.', '17 St income tax withheld', '18 Local wages, tips, etc.', '19 Local income tax withheld', and '20 Locality name'. Below this, the 'Box 14: State Information' section is expanded, showing fields for 'California Only', 'New York Only', 'New Jersey Only', and 'Kansas Only'. The 'California Only' section includes fields for 'Use Form W-2, Box 3 for gross wages', 'State Disability Insurance', and 'California SDI type'. The 'New York Only' section includes fields for 'New York State Disability Insurance', 'Public employee 414(h) retirement contribution', and 'Amount deducted or deferred from salary under a flexible benefits program'. The 'New Jersey Only' section includes fields for 'UI/WF/SWF deducted', 'Disability insurance deducted', 'Disability insurance private plan', 'Family Leave Insurance Deducted', and 'Family leave insurance private plan'. The 'Kansas Only' section includes fields for 'Kansas Public Employee's' and 'Kansas Public Employee's'.

Figure 12

The federal information automatically flows to the resident state unless you allocate it to multiple states.

Employer ... Overland Financial

W-2

Wage State Alloc.

Wages and Withholding

FEC Record - 2555

STATE ALLOCATION OF WAGES

Employer..... Overland Financial

Federal wages.....

State tax withheld.....

RESIDENT STATE AND CALIFORNIA NONRESIDENT

Federal wages carry to the resident state
unless specifically exempted here.....

☐ Resident state exempt

☐ California nonresident taxable

☒ (None selected)

State allocations of wages and withholding (All residency statuses)

Enter dollar amounts only

State Name	Wage	Withholding
Alabama	↓	2,250
▼	↓	↓
▼		
▼		
▼		

Figure 13

Select the state to which your wages/withholding should flow in the **State Name** column. Then enter the amount of wages and withholding to flow to that state. The withholding amount should be some portion or all of the amount you entered for state withholding on the **Wages and Withholding** federal screen. Any difference between the federal amount and the state allocated amount is automatically carried to the resident state.

You may **NOT** enter a taxable percentage on the **Wage Income** screen. You **MUST** enter a dollar amount.

Employer ... Overland Financial

W-2 | **Wage State Alloc.** | Wages and Withholding | FEC Record - 2555

STATE ALLOCATION OF WAGES

Employer..... Overland Financial

Federal wages.....

State tax withheld.....

RESIDENT STATE AND CALIFORNIA NONRESIDENT

Federal wages carry to the resident state unless specifically exempted here.....

☐ Resident state exempt
☐ California nonresident taxable
☒ (None selected)

State allocations of wages and withholding (All residency statuses)

Enter dollar amounts only

State Name	Wage	Withholding
Alabama	↓	2,250
↓	↓	↓
↓		
↓		
↓		

Figure 14

The **Income** and **Adjustment to Income** folders contain a subfolder for each income and deduction item on the 1040 return. These folders are organized in the same order they are found on Form 1040.

Organizer | Tax Forms | Collapse All

Note: 1. Delete wages input through navigation tree only. Do not select data on this screen and delete line by line.
2. Edit | Insert | Line Item feature is not available for this screen.

State Information | Estimated Tax Payments | QuickTrack | Information for Box 12 Codes

W-2 INFORMATION

TS	Employer Name	(1) Wages, Tips, Other Comp.	(2) Federal Income Tax Withheld	(3) Social Security Wages	(4) Social Security Tax Withheld	(5) Medicare Wages and Tips	(6) Medicare Tax Withheld	(7) Social Security Tips	(8) Allocated Tips
1	Overland Financial	2,250							
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
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50									

Figure 15

Each activity will have its own folder and separate set of subfolders, for example as shown below, the **Rent and Royalty** area. This enables you to keep all information for a particular activity together.

The screenshot shows the software interface with the 'Organizer' tab selected. In the left-hand 'Tax Forms' pane, the 'Rent and Royalty' section is expanded, and a red box highlights the 'Rental Apartment Building' subfolder. A red arrow points from this subfolder to the 'Activity Information' form on the right. The form is titled 'Rental Apartment Bu' and includes sections for 'OWNERSHIP' (with 'Joint' selected), 'ACTIVITY INFORMATION' (with 'Activity number' 3, 'Sort order' 1.00, 'Rental name' 'Rental Apartment Building', and 'Property type' 'Multi-Family Residence'), and a section for 'DID YOU MAKE PAYMENTS THAT WOULD REQUIRE YOU TO FILE FORM(S) 1099' (with 'Blank' selected).

