



TAX SOFTWARE USER GUIDE



Preparing a Return

Advanced Tax Topics 1 & 2

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Advanced Tax Topics

After completing this topic, you will be able to:

1. Enter Form 1099-MISC income.
2. Enter a profit or loss from a business.
3. Enter rents and royalties.
4. Enter military rental property.
5. Enter capital gains and losses.
6. Enter an exclusion on the sale of a home.
7. Enter Schedule K-1 income items.
8. Enter Form 2555
9. Enter an IRA deduction.
10. Enter the residential energy credit.
11. Enter the credit for the elderly or the disabled.

TIP: Remember that you should only prepare returns containing the income, deductions, and credits in this section if it is within your scope of certification. You do not need to take this lesson unless you can prepare these returns.

Advanced Income

You can enter the following six types of advanced income in a tax return:

- Form 1099-MISC
- Profit or loss from a business
- Schedule K-1 income items that are within the scope of the VITA/TCE Programs
- Rental income
- Capital gains and losses
- Other income

This section covers entering those types of income in TaxSlayer Pro Online.

Entering Form 1099-MISC

If a taxpayer received a Form 1099-MISC, *Miscellaneous Income*, you need to enter that information in the tax return. To do that, use the following steps from the **Income** page:

1. Click **BEGIN** on the **Form 1099-Misc** line.

TaxSlayer Pro Online displays the **Form 1099-MISC** page:

Whose 1099-MISC is this?

Recipient *

Taxpayer Example

Spouse Example

Payer Information

Use Payer's SSN as ID

Payer's Federal ID *

-

Payer's Name *

Payer's Address *

Check here if foreign address

Address (Number and Street) *

ZIP Code *

-

City, Town, or Post Office *

State *

- Please Select -

2. Type the information on this form as it appears on the paper copy of the taxpayer's Form 1099-MISC.
3. Use the following tips for completing Form 1099-MISC in TaxSlayer Pro Online:
 - a. If the payer used a Social Security number instead of an EIN, select the **Use Payer's SSN as ID** check box. TaxSlayer Pro Online displays a Social Security number box instead of the EIN box.
 - b. If the payer is a business, and you entered that payer previously, TaxSlayer Pro Online automatically completes the payer's name and address when you type the EIN.
 - c. If the taxpayer's address on the paper Form 1099-MISC is different from the one on the tax return, make changes to the taxpayer's address on this page.

- d. TaxSlayer Pro Online disables boxes on this form that are not used for e-filing the tax return. You can leave these boxes blank.

4. When you finish typing information on the form, click **Continue**.

TaxSlayer Pro Online determines where to report the income based on the box containing an amount. For example, if Form 1099-MISC shows other income in Box 3, TaxSlayer Pro Online reports that income on Form 1040, line 21. For some lines, TaxSlayer Pro Online needs direction on where to report the income and displays a page similar to the following:

Where would you like to add the income?

[+ Create a New Schedule C Income from Business](#)

5. Click **New** to add a new form to the return, or choose an existing form.

TaxSlayer Pro Online displays the Schedule C you added and includes the Form 1099-MISC income on the appropriate page:

Schedule C - Income

Income

Total Income from Form 1099-MISC	\$1,000.00
----------------------------------	------------

i This value will be automatically added. Do not include it on this form.

Gross receipts or sales (including income reported on Form 1099-K)

\$|

Income reported to you on Form W-2 as Statutory Employee

\$

Returns and allowances

\$

Other Income



\$

6. Complete the form. When you finish, click **Continue**.

This lesson covers completing Schedules C and E later.

NOTE: See the IRS instructions for Form 1099-MISC for information on reporting the income for each box on the form.

TaxSlayer Pro Online displays the **Form 1099-MISC** summary page with the payer you entered listed:

Owner	Payer	Carried To	
Taxpayer	Employer	Schedule C	 

7. If the taxpayer received more Forms 1099-MISC, click **Add** and follow the same steps to add them.
8. When you finish adding forms, click **Continue**.

TIP: If the payer entered the income in Box 7, Nonemployee compensation, and you have determined this to be hobby income or reported as other income incorrectly, you can enter the description and amount as **Other Inc. Not Reported Elsewhere** on the **Other Income** page. Do **not** complete the 1099-MISC in this circumstance.

Note: To add a Form 1099-MISC to an existing schedule, click the **Edit** icon (Pencil) on the appropriate schedule.

Profit or Loss from a Business

If a taxpayer is self-employed, you need to complete Schedule C for that taxpayer.

TIP: We covered adding a Form 1099-MISC earlier in this lesson. If the taxpayer received a Form 1099-MISC, and you added it using that method, you may have created a Schedule C. Use that form. This section of the lesson covers adding a Schedule C without Form 1099-MISC.

To complete a Schedule C, use the following steps from the **Income** page:

1. Click **BEGIN** on the **Profit or Loss From A Business - Schedule C** line.

TaxSlayer Pro Online displays the **Schedule C** page:

Schedule C

CANCEL **CONTINUE**

This business belongs to *

SAMPLE RETURN
 SPOUSE RETURN

Name and Address

Business Name
Leave blank if no separate business name.

Employer ID
Leave blank if EIN = SSN

2. On the first page of the Schedule C, complete general information about the business using the following tips:
 - a. Select whether this Schedule C is for the taxpayer or spouse. Remember that if the taxpayer is not married, TaxSlayer Pro Online assigns the Schedule C to the **Taxpayer** in this section.
 - b. If the business has a name, type it in the appropriate box; otherwise, leave this box blank.
 - c. If the taxpayer obtained an EIN for the business, type it in the **Employer ID** box; otherwise, leave this box blank.
 - d. Type the address for the business, even if it is the same as the taxpayer's home address.
 - e. If you do not know the business code, click the link under the **Business Code** box. Click the appropriate code. TaxSlayer Pro Online automatically populates both the business code and description boxes.
3. When you finish typing the general information, click **Continue**.

TaxSlayer Pro Online displays the Schedule C landing page:

Section	Action
Basic Information About Your Business	Edit
Questions About the Operation of Your Business	Begin
Income	Begin
Cost of Goods Sold	Begin
General Expenses	Begin
Car And Truck Expenses	Begin
Depreciation	Begin
Other Expenses	Begin
Expenses for Business Use of Your Home	Begin
Restart Schedule C Guide	Begin

Continue

4. Click **BEGIN** on the **Questions About the Operation of Your Business** line.

TaxSlayer Pro Online displays the **Schedule C Questions** page:

Schedule C Questions

Questions about your Business

Accounting Method *

Cash
 Accrual
 Other

Method used to value closing inventory *

Cost
 Lower of cost or market
 Not Applicable

Check here if there were any changes in determining inventory.

