

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
0	Intake/Interview Sheet Note 3	Page 4, Section B	<p>On Intake/Interview Sheet, fill in answers to questions in Section B:</p> <ul style="list-style-type: none"> - Question 1 - NO - Question 2 - NO - Question 3 - NO - Question 4 - YES Madison Chambers - Question 5 - YES Madison Chambers <p>Based on these answers & Pub 4012 (Page C-4), Madison can be claimed as a qualifying child for dependency</p>
1	Main Info Screen Social Security cards	Name Line 2	<p>Since Pat Harper died in 2012, the name of the person filing the return (Ben, in this case) needs to be entered on Name Line 2. Enter "% Ben Baylor" (% followed by space, followed by Ben's name). Enter date of death under Taxpayer Information section and check that the return is being filed by the surviving spouse. TW will populate "DECEASED PAT HARPER 06/21/2012" on top of printed 1040 form (will not appear on TW 1040 screen)</p> <p>NOTE: Refer students to TW context sensitive help on this topic</p> <p>NOTE: In situations with a deceased spouse, combined name length of both spouses plus the word "DECEASED" cannot exceed 30 characters, or TW will generate an e-file error code. Truncate as necessary</p> <p>NOTE: When a return is being filed by a surviving spouse, only one PIN will be requested</p>
		Spouse Name Line	Must enter Pat's last name, since it is different than Ben's
	Intake/Interview Sheet, Page 2 bottom	Presidential Election question	Do not check box since Ben does not wish to donate \$3 to Presidential Election Campaign. He also does not wish to donate for Pat
		Filing Status, Line 2	Since Pat died in the current tax year, Ben can still file as MFJ
	Note 2	Dependents	<p>List Madison Chambers as a dependent</p> <p>Relationship: Grandchild</p> <p>Months in Home: 09</p> <p>Code: 1 "Child Who Lives with You" Use 1 even though Madison is a grandchild, because she is a qualifying child for dependency purposes</p> <p>Check box for EIC</p> <p>TW will not check box for CTC (Child Tax Credit) because Madison is 17. Must be under 17 to qualify</p>

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
	Prep Use Form Screen	Line 11	Answer NONE to language question
		Line 12	Answer NO to disabled question
		Line 13	Preparer's initials
		Line 14	QR initials (but only after QR has been done)
2	Dividend Statement Screen Lone Star Fund	Boxes for Ordinary & Qualified Dividends	Enter Ordinary & Qualified Dividends on Dividend Statement. TW transfers to Sch B & 1040 Lines 9a & 9b (and to NJ-1040 Line 16)
		Box for Capital Gain	Enter Capital Gains Distributions on Dividend Statement. TW transfers to Schedule D, Line 13 (and to NJ-1040 Line 18)
3	1099-R Screen Defense Finance & Accounting SVC	"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 2a	Taxable amount is given in Box 2a, so Simplified Method Worksheet is not needed
		Box 2 in bottom left corner	This is a military pension. It is taxable for Federal, but not for NJ. Must check Box 2 to left of Box 15 so that TW will exclude the pension from NJ income NOTE: Refer students to NJ Special Handling document on TaxPrep4Free, Page 2
4	1099-R Screen Harris Trust	"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 2a	Taxable amount is given in Box 2a, so Simplified Method Worksheet is not needed
	NJ 1040 Page 3	Line 38	Still no NJ taxable income because Baylors are eligible for pension exclusion (age 62+, Total Income on Line 26 \$100K or less)
5	1040 Wkt 1 Screen Social Security - Taxpayer	Social Security section, Taxpayer Column	Enter info for Ben under Taxpayer column. Don't miss Federal income tax withholding

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
		Medicare Parts B, C, D line	Use scratch pad to enter Medicare Parts B (\$1,335) & D (\$426). TW will transfer total (\$1,761) to Sch A Detail
	NJ 1040 Page 3 Screen	Line 38	Still no NJ taxable income since Social Security is not taxable for NJ
6	1040 Wkt 1 Screen Social Security - Spouse	Social Security section, Spouse Column	Enter SS info for Pat under Spouse column. Don't miss Federal income tax withholding
		Medicare Part B	Since there is only one Medicare entry, you can enter Part B premiums directly on Medicare line, without a scratch pad
	NJ 1040 Page 3 Screen	Line 38	Still no NJ taxable income since Social Security is not taxable for NJ
7	W-2G Screen Casino Reale Note 5	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 \$2,550 from Note 5 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)
	Sch A Screen	Line 28	TW will transfer losses up to the amount of winnings (\$1,200) 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 Line 38 Line 48 Line 66	TW will net the losses against the winnings for NJ 1040. Therefore, NJ 1040 Line 23 Net Gambling Winnings will be 0 & still no NJ taxable income. There is a NJ refund now, since NJ taxes were withheld from the winnings