Figure 16

Each income activity is automatically assigned a unique activity number to identify it. The **Kind of Property** and **Type of Property** are also required entries. When adding a new activity, you will be prompted to enter this information. Also scroll down to select the **Activity Type**. The **Rental Name** and **Property Type** are required entries. When adding a new activity you will be prompted to enter the **Property Name**.

This is a close-up of the 'ACTIVITY INFORMATION' section of the form. It shows the following fields: 'Activity number (System generated)' with the value 3, 'Sort order for next year's proforma' with the value 1.00, 'Rental name (Mandatory)' with the value 'Rental Apartment Building', and 'Property type (Mandatory)' with the value 'Multi-Family Residence'. Below these fields is a section for 'DID YOU MAKE PAYMENTS THAT WOULD REQUIRE YOU TO FILE FORM(S) 1099' with 'Blank' selected, and another section for 'IF "YES," DID YOU OR WILL YOU FILE ALL REQUIRED FORMS 1099' also with 'Blank' selected.

Figure 17

Click the applicable tabs to enter more information for this activity.

Property Name ... Lakeview Apartments

Activity Information | Income and Expense | Pass Loss Carryovers | Pass Cred Carryovers | Rent/Roy - Allocate | State Information

QuickTrack

OWNERSHIP

☐ Taxpayer ☐ Spouse ☒ Joint

ACTIVITY INFORMATION

Activity number (System generated)

Rental name (Mandatory) Lakeview Apartments

Figure 18

Each activity has a **Depreciation and Amortization** folder used to tie assets and related depreciation information to the selected activity.

Organizer | Tax Forms | Collapse All

Asset ... Computer

Depreciation Detail | State Depreciation | Retirement/Disposal | 4562 Vehicle Mileage

HELP

General Info | Property Type

BASIC INFORMATION

Description of asset (Mandatory) ... Computer

Date placed in service MM/DD/YYYY Date placed in service (Print only)

	Cost	Method	Life	Accumulated Depreciation	Current Year Deduction
Regular		3 Yr MACRS			
AMT		IRS prescribed (150% DB for 3			

CURRENT YEAR DEDUCTION OVERRIDES

Regular AMT

SPECIAL DEPRECIATION ALLOWANCE UNDER IRC SECTIONS 168(K), 1400L, 1400N, AND ITC

Special depreciation allowance and ITC type

Figure 19

Gains and losses related to an activity should be entered in the **Gains and Losses** folder for that particular activity.

The screenshot shows the 'Organizer' tab on the left with the 'Capital Gains and Losses' folder highlighted. The main window displays the 'Capital Gains and Losses' form for the property '2233 Main St.'. The form includes sections for 'OWNERSHIP' (Taxpayer, Spouse, Joint), 'DESCRIPTION OF ASSET: (MANDATORY)' (2233 Main St.), 'TRANSACTION TYPE' (Box A or D, Box B or E, Box C or F, Other), and 'DATES' (DATE ACQUIRED, DATE SOLD).

Figure 20

Use the **Vacation/Short-Term Rental with Personal Use** or Other with Personal Use Property types for rental properties with personal use.

The screenshot shows the 'Organizer' tab on the left with the 'Rent and Royalty' folder highlighted. The main window displays the 'Activity Information' form for the property 'Main St. Cabins'. The 'Property type (Mandatory)' dropdown menu is open, showing options: (None selected), Single Family Residence, Multi-Family Residence, Vacation/Short-Term Rental, Vacation/Short-Term Rental with Personal Use (highlighted), Commercial, Land, Royalties, Self-Rental, Other, and Other with Personal Use.

Figure 21

Scroll down to enter the remaining activity information. For **Vacation/Short-Term Rental with Personal Use**, enter the **Fair Rental days** and **Personal use days**. For **Other with Personal Use**, enter the square footage information or enter a **Business use** percentage override.

Property Name ... Main St. Cabins	
Activity Information	Income and Expense
<div> <div> RENTAL REAL ESTATE </div> <div> Fair rental days..... 30 Personal use days..... 365 <input checked="" type="checkbox"/> Real estate with personal use - use total number of days in current year for the denominator to allocate mortgage interest and real estate taxes </div> </div> <div> NON-PASSIVE LAND/SELF-RENTAL Note: Only for activities with income and activity type of Rental real estate - Active participation <input type="checkbox"/> Non-passive reclassification of Land or Self-Rental </div> <div> OTHER RENTAL WITH PERSONAL USE </div> <div> Total area..... 1980 Area used exclusively for business..... NONE Business use decimal percent (Override)..... NONE <input type="checkbox"/> Limit expenses to income Office-in-Home </div>	

Figure 22

The system uses the income entered here for calculating the office-in-home limitation only. Indirect expenses are allocated between business and personal use; direct expenses are for business use only.