Check here if this is the first Sch. C filed by you for this business.

Check here if you "materially participated" in the operation of this business during the tax year.
i This box must be checked to allow a net loss on your return.

Prior year unallowed loss (ONLY enter an amount if current year's activity is a net profit.)
\$

Check here if you made any payments in 2016 that would require you to file Form(s) 1099.

Check here for Qualified Joint Venture. (Ownership between Taxpayer and Spouse must be 50/50. If you are filing Business Use of Home deductions or using the Clergy Worksheet, you will need to file separate Schedule C forms, one for each spouse)

Check here to Prorate Expenses for Minister/Clergy.

5. Carefully read each question on this page and answer it based on the information you receive from the taxpayer.

6. When you finish answering questions on this page, click **Continue**.

TaxSlayer Pro Online displays the Schedule C landing page:

Schedule C	
Basic Information About Your Business	Edit
Questions About the Operation of Your Business	Begin
Income	Begin
Cost of Goods Sold	Begin
General Expenses	Begin
Car And Truck Expenses	Begin
Depreciation	Begin
Other Expenses	Begin
Expenses for Business Use of Your Home	Begin
Restart Schedule C Guide	Begin
Continue	

7. Click **BEGIN** on the **Income** line.

TaxSlayer Pro Online displays the **Schedule C – Income** page:

Schedule C - Income	
Income	
Gross receipts or sales (including income reported on Form 1099-K)	\$ <input type="text"/>
Income reported to you on Form W-2 as Statutory Employee	\$ <input type="text"/>
Returns and allowances	\$ <input type="text"/>
Other Income	\$ <input type="text"/>

8. Read each line carefully and type the amount of income the taxpayer received in the appropriate box.

9. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule C** landing page:

Category	Action
Basic Information About Your Business	Edit
Questions About the Operation of Your Business	Begin
Income	Begin
Cost of Goods Sold	Begin
General Expenses	Begin
Car And Truck Expenses	Begin
Depreciation	Begin
Other Expenses	Begin
Expenses for Business Use of Your Home	Begin
Restart Schedule C Guide	Begin

Continue

10. Click **BEGIN** on the **General Expenses** line.

TaxSlayer Pro Online displays the **Schedule C – Expenses** page:

Advertising	\$	Pension and profit sharing	\$
Contract Labor	\$	Rent or lease of equipment	\$
Commission and fees	\$	Rent or lease of property	\$
Depletion	\$	Repairs and maintenance	\$
Employee benefit programs	\$	Supplies	\$
Health Insurance (will carry automatically to worksheet)	\$	Taxes and licenses	\$
Insurance (other than health)	\$	Travel	\$
Mortgage interest		Meals and entertainment (50%) Enter 100% of the expenses.	\$

11. Complete the information based on answers from the taxpayer, using the following tips:

- When you type the amount of health insurance expense, TaxSlayer Pro Online carries this amount to the worksheet.

- b. When you type the amount of meals and entertainment expense, make sure you type it in the box for either 50% or 80%, as appropriate. Type the full amount of meals and entertainment expense. TaxSlayer Pro Online only deducts the correct amount.
- c. If the taxpayer has vehicle expenses, make sure you complete all of the in-scope boxes for the expense. Select the appropriate check boxes.
- d. If the taxpayer has other expenses, type one expense and click **Continue**. If the taxpayer has more than one “Other Expense”, click **Add** on the **Schedule C Other Expense** page for each additional expense.

NOTE: Business expenses are impacted by the Tax Cuts and Jobs Act (TCJA). At the time of publication, the final forms and instructions have not been released.

12. To review information for each section, click **EDIT**.
13. If the taxpayer has additional items within the scope of the VITA/TCE Programs, click **BEGIN** to add information to that section.
14. When you finish adding information for Schedule C, click **Continue**.

TaxSlayer Pro Online displays the **Schedule C Income from Business** page with the business you entered listed:

Schedule C Income from Business

[Add a Schedule C Income from Business](#)

Business	Owner	Type	Income	Edit	Delete
Rooming boarding	Taxpayer	Schedule C	\$1,200.00		

[Add a Schedule C Income from Business](#)

[Continue](#)

15. If the taxpayer (or spouse) has another business, click **Add** and follow the same steps for each business.
16. When you finish adding Schedules C, click **Continue**.

TIP: TaxSlayer Pro Online automatically calculates self-employment tax based on the information you enter for Schedule C.

Capital Gains and Losses

Stock Transactions

Some taxpayers have sales of stocks or other personal property. If so, you should add those to the return. To add capital gains and losses, use the following steps from the **Income** landing page:

1. Click **BEGIN** on the **Capital Gain and Losses - Schedule D** line.

TaxSlayer Pro Online displays the **Schedule D Capital Gains** page:

Schedule D Capital Gains	
Capital Gains and Loss Items	Begin
Additional Capital Gains Distributions	Begin
Other Capital Gains Data (including Capital Loss Carryover)	Begin
Sale of Main Home Worksheet	Begin
PDF Attachments	Begin
Continue	

2. Click **BEGIN** on the **Capital Gains and Loss Items** line.

TaxSlayer Pro Online displays the **Capital Gains Transaction** page:

Capital Gains Transaction

Description of Property *

Date Acquired

* **Alternate Option:** If Date Acquired is not known, leave the date blank and select an option here

MM ▼ DD ▼ YYYY ▼

Date Sold

* **Alternate Option:**

Check here if a short sale.

MM ▼ DD ▼ YYYY ▼

Sales Price

* **Alternate Option:** If Sale Price is Expired, leave the sales price blank and select an option here

\$

Select cost basis type *

- Please Select - ▼

Note: For Married Filing Joint returns, you can designate whether the transaction belongs to the taxpayer, spouse or both.

