FIESTA

TAX SERVICE

TAX SOFTWARE USER GUIDE

Preparing a Return

Entering Basic Income

Contents

Entering Basic Income

After completing this topic, you will be able to:

1. List and define the methods for entering income.
2. Complete Form W-2.
3. Enter taxable refunds.
4. Enter interest and dividends.
5. Enter IRAs and pensions.
6. Enter Social Security benefits.
7. Enter Railroad Retirement benefits.
8. Enter unemployment income.
9. Add less common income, including the following:
    a. Taxable scholarships.
    b. Alaska Permanent fund dividends.
    c. Gambling income.
    d. Cancellations of debt.

Methods of Entering Income

TaxSlayer Pro Online provides multiple methods of entering income in the taxpayer's return. You can use any of the following:

- 1040 View
- Guide Me
- Enter Myself
- Quick File

Taxpayer Profile

In TaxSlayer Pro Online, you can choose a taxpayer profile to automatically display income and adjustment entry pages that most closely reflect information from the taxpayers visiting your site. When you do this, you save time in the return. You can still add additional information to the return after you complete any of the necessary forms displayed by the taxpayer profile.

To apply a taxpayer profile to a return, do the following:

1. Click **Select** on the **Start New Tax Return** line.

TaxSlayer Pro Online displays the **Enter Social Security Number** section:

2. Type the taxpayer's Social Security number or ITIN.
3. Type the taxpayer's identifying number again for verification.
4. Click **Start Return**.

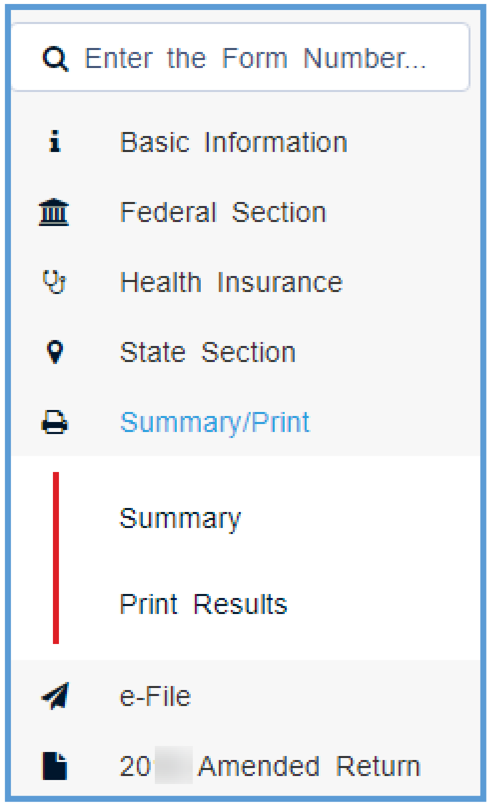
TIP: If you do not want to use a taxpayer profile for this return, you can choose **Basic (No Profile)** or go directly to **Enter Social Security Number** and start a blank return. You can only select taxpayer profiles during **Start a New Return**.

After this point, you can enter the basic information.

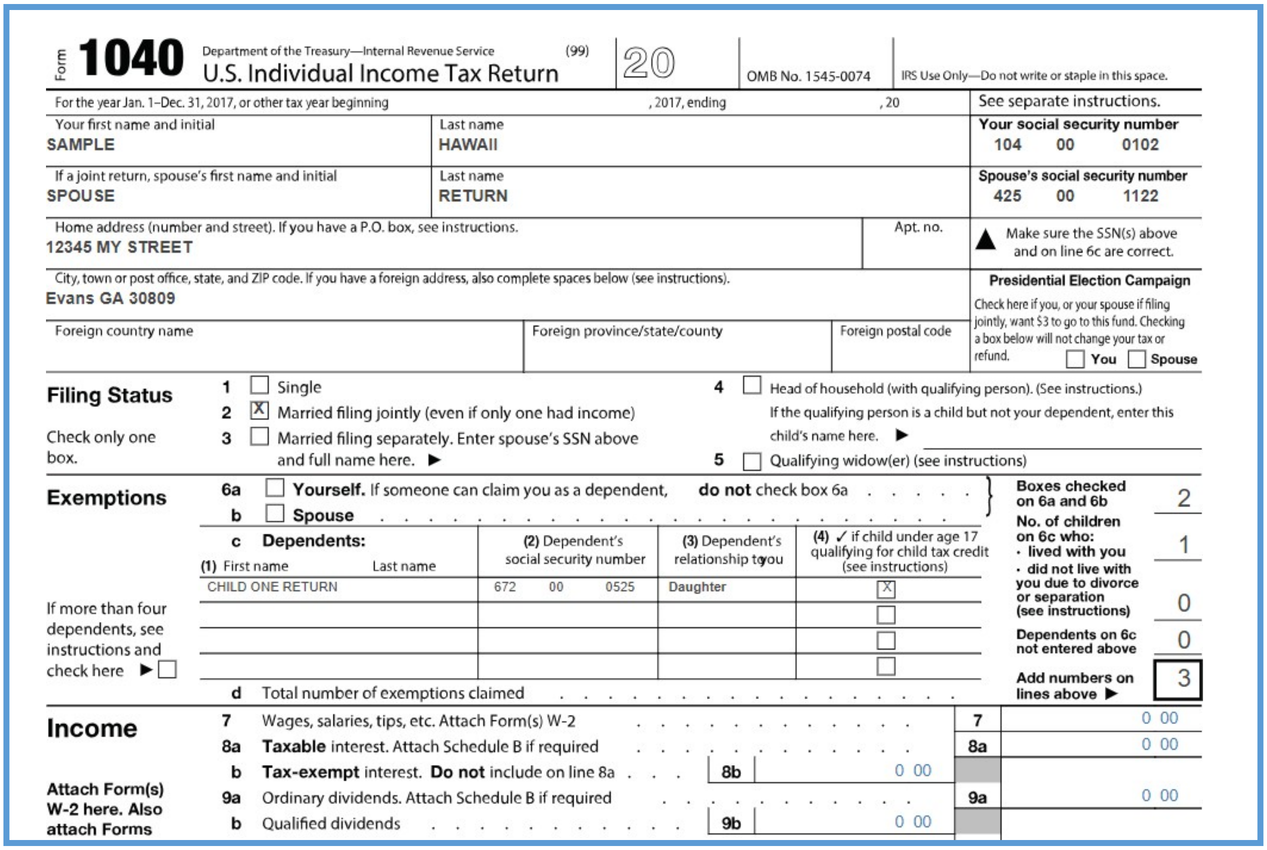
1040 View

You can add information to the return using the Form 1040 as a guide. To do this, use the following steps:

1. In an open return, click the **Summary/Print** link on the left navigation bar.



TaxSlayer Pro Online displays the **Calculation Summary** page:



Form **1040** Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return 20 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2017, or other tax year beginning , 2017, ending , 20 See separate instructions.

Your first name and initial SAMPLE	Last name HAWAII	Your social security number 104 00 0102
If a joint return, spouse's first name and initial SPOUSE	Last name RETURN	Spouse's social security number 425 00 1122
Home address (number and street). If you have a P.O. box, see instructions. 12345 MY STREET	Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). Evans GA 30809		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse
Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status

Check only one box.

1 ☐ Single
2 ☒ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) (see instructions)

Exemptions

6a ☐ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a — Boxes checked on 6a and 6b: 2
b ☐ **Spouse**
c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit (see instructions)
CHILD ONE RETURN	672 00 0525	Daughter	☒
			☐
			☐
			☐

If more than four dependents, see instructions and check here ▶ ☐

No. of children on 6c who: • lived with you: 1
• did not live with you due to divorce or separation (see instructions): 0
Dependents on 6c not entered above: 0
d Total number of exemptions claimed — Add numbers on lines above ▶ 3

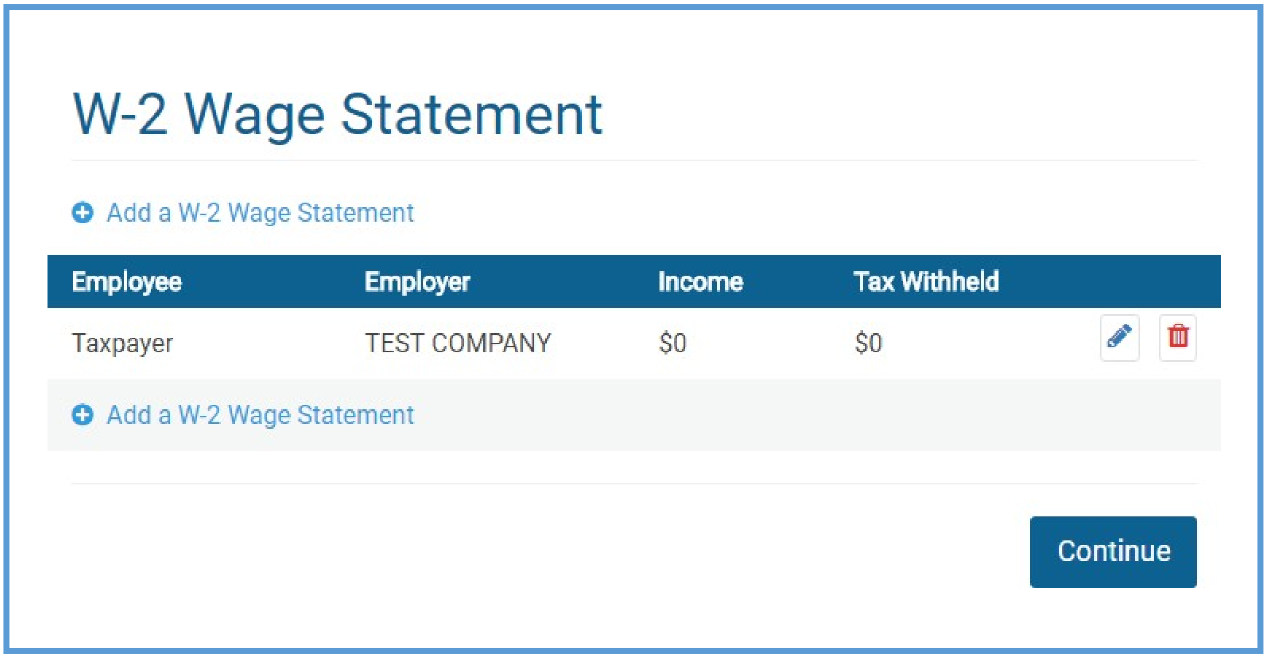
Income

Attach Form(s) W-2 here. Also attach Forms

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	0 00
8a	**Taxable** interest. Attach Schedule B if required	8a	0 00
b	**Tax-exempt** interest. **Do not** include on line 8a — 8b 0 00		
9a	Ordinary dividends. Attach Schedule B if required	9a	0 00
b	Qualified dividends — 9b 0 00		

2. Click the line(s) on the return to link to the entry menu for that information. For example, click **Line 7**.

TaxSlayer Pro displays the **W-2 Entry** or **W-2 Wage Statement** page:



From this page, you can enter multiple Forms W-2 or edit a previously entered Form W-2.

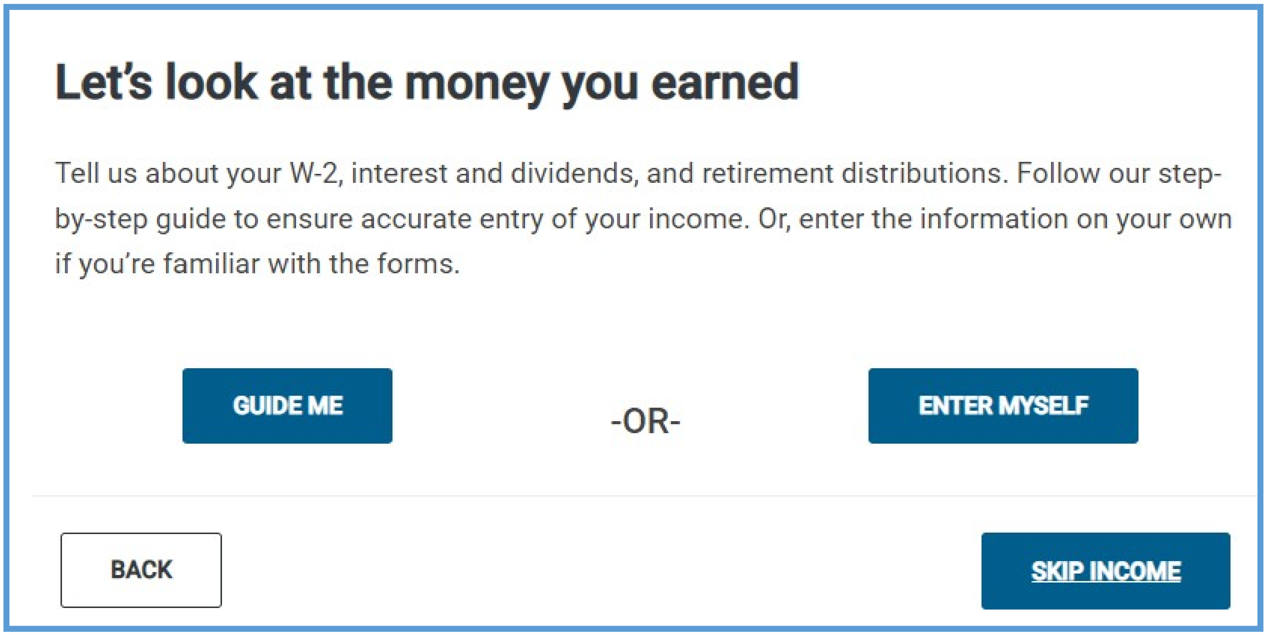
3. Click **Continue** to return to 1040 view. From there, work your way down the 1040 view to complete the tax return.

Guide Me

You can have the program guide you through the return preparation process. To have TaxSlayer Pro Online guide you through preparing the return, use the following steps:

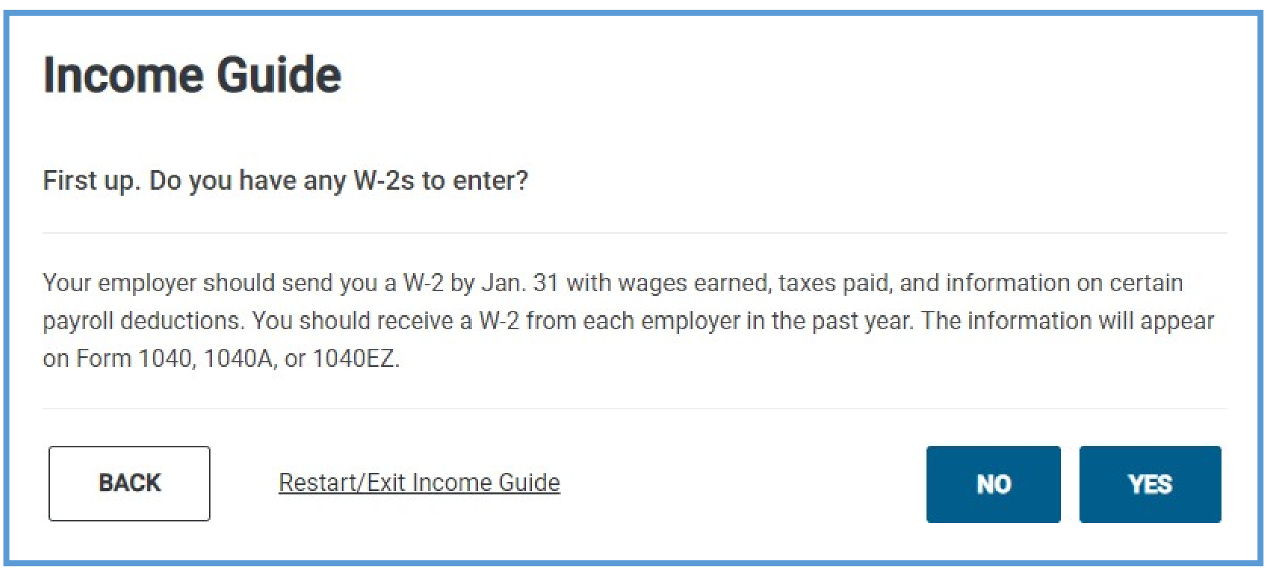
1. Start a new return.
2. Apply a taxpayer profile, if desired.
3. Add the taxpayer's filing status.
4. Add the taxpayer and spouse's personal information, including name, address, and other information.
5. Complete entry pages loaded from a selected taxpayer profile, if applicable.

TaxSlayer Pro Online displays the **Let's look at the money you earned** page:



6. Click **Guide Me**.

TaxSlayer Pro Online displays the **Income Guide** page:



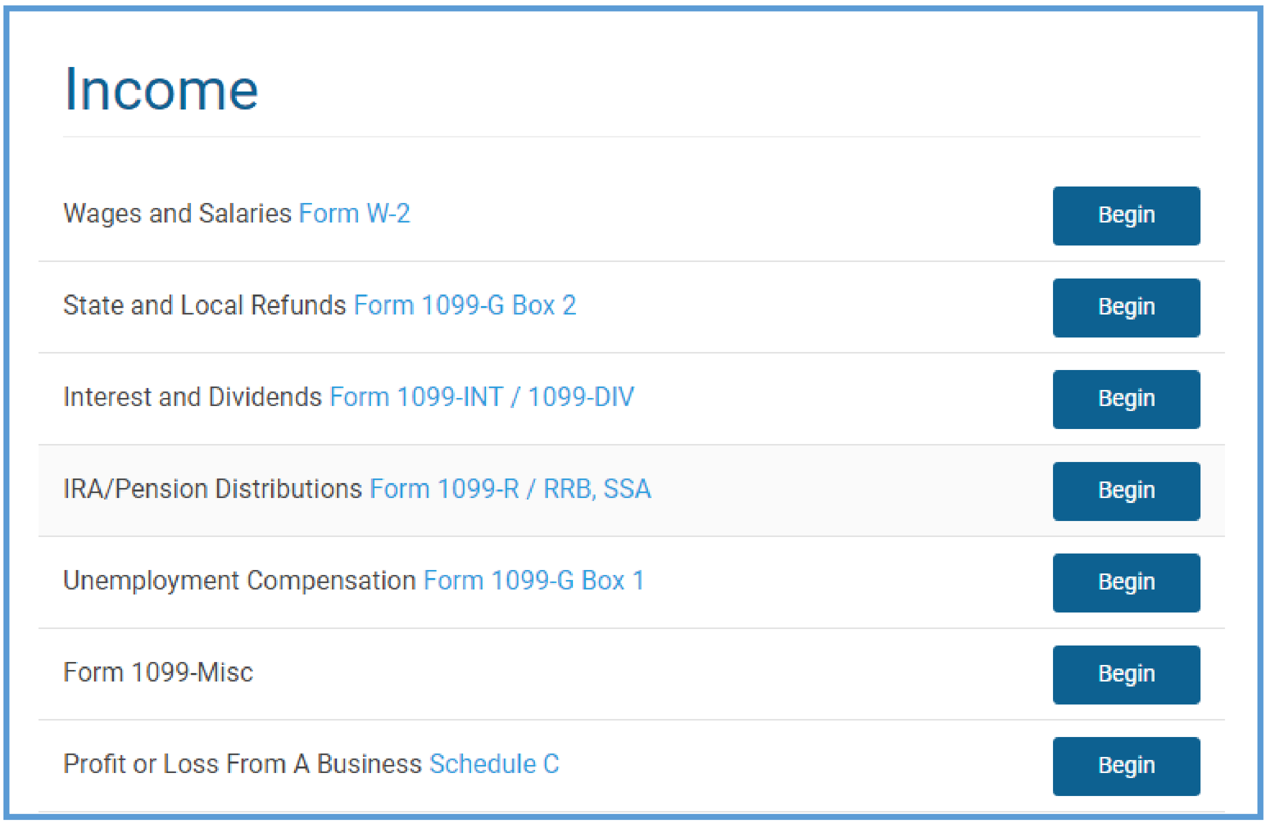
7. Read the information on the page and answer each question based on the information the taxpayer gives you. These pages are designed as questions that you can read to the taxpayer.

Enter Myself

Another way you can add information to the return is to enter the information yourself, without having TaxSlayer Pro Online guide you through entering the information. To use this method, use the following steps:

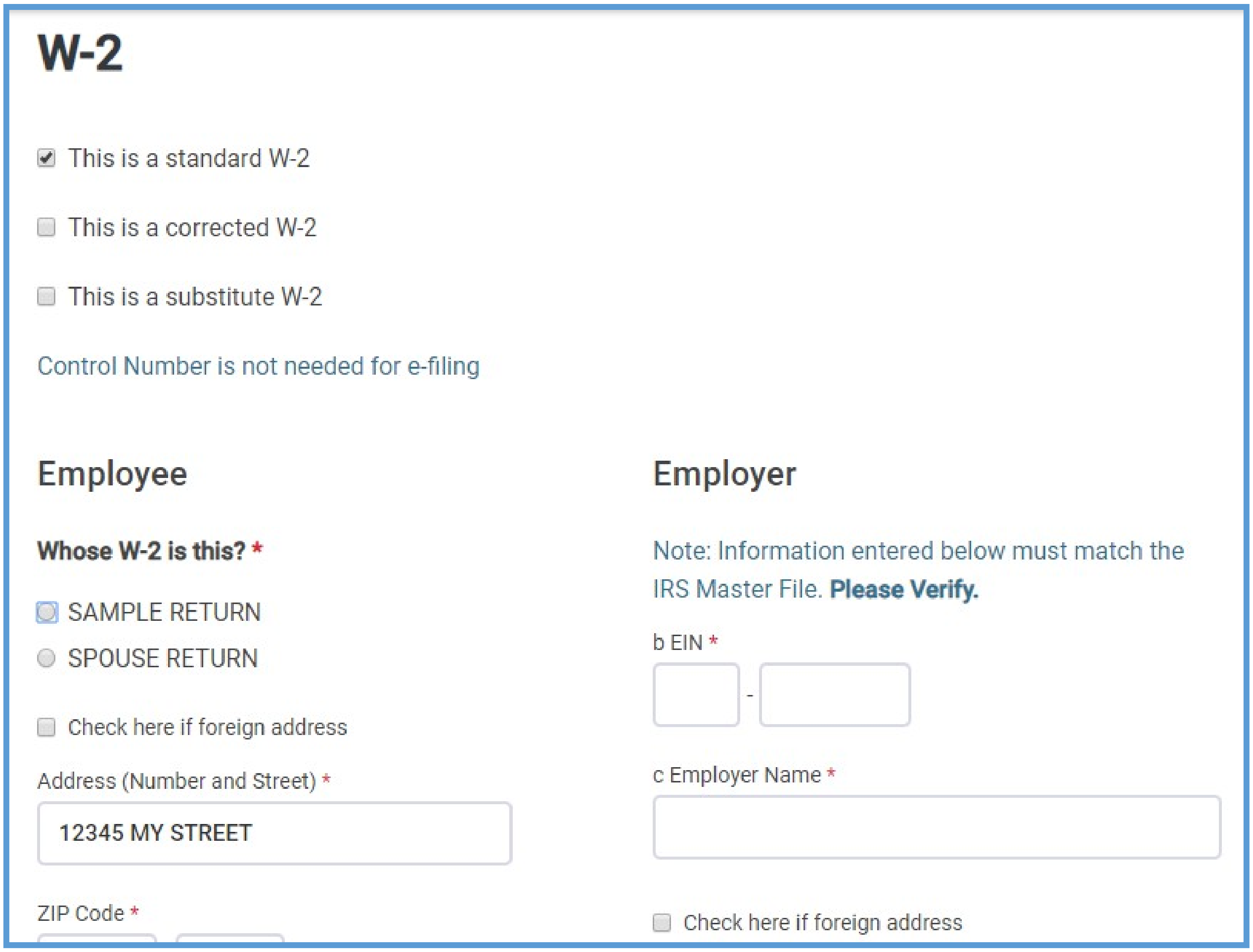
1. On the **Let's look at the money you earned** page, click **Enter Myself** or select **Income** from the left navigation panel.