Property Name ... Main St. Cabins

Activity Information **Income and Expense** Pass Loss Carryovers Pass Cred Carryovers

Activity has no personal use..... ☐

Activity has personal use..... ☐

INCOME

Income..... 25,800

Figure 23

ESTIMATES AND PENALTIES

Use the **Estimates and Penalties** folder to select your compute and print options for estimates and underpayment/late filing penalties on a locator-by-locator basis. These options may also be set up in Tax Defaults.

Organizer Tax Forms Collapse All

Adjustments to Income

Itemized Deductions

Taxes

Credits

Payments and Extensions

Estimate and Extension Package

Estimates and Penalties

Estimated Tax/Overpayment

Underpayment

Penalties/Interest

Letters and Filing Instructions

Comparison and Reconciliation

Carryovers, Footnotes, Invoicing

Federal Tax Elections

Informational Forms

Foreign Information

Non-Calculating Forms

Tax Review

General Options Adjustments Overrides Print Options Annualized Est. Tax

ESTIMATED TAX

Estimate Option

Current year tax liability (Safe Harbor) (Default)

Suppress compute and print

Current year amounts as adjusted

Estimated tax equal to amount entered below

Estimate with alphabetic information only

Apply the amount of overpayment up to your amount of safe harbor (100% of current year taxes or 110% for higher AGI taxpayers).

IF 'SAFE HARBOR' IS SELECTED

Rate if different for high AGI - percentage as decimal (99% = .99)..... 1.1000

IF 'ESTIMATED TAX EQUAL TO AMOUNT ENTERED BELOW' IS SELECTED

Amount of estimated tax.....

APPLICATION OF OVERPAYMENT

Overpayment Option

Note: If apply entire overpayment is chosen. It will make the application of overpayment for the 1040 and show 4

Figure 24

On the **Underpayment > 2210 Penalty** screen, you may select various options for the computation of Form 2210. The system default is to compute and print Form 2210 if it is applicable in the return.

Organizer | Tax Forms | Collapse All

- Adjustments to Income
- Itemized Deductions
- Taxes
- Credits
- Payments and Extensions
- Estimate and Extension Package
- Estimates and Penalties
 - Estimated Tax/Overpayment
 - Underpayment**
 - 2210 Penalty
 - Annualized Income
 - Waiver Statement
 - Penalties/Interest
 - Letters and Filing Instructions
 - Comparison and Reconciliation
 - Carryovers, Footnotes, Invoicing
 - Federal Tax Elections
 - Informational Forms

OPTION TO COMPUTE AND PRINT UNDERPAYMENT PENALTY

☒ Compute penalty, add to tax liability, print 2210, if req'd or penalty exists
☐ Compute penalty, don't add to tax liability, and always print Form 2210
☐ Compute penalty, add to tax liability, and always print Form 2210
☐ Suppress computation and printing of Form 2210
☐ Compute penalty, add to tax liability, and print Form 2210 only if required

FORM 2210 PRINT SEQUENCE OPTION

☐ Systematically arranged
☒ Print form in IRS sequence
☐ Print as last form of federal return

METHOD USED

☒ System calculated
☐ Force regular method
☐ Force short method

GENERAL INFORMATION

PRIOR YEAR INFORMATION

Prior year tax liability (Enter NONE, if no liability)

Prior year adjusted gross income

Date to stop penalty computation (Override) MM/DD/YYYY

(The system does not automatically stop underpayment penalty computation at the date of death according to the IRS instruction. Users may input the date here)

Figure 25

If the return is being filed late, it may need interest and penalties computed. On the **Penalties/Interest** screen, select the interest and/or penalties to be computed.

