

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
0	Intake/Interview Sheet Note 2 Disability question - Page 3	Page 4, Section B	On Intake/Interview Sheet, fill in answers to questions in Section B: - Question 1 - NO - Question 2 - NO - Question 3 - NO - Question 4 - YES List all 3 children's names - Question 5 - YES List all 3 children's names Based on these answers & Pub 4012 (Page C-4), all 3 children can be claimed as Hilda's dependents
1	Main Info Screen Note 1	Address line	No need to put anything in % address line. Husband died in 2010
	Notes 1 & 2	Filing Status	Hilda can file as Qualifying Widow with Dependent Child for the next 2 tax years after her husband died (2011 & 2012) . Must enter year spouse died (2010) next to QW filing status
	Intake/Interview Sheet, Page 2 bottom	Presidential Election question	Should not be checked
		Dependents/ Nondependents section	List dependents in order of age, youngest first (Deloris, Edna, then Ronald)
			Last names of dependents may be omitted since same as primary taxpayer
			Check EIC box for all 3 children. Ronald is < 24 & full-time student. Both girls are < 19
			TW will automatically check CTC box for Deloris. Edna & Ronald are both over 17 & do not qualify for CTC
	Prep Use Screen	Line 11	Answer NONE to Language question
		Line 12	Answer NO to Disability question
		Line 13	Preparer's initials
		Line 14	QR initials (but only after QR has been done)
2	W-2 Screen Hawthorn General Hospital	"Check & make changes to address" line	Best practice is to make sure name & address info is exactly the same on TW screen as on printed W-2. Check box & type in address with Avenue, instead of Ave from Main Info screen
		Employer's Name & Address fields	Enter Employer ID #. TW will populate name & address if in database. Still check to make sure it matches printed W-2; address can frequently change

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
		Boxes 1, 3 - 6 Box 12	When wages are first entered in Box 1, Social Security/Medicare Wages & Taxes Withheld shown on W-2 will not match what TW populates in Boxes 3 - 6. Once you enter pre-tax retirement contribution (401K) of \$1,657, shown as code D in box 12a, boxes 3 – 5 will then match
		Box 6 "Check to take calculations off of lines 3, 4, 5, 6" line	TW amount for Medicare tax withheld still does not match W-2. Check box on top of W-2 screen to take calculations off lines 3, 4, 5, 6 & enter \$543 from W-2
		Box 13	Ensure "Retirement Plan" is checked
		Box 14	Enter unemployment (UI) amount from W-2 on NJSUI line in TW. Enter disability (DI) amount on NJSDI line. Enter family leave (FLI) amount on NJFLI line. Do <u>not</u> change labels on TW screen to match printed W-2 because TW needs the exact labels shown on screen to correctly transfer amounts to State Income Tax line (5a) on Sch A
		Box 16	NJ wages do not match federal wages, so check box on top of W-2 screen to take calculations off box 16 and enter amount shown on W-2 paper form. Although 401K money is pre-tax for both federal and NJ, Hilda's insurance is pre-tax for federal, but after-tax for NJ. This will be handled later once the NJ return is complete.
3	Interest Statement Screen A. Bean Bank & Trust	Box 1 or 3 column	Enter interest in Box 1 or 3. TW will transfer appropriate amount back to Schedule B & 1040 Line 8a as well as NJ-1040 Line 15a
		NAEOB & State Adjust columns	Interest is taxable for both Federal & NJ so no NAEOB or state adjustment entry is necessary
		Payer column	Cannot type period in name (A. Bean). TW will highlight entire name in red if you do
4	W-2G Screen Hesser Casino Note 6	Bottom line "F-1 Help" box	Link from 1040 Line 21 Other Income to 1040 Wkt 7 & then link again from Line 1 Gambling Winnings to Form W2-G or use Add Forms icon. Enter all info from W-2G Enter Gambling Losses of \$2,000 Since this is not lottery winnings, no need to use "F-1 Help" box on W-2G screen
	1040 Wkt 7 Screen	Line 1	TW will transfer gambling winnings to 1040 Wkt 7
	1040 Page 1 Screen	Line 21	TW will also transfer gambling winnings to Other Income 1040 Line 21. It will enter "GAMBLING WINNINGS" as Type (taken from heading on 1st populated line on 1040 Wkt 7).