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



2. Click **BEGIN** for the type of income you need to add to the return. For this example, click **Wages and Salaries Form W-2**.

TaxSlayer Pro Online displays the **W-2** page:



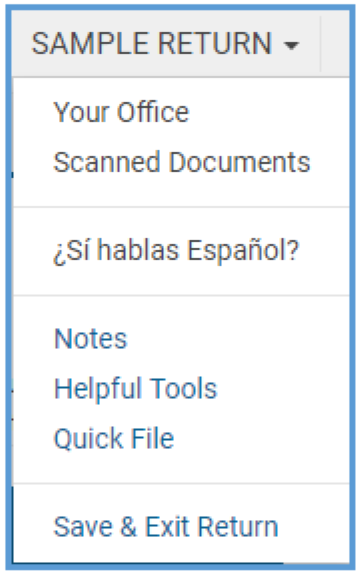
3. Type the information from the taxpayer's Form W-2 on the TaxSlayer Pro Online form.

Quick File

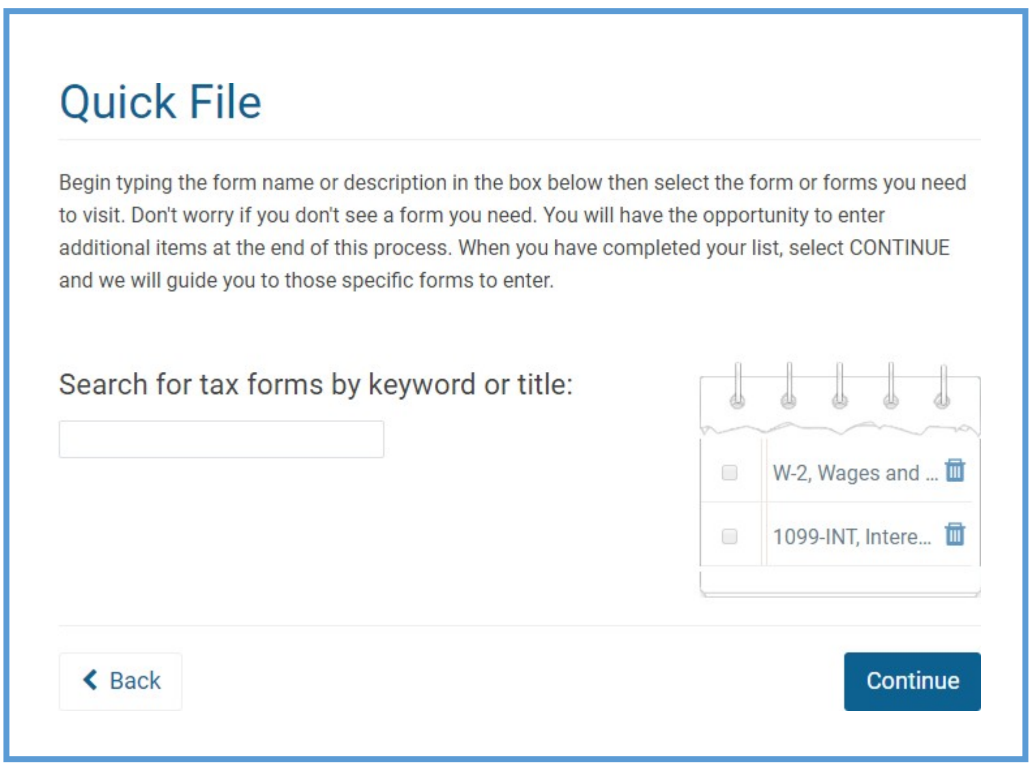
In TaxSlayer Pro Online, you can create a Quick File list to automatically display income and adjustment entry pages based on the information given to you by the taxpayer after completing the Basic Information section. When you do this, you save time in the return. You can still add additional information to the return after you complete any of the necessary forms displayed by the taxpayer profile.

To create a Quick File list from an open return, use the following steps:

1. Click **Quick File** from the **Taxpayer** menu.



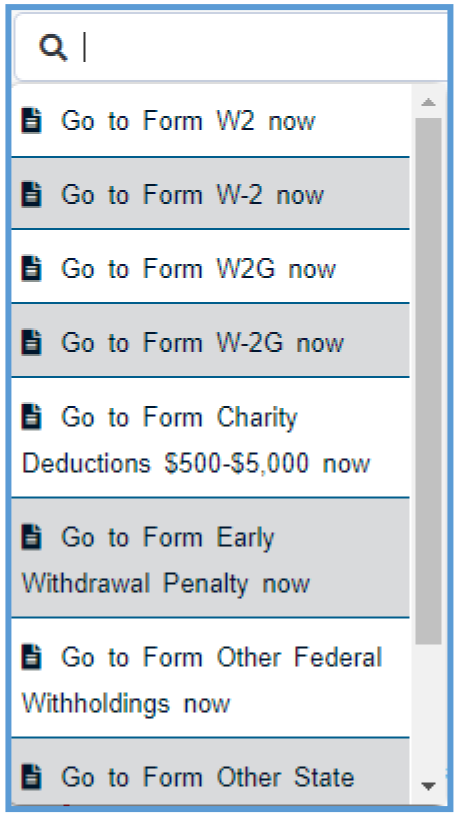
TaxSlayer Pro Online displays the **Quick File** page:



2. Add any applicable forms by typing the form name or description to build the list.
3. When you finish, click **Continue**.

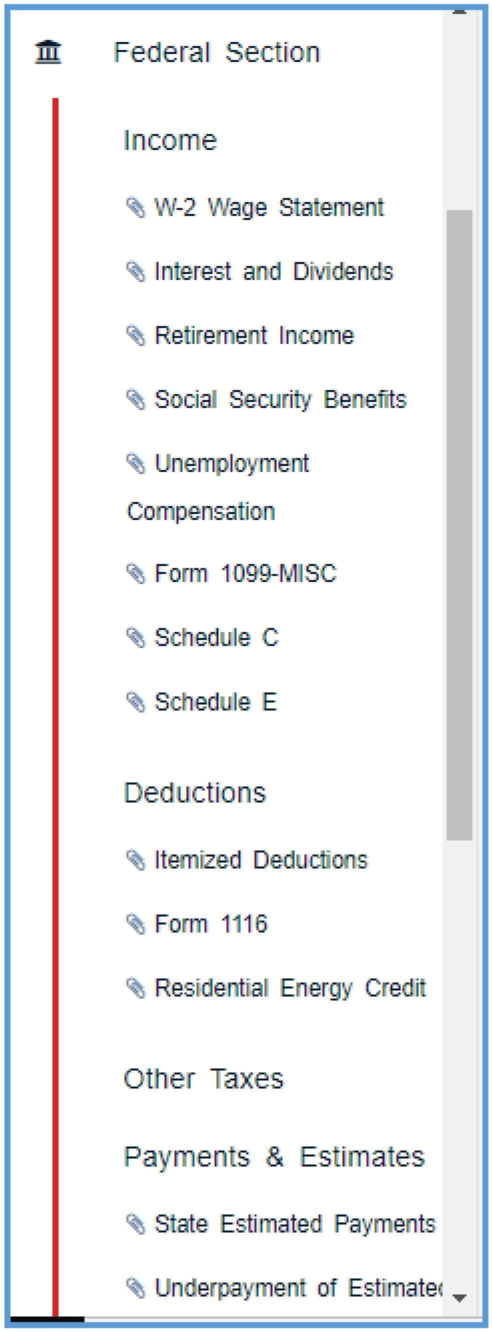
Forms Search

To locate and load an entry form, type the form number in the **Forms Search** box located on the left navigation bar.



Forms Completed

Forms Completed allows you to quickly navigate through the Federal entry pages you already completed in the return. TaxSlayer Pro Online expands the left navigation panel sections to show the completed entry pages.

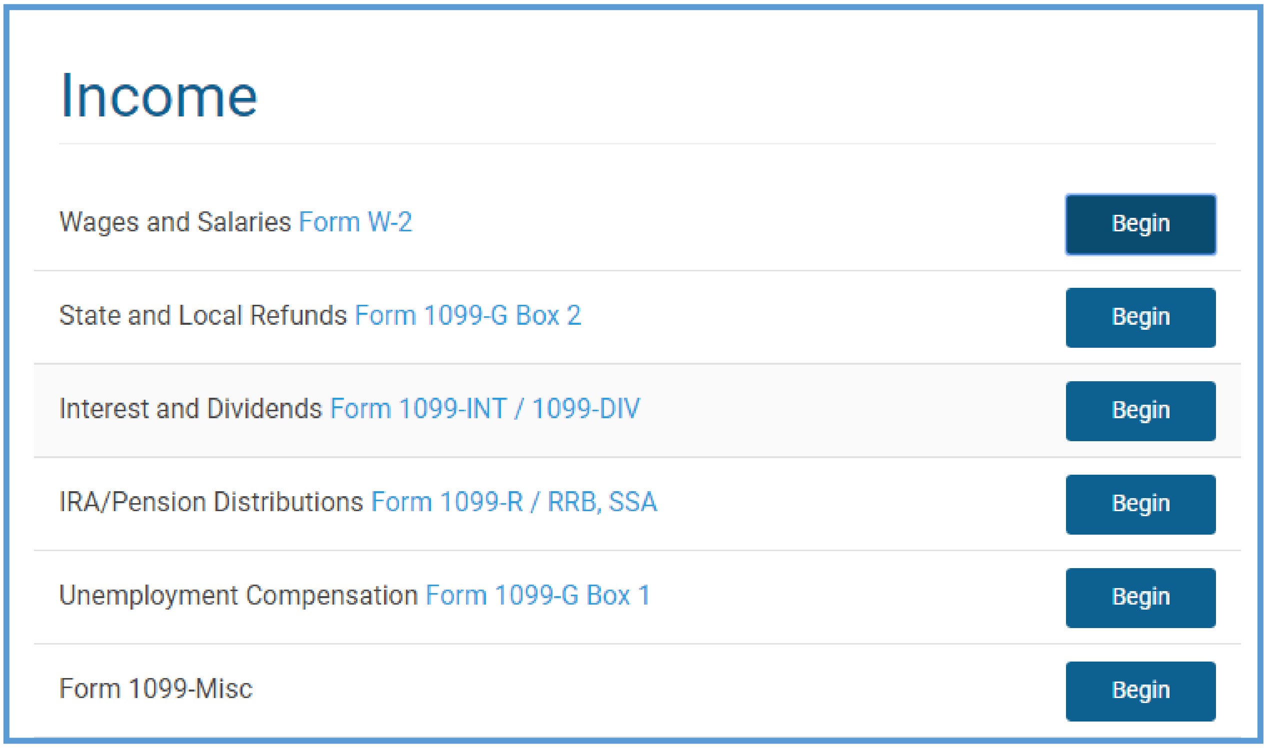


Training

You can use any of the methods above to add information to the return. During training, we will use the **Enter Myself** method. You should practice with the method you will use at your site.

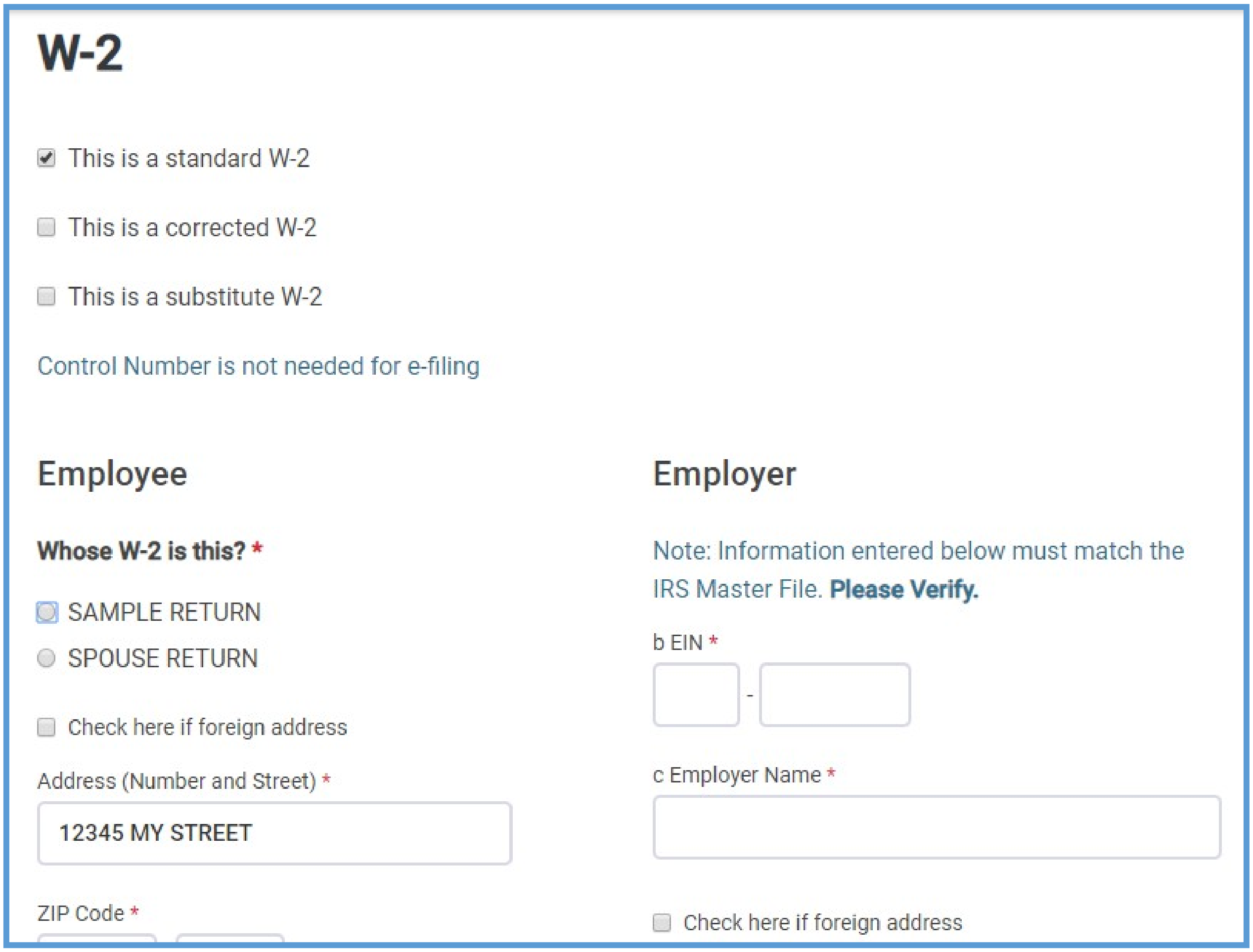
Entering W-2 Income

Most taxpayers receive wages from an employer, reported on Form W-2. To add Form W-2 to the tax return using the Enter Myself method, use the following steps from the **Income** page, as shown below:



1. Click **Begin** on the **Wages and Salaries Form W-2** line to start adding Forms W-2.

TaxSlayer Pro Online displays the **W-2** page:



W-2

☑ This is a standard W-2

☐ This is a corrected W-2

☐ This is a substitute W-2

Control Number is not needed for e-filing

Employee

Whose W-2 is this? *

SAMPLE RETURN

SPOUSE RETURN

☐ Check here if foreign address

Address (Number and Street) *

12345 MY STREET

ZIP Code *

Employer

Note: Information entered below must match the IRS Master File. Please Verify.

b EIN *

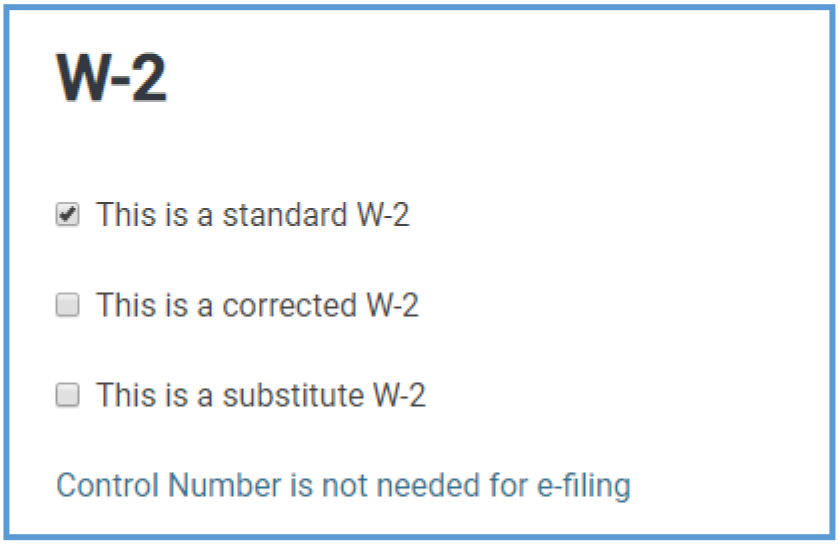
c Employer Name *

☐ Check here if foreign address

2. Type all the information on the Form W-2 in TaxSlayer Pro Online exactly as it appears on the taxpayer's Form W-2 received from the employer.

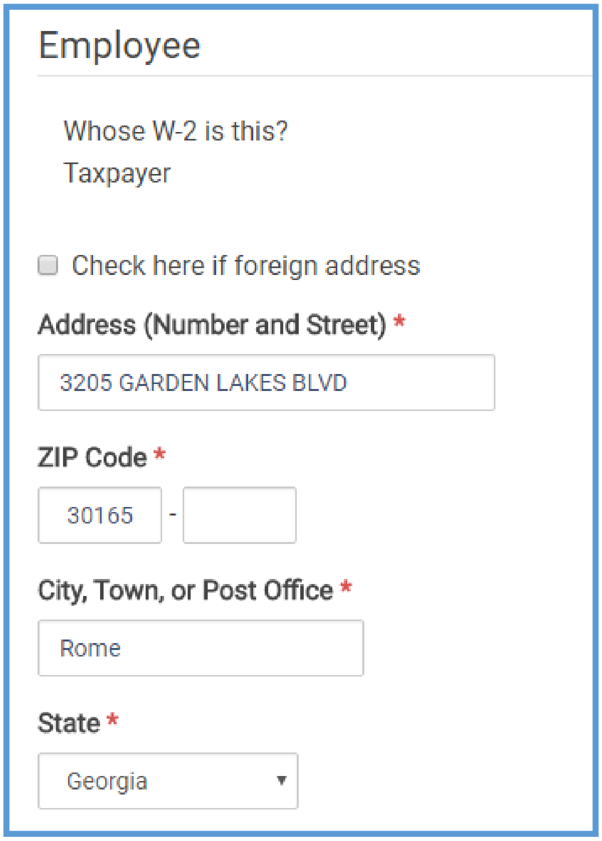
Use the following tips for entering information on Form W-2:

Heading Information

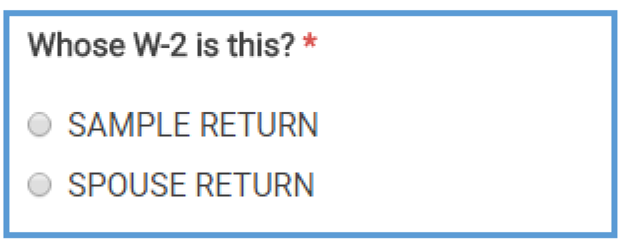


- TaxSlayer Pro Online automatically selects the **This is a standard W-2** check box. TaxSlayer Pro Online clears this check box if you select the check box for one of the following two scenarios:
    - If the taxpayer received a corrected Form W-2 from the employer, select the **This is a corrected W-2** check box.
    - If the taxpayer cannot obtain a Form W-2 from the employer, select the **This is a substitute W-2** check box. TaxSlayer Pro Online generates Form 4852, *Substitute for Form W-2,* with the tax return.