Organizer | Tax Forms | Collapse All

- Adjustments to Income
- Itemized Deductions
- Taxes
- Credits
- Payments and Extensions
- Estimate and Extension Package
- Estimates and Penalties
 - Estimated Tax/Overpayment
 - Underpayment
 - 2210 Penalty
 - Penalties/Interest**
 - Letters and Filing Instructions
 - Comparison and Reconciliation
 - Carryovers, Footnotes, Invoicing
 - Federal Tax Elections
 - Informational Forms

ADDITIONAL PENALTIES AND INTEREST

☒ Compute interest on balance due
☐ Compute interest on late filing penalty, if any

LATE PAYMENT PENALTY

☐ Compute penalty excluding extension payment
☐ Compute penalty including extension payment
☐ Force to compute late payment penalty
☒ Do not compute the penalty

LATE FILING PENALTY

☐ Compute late filing penalty
☐ Compute late filing penalty but do not add penalty to tax
☒ Do not compute the penalty

START DATE FOR EXPATRIATE TAXPAYERS

☒ Compute late payment penalty and/or interest on unpaid balance from 4/15
☐ Compute late payment penalty from 6/16

Date return is to be filed (required if penalty/interest calculation is requested) MM/DD/YYYY

Date to begin computing interest if different than the original due date (Override) MM/DD/YYYY

Date to end computing interest if different than the date the return is to be filed MM/DD/YYYY

Figure 26

After you select the interest/penalties to be computed, you ***MUST*** enter the **Date return is to be filed** on the **Payments and Extensions > Extensions > Federal Payments** screen.

The screenshot displays the Thomson Reuters Preparing 1040 Returns V1.0 software interface. On the left, the 'Organizer' pane shows a tree view of tax forms. Under 'Tax Forms', 'Payments and Extensions' is selected, and 'Extensions' is highlighted. The main workspace shows the 'Federal Payments' tab. It contains three main sections: 'DATE RETURN IS TO BE FILED' with a 'Date return is to be filed' field; 'EXTENSION PAYMENT' with an 'OWNERSHIP' section (radio buttons for Taxpayer, Spouse, and Joint) and fields for 'Date of payment' and 'Amount of payment'; and 'ADDITIONAL PAYMENTS MADE' with similar 'Date of payment' and 'Amount of payment' fields. The 'Federal Payments' tab is highlighted with a red box in the original image.

Figure 27

STATE RETURNS

Scroll to the **States** folder on the Organizer tab. You can add/delete states on one Organizer and set residency on that screen.

Organizer | Tax Forms | Collapse All

State Residency
Press the Enter key after completion of all selections. Your state/city will not show up on navigation until it has been activated.
To View Organizer: Push Hyperlink After Selecting Residency

Legend
R - Resident
PY - Part-Year Resident
NR - Nonresident
B - None selected (Default)

To View Organizer:

	R	PY	NR	B		R	PY	NR	B
Alabama	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Mississippi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Alaska	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Missouri	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Arizona	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Montana	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Arkansas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Nebraska	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
California	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	New Hampshire	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Colorado	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	New Hampshire BPT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Figure 28

Under **Common State**, you can view items for all states from one place.

For state-specific information, select the state you wish to process, and select **General Information** for that state. The information on the **General Information** Organizer will vary from state to state.

Organizer | Tax Forms | Collapse All

Montana

HELP
FAQ Montana e-Pay Fees

COMMON STATE DATA ENTRY
Add States/Cities Basic Return Information Bank Information PY/NR Information

GENERAL INFORMATION
☐ Married filing separate return and spouse is not filing

PART-YEAR/NONRESIDENT INFORMATION
☐ North Dakota reciprocity (for North Dakota residents solely to claim Montana tax withheld)

REPORTING OF SPECIAL TRANSACTIONS

Required to file federal Form 8824 (Override): ☐ Yes ☐ No ☒ Blank

Required to file federal Form 8865 (Override): ☐ Yes ☐ No ☒ Blank

Required to file federal Form 8886 (Override): ☐ Yes ☐ No ☒ Blank

Figure 29

Part-Year Resident States

For nonresident or part-year resident states, you may either allocate income on the state’s **Part-Year/Nonresident** screen, or you may allocate to the state when you input your federal amounts.