3. Type the information for each line for *one* of the taxpayer's capital gain transactions, using the following tips:
 - a. If the taxpayer sold stock from the same company on the same date, you can group those transactions on one page. Otherwise, enter each transaction separately.
 - b. If the taxpayer does not know the date acquired or date sold, select the **Alternate Option** check box for that line and select the explanation from the drop-down list.
 - c. If the sales price is expired or worthless, select the **Alternate Option** check box for that line and select the explanation from the drop-down list.
 - d. Select the source of the cost basis from the **Select cost basis type** drop-down list.

- e. If the cost is expired, select the **Alternate Option** check box and select the explanation from the drop-down list.
- f. If you need to add a negative adjustment to gain or loss, type a negative sign. For any adjustment, select the applicable adjustment explanation(s) from the provided list.

Adjustments

Enter any necessary adjustments to Gain or Loss

i NOTE: If this entry is to be shown as a loss, please enter a negative sign before the number.

\$

If you entered an adjustment amount above, please select all adjustment explanations that apply.

- B - Form 1099-B with Basis shown in Box 3 is Incorrect
- T - Form 1099-B & Type of Gain/Loss shown in Box 1c is Incorrect
- N - Received 1099-B/1099-S as a Nominee for the Actual Owner of the Property
- H - Exclude Some/All of the Gain from the Sale of Your Main Home
- D - Form 1099-B showing accrued market discount in box 1g
- Q - Exclude Part of the Gain from the Sale of Qualified Small Business Stock
- X - Exclude Gain from DC Zone Assets or Qualified Community Assets
- R - Rollover of Gain from QSB Stock, Empowerment Zone, Publicly Traded Securities
- W - Nondeductible Loss from a Wash Sale
- L - Nondeductible Loss other than a Wash Sale
- E - Form 1099-B or 1099-S with Selling Expenses or Options not Reflected on Form
- S - Loss from the Sale of Small Business Stock more than Allowable Ordinary Loss
- C - Disposed of Collectibles
- M - Reporting Multiple Transactions on a Single Row
- O - Other Adjustment Not Explained Above

4. When you finish typing the information for the transaction, do one of the following:
 - a. If the taxpayer has more capital gain transactions, click **Save & Enter Another**, and then follow the same tips to add each transaction.
 - b. When you finish adding transactions, click **Continue**.

TaxSlayer Pro Online displays the **Capital Gain/Loss** page with the transactions listed:

Capital Gain/Loss				
Add a Capital Gains Transaction				
Description	Date Acquired	Date Sold	Price	Cost
Stock	1/2/2015	8/5/2016	\$1,500	\$1,200
Add a Capital Gains Transaction				

5. When you finish adding transactions, click **Continue**.

TaxSlayer Pro Online displays a printer icon on the **Capital Gains and Losses** line. Click this icon to generate a PDF for Schedule D based on the information entered.



Sale of a Main Home

When a taxpayer sells a main home during the year, he or she may be able to exclude part or all of the gain. You still need to report the sale on the return, but you can add an adjustment to exclude the gain. To enter the sale of a main home and the exclusion, use the following steps:

1. On the **Schedule D Capital Gains** page, click **BEGIN** on the line for the **Sale of Main Home Worksheet** line.

TaxSlayer Pro Online displays the **Sale of Home** page:

Sale of Home

Basic Info about the Sale

Date of purchase *

MM ▼ DD ▼ YYYY ▼

Purchase price *

\$

Date of sale *

MM ▼ DD ▼ YYYY ▼

Sale price *

\$

Allowable Depreciation related to the business use or rental of the home

\$

Depreciation taken after 05/06/1997

\$

Info about your home

How many days in the last 5 years was the home your main home?

How many days in the last 5 years did you own your home?

How many days in the last 5 years was the home your spouse's main home?

How many days in the last 5 years did your spouse own your home?

2. Read each line carefully and type the information as received from the taxpayer.
3. If the taxpayer qualifies for the maximum exclusion, select the **Check here if you qualify for the Maximum Exclusion...** check box.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Adjustments** page:

Adjustments

Fees you may have paid when you bought your home

Legal fees

Surveys

Title Insurance

Fees that the seller owed that you agreed to pay

Other fees

General Adjustments

Selling expenses

Cost of additions and improvements that you made to your home

Tax assessments that you paid for sidewalks, streets, and other local improvements

Other increases to your basis

Decreases to your basis

5. Read each line carefully and type the adjustments the taxpayer needs to make as appropriate.
6. Click **Continue**.

TaxSlayer Pro Online displays the **Sale of Home Worksheet** page:

Sale of Home Worksheet

Basic Information about Your Home

Adjustments to the Sale

7. Review any information as needed and click **Continue**.

TaxSlayer Pro Online displays the **Sale of Home Worksheet** summary page:

Sale of Home Worksheet			
Purchase Date	Sold Date	Purchase price	Sales price
1/1/2010	5/5/2016	\$250,000.00	\$300,000.00

8. Click **Continue**.

Prior Year Loss Carryovers

If the taxpayer has a prior year loss carried forward from the previous year and you did not carry forward the return, you need to add that to the return so TaxSlayer Pro Online can deduct the loss. To add the prior year loss carryover, use the following steps:

1. On the **Schedule D Capital Gains** page, click **BEGIN** on the **Other Capital Gains Data (including Capital Loss Carryover)** line.

TaxSlayer Pro Online displays the **Other Capital Gains Data** page:

Other Capital Gains Data	
Adjust Section 1250 Amounts	<input type="text"/>
Adjust 28% Gain	<input type="text"/>
Short Term Loss Carryover from 2015 (enter as a positive number)	<input type="text"/>
Long Term Loss Carryover from 2015 (enter as a positive number)	<input type="text"/>

2. Type the amount of prior year loss carryover in the appropriate box: either short term or long term. Do **not** type these amounts as a negative number.
3. Click **Continue**.


Attaching a Brokerage Statement

If you need to add PDF attachments for a taxpayer's capital gains and losses, you can add up to five attachments. To add the attachments to the return, use the following steps:

1. On the **Schedule D Capital Gains** page, click **BEGIN** on the **PDF Attachments** line.

TaxSlayer Pro Online displays the **Schedule D/Form 8949 Transaction** page:

Schedule D/Form 8949 Transaction



Drag and Drop PDF here, or
click to upload

You may upload 5 more PDF files (up to 5 MB each).