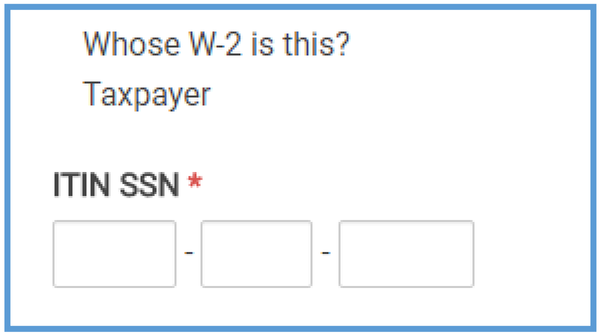
Employee



- If the taxpayer is not married, TaxSlayer Pro Online defaults to the taxpayer for the question, **Whose W-2 is this?**, as shown in the screenshot above. If the taxpayer is married, select whether the Form W-2 is for the taxpayer or spouse, as shown below:

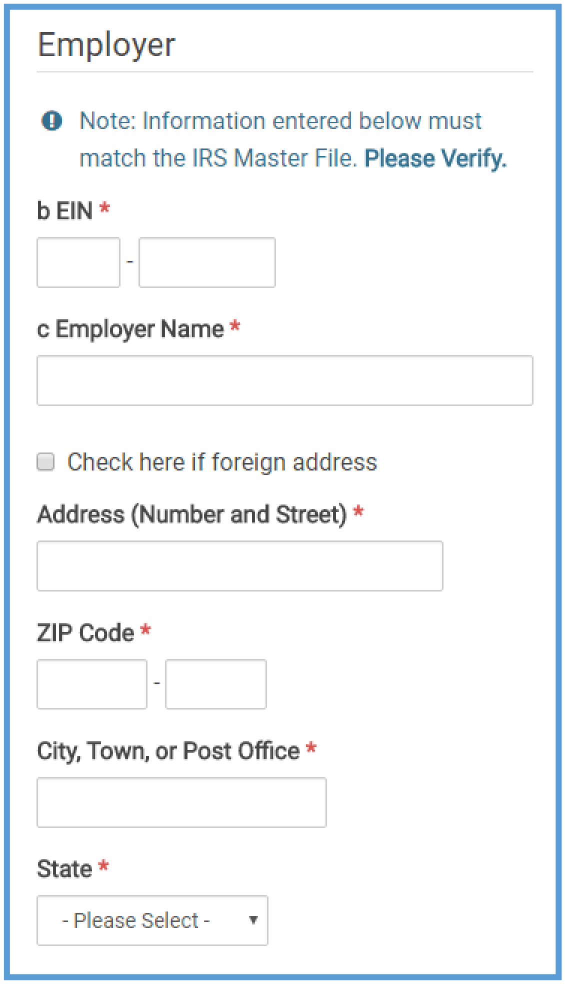


- If you typed an ITIN for the taxpayer's identifying number in Personal Information, TaxSlayer Pro Online displays the **ITIN SSN** box. Type the ITIN as shown on the taxpayer's Form W-2:



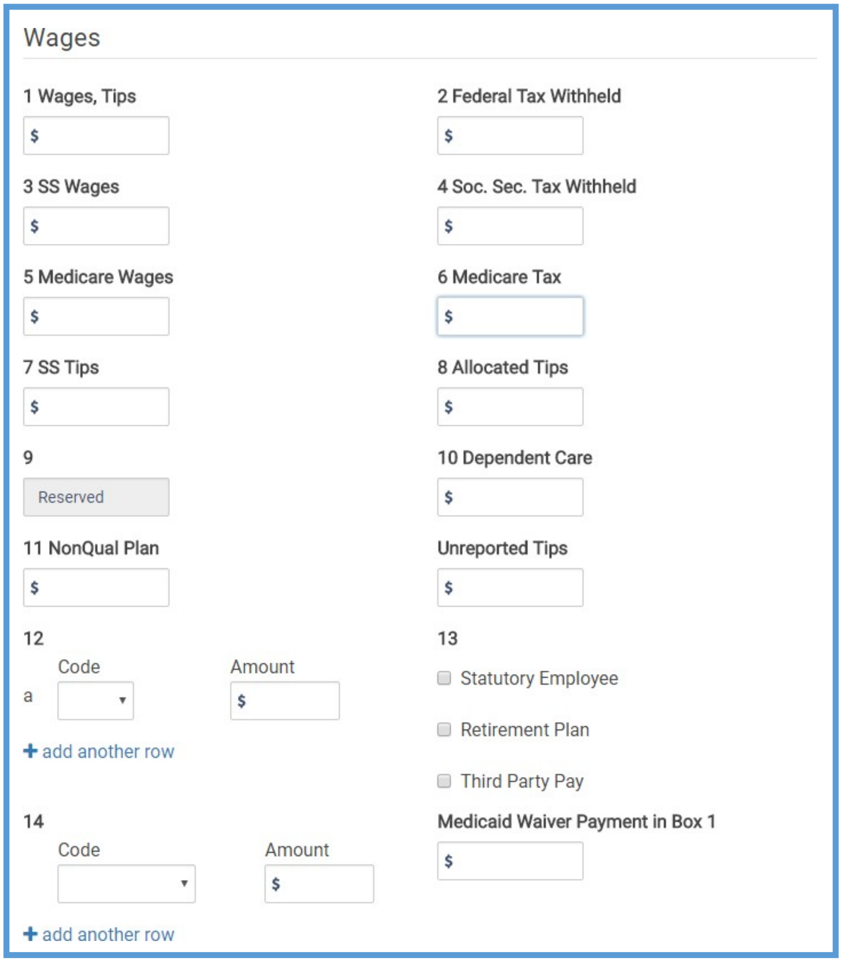
- TaxSlayer Pro Online completes the employee's address based on the personal information you entered. If the address shown on the employee's Form W-2 is different, change the address in this section.

Employer



- Type the employer's EIN as shown on the paper Form W-2.
- TaxSlayer Pro Online creates an EIN database specific to your site as you complete the employer's name and address from the Form W-2.

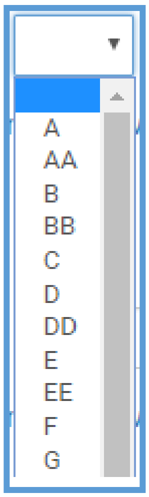
Wages

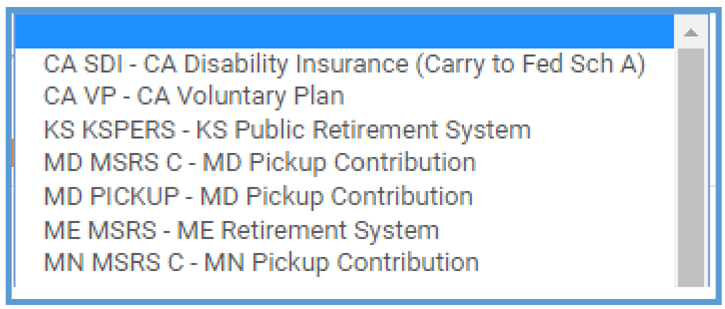


- Type the information in boxes 1-14 exactly as shown on the taxpayer’s Form W-2.
- TaxSlayer Pro Online completes the information in boxes 3-6 (Social Security and Medicare wages and tax withheld) based on the wages you type in Box 1. If the information on Form W-2 is different, change the amounts in these boxes.
- TaxSlayer Pro Online adds Form 2441, *Child and Dependent Care Expenses*, to the tax return if you type an amount in Box 10.
- If the employee earned tips that he or she did **not** report to the employer, type the amount in the **Unreported Tips** box. TaxSlayer Pro Online then adds Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*, to the tax return.
- If the employee received a Medicaid Waiver payment, type it in the appropriate box. TaxSlayer Pro Online carries the amount to Form

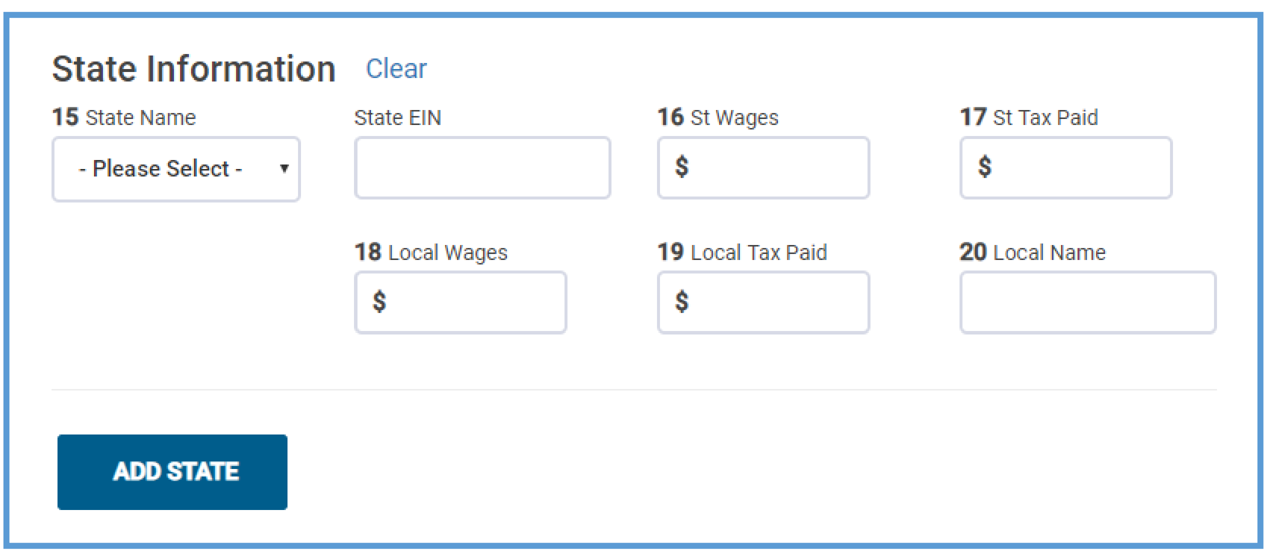
1040, Line 21 as a negative amount with the description **NOTICE 2014-7**.

- If Form W-2 shows amounts in Box 12 or 14, select the code from the drop-down list and type the amount. If applicable, TaxSlayer Pro Online adds the appropriate form and/or calculates the amount to the appropriate location on the tax return.
  - If Form W-2 shows a code in Box 14 that is not available in the drop-down list, select **Other (not listed here).**





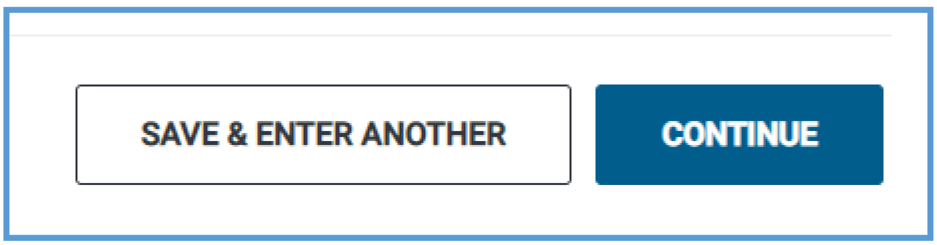
State Information



- Select a state name from the drop-down list.

- When you select the state, TaxSlayer Pro Online completes Box 16 based on the information you typed in Box 1. If the state wages are different on the employee's Form W-2, change the amount in that box.
- Complete Boxes 15-20 using the information on the taxpayer's Form W-2.
- If the employer listed more than one state on Form W-2, click **Add State** to add another state section.

3. When you finish adding information on Form W-2, review the form to verify the information and do one of the following:
    a. Click **Save & Enter Another** to display a blank Form W-2.
    b. Click **Continue** to display the **W-2 Wage Statement** page. For this exercise, click **Continue**.



TaxSlayer Pro Online displays the **W-2 Wage Statement** page with the new Form W-2 listed:

4. If you need to add another Form W-2, click **Add** from this page. Follow the same steps to add the information from Form W-2.

5. When you finish adding Forms W-2, click **Continue**.

Entering Taxable Refunds

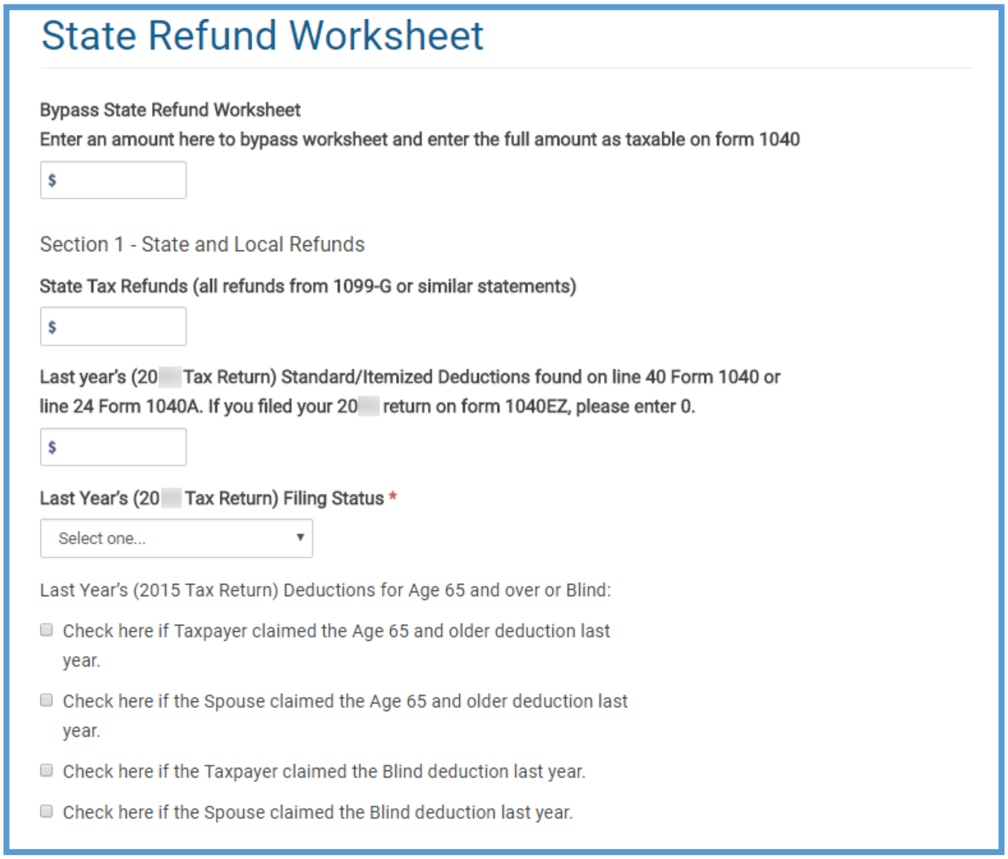
If the taxpayer and/or spouse received a state or local tax refund in the previous year, you need to determine whether that refund is taxable this year. Taxpayers who receive a refund of state or local income taxes may receive Form 1099-G listing their refund amount(s).

- Taxpayers who claimed the standard deduction on the tax return for the year they received a refund of state or local income taxes do not have to include the refund in taxable income.
- Taxpayers who itemized deductions and received a state or local refund may have to include all, part, or none of the refund in federal taxable income.

If the taxpayer and/or spouse received a state or local tax refund in the previous year and itemized deductions on the federal return, use the following steps to complete the **State Refund Worksheet**:

1. Click **BEGIN** on the **State and Local Refund Form 1099-G Box 2** to start adding information.

TaxSlayer Pro Online displays the **State Refund Worksheet**:


State Refund Worksheet

Bypass State Refund Worksheet

Enter an amount here to bypass worksheet and enter the full amount as taxable on form 1040

$

Section 1 - State and Local Refunds

State Tax Refunds (all refunds from 1099-G or similar statements)

$

Last year's (20 Tax Return) Standard/Itemized Deductions found on line 40 Form 1040 or line 24 Form 1040A. If you filed your 20 return on form 1040EZ, please enter 0.

$

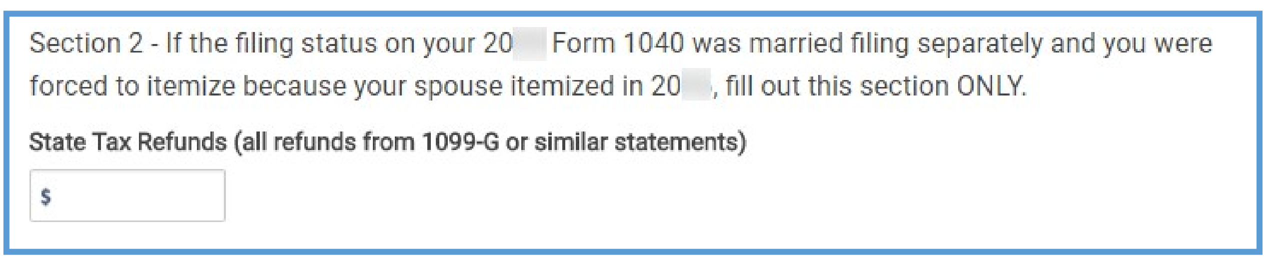
Last Year's (20 Tax Return) Filing Status *

Select one...

Last Year's (2015 Tax Return) Deductions for Age 65 and over or Blind:

- Check here if Taxpayer claimed the Age 65 and older deduction last year.
- Check here if the Spouse claimed the Age 65 and older deduction last year.
- Check here if the Taxpayer claimed the Blind deduction last year.
- Check here if the Spouse claimed the Blind deduction last year.

2. If the taxpayer was forced to itemize on the previous year's return because he or she used the married filing separately filing status and the spouse itemized, skip to the last line on this worksheet. Add the amounts from all state and local tax refunds. Type the total on that line.

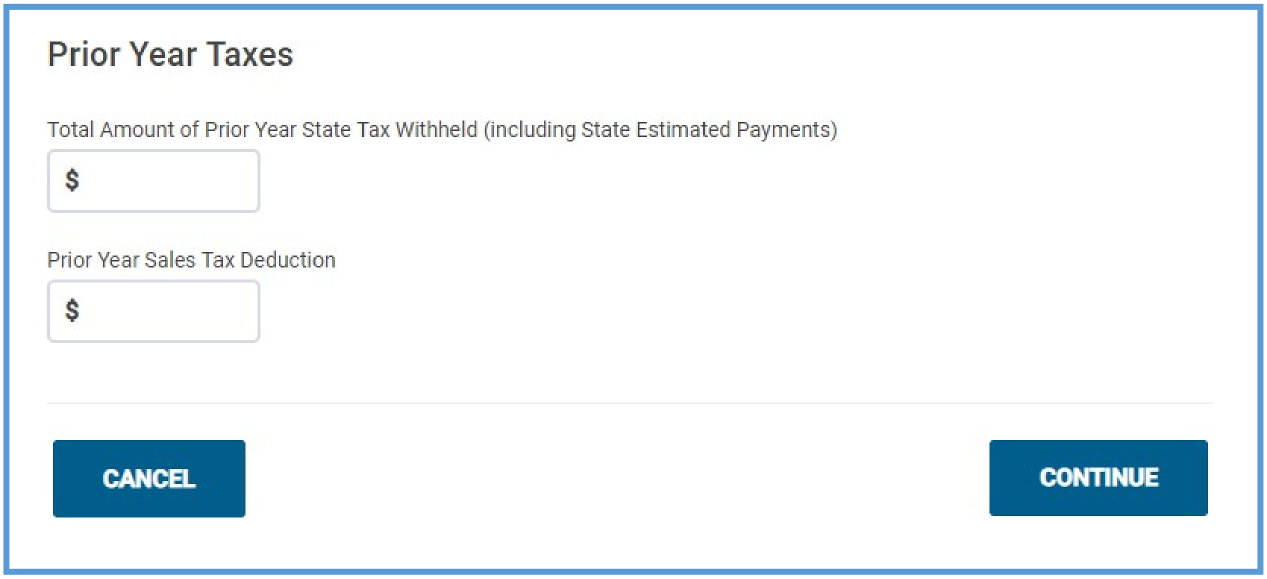

Section 2 - If the filing status on your 20 Form 1040 was married filing separately and you were forced to itemize because your spouse itemized in 20 , fill out this section ONLY.

State Tax Refunds (all refunds from 1099-G or similar statements)

$

3. Add the amounts from all state and local tax refunds. The taxpayer should have received Forms 1099-G or similar statements to show these amounts. Type the total in the appropriate box.
4. From the previous year's return, find the amount of the itemized deductions on line 40. Type that amount in the appropriate box.

5. Select the taxpayer's filing status from the previous year's return from the drop-down list.
6. Find any additional deductions the taxpayer received on the previous year's tax return. Select any check boxes that apply.
7. Type any applicable **Prior Year State Tax Withheld** and **Prior Year Sales Tax Deduction**.



8. Click **Continue**.

Entering Interest and Dividends

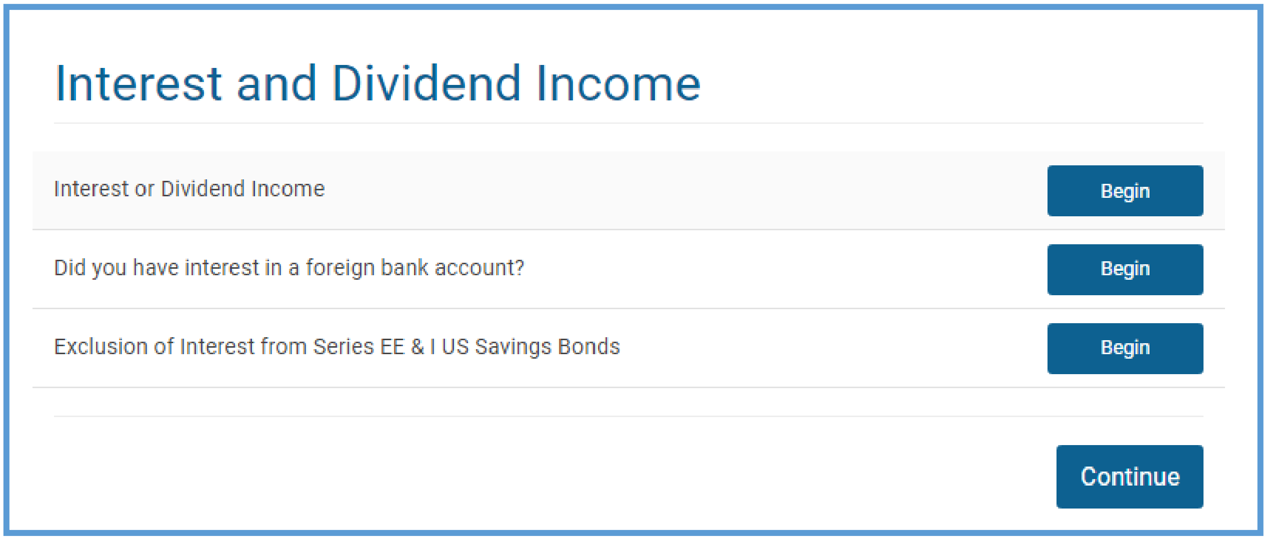
If the taxpayer received interest or dividends, you need to report them on the tax return. Usually, the payer reports these types of income on one of the following forms:

- Form 1099-INT, *Interest Income*
- Form 1099-OID, *Original Issue Discount*
- Form 1099-DIV, *Dividend Income*

If the taxpayer or spouse does have interest or dividend income, use the following step:

- Click **BEGIN** on the **Interest and Dividends Form 1099-INT / 1099-DIV** line to display the **Interest and Dividend Income** page.