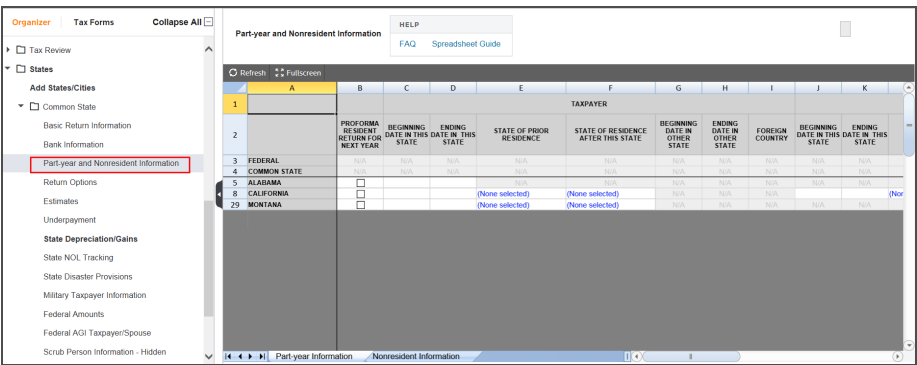


Figure 30

You will probably find it much easier to allocate income and deductions to your state returns when you enter the data in the federal Organizer.

Employer ... Overland Financial

W-2

Wage State Alloc.

Wages and Withholding

FEC Record - 2555

STATE ALLOCATION OF WAGES

Employer..... Overland Financial

Federal wages.....

State tax withheld.....

RESIDENT STATE AND CALIFORNIA NONRESIDENT

Federal wages carry to the resident state unless specifically exempted here.....

☐ Resident state exempt

☐ California nonresident taxable

☒ (None selected)

State allocations of wages and withholding (All residency statuses)

Enter dollar amounts only

State Name	Wage	Withholding
Alabama	1	2,250
	1	1

Figure 31

On all federal income Organizer screens, you will find a **State Information** button. The **State Information** link that provides a direct link to the applicable **State Allocation** screen.

The screenshot shows the 'Organizer' tab in the software. On the left is a navigation tree with categories like 'General Information', 'E-file', 'Source Documents (W-2, 1099s, 1098)', 'Income', 'Wages and Salaries', 'Retirement Distributions', and 'Business Income'. The 'Wages and Salaries' category is expanded, showing 'Columnar Wages Entry' and 'Other Wage Withholding and Misc'. In the main area, there's a 'W-2 INFORMATION' section with a table. Above the table, there are tabs: 'State Information', 'Estimated Tax Payments', 'QuickTrack', and 'Information for Box 12 Codes'. A red arrow points to the 'State Information' tab. The table has columns for 'TS', 'Employer Name', and various withholding categories: (1) Wages, Tips, Other Comp., (2) Federal Income Tax Withheld, (3) Social Security Wages, (4) Social Security Tax Withheld, (5) Medicare Wages and Tips, and (6) Medicare Tax Withheld. The first row shows data for 'Chase Bank' with values like 150,000 and 15,000.

Figure 32

Select the states to which you want to allocate income in the **State Name** column. You can select multiple states here.

The screenshot shows the 'Wage State Alloc.' screen. At the top, there's a dropdown for 'Employer' set to 'Overland Financial'. Below it are tabs: 'W-2', 'Wage State Alloc.' (highlighted with a red box), 'Wages and Withholding', and 'FEC Record - 2555'. The main section is titled 'STATE ALLOCATION OF WAGES'. It has fields for 'Employer' (Overland Financial), 'Federal wages', and 'State tax withheld'. Below this is a section 'RESIDENT STATE AND CALIFORNIA NONRESIDENT' with radio buttons for 'Resident state exempt', 'California nonresident taxable', and '(None selected)' (which is selected). At the bottom, there's a table for 'State allocations of wages and withholding (All residency statuses)'. The table has columns for 'State Name', 'Wage', and 'Withholding'. The first row shows 'Alabama' (highlighted with a red box) with a wage of 2,250 and withholding of 2,250. The table is titled 'Enter dollar amounts only'.

Figure 33

Enter either a dollar amount or a percentage of the federal amount that should flow to the state. To allocate to multiple states, click the next blank line in the **State Name** column, and select another state.

TAX REVIEW

Tax Review Workpapers provide a concise and complete audit trail of the federal 1040 tax return. They are available if the Tax Review product is purchased.

The Workpapers link current-year source data and the final tax return amounts by presenting all adjustments made to the source amounts.

Tax Review Workpapers contain a summary reconciliation of Form 1040, pages 1 and 2 amounts, and a detail list showing all items of input for the return and all corresponding adjustments made to those amounts.

Access Tax Review Workpapers from the **Tax Review** folder under the **Tax Forms** tab. You can use Tax Review to pinpoint areas of concern and areas needing further investigation. Tax Review shows input/output, differences, and variances from prior-year amounts.