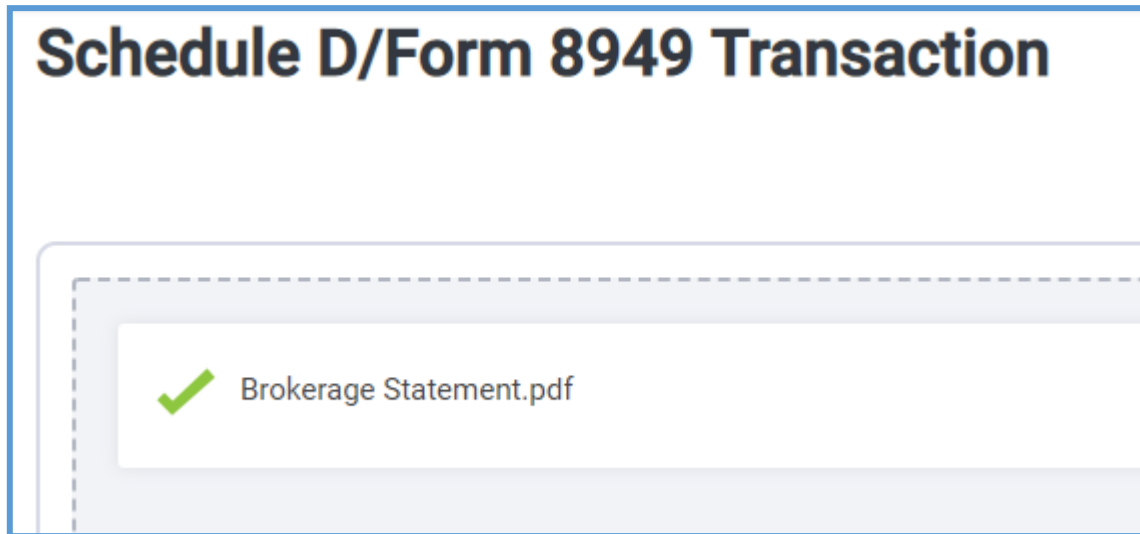
[ATTACHMENT LIST](#)

2. Do one of the following:
 - a. Drag files from your computer to the **Drop files to upload** box.

- b. Click the **Drop files to upload** box, and then navigate to the appropriate files.

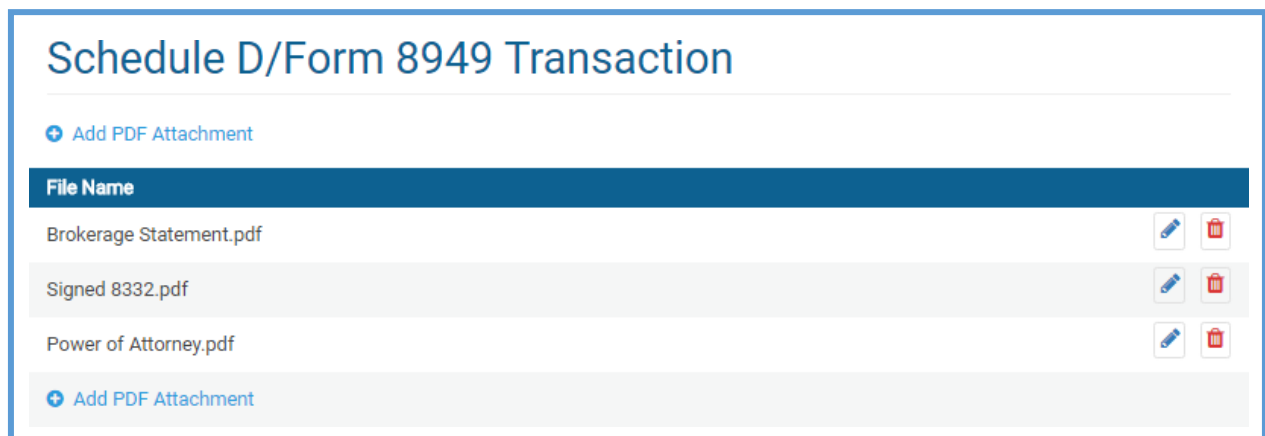
Note: There is a 5 MB limitation for each PDF attachment.

TaxSlayer Pro Online displays the files in the box with a check mark:



3. Click the box again to add more files.
4. Click **Attachment List** when complete.

TaxSlayer Pro Online displays the **Schedule D/Form 8949 Transaction** page:



5. Click **Add** to add more files if needed.
6. If you need to delete an attachment, click **Delete** on the line for that attachment.

TIP: You can use this feature to attach a signed Form 8332 or Form 2848 Power of Attorney to the return.

Rents and Royalties

NOTE:

- **Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041):** only volunteers who certify at the Advanced level are permitted to prepare a Schedule E with Schedule K-1 income items identified in this lesson or Form 1099-MISC, Box 2, Royalties, with no associated expenses.
- **Rental income and expenses for the Military course:** Volunteers must certify at Military level to prepare a Schedule E for rental income.

Some taxpayers rent property or receive royalties. If the taxpayer has rent or royalties to report, use the following steps from the **Income** page:

1. Click **BEGIN** on the **Rents and Royalties - Schedule E** line.

TaxSlayer Pro Online displays the **Schedule E Required Information** page:

Schedule E Required Information

Check here if you made any payments in 2016 that would require you to file Form(s) 1099.

2. Read the question carefully and select the check box only if required. Taxpayers who filed or need to file Form(s) 1099 are out of scope of the VITA/TCE Programs.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rent and Royalty Information** page:

Schedule E Rent and Royalty Information

Type *

Description *

Check here if foreign address

Address (Number and Street) *

ZIP Code *
 -

City, Town, or Post Office *

State *

Check if personal use

Percent of ownership *
 %

Rental Payments Received (including rental income reported on Form 1099-K)

Note: For Married Filing Joint returns, you can designate whether the transaction belongs to the taxpayer, spouse, or both.

4. Select the type from the drop-down list. This section of the lesson covers rental properties.
5. Type the description of the property and type the address.
6. Select the **Check if personal use** box if the property has both personal and rental use. Make sure that you type the number of days the property was used for rental and the number of days the taxpayer used the property for personal use if you select this check box.
7. Type the percent of ownership, rents received, and other information.
8. Click **Continue**.

TIP: Enter 100% of the rents received and expenses paid. TaxSlayer Pro Online allocates the appropriate amount based on the **Percent of Ownership** you enter.