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
8	Schedule A Detail Screen	Medical Expenses section Other Medical Expenses lines Medicare from 1040 wkt line	Enter 1,116 miles at top of section. TW will calculate the medical mileage deduction (1116 x \$.23/mile = \$257). Enter doctor bills, hospital bills, prescription drugs, & prescription eyeglasses. Medicare premiums are already populated from SSA-1099 entries
	Sch A Screen	Medical & Dental Expenses section Lines 1 - 4	TW will transfer total of medical expenses from Sch A Detail to Sch A (\$15,144). It then calculates the amount above 7.5% of AGI (1040 Line 37) as allowable medical deduction (must be over 10% of AGI for 2013 for people < 65; still 7.5% for 65 & over)
	NJ 1040 Page 2 Screen	Line 30	TW will calculate amount of medical expenses over 2% of NJ gross income (Line 28). Since NJ gross income is still 0, all medical expenses can be claimed as a deduction for NJ
	Sch A Detail Screen	Contributions to Charity section Cash Contributions 50% Limit Organizations lines	Enter church donations & PBS contribution. Church raffle ticket cannot be deducted as a Contribution to Charity. It could be used as a gambling loss against the winnings Pat had. However, previous losses entered on W-2G already exceed winnings, so nothing is done with raffle ticket
		Other than Cash Contributions 50 % Limit Organizations lines	Enter Salvation Army clothes donation
			Funeral expenses are not deductible on Sch A NOTE: Refer students to Pub 4012 Page 4-3 for a list of common nondeductible items
	Sch A Screen	Line 10 Home Mortgage Interest & Points from Form 1098, not listed above	Enter home mortgage interest
		Line 6 Box 3 Real Estate Taxes on your Principal Residence, not listed above	Enter real estate taxes on main home

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
		Line 6 Box 4 Other Real Estate Taxes You Paid, not listed elsewhere in this tax return	Enter real estate taxes on empty lot on a scratch pad
9	Sales Tax Worksheet Screen Note 6	Line 8	TW calculates the normal Sales Tax deduction on the Sales Tax Worksheet based on taxpayer's income & NJ state sales tax 7%. If you purchase specialized items (i.e. - car, boat, aircraft, home, home building materials), you can add the sales tax paid on that item to the normal deduction. Enter \$1,400 sales tax on the car on Line 8
	Sch A Screen	Line 5b General Sales Tax	TW will transfer the total sales tax to Sch A Line 5b
10	Sch A Screen Note 7	Line 6 Box 4 Other Real Estate Taxes You Paid, not listed elsewhere in this tax return	Use NJ Property Tax Recoveries Flowchart from NJ Special Handling document to determine where to report PTR and/or Homestead Benefit recoveries. Since Baylors itemized last year & are itemizing again this year, they can report the PTR check received by netting it against current year real estate taxes deduction. Enter the PTR amount as a negative on the same scratch pad where you entered real estate taxes on empty lot in Step 8. Ensure that Sch A Line 6 total is still > 0 & that itemized deductions are still > standard deduction (TW shows itemizing is better than standard deduction by putting a green check next to Sch A in forms tree)
11	Sch A Screen Note 8	Line 6 Box 4 Other Real Estate Taxes You Paid, not listed elsewhere in this tax return	Use NJ Property Tax Recoveries Flowchart from NJ Special Handling document to determine where to report PTR and/or Homestead Benefit recoveries. Since Baylors itemized two years ago & are still itemizing this year, they can report the Homestead Benefit amount received by netting it against current year real estate taxes deduction. Enter Homestead Benefit as a negative on same scratch pad as in Steps 8 & 10. Ensure that Sch A Line 6 total is still > 0 & that itemized deductions are still > standard deduction
12	1040 Page 1 Screen Still red in forms tree Notes 3 & 4	Box above Line 10	Baylors received a NJ Income Tax refund in 2012 for 2011 taxes. They itemized in 2011, but claimed the Sales Tax deduction (Sch A Line 5b), rather than the State and Local Taxes deduction (Line 5a). Since they did not receive any benefit from claiming NJ income taxes on Sch A last year, they do not have to claim the income tax refund as income this year