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
	Sch A Screen	Line 28	TW will transfer losses up to the amount of winnings (\$1,500) as an itemized deduction on Sch A Line 28. Gambling deductions are not subject to 2% of AGI limitation
	NJ 1040 Page 2	Line 23	TW will net the losses against the winnings for NJ 1040. Therefore, NJ 1040 Line 23 Net Gambling Winnings will be 0
5	1098-T University of Columbus		Postpone entry of education expenses until diagnostics have been run at end of return. This will allow comparison of education options once all other figures are finalized
6	1099-G Screen New Jersey Department of Labor	Line 2 Line 5 Line 6	Enter unemployment compensation from 1099-G Box 1 Enter federal income tax withheld from 1099-G Box 4 "Get the red out" of Line 6 since no NJ taxes were withheld
	1040 Page 3 Screen	Line 38	NJ Taxable Income does not change since unemployment is not taxable in NJ
7	1099-R Screen Office of Personnel Management		See Pub 4012, Page 2-19 for info on CSA-Form 1099-R
		"Check if this is the taxpayer's address shown on the W-2" line	Check this box since address is correct
		Payer's name & address fields	Enter Payer ID #. TW will populate name & address if in database. Always check to make sure it matches printed 1099-R; address can frequently change
		Box 2	Taxable amount of pension is provided in box 2a, so Simplified Method Worksheet does not have to be completed
		Box 2 & 9b	Taxable Amount in Box 2a is less than Gross Distribution in Box 1 due to Employee Contributions (Box 9b). Contributions are allocated over the expected life of the pension, and a portion of the contributions is excluded from taxable income each year
		Box 5	Box 5 of CSA-1099-R is always insurance; however, such amounts must be manually entered on the A Detail screen (upper left Insurance premiums paid / Taxpayer. Although TP is not itemizing, all medical amounts should be entered on A Detail anyway because NJ uses a lower 2% threshold; if the threshold is met, the proper amount will show up on NJ-1040 Line 30.
		Box 7	Don't miss Code 4 – Death Benefits in Box 7

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
8	1099-R Screen Northern Financial Services Note 8	"Check if this is the taxpayer's address shown on the W-2" line	Check this box since address is correct
		Payer's name & address fields	Enter Payer ID #. TW will populate name & address if in database. Always check to make sure it matches printed 1099-R; address can frequently change
		Box 7 "Check to force Form 5329"	Ensure that Code 1 is entered in Box 7. This indicates that it is an early distribution from an IRA (prior to age 59 1/2, no known exception). Money was used for Ronald's education, which is an allowable exception to avoid 10% penalty Form 5329 TP 1 should automatically be added to your forms tree. If not, check box under Box 7 to force Form 5329 into forms tree. DO NOT add 5329 by using Forms List icon at top of screen NOTE: Back of 1099-R lists all Box 7 codes. 2013 Pub 4012 Page D-18 lists 1099-R codes & whether in or out of scope
	Form 5329 Page 1 Screen	Part I Line 2	Consult Pub 4012 Page 6-4 to determine proper exception code to use for education expenses (08). Enter 08 on Line 2. To exempt the whole distribution from the penalty, enter 5000 on Line 2 also
		Line 4	TW will show an additional tax on 0 on Line 4. Therefore, there will be nothing on 1040 Line 58
	1099-R Screen	Box 7	Ensure that IRA box is checked so that amounts will transfer to 1040 Line 15 for IRAs, not Line 16 for pensions
9	1040 Wkt 2 Screen Student Loan Interest Note 4	Student Loan Interest section Line 1 Line 2	Link from 1040 Line 33 to 1040 Wkt 2 Enter student loan interest under Taxpayer column TW puts deduction (\$386) on Line 2
	1040 Page 1 Screen	Line 33	TW transfers deduction to 1040 as an adjustment to income
10	Interest Statement Screen York Municipal Bonds Note 5	NAEOB column	Enter tax-exempt interest on Interest Statement under NAEOB column with an E code. No state adjustment necessary since interest is also tax-exempt for NJ