TaxSlayer Pro Online displays the **Interest and Dividend Income** landing page:

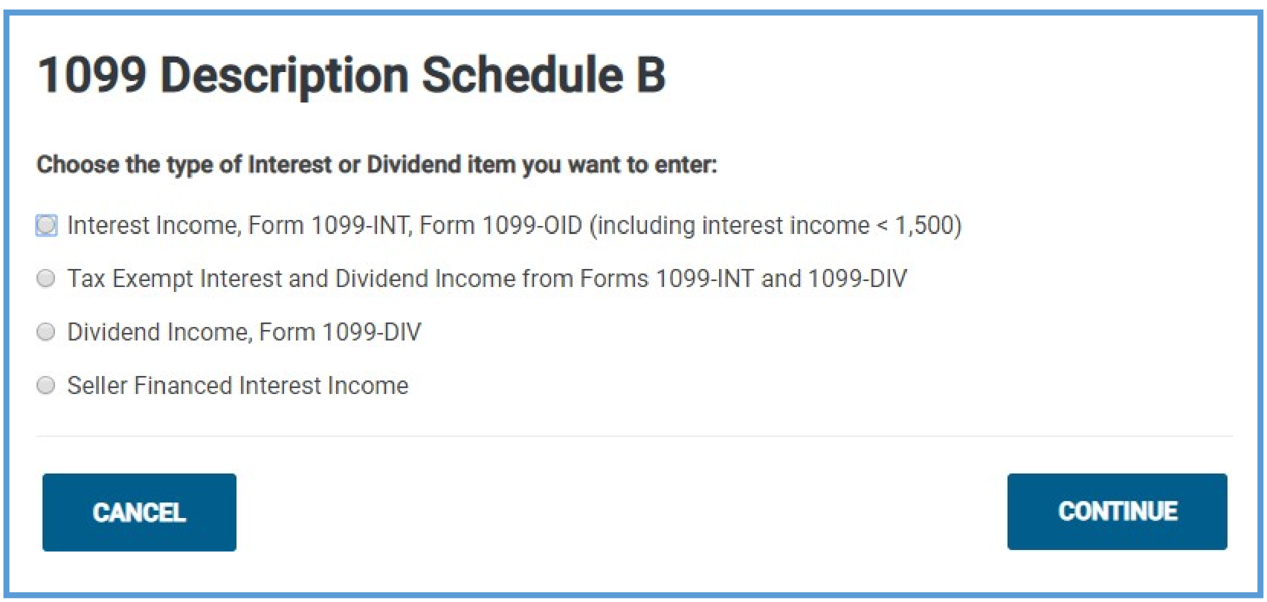


Interest Income

To add taxable interest income from Form 1099-INT, use the following steps:

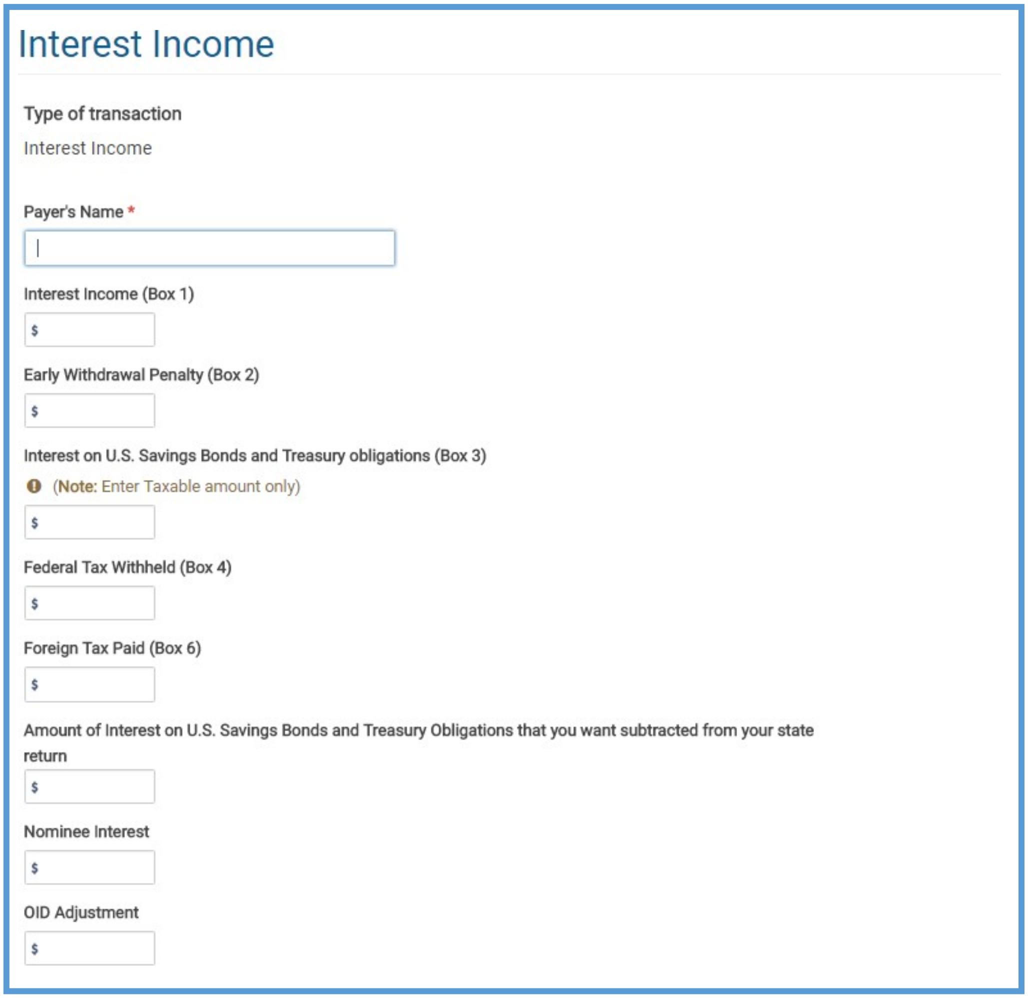
1. Click **BEGIN** on the **Interest or Dividend Income** line.

TaxSlayer Pro Online displays the **1099 Description Schedule B** main page:



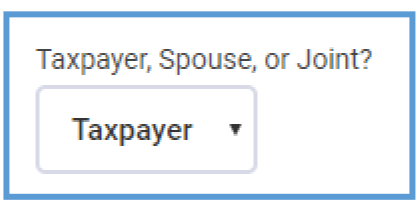
2. Select the type of interest or dividend income you want to enter first. Remember, the taxpayer or spouse probably received one form from each payer. For this example, select **Interest Income, Form 1099-INT**.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Interest Income** page:

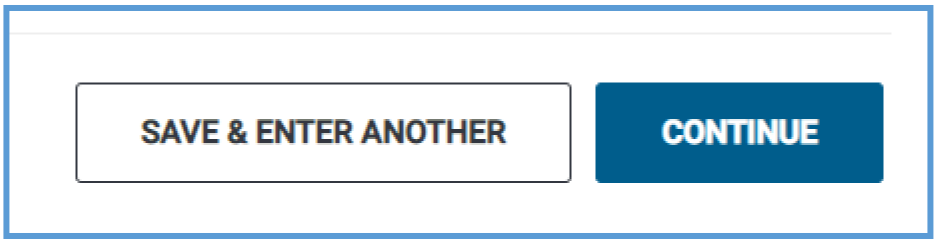


4. Type the payer's name in the appropriate box.

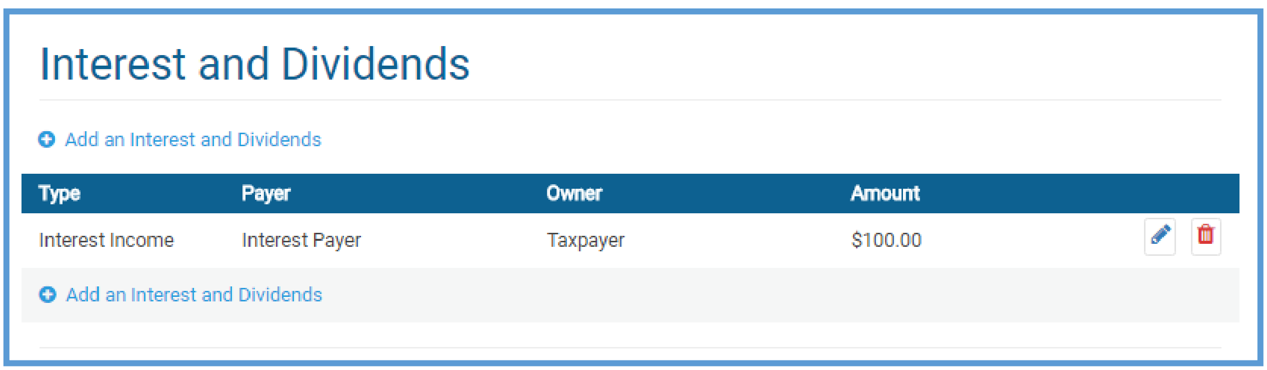
Note: If the taxpayer is married, select whether the interest income is for the taxpayer, spouse, or joint, as shown below:



5. Type the amounts in the remaining boxes from the information on the taxpayer's Form 1099-INT. Use the descriptions of the boxes on the paper Form 1099-INT to match the boxes in TaxSlayer Pro Online.
6. When you finish typing information, verify that you typed the correct information and do one of the following:
    a. Click **Save & Enter Another** to display a blank **Interest Income** page.
    b. Click **Continue** to display the **Interest and Dividends** page. For this exercise, click **Continue**.



TaxSlayer Pro Online displays the **Interest and Dividends** page with the information you just entered listed:

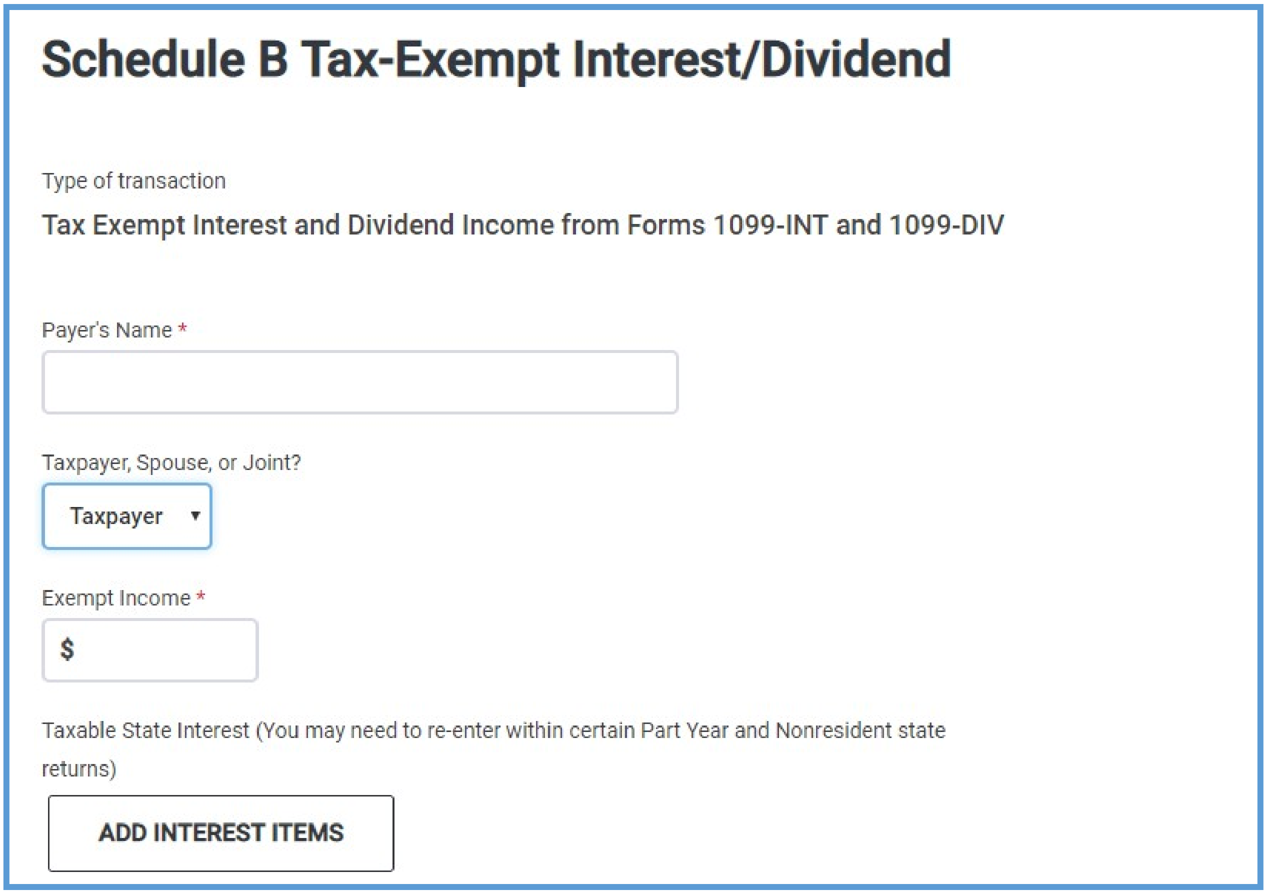


Tax-Exempt Interest or Dividend Income

If the taxpayer received interest income that is not taxable on the federal return, use the following steps:

1. Click **Add** to enter additional interest and dividend income.
2. Select the type of interest or dividend income you want to enter. For this example, select **Tax Exempt Interest Income**.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Schedule B Other Interest** page:



4. Type the payer's name in the appropriate box.

Note: If the taxpayer is married, select whether the interest income is for the taxpayer, spouse, or joint.

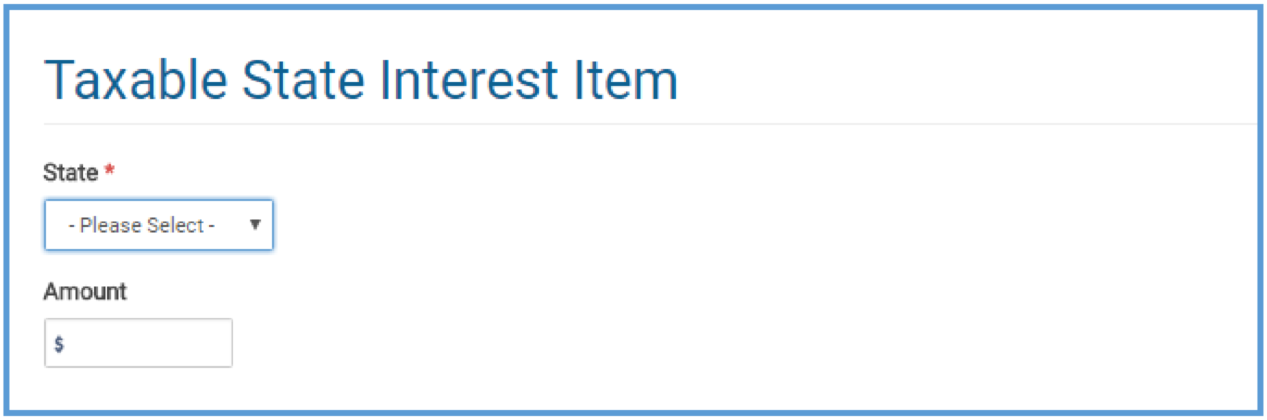
5. Type the amount of tax-exempt interest income (usually from Form 1099-INT, box 8, or from Form 1099-DIV, box 10) in the appropriate box.

NOTE: Follow the same steps for dividend income.

Taxable State Interest

6. If all or part of this interest is taxable on the state return, click **Add Interest Items**.

TaxSlayer Pro Online displays the **Taxable State Interest Item** page:

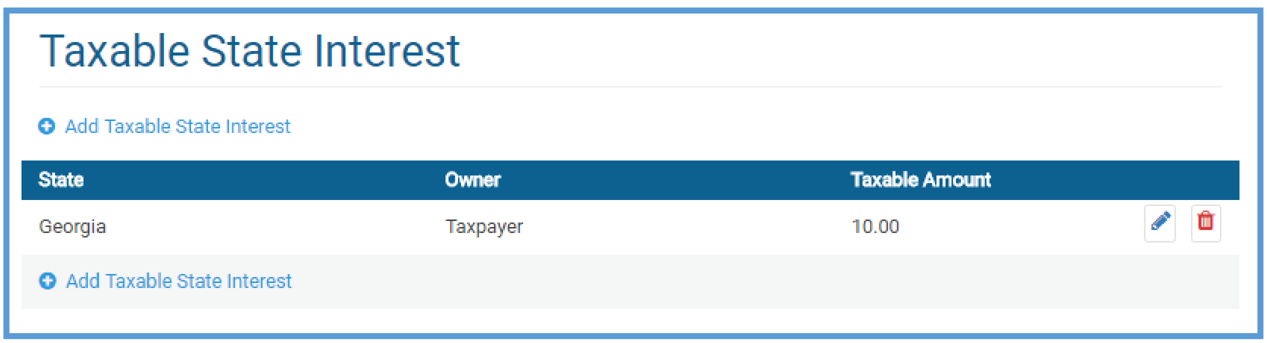


7. Select the state from the drop-down list.

Note: If the taxpayer is married, select whether the interest income is for the taxpayer, spouse, or joint.

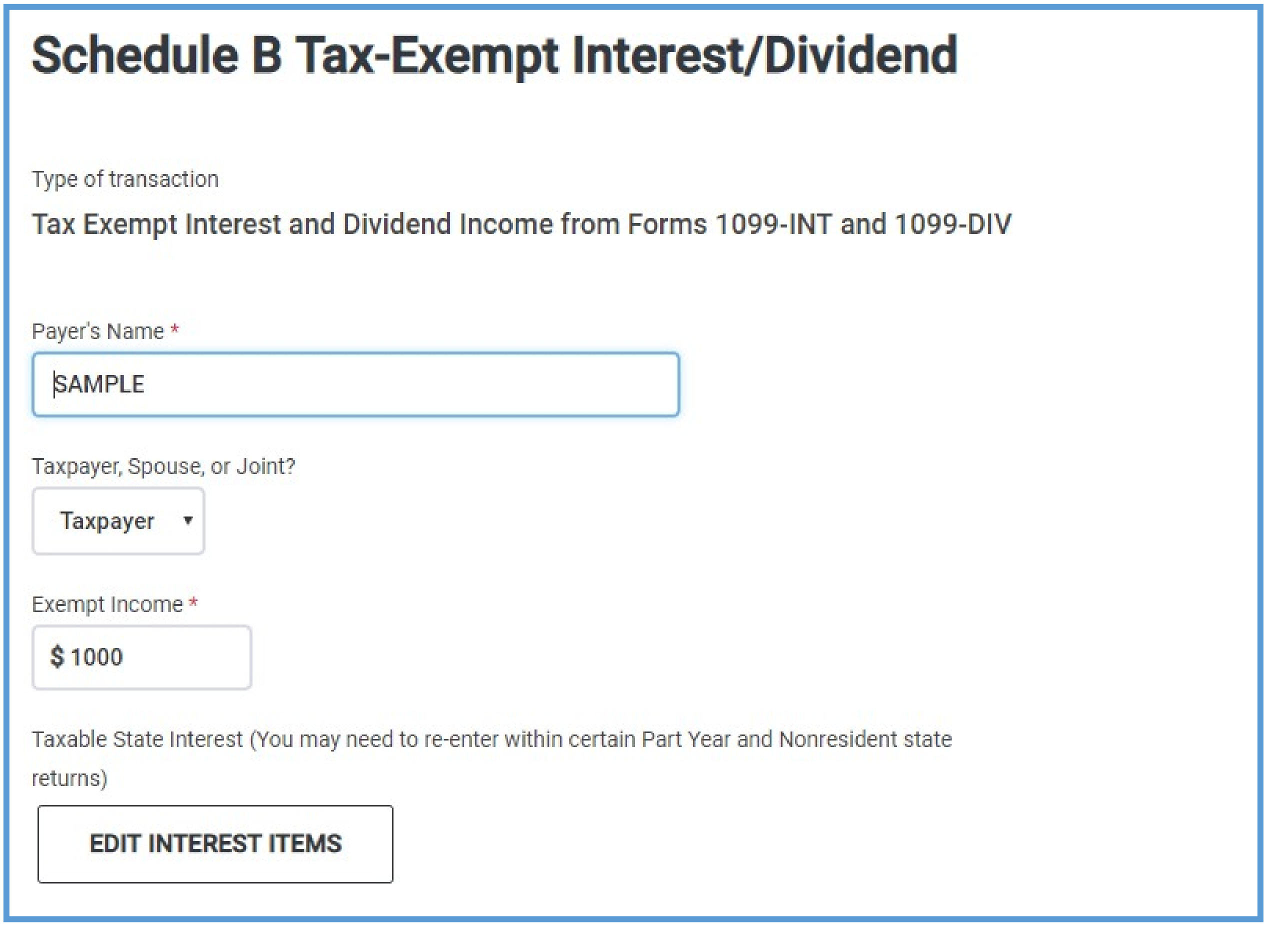
8. Type the amount of interest that is taxable on the state return.
9. Click **Continue**.