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
13	Sch B Screen Still red in forms tree Note 9	Lines 7a & 8	Answer NO to questions on Lines 7a & 8 since Baylors had no financial involvement of any kind in any foreign country
14	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
15	NJ 1040 Page 1 Screen Municipality Code Note 10	Municipality Code line	Enter Municipality Code for Absecon (0101). Can obtain from NJ 1040 instruction booklet or from link on Preparer page on TaxPrep4Free
	1040 Page 2 Screen	Line 38	Baylors have \$0 NJ Taxable Income because all their income was offset by the Pension Exclusion (Line 27a), Other Retirement Income Exclusion (Line 27b), Exemptions, & Medical Expenses deductions
16	NJ 1040 Page 2 Screen NJ Dependents Wkt Screen Health Insurance Note 11	Line 13a	The NJ Dependents Wkt is automatically added to the tree if TP has dependents. Madison is covered by health insurance, so no need to use NJ Dependents Wkt. Would only need to make entries on NJ Dependents Wkt if you want to indicate that a dependent does not have insurance
17	NJ 1040 Page 2 Screen Gubernatorial Elections Fund Note 1	Gubernatorial Elections Fund question	Check NO to Gubernatorial Elections Fund question "Do you wish to designate \$1 of your taxes for this fund?" for both taxpayer & spouse
18	NJ 1040 Page 3 Screen Note 10	Line 37b	Check box that says "Check here if on October 1, 2012 you were a New Jersey homeowner"
19	NJ 1040 Page 3 Screen Use Tax Note 12	Line 45	Since Baylors did not make any out-of-state purchases, must "get the red out" to positively input 0 on Line 45

PRO-P2 Baylor Learning Guide

Step	Document/TW Screen	Box/Line	Learning Points to Check & Emphasize
20	NJ 1040 Page 3 Screen Property Taxes Note 7 Note 10	Worksheet F Line 1	The Baylors' gross income (NJ 1040 Line 28) is under the filing threshold. However, since they were homeowners on 10/1/2012, they can still claim a \$50 property tax credit on their income tax return. Enter property taxes paid on Worksheet F. TW shows the amount of real estate taxes claimed on the Federal return (Sch A Line 6 Box 3 only, since NJ only allows you to claim taxes on main home). However, since Baylors are PTR recipients, you must enter their base year amount instead on Line 1. Because the Baylors are not required to file a NJ return, they could also choose not to file & the state would include the \$50 property tax credit with their Homestead Benefit NOTE: Refer students to NJ Special Handling document Page 10
21	NJ 1040 Page 2 Screen Total Property Taxes Paid Note 5 Note 7	Line 37a	TW transfers property tax amount from Worksheet F Line 1 to NJ 1040 Line 37a. However, since PTR base year amount was entered on Worksheet F, must make an adjustment on Line 37a to bring the amount back up to Total Taxes Paid. Use a scratch pad to add \$195 (\$3,498 total taxes - \$3,303 base year) to Line 37a NOTE: Refer students to NJ Special Handling document Page 4
22	NJ DD Wkt Screen Still red in forms tree Note 13	Direct Deposit section - 3rd option	Interview/Intake indicates that Baylors do not want direct deposit. Nothing needs to be done on Federal return, since refund check is the default option. However, for NJ, must check line that says, "Check here to have a refund check mailed to you"
23	NJ 1040 Ret Wkt Screen Still red in forms tree	Line 10a	Answer YES to question in red on NJ Retirement Income Exclusion Worksheet "Are you &/or your spouse, if filing jointly, now receiving, or ever be eligible to receive SS or RR benefits?" TW completes the rest of the worksheet to calculate the Other Retirement Income Exclusion for NJ 1040 Line 27b
24	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)
25	Create e-File(s)	Create E-File button under 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