TaxSlayer Pro Online displays the **Schedule E Rentals and Royalties** page:

Schedule E Rentals and Royalties	
Currently Editing: Rental Home	
Rent and Royalty Basic Information	Edit
Depreciation	Begin
Expenses	Begin
Car and Truck Expenses	Begin

Expenses

To add Schedule E expenses, use the following steps:

1. Click **BEGIN** on the **Expenses** line.

TaxSlayer Pro Online displays the **Schedule E Rental/Royalty Expense** page:

Schedule E Rental/Royalty Expense

Advertising
\$

Travel
\$

Cleaning
\$

Commission
\$

Insurance
\$

Legal Fees
\$

Management Fees
\$

Mortgage Interest
\$

Other Interest
\$

2. Type the taxpayer's expenses for rental on the appropriate line of the page.
3. If the taxpayer has expenses for the rental that are not listed on this page, click **Add** on the **Additional Expenses** line.

TaxSlayer Pro Online displays the **Schedule E Rental/Royalty Other Expense** page:

Schedule E Rental/Royalty Other Expense

Description *

Amount *

\$

4. Type the description and amount of the other expense.

5. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rental/Royalty Other Expense** page with the new expense listed:

Schedule E Rental/Royalty Other Expense	
Description	Amount
Other	500.00

6. If the taxpayer has additional other expenses, click **Add Another** to enter the information for each expense.

7. When you finish adding other expenses, click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rental/Royalty Expense** page:

Schedule E Rental/Royalty Expense

Advertising
\$

Travel
\$

Cleaning
\$

Commission
\$

Insurance
\$

Legal Fees
\$

Management Fees
\$

Mortgage Interest
\$

Other Interest
\$

TIP: If the taxpayer has depreciation, add your calculation on this page.

8. When you finish adding expenses, click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rentals and Royalties** landing page:

The screenshot shows the 'Schedule E Rentals and Royalties' page. At the top, it says 'Currently Editing: Rental Home'. Below this, there are four main sections, each with a corresponding button on the right:

- Rent and Royalty Basic Information** with an **Edit** button.
- Depreciation** with a **Begin** button.
- Expenses** with a **Begin** button.
- Car and Truck Expenses** with a **Begin** button.

At the bottom right of the page, there is a **Continue** button.

9. If the taxpayer has standard mileage for a vehicle, click **BEGIN** or **EDIT** on the **Car and Truck Expenses** line.

TaxSlayer Pro Online displays the **Schedule E Car & Truck Expenses** page:

The screenshot shows the 'Schedule E Car & Truck Expenses' page. At the top, it says 'Currently Editing: Rental Home'. Below this, there are two main sections, each with a corresponding button on the right:

- Actual Expenses** with an **Edit** button.
- Standard Mileage Rate** with an **Edit** button.

At the bottom right of the page, there is a **Continue** button.

10. Click **BEGIN** on the **Standard Mileage Rate** line.

TaxSlayer Pro Online displays the **Schedule E Vehicle** page:

Schedule E Vehicle

View / Edit Vehicle(s) Begin

Vehicle Questions Begin

Continue

11. Click **BEGIN** on the **View/Edit Vehicle(s)** line.

TaxSlayer Pro Online displays the **Edit Vehicle Information** page:

Edit Vehicle Information

Description *

Date vehicle placed in service *
MM ▼ DD ▼ YYYY ▼

Total business/investment miles *

Total number of commuting miles driven

Total other personal miles driven

Check here if vehicle was available for personal use during off duty hours.

Check here if vehicle was used by more than 5% owner or related person.

Check here if another vehicle was available for personal use.

Cancel Continue

12. Type all of the information for the vehicle.

13. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Vehicle** page with the vehicle listed:

The screenshot shows the 'Schedule E Vehicle' page. At the top, there is a blue header with the title 'Schedule E Vehicle'. Below the header, there is a link that says 'Add Another'. A table with a dark blue header contains one row. The header has two columns: 'Description' and 'Address'. The row contains 'Truck' under 'Description' and '1/1/2015' under 'Address'. To the right of the row are two small icons: a pencil and a trash can. Below the table, there is another 'Add Another' link. At the bottom right of the page, there is a blue button labeled 'Continue'.

Description	Address
Truck	1/1/2015

14. If the taxpayer has more vehicles to add, click **Add** and follow the same steps to add each vehicle.

15. When you finish adding vehicles, click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Vehicle** page:

The screenshot shows the 'Schedule E Vehicle' page. At the top, there is a blue header with the title 'Schedule E Vehicle'. Below the header, there are two rows of options. The first row has the text 'View / Edit Vehicle(s)' on the left and a blue button labeled 'Begin' on the right. The second row has the text 'Vehicle Questions' on the left and a blue button labeled 'Begin' on the right. At the bottom right of the page, there is a blue button labeled 'Continue'.

16. Because you should have completed vehicle questions when you completed the **Form 4562 Questions** page, earlier, click **Continue**. If not, answer the questions here.

TaxSlayer Pro Online displays the **Schedule E Car & Truck Expenses** page:

The screenshot shows the 'Schedule E Car & Truck Expenses' page. At the top, it says 'Currently Editing: Rental Home'. Below this, there are two rows of options: 'Actual Expenses' with an 'Edit' button and 'Standard Mileage Rate' with an 'Edit' button. At the bottom right, there is a 'Continue' button.

17. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rentals and Royalties** landing page:

The screenshot shows the 'Schedule E Rentals and Royalties' page. At the top, it says 'Currently Editing: Rental Home'. Below this, there are four rows of options: 'Rent and Royalty Basic Information' with an 'Edit' button, 'Depreciation' with a 'Begin' button, 'Expenses' with a 'Begin' button, and 'Car and Truck Expenses' with a 'Begin' button. At the bottom right, there is a 'Continue' button.

18. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule E Rental/Royalty** page with the property you entered listed:

Description	Address (Number and Street)	Amount
Rental Home	123 Rent Way	\$5,000.00

19. If the taxpayer has multiple rental or royalty properties, click **Add Another** and use the same steps to enter each one.

20. When you finish adding rental and royalty properties, click **Continue**.

Schedules K-1

If the taxpayer received a Schedule K-1 from a partnership, S corporation, estate, or trust, you need to report the income. To report a Schedule K-1, use the following steps from the **Income** landing page:

NOTE: Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041): only volunteers who certify at the Advanced level are permitted to prepare a Schedule E with Schedule K-1 income items identified in this lesson or Form 1099-MISC, Box 2, Royalties, with no associated expenses.