TaxSlayer Pro Online displays the **Taxable State Interest** page:



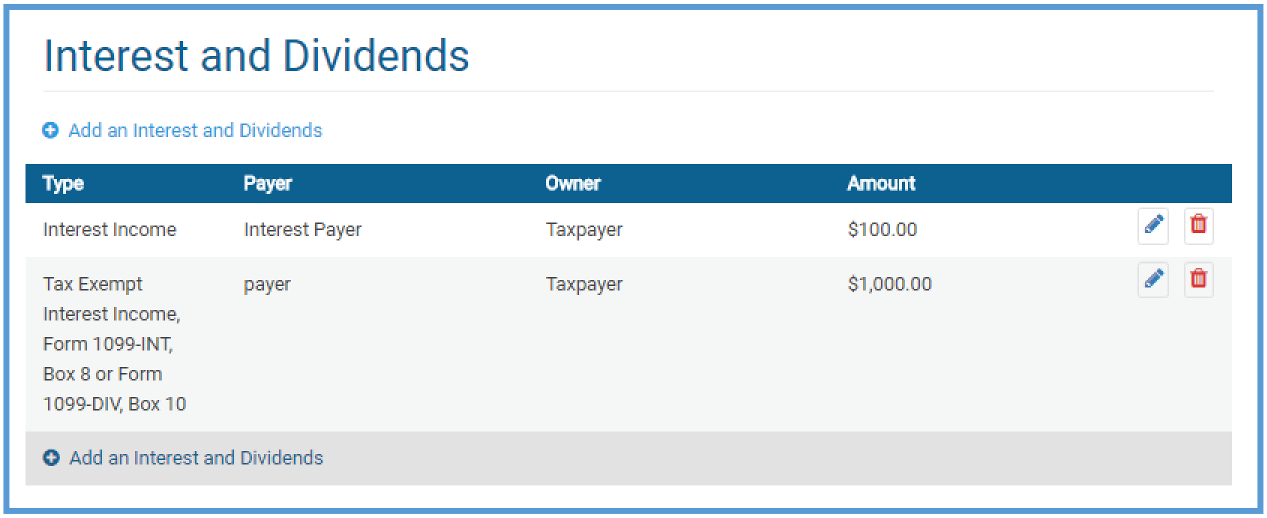
10. Click **Add** if you need to add more items for this payer that are taxable to a state, but not to the IRS.
11. When you finish adding taxable state interest, click **Continue**.

TaxSlayer Pro Online displays the **Schedule B Other Interest** page for this payer:



12. Do one of the following:
    a. Click **Save & Enter Another** to display a blank Schedule B Tax-Exempt Interest/Dividend page.
    b. Click **Continue** to display the **Interest and Dividends** page. For this exercise, click **Continue**.

TaxSlayer Pro Online displays the **Interest and Dividends** page with the tax-exempt interest listed:



Interest and Dividends

Add an Interest and Dividends

Type	Payer	Owner	Amount
Interest Income	Interest Payer	Taxpayer	$100.00
Tax Exempt Interest Income, Form 1099-INT, Box 8 or Form 1099-DIV, Box 10	payer	Taxpayer	$1,000.00

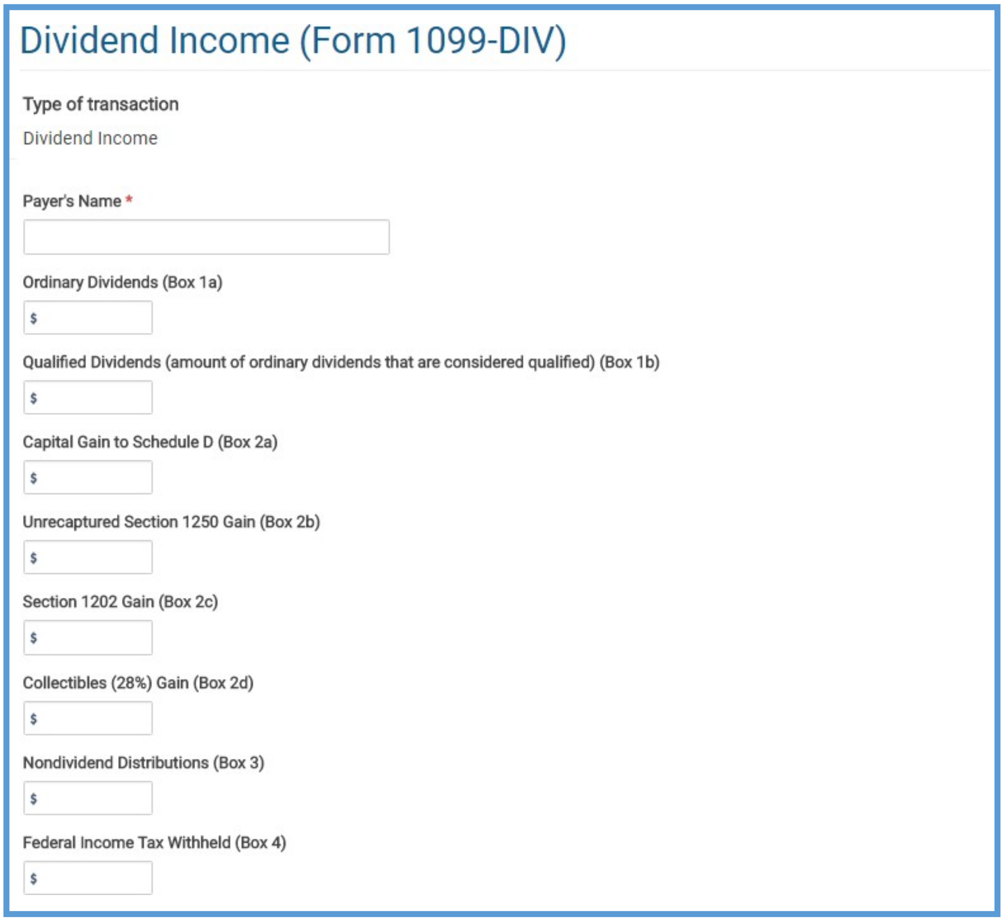
Add an Interest and Dividends

Dividend Income

If the taxpayer received dividend income, use the following steps from the **1099 Description Schedule B** main page:

1. Click **Add**.
2. Select **Dividend Income, Form 1099-DIV**.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Dividend Income** page:


Dividend Income (Form 1099-DIV)

Type of transaction

Dividend Income

Payer's Name *

Ordinary Dividends (Box 1a)

$

Qualified Dividends (amount of ordinary dividends that are considered qualified) (Box 1b)

$

Capital Gain to Schedule D (Box 2a)

$

Unrecaptured Section 1250 Gain (Box 2b)

$

Section 1202 Gain (Box 2c)

$

Collectibles (28%) Gain (Box 2d)

$

Nondividend Distributions (Box 3)

$

Federal Income Tax Withheld (Box 4)

$

4. Type the payer's name.

Note: If the taxpayer is married, select whether the dividend income is for the taxpayer, spouse, or joint.

5. Type the amounts in the remaining boxes from the information on the taxpayer's Form 1099-DIV. Use the descriptions of the boxes on the paper Form 1099-DIV to match the boxes in TaxSlayer Pro Online.
6. When you finish typing information, verify that you typed the correct information and do one of the following:
   a. Click **Save & Enter Another** to display a blank **Dividend Income** page.
   b. Click **Continue** to display the **Interest and Dividends** page. For this exercise, click **Continue**.

TIP: When you enter the amount of interest to subtract from the state, TaxSlayer Pro Online displays the state selection list.

TaxSlayer Pro Online displays the **Interest and Dividends** page with the information you entered listed:

Interest and Dividends

Add an Interest and Dividends

Type	Payer	Owner	Amount
Dividend Income	Dividend payer	Taxpayer	$50.00
Interest Income	Interest Payer	Taxpayer	$100.00
Tax Exempt Interest Income, Form 1099-INT, Box 8 or Form 1099-DIV, Box 10	Interest Payer	Taxpayer	$1,000.00

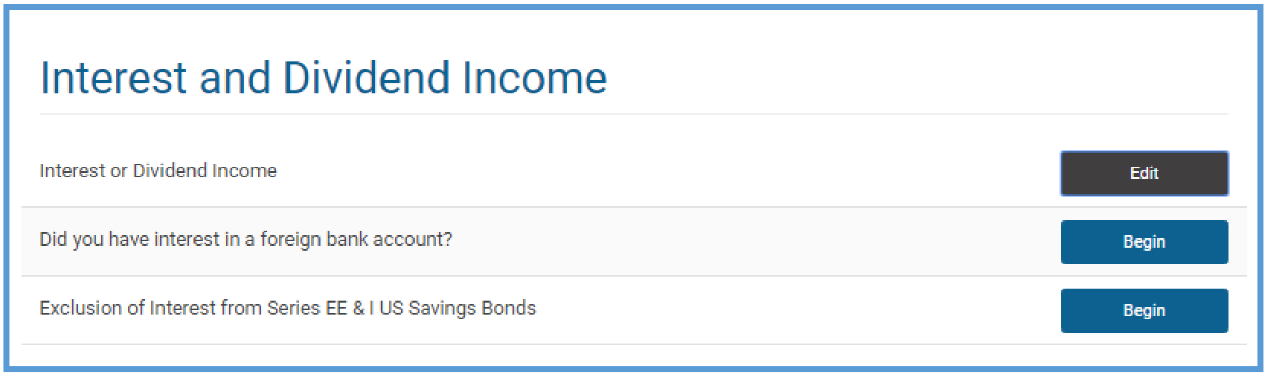
Add an Interest and Dividends

Interest and Dividends

If you need to add more interest and dividend income, use the following steps:

1. Click **Add** and follow the steps listed previously to add information for each payer from which the taxpayer or spouse received interest or dividend income.
2. When you finish adding interest and dividend income, click **Continue**.

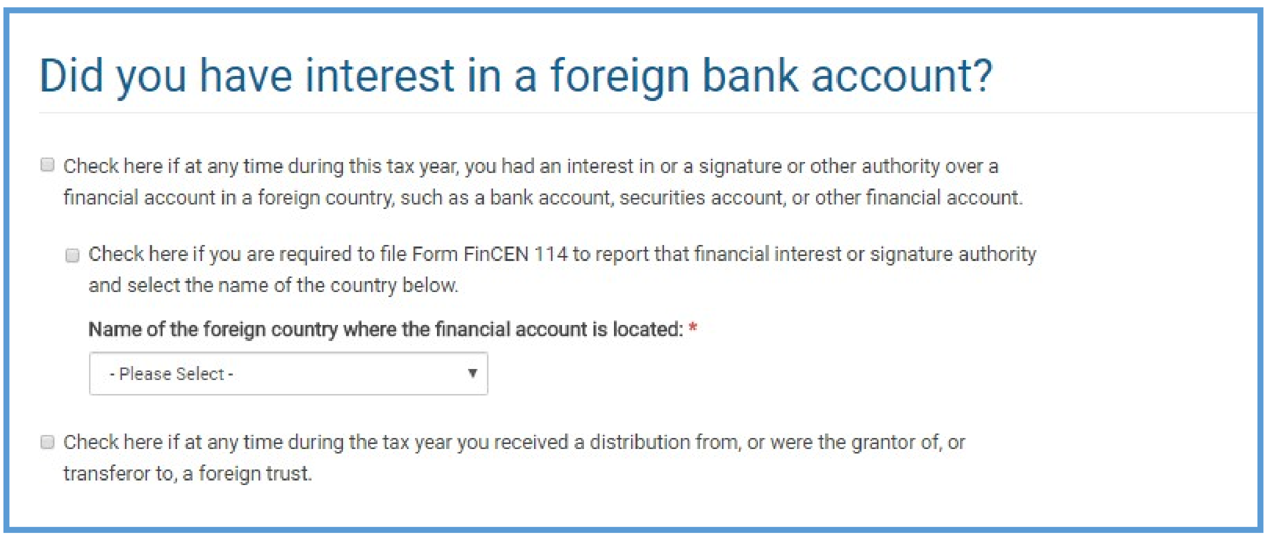
TaxSlayer Pro Online displays the **Interest and Dividend Income** page:



Foreign Country Interest

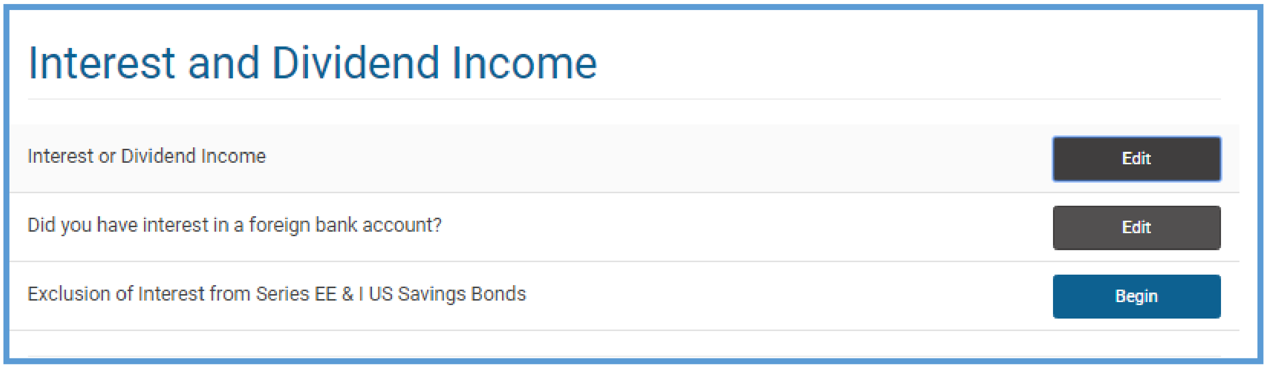
3. If the taxpayer received interest from a bank in a foreign country, click **BEGIN** on the **Did you have interest in a foreign bank account?** line.

TaxSlayer Pro Online displays the **Did you have interest…** page:



4. Carefully read each check box and select the one(s) that apply.
5. If applicable, select the country from the drop-down list.
6. When you finish completing this page, click **Continue**.

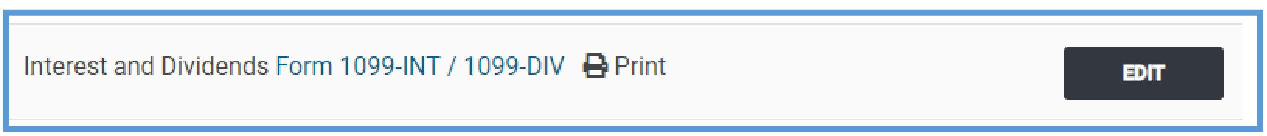
TaxSlayer Pro Online displays the **Interest and Dividend Income** page:



7. When you finish entering interest and dividend income, click **Continue**.

TIP: If you open this page but determine that you do not need it, clear the check boxes and click **Continue**.

TaxSlayer Pro Online displays a printer icon on the **Interest and Dividends** line. Click this button to generate a PDF of the Schedule B and corresponding statements based on the information entered in the Interest and Dividend section.



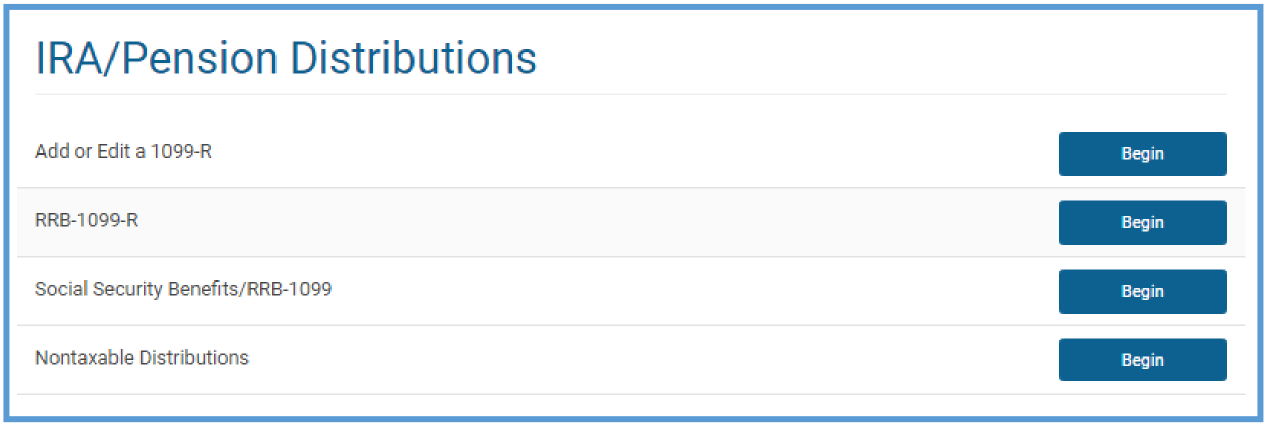
Entering Basic Retirement Income

Taxpayers may receive retirement income, either from an IRA or pension. This section covers entering those types of income.

To add these types of retirement income, begin with the following step:

- Click **BEGIN** on the **IRA/Pension Distributions Form 1099-R/RRB, SSA** line to display the **IRA/Pension Distributions** landing page.

TaxSlayer Pro Online displays the **IRA/Pension Distributions** landing page:



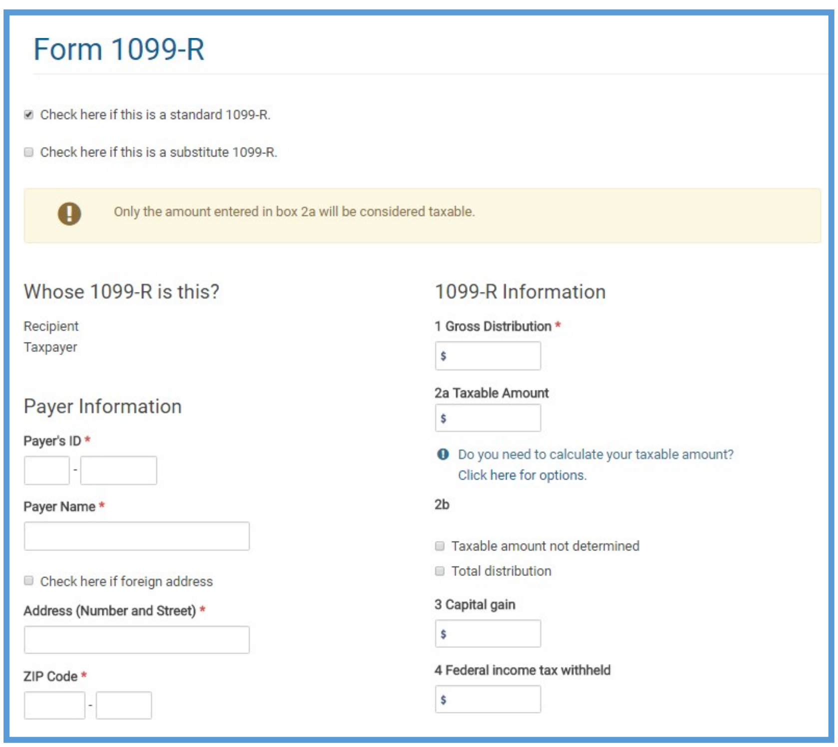
All of the following sections begin with this page.

Form 1099-R Income

If the taxpayer received IRA or pension income, he or she should have received a Form 1099-R from the payer. To add Form 1099-R, use the following steps:

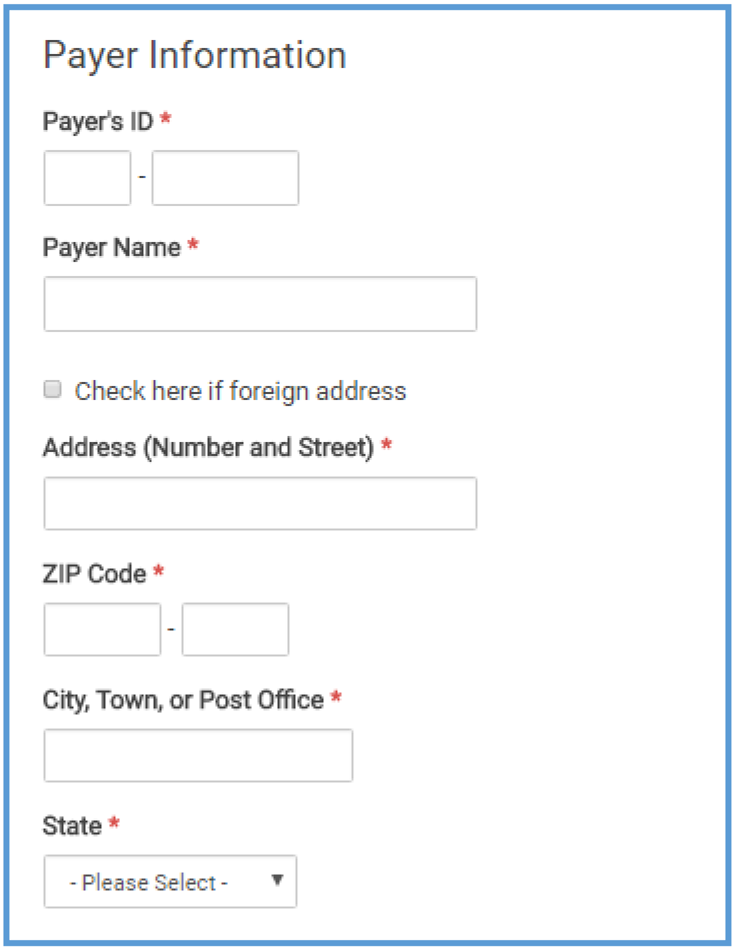
1. Click **BEGIN** on the **Add or Edit a 1099-R** line.