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
11	1040 Page 1 Screen Still red in forms tree Note 11	Box above Line 10	Answer NO to question above Line 10 since Hilda did not itemize last year
12	Sch EIC Screen Still red in Forms Tree	Lines 4a & 4b	Answer questions in sequence & only questions underlined in red. Be sure to follow directions above Line 4a & follow GO TO directions carefully. Therefore, on Sch EIC, only question 4a is answered Yes for Ronald. All other 4a & 4b questions are blank
			Once Sch EIC is complete, TW can determine that all 3 children can be qualifying persons for EIC. However, her AGI is too high to meet the limits for 3 or more qualifying children (See Pub 4012 Page H-2 for limits). Her earned income does meet the limit
13	Run diagnostics	Run Diagnostics icon at top of screen	Run diagnostics on Federal return before starting NJ specific items. Click on any errors found. TW will take you to incomplete/incorrect items. Correct & re-run diagnostics
14	NJ1040 Page 1 Screen Municipality Code Note 13	Municipality Code line	Enter Municipality Code for Livingston (0710). Can obtain from NJ 1040 instruction booklet or from link on Preparer page on TaxPrep4Free
--	NJ1040 Page 2 Screen Full-Time College Student Note 7	Line 11	Since Ronald is 23, no additional exemption can be claimed for Dependents Attending College (must be under 22)
15	N 1040 Page 2 Screen Health Insurance Note 12	Line 13a	Link to NJ Dependents Worksheet from any field in Dependents section
	NJ 1040 NJ Dependents Worksheet Screen	NJ Dependents Worksheet - Ronald's Line	Check box that says "Check if dep does not have health insurance" next to Ronald's name
	NJ1040 Page 2 Screen	Line 13c	TW will check corresponding box on NJ 1040 Line 13c
16	NJ1040 Page 2 Screen Gubernatorial Elections Fund Note 10	Gubernatorial Elections Fund question	Check NO to question "Do you wish to designate \$1 of your taxes for this fund?"

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
17	NJ1040 Page 2 Screen	Line 30	This will need to be adjusted because TP has NJ after-tax medical, but the adjustment should not be done until all NJ income is included on the return.
18	NJ1040 Page 3 Screen Use Tax Note 14	Line 45	Since Hilda does not owe any Use Tax, just “get the red out”
19	NJ1040 Page 3 Screen Rent Note 13	Worksheet F Line 1	Enter calculation for rent paid on scratch pad off Worksheet F Line 1 (\$800 per month X 12 = \$9,600). TW will calculate the 18% of rent that can be claimed as property tax (\$1,728). TW will also calculate that taxpayer receives a greater benefit by claiming property tax credit of \$50 on Line 49 than by claiming property tax deduction on Line 37c
		Line 37b	Since Hilda rents, do not check box on NJ 1040 Line 37b that says “Check here if on October 1, 2012 you were a New Jersey homeowner”
20	NJ DD Wkt Screen Refund Check Note 15	Direct Deposit & Direct Debit Info section	Check line that says “Check here to have a refund check mailed to you”
21	NJ IRA Wkt Screen Note 9	Enter the copy number...	Enter 1 NOTE: Income from the IRA will not flow to NJ-1040 until copy number is entered NOTE: It is very unusual for the TP the have records necessary to fill out the remainder of this screen
		Line 1	Enter \$45,000
		Line 4a	Enter \$20,000
22	Run diagnostics	Run Diagnostics icon at top of screen	Run diagnostics before doing education comparisons. Click on any errors found. TW will take you to incomplete/incorrect items. Correct & re-run diagnostics
23	Education expenses		Must subtract amount of scholarship/grant (\$10,000) from tuition payments (\$16,900) to determine qualified expenses. Use a scratch pad to document this calculation once you have determined the best option for claiming education expenses
			“Qualified education expenses paid by a dependent for which an exemption is claimed, or by a third party for that dependent, are considered paid by the taxpayer.” (Pub 4012 Page G-3) Therefore, Hilda can claim education credit even though Ronald’s grandmother made the payments for his tuition & fees directly to the university