1. Click **BEGIN** on the **Other Income** line.

TaxSlayer Pro Online displays the **Less Common Income** page:

Less Common Income	
Other Income Not Reported Elsewhere	BEGIN
Gambling Winnings Form W-2G	BEGIN
Other Compensation	BEGIN
Payments from Qualified Education Programs Form 1099-Q	BEGIN
Cancellation of Debt Form 1099-C, Form 982	BEGIN
Installment Sale Income Form 6252	BEGIN
Sale of Business Property Form 4797	BEGIN
K-1 Earnings	BEGIN
Gains and Losses From Section 1256 Form 6781	BEGIN
Foreign Earned Income Exclusion Form 2555	BEGIN
Farm Rental Income and Expenses Form 4835	BEGIN

2. Click **BEGIN** on the **K-1 Earnings** line.

TaxSlayer Pro Online displays the **Schedule K-1** page:

Schedule K-1	
Schedule K-1 Form 1065	Begin
Schedule K-1 Form 1120S	Begin
Schedule K-1 Form 1041	Begin
Schedule E (Page 2) Question	Begin
	Continue

3. Read the lines to find the correct Schedule K-1 for the form the taxpayer received. Click **BEGIN** on that line. For purposes of this lesson, we cover Schedule K-1 from an estate or trust.

TaxSlayer Pro Online displays the **Form 1041 K-1** page:

Form 1041 K-1

Cancel Continue

Part I - Information About the Estate/Trust

Estate/Trust Belongs To *

Taxpayer Example
 Spouse Example

Estate/Trust Name *

Estate/Trust EIN Number *

Address (Number and Street) *

ZIP Code *

City, Town, or Post Office *

State *

- Please Select -

Part II - Beneficiary's Share of Income, Deductions, Credits, etc

1 Interest Income
\$

11a Excess Deductions on Termination
\$

4. Type the information on the page exactly as shown on the paper Schedule K-1 the taxpayer received.

TIP: If the taxpayer is married, select whether the Schedule K-1 belongs to the taxpayer or the spouse.

5. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule K-1 Form 1041** summary page with the Schedule K-1 listed:

EIN	Estate/Trust Name	Estate/Trust Belongs To
421111111	Estate	Taxpayer

6. If the taxpayer has additional Schedules K-1 from the same type of entity to report, click **Add** and follow the same steps to enter the information for the Schedule K-1.
7. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule K-1** page:

Schedule K-1 Form 1065	Begin
Schedule K-1 Form 1120S	Begin
Schedule K-1 Form 1041	Begin
Schedule E (Page 2) Question	Begin

8. If the taxpayer has additional Schedules K-1, click **BEGIN** on the line for the form the taxpayer received and follow the same steps to enter the income.

Foreign Earned Income Exclusion

Some taxpayers may qualify for an exclusion of income they earned in another country. If so, you can add that exclusion to the return. To enter a foreign earned income exclusion, use the following steps from the **Income** page:

1. Click **BEGIN** on the **Other Income** line.

TaxSlayer Pro Online displays the **Less Common Income** page:

Less Common Income	
Other Income Not Reported Elsewhere	BEGIN
Gambling Winnings Form W-2G	BEGIN
Other Compensation	BEGIN
Payments from Qualified Education Programs Form 1099-Q	BEGIN
Cancellation of Debt Form 1099-C , Form 982	BEGIN
Installment Sale Income Form 6252	BEGIN
Sale of Business Property Form 4797	BEGIN
K-1 Earnings	BEGIN
Gains and Losses From Section 1256 Form 6781	BEGIN
Foreign Earned Income Exclusion Form 2555	BEGIN
Farm Rental Income and Expenses Form 4835	BEGIN

2. Click **BEGIN** on the **Foreign Earned Income Exclusion** line.

TaxSlayer Pro Online displays the **Form 2555 General Information** page:

The screenshot shows the 'Form 2555 General Information' page. At the top, there are two buttons: 'CANCEL' on the left and 'CONTINUE' on the right. Below these buttons, the page is divided into sections. The first section is titled 'Form belongs to *' and contains two radio button options: 'SAMPLE RETURN' and 'SPOUSE RETURN'. The second section is titled 'Your Foreign Address' and contains two text input fields. The first field is labeled 'Address (Number and Street) *' and the second field is labeled 'City, Town, or Post Office *'.

3. Select whether the Form 2555 belongs to the taxpayer or spouse (if applicable).
4. Type the taxpayer's foreign address.
5. Type the occupation.
6. Type the employer's information, including name, United States address, and foreign address.

Scroll to the **General Information** section:

General Information

Employer is *

A Foreign Entity

A U.S. Company

Self

Foreign Affiliate of U.S. Company

Other

Check here if you have filed Form 2555 since 1982

Year you last filed a 2555

Check here if you have ever revoked (reversed or cancelled) either of the exclusions

Revocation Type

7. Read each question in the **General Information** section carefully and select or type the correct answer.
8. If you select the **Check here if you have ever revoked...** check box, select the type and year of revocation from the appropriate drop-down lists. If the taxpayer has never revoked an exclusion, do not select an option from either of these lists.
9. If the taxpayer maintained a separate foreign residence because of adverse living conditions at his or her tax home, select the appropriate check box and type the address of and days at the secondary home in the appropriate boxes.

Scroll to the **Tax home** section:

The screenshot shows a form titled "Tax home #1" and "Tax home #2". Each section has a "Description" text input field and a "Date Established" section with three dropdown menus for "MM", "DD", and "YYYY".

10. Type a description and the date established for each tax home.
11. Click **CONTINUE**.

TaxSlayer Pro Online displays the **Form 2555 Qualifying Test** page:

The screenshot shows the "Form 2555 Qualifying Test" page. It features a heading "Form 2555 Qualifying Test" and a sub-heading "Taxpayer qualifies under *". Below this are two radio button options: "Physical Presence Test" and "Bona Fide Residence Test". At the bottom of the page are two buttons: "CANCEL" and "CONTINUE".