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



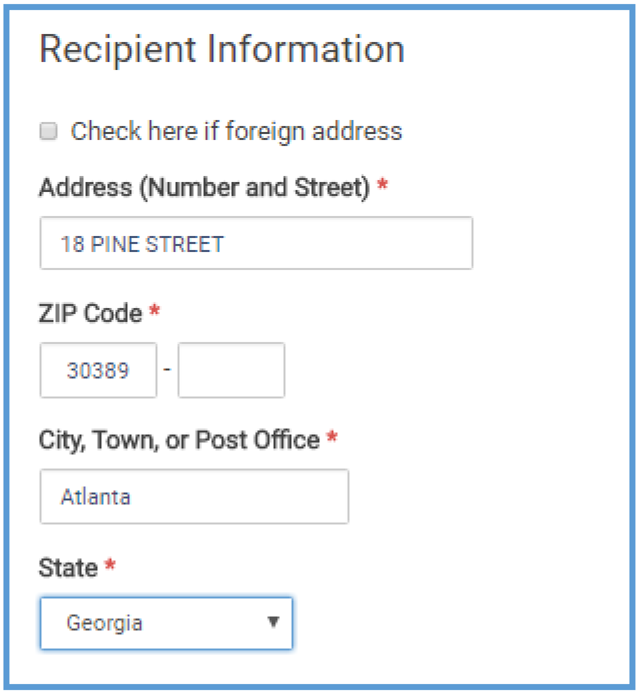
2. As discussed in the Form W-2 lesson, TaxSlayer Pro Online displays the taxpayer’s name if not married. If this is a married filing joint return, select whether this Form 1099-R is for the taxpayer or the spouse.

Payer Information

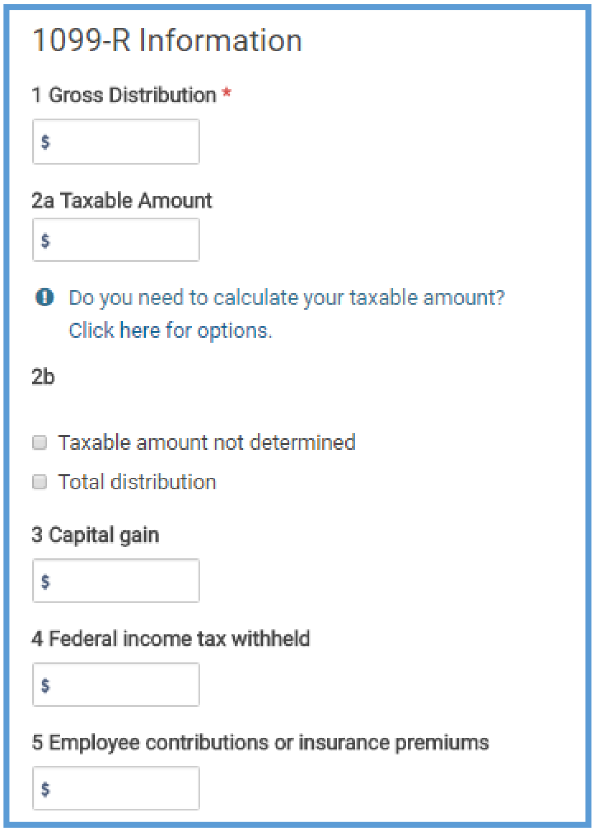


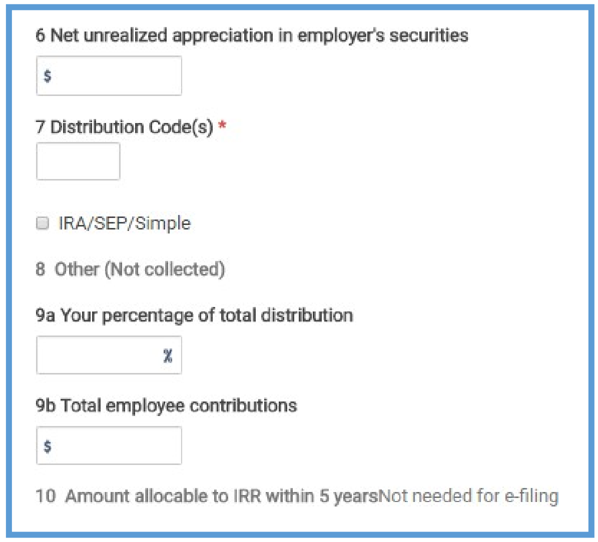
3. Type the payer’s information as shown on Form 1099-R.

Recipient Information



4. TaxSlayer Pro Online carries the recipient's address from the personal information you typed. If the taxpayer's address on Form 1099-R is different, make the appropriate changes.





5. Type the information in boxes 1-10 as it appears on the paper Form 1099-R the taxpayer received from the payer.
6. Use the following tips when completing this section:
    a. TaxSlayer Pro Online automatically completes box 2a (Taxable Amount) based on the information you type in box 1. If the amount on the taxpayer's Form 1099-R is a different amount, type that amount in the box.
    b. If the taxpayer's Form 1099-R, Box 2a states that you need to determine the taxable amount, select **Click here for options** to add the Simplified Method Worksheet and/or add the Public Safety Officers Distribution. See below for information on completing the Simplified Method worksheet.
    c. If this Form 1099-R is for an IRA, select the **IRA/SEP/Simple** check box under box 7 as shown on the paper Form 1099-R.

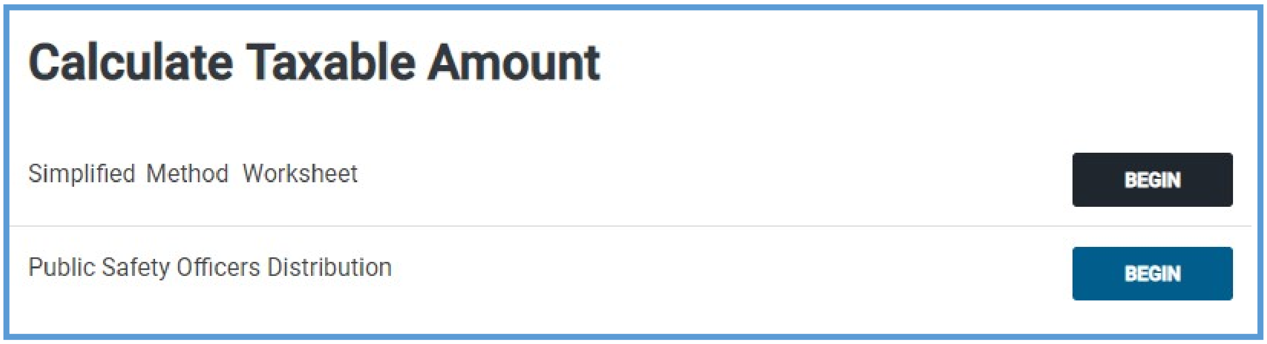
TIP: TaxSlayer Pro Online displays a message box reminding you of the following: **The Taxable amount is automatically carried. This can be corrected if necessary**.

Simplified Method Worksheet

If the payer did not calculate the taxable amount of a pension, and you need to calculate it, use the following steps:

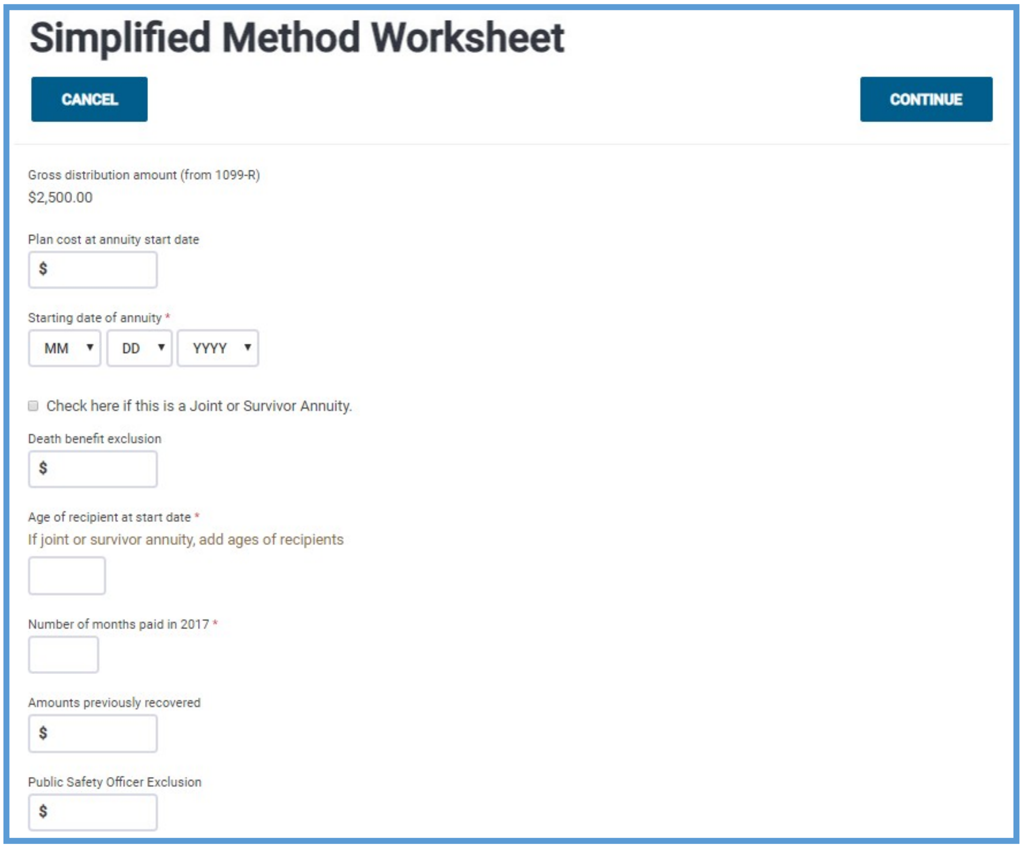
1. Click the **Click here for options** link under box 2a.

TaxSlayer Pro Online displays the **Calculate Taxable Amount** page:



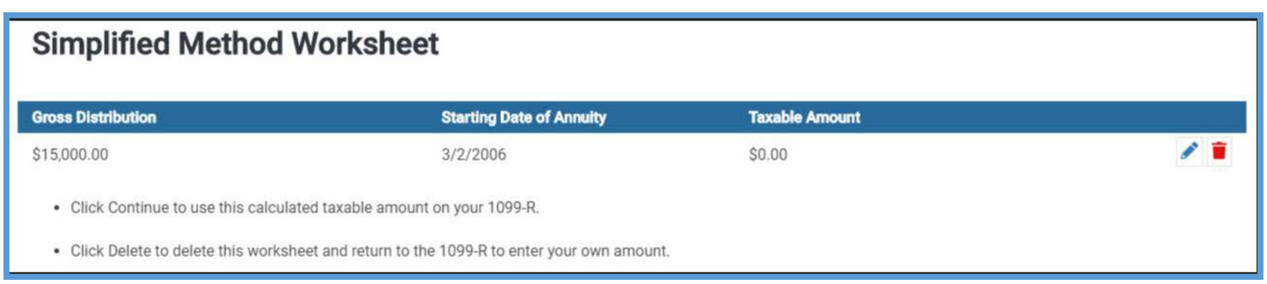
2. Select **Begin** on the **Simplified Method Worksheet** line to display the **Simplified Method Qualification** page.
3. Read the information on this page. If the taxpayer qualifies to use the simplified method, click **Continue**.

TaxSlayer Pro Online displays the **Simplified Method Worksheet**:



4. TaxSlayer Pro Online calculates the gross distribution from the information you typed on Form 1099-R.
5. Complete the remaining information on this worksheet based on information from the taxpayer.
6. When you finish typing information, click **Continue**.

TaxSlayer Pro Online displays the **Simplified Method Worksheet** with the summary and calculated taxable amount:



7. Click **Continue**.

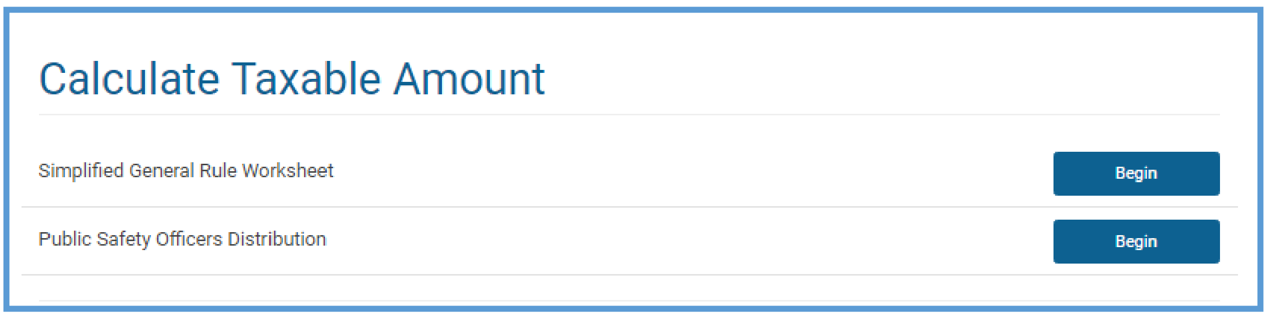
TIP: TaxSlayer Pro Online displays the calculated taxable amount from the Simplified Method worksheet in Box 2a. Select the **Worksheet** link to change or delete the worksheet.

Public Safety Officers Distribution

If the payer does not need to calculate the taxable amount of a pension, but needs to enter the amount for Public Safety Officers (PSO), use the following steps:

1. Click the **Click here for options** link below box 2a.

TaxSlayer Pro Online displays the **Calculate Taxable Amount** page:



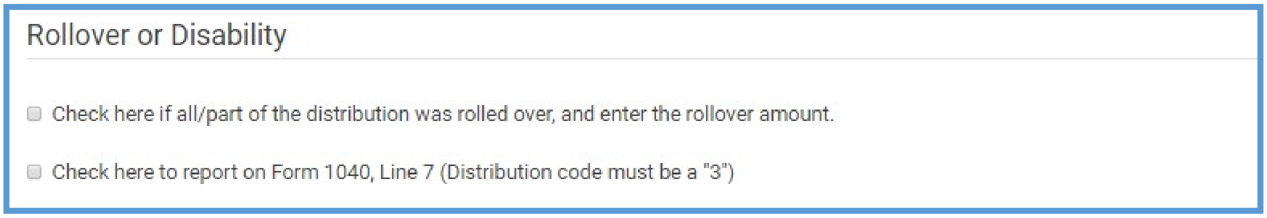
2. Select **Begin** on the **Public Safety Officers Distribution** line

TaxSlayer Pro Online displays the **Public Safety Officers Distribution** page:

3. Type the amount.
4. Click **Continue** to return to the Form 1099-R entry page.

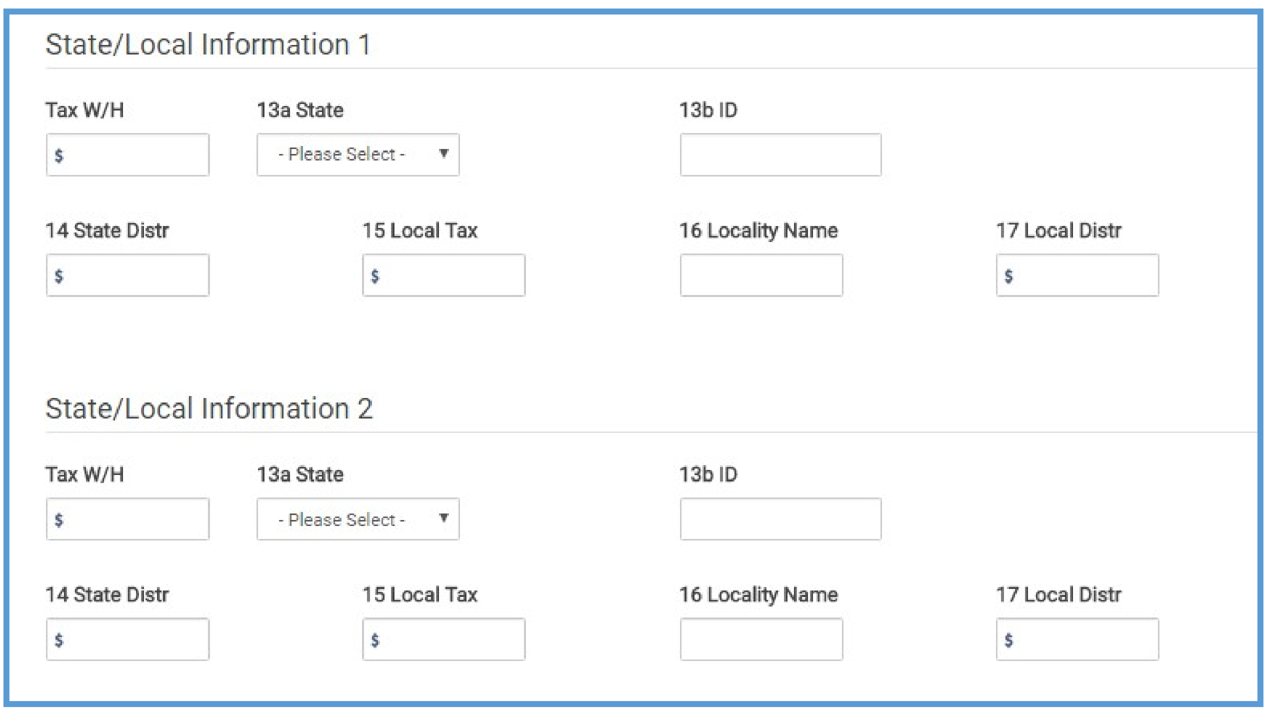
Note: TaxSlayer Pro Online automatically deducts the excluded amount from Box 2A and displays the **PSO** indicator on the appropriate line when generating the PDF.

Rollover or Disability



1. Select the appropriate check box if this is an IRA and the taxpayer rolled over part or all of the distribution shown on this Form 1099-R.
    a. When you select the check box, type the amount that the taxpayer rolled over in the appropriate box.
2. If this is a disability distribution and the taxpayer is disabled, qualifying him or her to report the pension amount as earned income, select the **Check here to report on Form 1040, Line 7** check box. TaxSlayer Pro Online carries this amount to Form 1040, line 7.

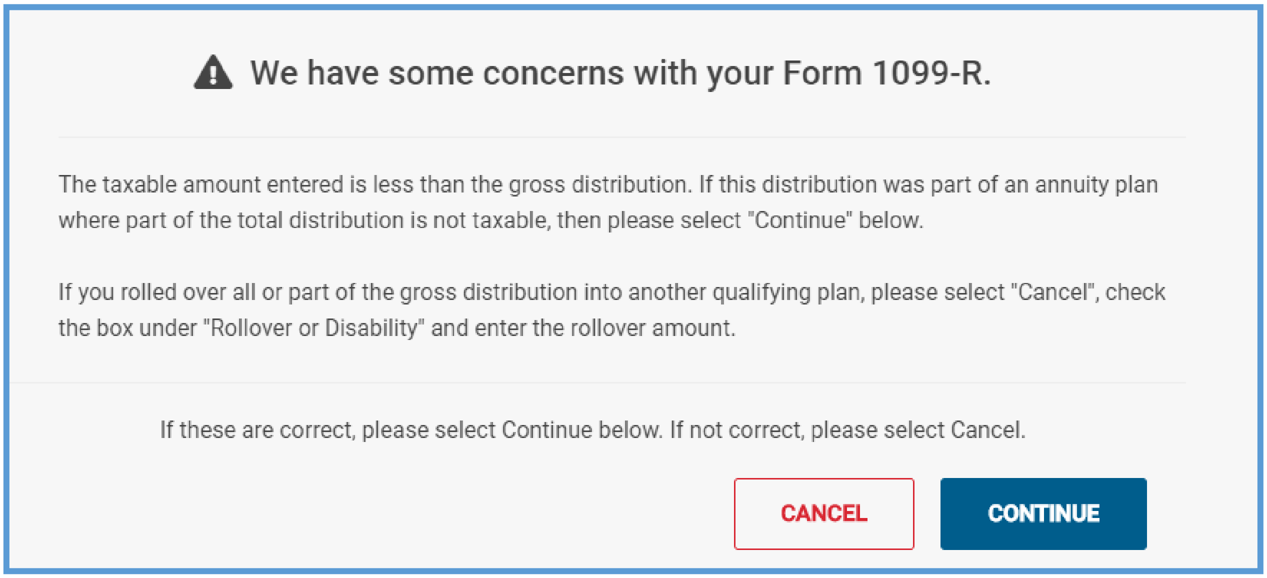
State/Local Information



3. Type the state and local information as shown on the Form 1099-R the taxpayer received.

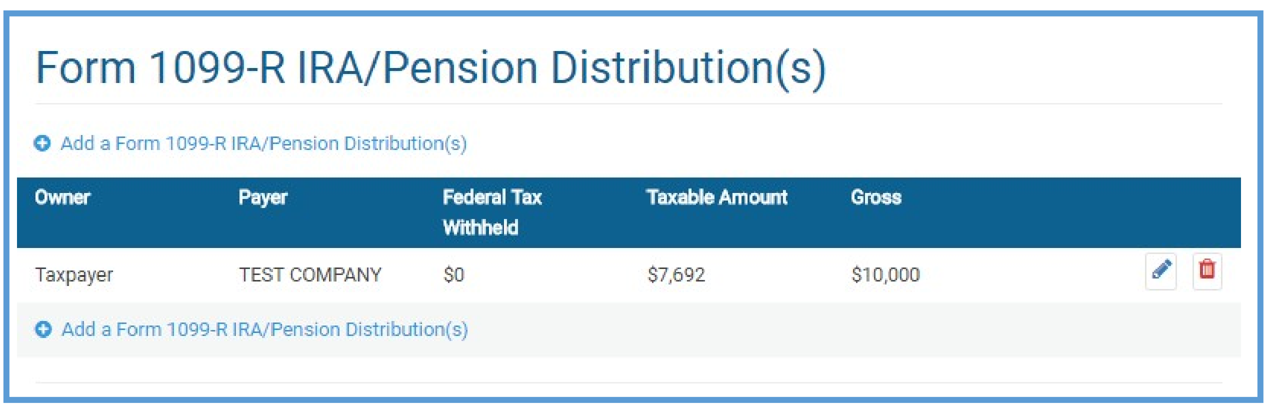
4. When you finish entering information, do one of the following:
    a. Click **Save & Enter Another** to display a blank Form 1099-R.
    b. Click **Continue** to display the **Form 1099-R IRA/Pension Distribution(s)** page. For this exercise, click **Continue**.

TaxSlayer Pro Online displays a confirmation box if the taxable amount is less than the gross distribution:



5. Verify that the information you entered is correct.
6. Click **Continue**.

TaxSlayer Pro Online displays the **Form 1099-R IRA/Pension Distribution(s)** summary page with the Form 1099-R information listed:



7. If you need to add more Forms 1099-R, click **Add** and use the same steps to add Form 1099-R.
8. When you finish adding forms, click **Continue**.