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
23a	1040 Wkt 2 Screen Test as Tuition & Fees deduction	Tuition & Fees as AGI Deduction section, Line 34	Enter qualified expenses of \$6,900 next to Ronald's name. TW reduces amount to maximum of \$4,000. TW calculates deduction on Line 3 & transfers to 1040 Line 34
		AGI/Refund section in top left corner of screen NJ Line 66	Note Federal refund (\$4,256) & NJ refund (\$47). Delete info on 1040 Wkt2 screen before doing another comparison
23b	8863 Page 2 Screen Test as Lifetime Learning Credit (LLC)	Line 20 - 22a Line 22a2 Line 22a3 Line 22a4 Line 23 Line 24 Line 25 Line 26 Line 31	Link from 1040 Line 49 to Form 8863 Page 2. TW automatically loads 8863 Page 1 in tree also Enter Ronald's & educational institution info YES NO School's Federal ID # (10-8xxxxxx) NO YES NO NO Enter qualified expenses (\$6,900)
	8863 Page 1 Screen 1040 Page 2 Screen	Part II, Line 19 Line 49	TW calculates nonrefundable credit (\$871) TW transfers to 1040 Line 49
			Compare Federal refund (\$3,833) & NJ refund (\$47) by using LLC with results obtained by claiming Tuition & Fees deduction. Federal refund decreased by \$423. NJ refund stayed the same since education expenses do not directly affect NJ return. Therefore, Tuition and Fees deduction is better than Lifetime Learning Credit in this case. Delete expenses on 8863 Line 31 before doing comparison for American Opportunity Credit (AOC). Entries on Lines 20-26 can remain since they are necessary for AOC
23c	8863 Page 2 Screen Test as AOC	Line 27	Enter qualified expenses. Directions say to enter maximum of \$4,000 (TW performs calculation correctly even if you enter the full \$6,900, but an error will be generated if you run diagnostics and the amount is over \$4,000)
	8863 Page 1 Screen 1040 Page 2 Screen	Part I, Line 8 Line 66	TW calculates the refundable part of AOC (\$1,000) TW transfers to 1040 Line 66
	8863 Part 1 Screen 1040 Page 2 Screen	Part II, Line 19 Line 49	TW calculates the nonrefundable part of AOC (\$1,500) TW transfers to 1040 Line 49

PRO-P1 Moore Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check and Emphasize
			Note Federal refund (\$6,156) & NJ refund (\$47). This is the most beneficial option to claim the education expenses
	8863 Part II Screen	Line 27	Delete \$6,900 entered directly on line 27, then link to new scratch pad to document calculation for amount of Qualified Expenses (Payments \$16,900, minus Scholarship \$-10,000, minus adjustment for \$4,000 maximum \$-2,900) = \$4,000
24	Run Diagnostics	Run Diagnostics icon at top of screen	Run diagnostics before doing Line 30 adjustment. Click on any errors found. TW will take you to incomplete/incorrect items. Correct & re-run diagnostics
25	NJ 1040 Page 2 Screen Note 16	Line 30	See NJ Special Handling for detailed instructions. In this case there is already an amount on Line 30 because the medical amount on the A Detail screen is over the 2% threshold. Therefore, just enter the amount of NJ after-tax insurance on scratch pad off line 30. (Remember, this cannot be added on A Detail screen because it is pre-tax federal.) The scratch pad amount will be added to the existing amount (total=730)
26	Run Diagnostics	Run Diagnostics icon at top of screen	Correct any incomplete/incorrect entries & re-run diagnostics until you get no errors NOTE: The Create e-file button will not appear until there are no errors (warnings are OK)
27	Create e-Files	Create e-files button below Diagnostics results	Should receive message "E-Files created successfully". Even if there are no diagnostics discovered by the Run diagnostics process, there may be additional problems discovered as part of the Create e-file process; these will need to be resolved before the return can be e-filed