12. Select the test under which the taxpayer qualifies.
13. Click **CONTINUE**.

TaxSlayer Pro Online displays the appropriate information for the test you select:

Form 2555 Physical Presence Test

CANCEL **CONTINUE**

Physical Presence Test Based on 12-Month Period

From *

MM ▾ DD ▾ YYYY ▾

Ending *

MM ▾ DD ▾ YYYY ▾

Your Principal Country of Employment During 2017 *

- Please Select - ▾

Check here if there is no travel to report during the period

14. Read each question carefully and select the correct answer based on information from the taxpayer.

15. Click **CONTINUE**.

TaxSlayer Pro Online displays the **Form 2555 Foreign Earned Income** page:

Form 2555 Foreign Earned Income

CANCEL **CONTINUE**

Income Information

Total Wages, Salaries, Bonuses, Commissions, etc

This income does not carry to your tax return as this is only excluding income. You must still enter the income on either a W-2 (if U.S. employer) or within the Foreign Earned Compensation (if Foreign employer or Self-Employed overseas) section of your return.

\$

Allowable Share of Income for Personal Services Performed

In a Business (Including Farming) or Profession

\$

16. Read each question carefully and type or select the appropriate answer based on information from the taxpayer.

NOTE: TaxSlayer Pro Online does not carry this income information to the tax return. You still need to complete Form W-2 or other income forms in the appropriate section of the return.

17. Click **CONTINUE**.

TaxSlayer Pro Online displays the **Form 2555 Housing/Foreign Income Exclusion** page, if the taxpayer appears to qualify for this exclusion:

Form 2555 Housing/Foreign Income Exclusion

Number of days in your qualifying period that fall within your 20 tax year *

Check here if you are claiming the Housing Exclusion or Deduction

18. Type the number of days in the qualifying period that fall within the current tax year.
19. If the taxpayer is claiming the housing exclusion or deduction, select the check box.

TaxSlayer Pro Online displays the housing information questions:


Check here if you are claiming the Housing Exclusion or Deduction

Qualified Housing Expenses for the Tax Year

Location Where Housing Expenses Incurred

Limit on Housing Expenses

Enter the Employer-Provided Amounts

 We calculate the Employer-Provided amounts should be \$5,000.00. You may adjust that amount by changing the amount below. Currently, the amount carrying to your tax return is \$5,000.00.

20. Read each question carefully and type the amount based on information from the taxpayer.

21. Click **CONTINUE**.

TaxSlayer Pro Online displays the **Foreign Earned Income Exclusion (Form 2555)** page:

Foreign Earned Income Exclusion (Form 2555)

+ Add a Form 2555 - Foreign Earned Income Exclusion

Belongs To

Taxpayer  

+ Add a Form 2555 - Foreign Earned Income Exclusion

IRA Deduction

Some taxpayers make contributions to an IRA during the year. If the taxpayer did so, you can add those to the return to figure whether the taxpayer is eligible for a deduction for those contributions. To add IRA contributions, use the following steps from the **Deductions** page:

1. Click **BEGIN** on the **Adjustments** line.

TaxSlayer Pro Online displays the **Adjustments** page:

Adjustments

Medical Savings Account Form 8853	Begin
Educator Expenses	Begin
Expenses for Reservists, Performing Artists, and Qualifying Government Employees	Begin
Health Savings Account Form 8889	Begin
Moving Expenses Form 3903	Begin
Contributions to SEP, Simple, and Qualified Plans	Begin
Self-Employed Health Insurance	Begin
Penalty on Early Withdrawal of Savings or CD	Begin
Alimony Paid	Begin
IRA Deduction	Begin

2. Click **BEGIN** on the **IRA Deduction** line.

TaxSlayer Pro Online displays the **IRA Deduction** page:

IRA Deduction

CANCEL **CONTINUE**

Enter amount of IRA Contribution made by Taxpayer
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu after continuing through this page.)
If you entered over \$5,500 (\$6,500 if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

\$

Enter amount of IRA Contribution made by Spouse
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary/Print" tab located on the left menu after continuing through this page.)
If you entered over \$5,500 (\$6,500 if age 50 or older), visit Form 5329, Part III to report any excess contribution amount for the current year.

\$



3. Type the amount of IRA contributions.

4. Select the appropriate choice to show whether the taxpayer or spouse has a retirement plan.

5. Click **Continue**.

TaxSlayer Pro Online displays the **IRA Deduction** summary page:

IRA Deduction

Taxpayer Contribution	Spouse's Contribution	
\$5,500	\$5,500	 

Continue

6. Click **Continue**.

Residential Energy Credit

If the taxpayer owned a home and purchased energy-efficient items during the year, he or she may be able to take a credit based on the amount of those items. To figure the residential energy credit, use the following steps from the **Deductions** page:

1. Click **BEGIN** on the **Credits Menu** line.

TaxSlayer Pro Online displays the **Credits** landing page:

Credit Name	Action
Foreign Tax Credit Form 1116	Begin
Child Care Credit Form 2441	Begin
Education Credits Form 1098-T	Begin
Retirement Savings Credit Form 8880	Begin
Residential Energy Credit Form 5695	Begin
Adoption Credit Form 8839	Begin
DC First-Time Homebuyer Credit Form 8859	Begin
Mortgage Interest Credit Form 8396	Begin

2. Click **BEGIN** on the **Residential Energy Credit - Form 5695** line.

TaxSlayer Pro Online displays the **Form 5695 – Residential Energy Credit** page:

Check here if the energy efficiency improvements or residential energy property costs were made to your main home located in the United States.

CANCEL **CONTINUE**

3. Verify that the taxpayer qualifies to take the credit, and then select the check box.

TaxSlayer Pro Online adds a question to the page based on your selection of the check box:

Form 5695 - Residential Energy Credit

Check here if the energy efficiency improvements or residential energy property costs were made to your main home located in the United States.

Check here if any of these improvements were related to the construction of this main home

CANCEL **CONTINUE**

4. Read the question carefully and select the check box if it applies.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Form 5695** page:

Form 5695

Nonbusiness Energy Property	Begin
Energy Efficient Improvement	Begin
	Continue

6. If the taxpayer qualifies for the nonbusiness energy property credit (Part II of Form 5695), click **BEGIN** on the **Nonbusiness Energy Property** line.