Entering Railroad Retirement Benefits

Tier 1 Benefits

If a taxpayer received railroad retirement Tier 1 benefits during the year, he or she should receive Form RRB-1099 from the Railroad Retirement Board. To add Tier 1 benefits to the return, use the same steps that you use in the *Adding Social Security benefits* section. Use the information on Form RRB-1099 to match the information on each box.

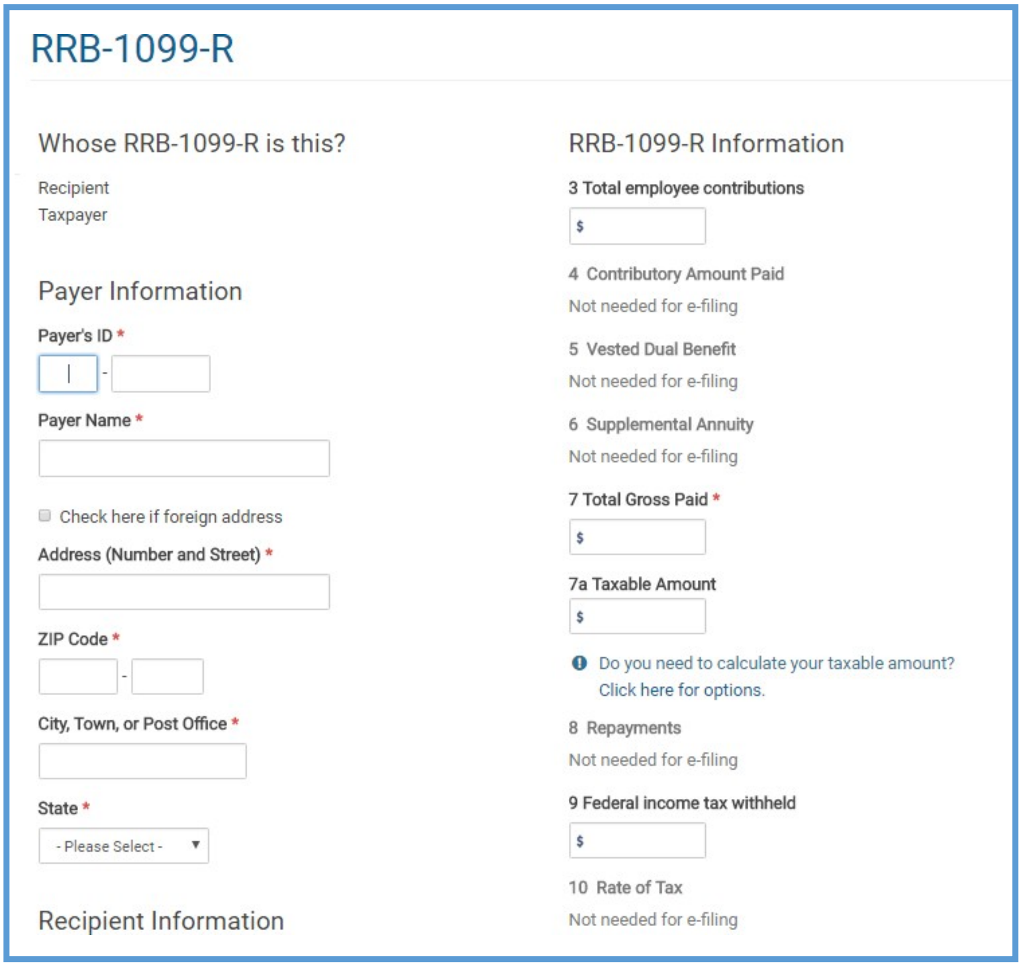
If the taxpayer received both Social Security and Railroad Retirement Tier 1 benefits, add the two together to complete the **Social Security 1099 SSA** page.

Tier 2 Benefits

If a taxpayer received railroad retirement Tier 2 benefits during the year, he or she should receive Form RRB-1099 from the Railroad Retirement Board. To add railroad retirement income to the return, use the following steps from the **IRA/Pension Distributions** landing page:

1. Click **BEGIN** on the **RRB-1099-R** line.

TaxSlayer Pro Online displays the **RRB-1099-R** page:

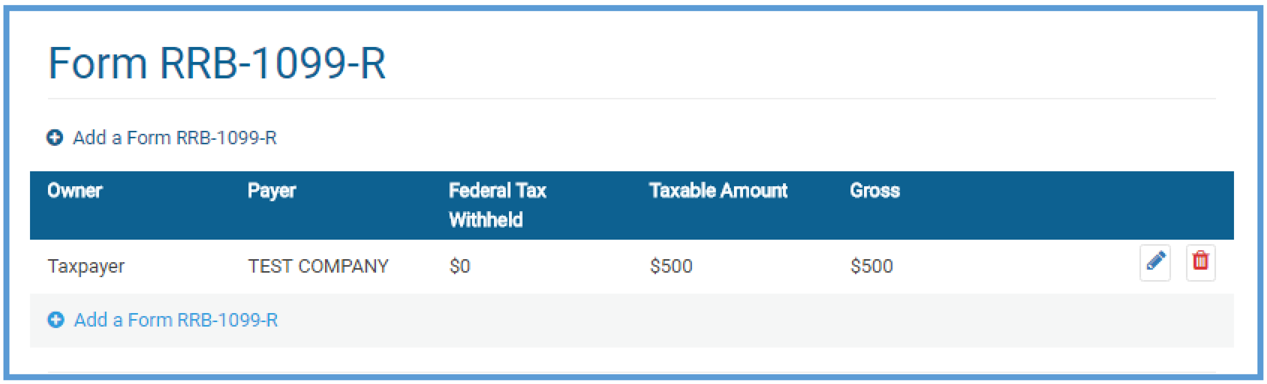


2. Type all of the information on this page as the payer entered the information on the paper Form RRB-1099-R.
    a. Many items on this page are similar to Form 1099-R, as we discussed earlier.
    b. If the taxpayer's address is different on Form RRB-1099-R, change the address calculated from personal information.
    c. If this is for disability income, and the taxpayer qualifies to report disability income as earned income, select the **Check here to report on Form 1040, Line 7** check box.
3. When you finish typing information on this page, do one of the following:
    a. Click **Save & Enter Another** to display a blank Form RRB-1099-R page
    b. Click **Continue** to display the **Form RRB-1099-R** page.

TIPS:

- TaxSlayer Pro Online displays a message box reminding you of the following: **The Taxable amount is automatically carried. This can be corrected if necessary**.
- The calculated taxable amount from the Simplified Method worksheet will be displayed in box 7a. Click the **Click here for options** link to change or delete the worksheet.

TaxSlayer Pro Online displays the **RRB-1099-R** summary page with the payer you added listed:



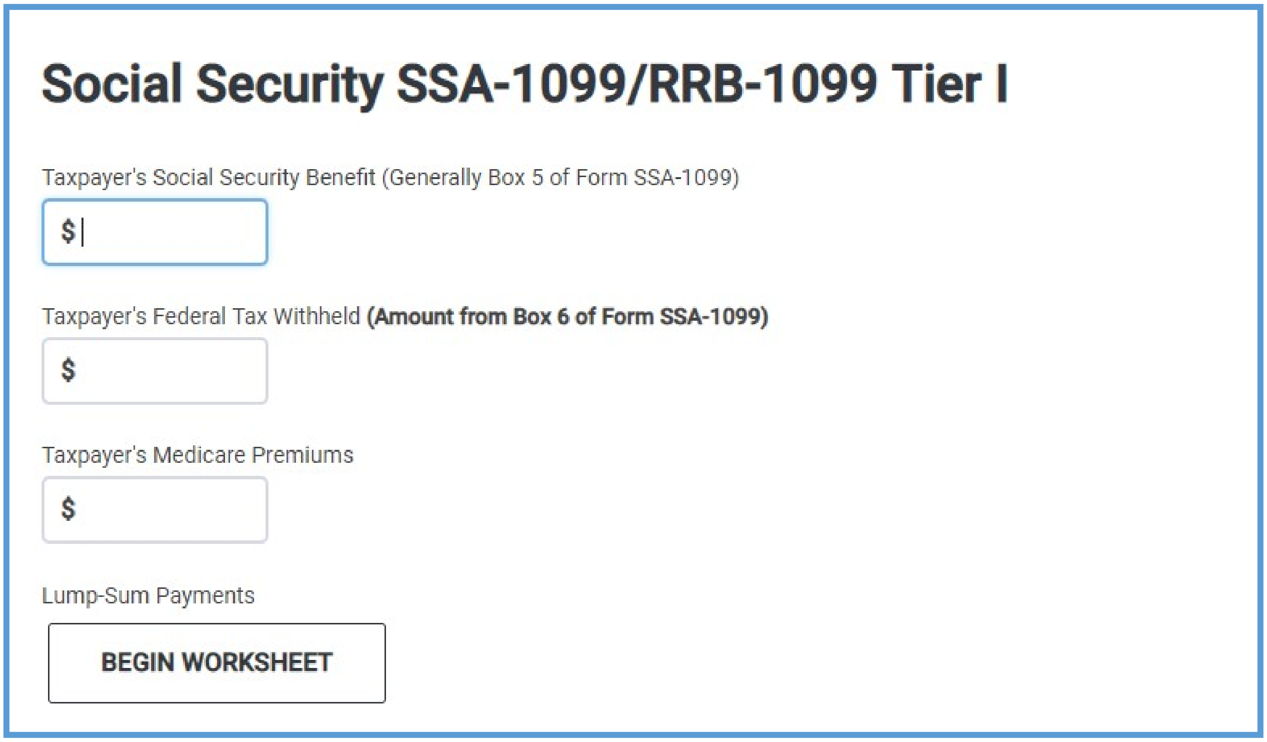
4. If the taxpayer and/or spouse received multiple Forms RRB-1099-R, you can click **Add** to add more forms.
5. Click **Continue**.

Social Security Benefits

If the taxpayer received Social Security benefits, he or she should have received a Form 1099-SSA from the government. To figure the taxable amount of Social Security benefits, use the following steps:

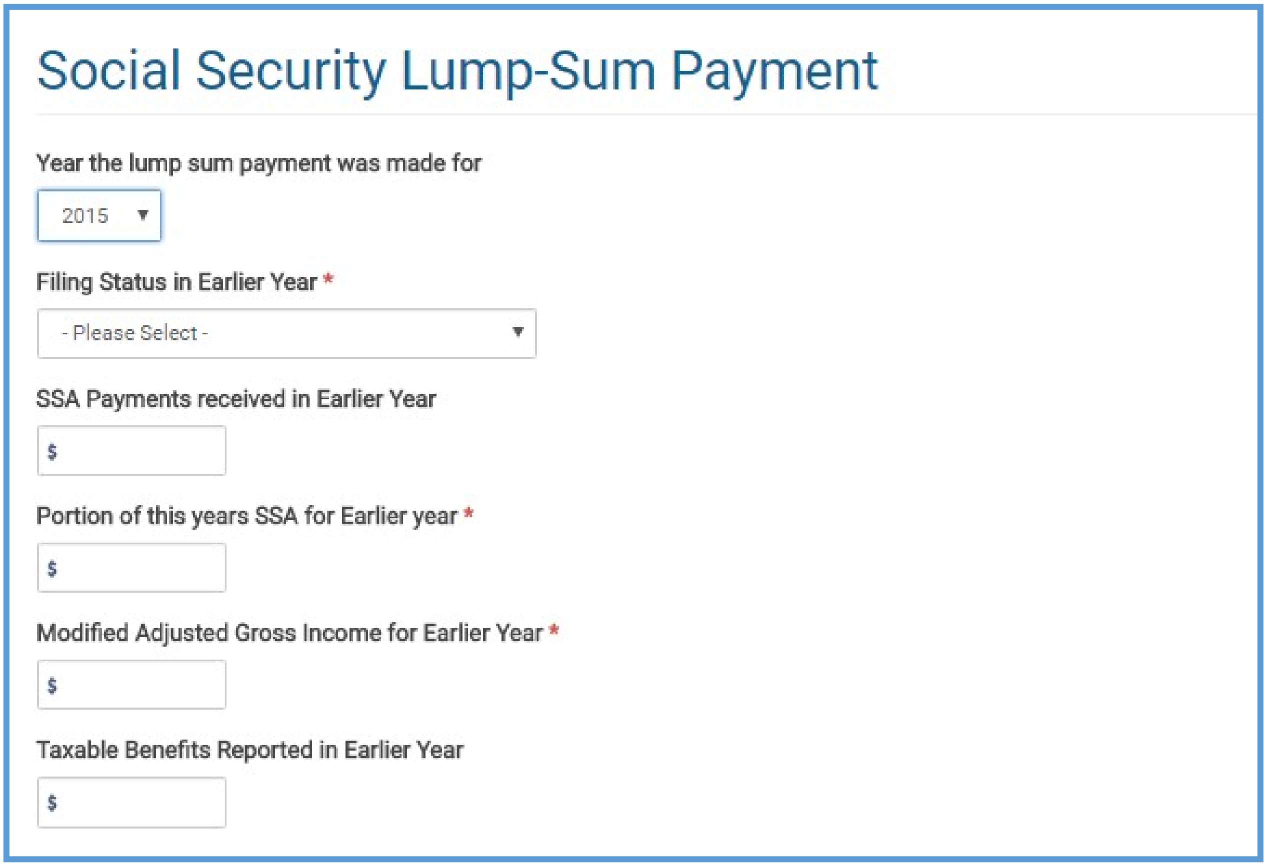
1. Click **BEGIN** on the **Social Security Benefits** line on the **Social Security SSA-1099 / RRB-1099 Tier 1** landing page.

TaxSlayer Pro Online displays the **Social Security SSA-1099/RRB-1099 Tier 1** page:



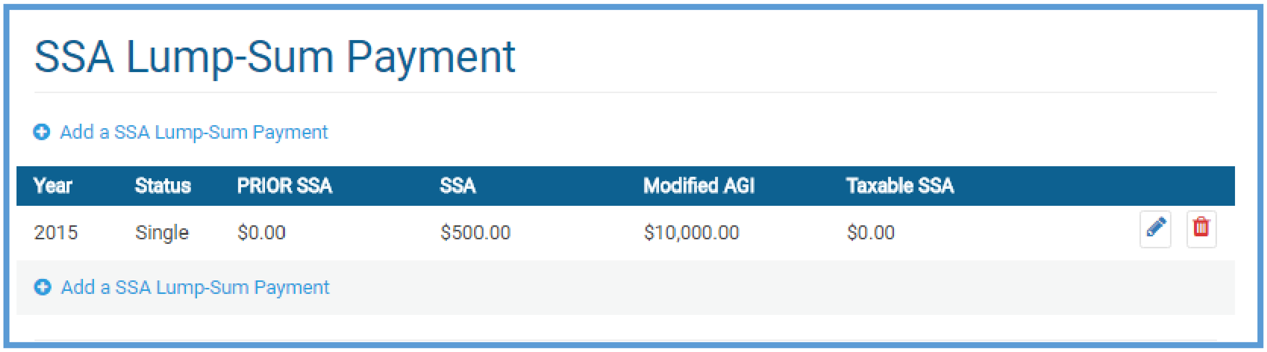
2. Type the Social Security benefits, federal tax withheld, and Medicare premiums as shown on the taxpayer's Form 1099-SSA.
3. If the taxpayer received a lump-sum benefit, click **Begin Worksheet**.

TaxSlayer Pro Online displays the **Social Security Lump-Sum Payment** page:



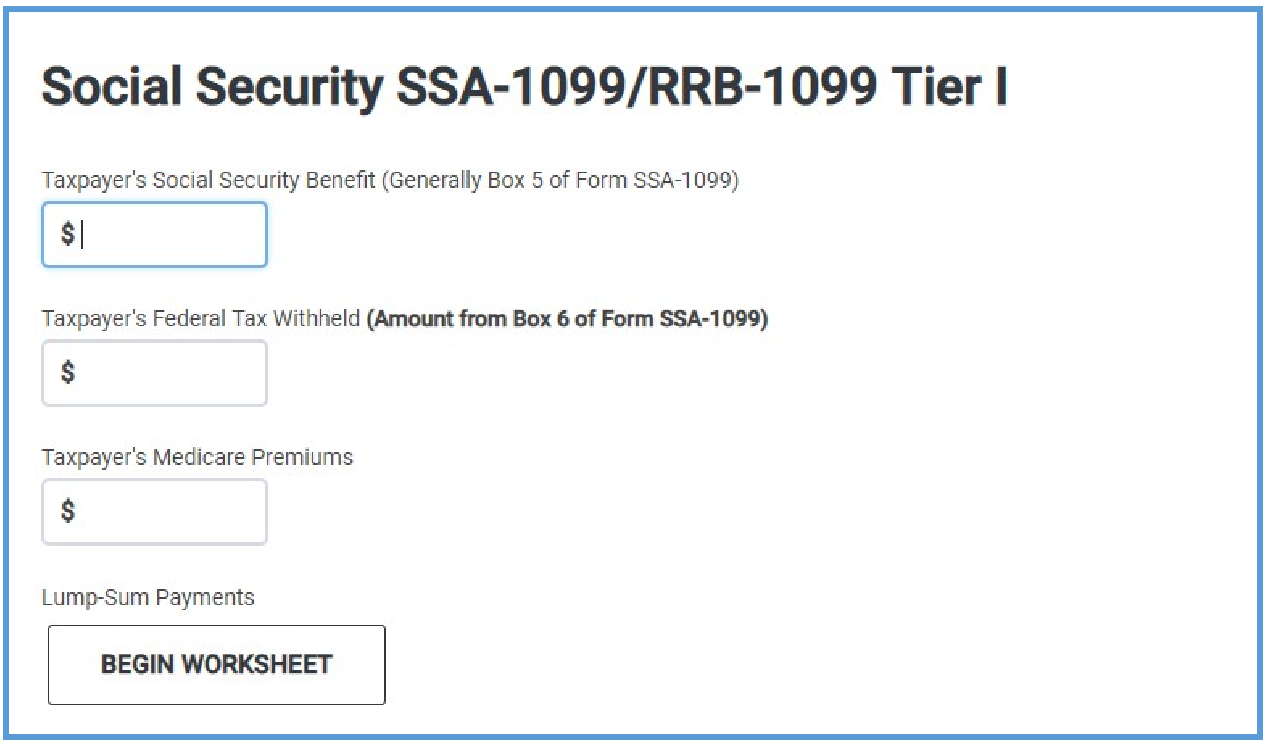
4. Select the year for which the taxpayer received the lump sum.
5. Select the filing status for the year you selected.
6. Type the payments received in the earlier year and the portion of the lump sum received for that year.
7. From the taxpayer's tax return for the earlier year, type the modified adjusted gross income and taxable benefits reported.
8. When you finish entering information on the worksheet, click **Continue**.

TaxSlayer Pro Online displays the **SSA Lump-Sum Payment** summary page with the Social Security lump sum payment listed:



9. If you need to add more lump sum payments, click **Add** and complete the worksheet as discussed.
10. Click **Continue**.

TaxSlayer Pro Online displays the **Social Security 1099 SSA** page:



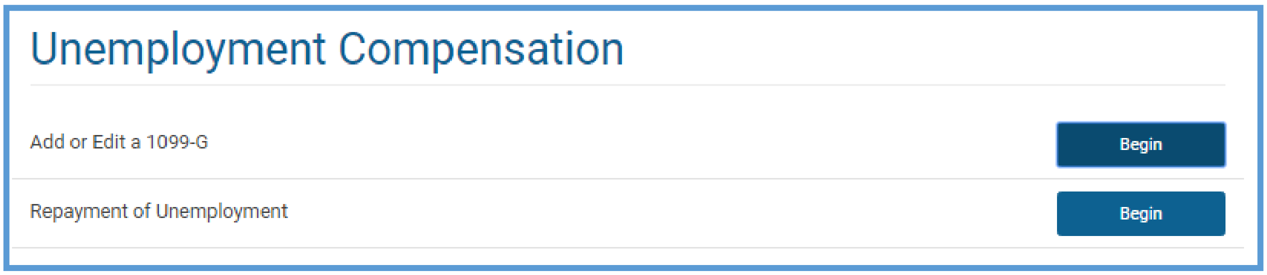
11. Click **Continue** to return to the **Income** page.