Organizer

Tax Forms

Collapse All

Federal

1040 - Income Tax Return

Qualified Business Income

Tax Summary

Current to Prior Year Comparison

Tax Review

Reconciliation

Regular Tax Reconciliation

AMT Reconciliation

Percentage Variance

Partnership and S Corp Reconciliation

Estate and Trust Reconciliation

1040-ES - Estimated Tax

1040NR - Nonresident Alien Income Tax

1040-ES (NR) - Est Tax for Nonres Alien

1040-V - Payment Voucher

1040X - Amended Return

1045 - Tentative Refund Application

Current Year

	Prior-Year Net Amount	Source Amount	Adjustment	Net Amount Per Return	Difference
Gross Income					
Wages.....		150,000		150,000	
Interest.....					
Dividends.....					
Income tax refunds.....					
Alimony received.....					
Business inc./loss.....					
Sch. D gain/loss.....					
Form 4797-gain/loss.....					
IRA/Pensions/Ann.....					
Rents and royalties.....					
Partnership/S Corp.....					
Estates and trusts.....					
REMIC income/loss.....					
Farm income/loss.....					
Soc. sec./Unemploy.....					
Other income.....					
Total gross income.....		150,000		150,000	

Figure 34

Notice each line of the tax return is listed. The prior-year net amounts are helpful in pointing out problems or omissions when compared against the current year amounts. The source amounts are the amounts you actually enter in the Organizer forms.

	Current Year				
	Prior-Year Net Amount	Source Amount	Adjustment	Net Amount Per Return	Difference
Gross Income					
Wages.....		150,000		150,000	
Interest.....					
Dividends.....					
Income tax refunds.....					
Alimony received.....					
Business inc./loss.....					
Sch. D gain/loss.....					
Form 4797-gain/loss.....					
IRA/Pensions/Ann.....					
Rents and royalties.....					
Partnership/S Corp.....					
Estates and trusts.....					
REMIC income/loss.....					
Farm income/loss.....					
Soc. sec./Unemploy.....					
Other income.....					
Total gross income.....		150,000		150,000	

Figure 35

The net amount per return is the actual amount appearing on the lines of the tax return. The **Difference** column points out any overrides that do not match the detail data entered at the organizer level. There should never be amounts in the **Difference** column. It is a definite sign that the return has errors. The **Adjustments** column are automatic adjustments made by the tax application. This might be due to a limitation or the amount may just not be taxable, such as the interest or dividends shown here. You may have had tax-exempt interest or non-taxable dividends that were entered in the organizer but are not taxable in the return.

RECONCILIATION

Use the **Comparison and Reconciliation** folder as a tool to determine whether all entries in the return are in balance. Information entered on these screens does not carry into the return; it is only used to compare with computed amounts.

Organizer

Tax Forms

Collapse All

Amended Return

Tax Defaults

Separate Returns from Joint Data

E-file

Source Documents (W-2, 1099s, 1098)

Income

Gains and Losses

Adjustments to Income

Itemized Deductions

Taxes

Credits

Payments and Extensions

Estimate and Extension Package

Estimates and Penalties

Letters and Filing Instructions

Comparison and Reconciliation

Comparison of Current to Prior Year

Reconciliation

Carryovers, Footnotes, Invoicing

Federal Tax Elections

Informational Forms

Foreign Information

Non-Calculating Forms

RECONCILIATION OPTION

QuickTrack

Amounts are entered AFTER adjustments are applied

Amounts are entered BEFORE adjustments are applied

Use this screen to enter final calculated amounts. The software will then reconcile its calculations with yours.

INCOME

Wages, salaries, tips, etc.

Taxable interest

Ordinary dividends

Taxable refunds, credits, and offsets

Business income or (loss)

Capital gain or (loss)

Other gains or (losses)

IRA distribution, pension and annuities

Rent and royalty income

Partnership and S Corp. income

Estate and trust income

REMIC

Farm income or (loss)

Taxable social security and unemploy

Other income

Total income

ADJUSTMENTS TO GROSS INCOME

Educator expense

Certain business expenses of reservists

Health savings account deduction

Moving expenses

One-half of self-employment tax

SE health insurance deduction

SE SEP, SIMPLE, and qualified plans

Penalty on early withdrawal of savings

IRA deduction

Student loan interest deduction

Jury duty pay given to employer

Domestic production activities

Other adjustments

Total adjustments

Adjusted gross income

Figure 36

You can print the **Reconciliation Schedule** showing your entries in the **Reconciliation** folder, the computed amounts, and the differences.

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