TaxSlayer Pro Online displays the **Form 5695 – Nonbusiness Energy Property** page:

Form 5695 - Nonbusiness Energy Property

Address of the Main Home

Enter the address where you made the qualifying improvements: *

[Use my main address](#)

Address (Number and Street) *

ZIP Code *

 -

City, Town, or Post Office *

State *

Qualifying Improvements

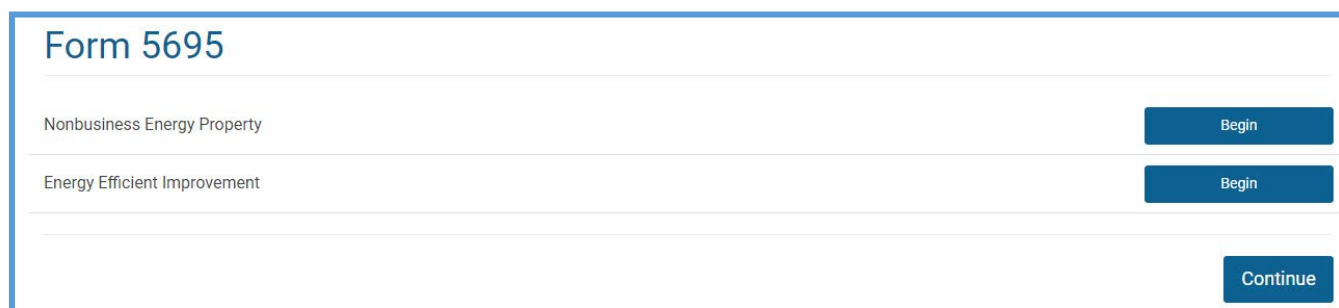
Insulation material or systems specifically and primarily designed to reduce heat loss or gain in your home

Exterior doors

Exterior windows (including skylights)

7. Read each line on the page carefully and type the information based on information you receive from the taxpayer.
 - a. If the credit is for improvements on the taxpayer's main home, click the **Use my main address** link, and TaxSlayer Pro Online automatically populates the address based on the information you entered in personal information.
8. Click **Continue**.

TaxSlayer Pro Online displays the **Form 5695** page:



Form 5695

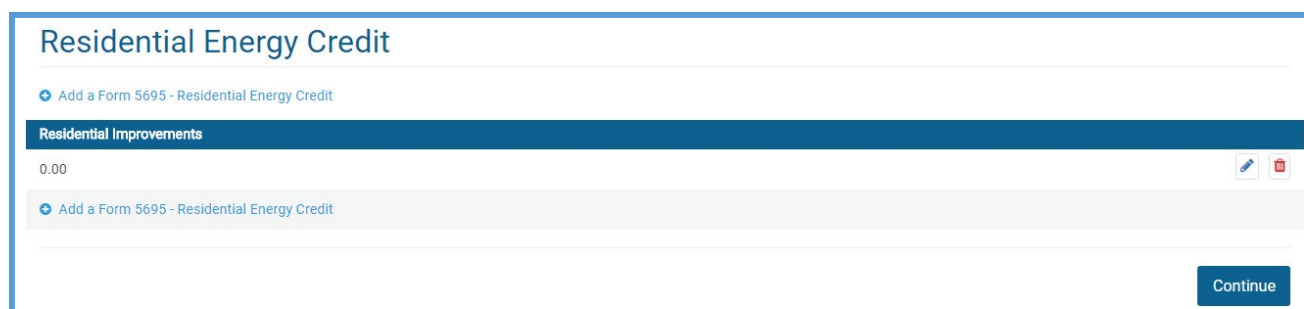
Nonbusiness Energy Property Begin

Energy Efficient Improvement Begin

Continue

9. Click **Continue**.

TaxSlayer Pro Online displays the **Residential Energy Credit** page, listing the amount of residential improvements:



Residential Energy Credit

[Add a Form 5695 - Residential Energy Credit](#)

Residential Improvements

0.00 ✎ 🗑️

[Add a Form 5695 - Residential Energy Credit](#)

Continue

10. Click **Continue**.

Credit for the Elderly or Disabled

Some taxpayers qualify for a credit for the elderly or the disabled. If the taxpayer does, you can add that to the return. To add the credit for the elderly or disabled to the return, use the following steps from the **Credits** page:

1. Click **BEGIN** on the **Credit for the Elderly or Disabled - Schedule R** line.

TaxSlayer Pro Online displays the **Schedule R Retired/Disability Question** page:

Schedule R Retired/Disability Question

Choose one

- Both spouses were 65 or older.
- Both spouses were under 65, but only one spouse retired on permanent and total disability.
- Both spouses were under 65 and both retired on permanent and total disability.
- One spouse was 65 or older and the other spouse was under 65 and retired on permanent and total disability.
- One spouse was 65 or older, and the other spouse was under 65 and NOT retired on permanent and total disability.

CANCEL **CONTINUE**

2. Select the appropriate radio button.

TIP: TaxSlayer Pro Online dynamically displays questions based on the filing status and the question you answer on this page. The following two sections (*65 or Older* and *Disabled*), reflect the difference in the two qualifications for this credit.

3. Click **Continue**.

65 or Older

If you selected that the taxpayer is 65 or older on the previous page, TaxSlayer Pro Online displays the **Income** page:

Income

Taxable disability income



Other pension, annuity, or disability benefit that is excluded from income under any other provision of law (DO NOT re-enter non-taxable income already reported such as Social Security Benefits)

CANCEL **CONTINUE**

4. Read both questions carefully and type the appropriate amount(s) in the boxes. Do not re-enter disability income entered elsewhere in the return.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Credit for the Elderly/Disabled (Schedule R)** page:

Credit for the Elderly / Disabled (Schedule R)

Taxable disability income	Other Income	
\$0.00	\$0.00	 

Continue

6. Click **Continue**.

Disabled

If you selected that the taxpayer is disabled on the previous page, TaxSlayer Pro Online displays the **Statement of Disability** page:

Statement of Disability

IF You filed a physician's statement for this disability for 1983 or an earlier year

OR You filed or got a statement for tax years after 1983 and your physician signed line B on the statement,

AND Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 2017.

Check this box only if this entire statement is true.

4. Read the entire statement carefully. If it is true, select the check box.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Credit for the Elderly/Disabled (Schedule R)** page:

Credit for the Elderly / Disabled (Schedule R)

Schedule R Status Question	<input type="button" value="Edit"/>
Statement of Disability	<input type="button" value="Edit"/>
Other Income	<input type="button" value="Begin"/>

6. Click **Continue**.

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