Entering Unemployment Compensation

If the taxpayer or spouse received unemployment compensation during the year, he or she should have received a Form 1099-G to report that income. To add unemployment compensation in the return, use the following steps:

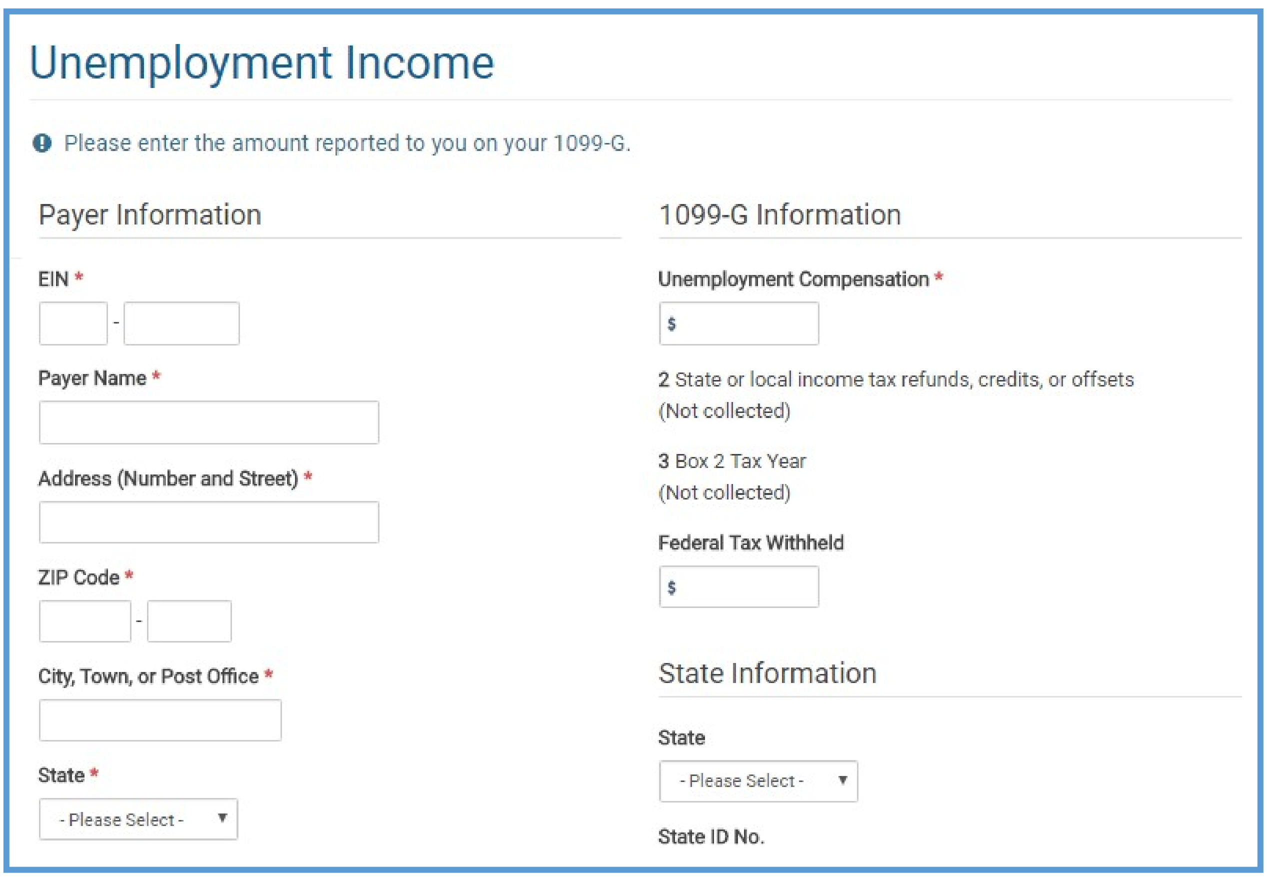
1. Click **BEGIN** on the **Unemployment Compensation Form 1099-G Box 1** line.

TaxSlayer Pro Online displays the **Unemployment Compensation** page:



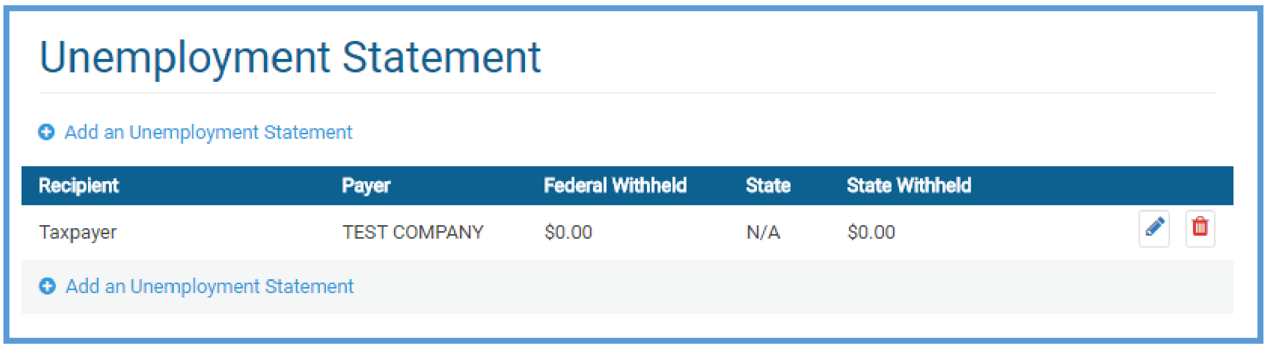
2. Click **BEGIN** on the **Add or Edit a 1099-G** line.

TaxSlayer Pro Online displays the **Unemployment Income** page:



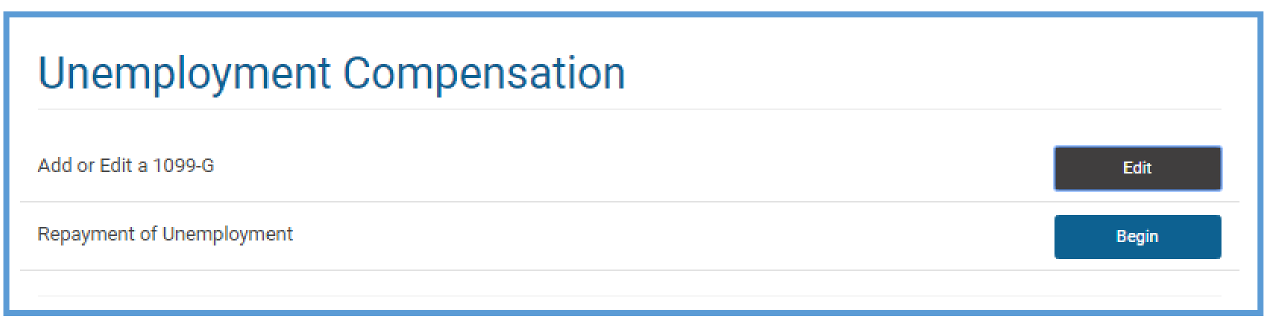
3. Type the information on the page exactly as it appears on the Form 1099-G the taxpayer received. Use the following tip to enter this information:
    a. Compare the recipient's address as shown on the page to the address on the paper Form 1099-G. If it is different, change the address in TaxSlayer Pro Online.
4. When you finish typing information, click **Continue**.

TaxSlayer Pro Online displays the **Unemployment Statement** page with the information you entered listed:



5. If the taxpayer and/or spouse received multiple Forms 1099-G for unemployment compensation, click **Add** to enter the information from the additional forms.
6. When you finish adding unemployment compensation, click **Continue**.

TaxSlayer Pro Online displays the **Unemployment Compensation** page:

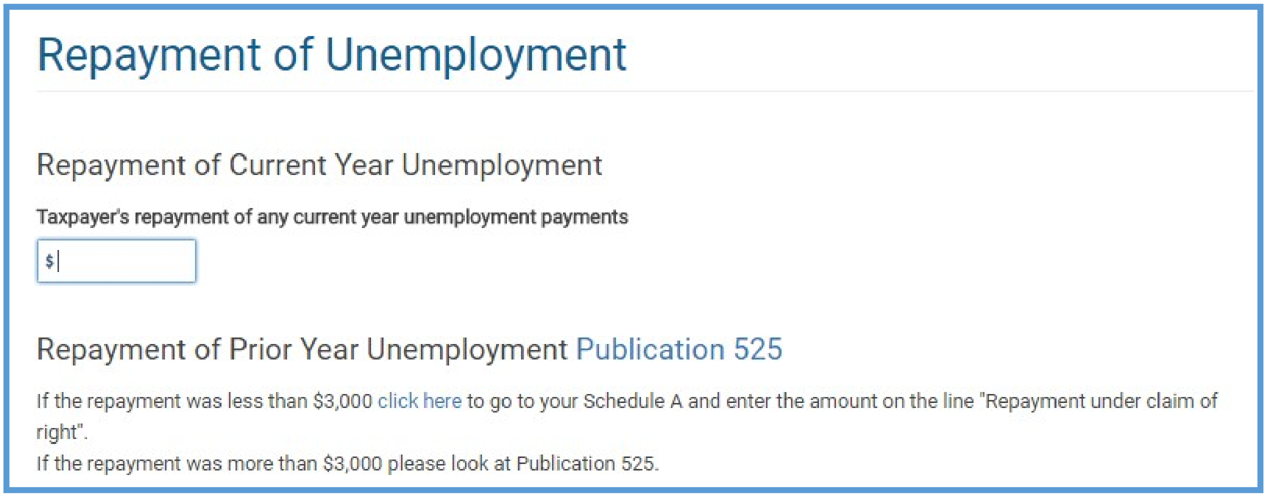


Repayments of Unemployment Compensation

Sometimes, the taxpayer or spouse repays unemployment compensation. In that case, you need to report the unemployment compensation the taxpayer repaid so that amount can be deducted from income.

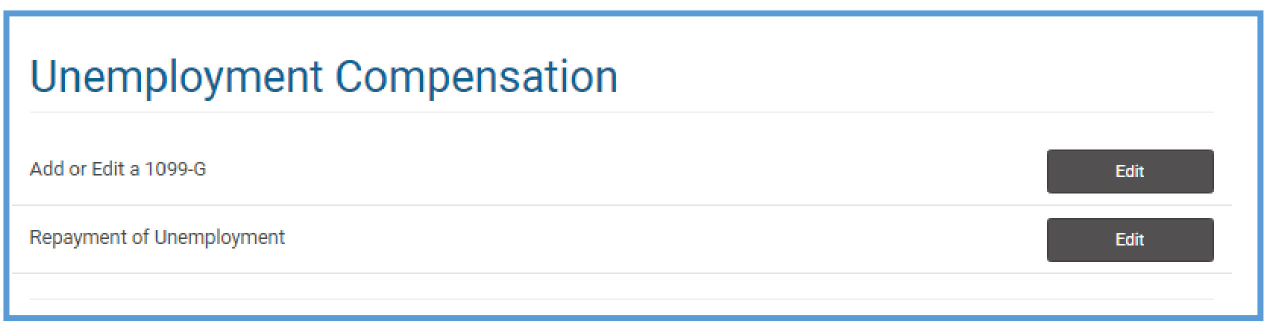
1. Click **BEGIN** on the **Repayment of Unemployment** line.

TaxSlayer Pro Online displays the **Repayment of Unemployment** page:



2. Determine whether the unemployment repayment was for unemployment the taxpayer received for the current or prior tax year.
3. If the repayment was for the current year, type the amount in the appropriate box. TaxSlayer Pro Online adjusts the amount reported on Form 1040.
4. If the repayment was for unemployment the taxpayer received in a prior year, read and follow the instructions on the page.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Unemployment Compensation** page:



6. Click **Continue** to display the **Income** page.

Entering Less Common Income

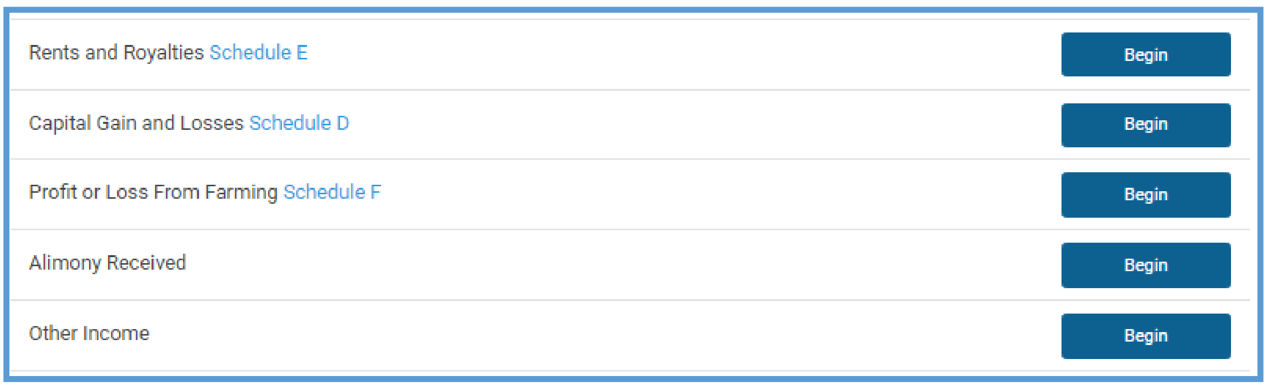
In this section, we cover some of the less common income types that you may need to add for some taxpayers, including the following:

- Alaska Permanent Fund dividends
- Gambling income
- Taxable scholarships
- Cancellations of debt

To start adding other income, use the following step from the **Income** page:

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

1040 View: Click Line 21 to open the **Other Income** page.

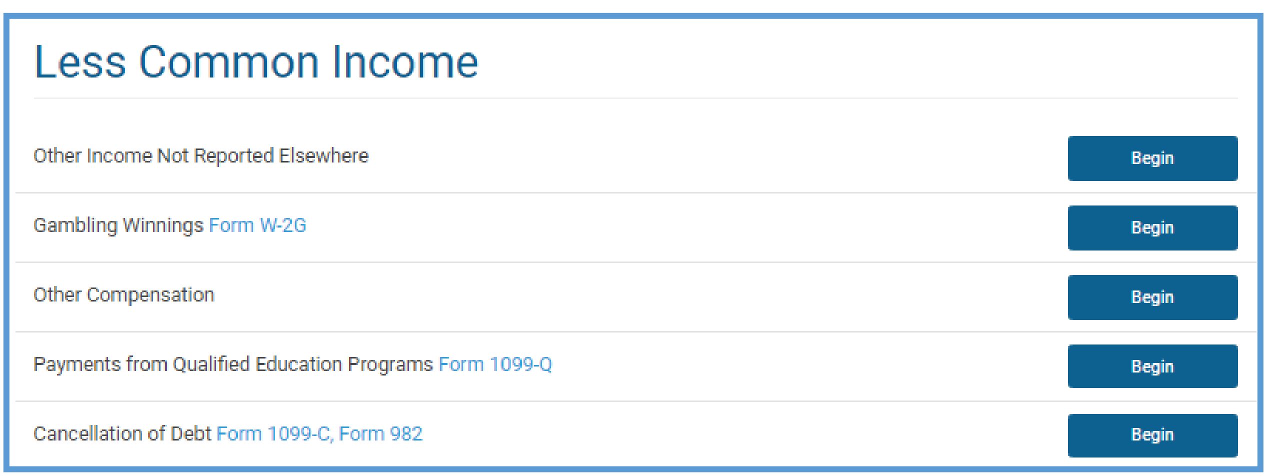


On this page, you can begin adding the less common income types.

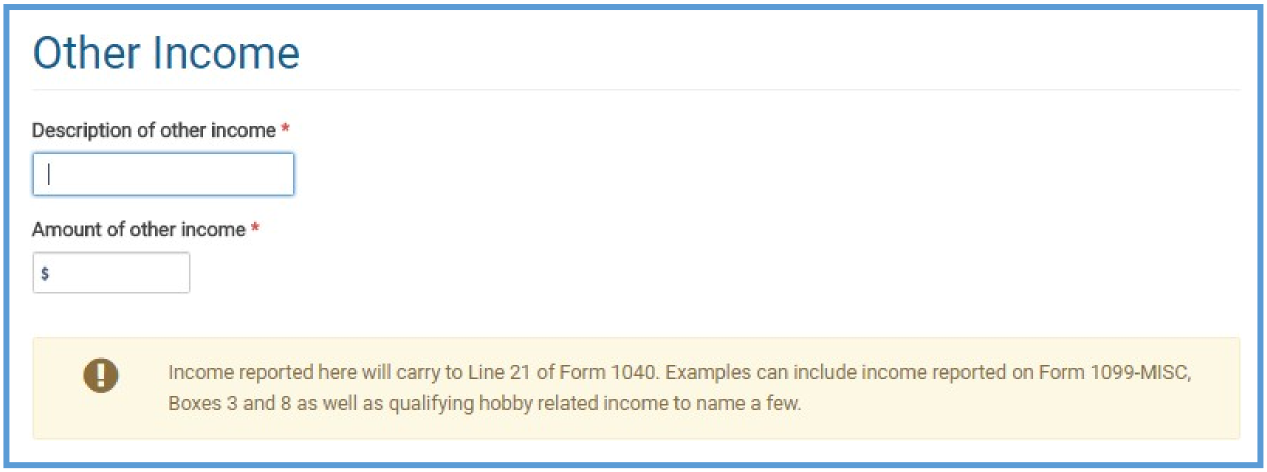
Alaska Permanent Fund Dividends

To add Alaska Permanent Fund dividends, use the following steps:

1. Click **BEGIN** on the **Other Income Not Reported Elsewhere** line.



TaxSlayer Pro Online displays the **Other Income** page:



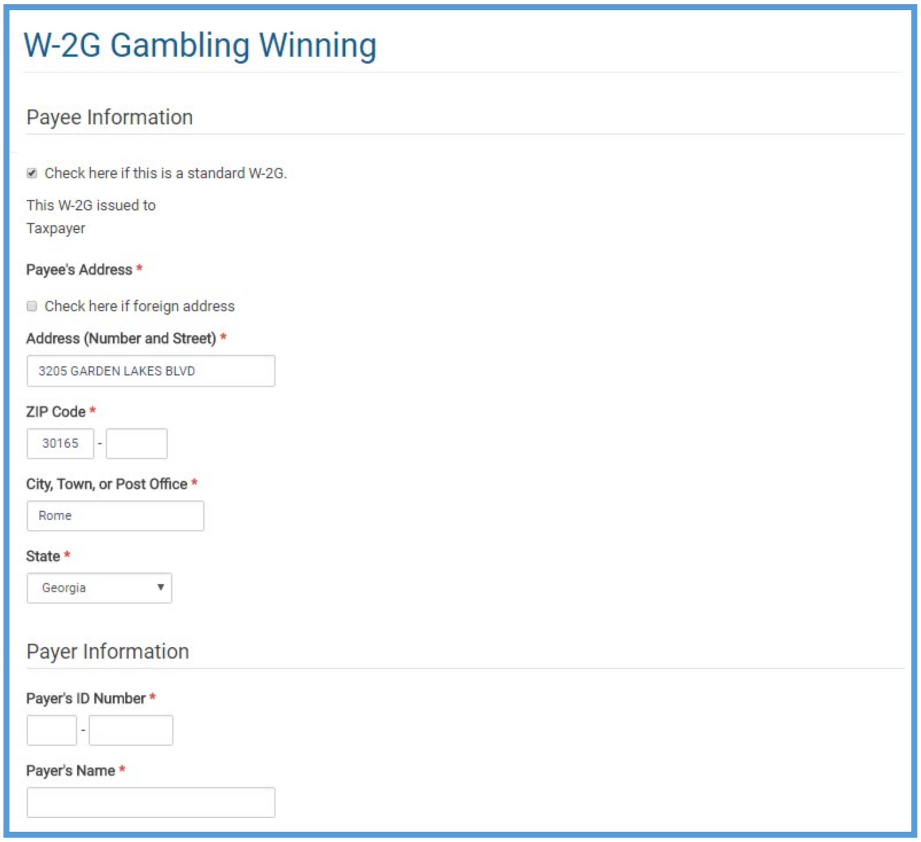
2. Type *Alaska Permanent Fund Div* in the **Description of other income** box.
3. Type the amount of the dividend in the appropriate box.
4. Click **Continue**.

Gambling Income

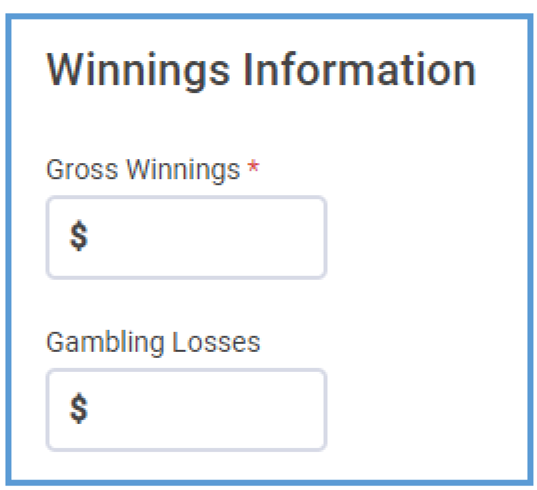
To add gambling income to the return, use the following steps:

1. Click **BEGIN** on the **Gambling Winnings Form W-2G** line.

TaxSlayer Pro Online displays the **W-2G Gambling Winning** page:

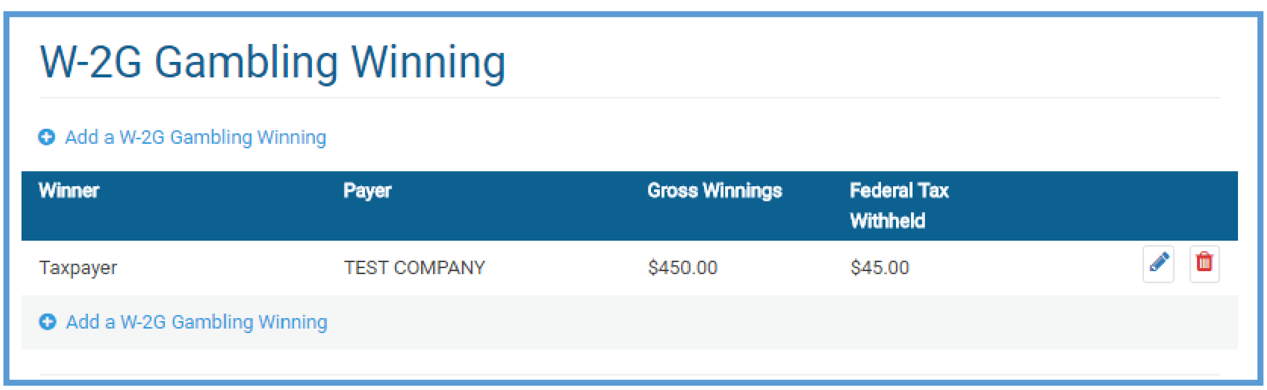


2. Type the information on Form W-2G exactly as it appears on the Form W-2G the taxpayer received from the payer.
3. Type the amount of gambling losses associated with this Form W-2G. TaxSlayer Pro Online automatically carries this amount to Schedule A.



4. Use the following tips to enter Form W-2G information:
    a. If the taxpayer's address on the paper Form W-2G is different from the one calculated from personal information, make changes on this page.
    b. If the payer did not withhold state income tax, leave the following boxes blank:
        i. **State Winnings**
        ii. **State Tax Withheld**
        iii. **State Taxes Paid To**
        iv. **State ID Number**
5. When you finish typing information from the Form W-2G, do one of the following:
    a. Click **Save & Enter Another** to display a blank **W-2G Gambling Winning** page.
    b. Click **Continue** to display the **W-2G Gambling Winning** summary page.

TaxSlayer Pro Online displays the **W-2G Gambling Winning** summary page:


W-2G Gambling Winning

Add a W-2G Gambling Winning

Winner	Payer	Gross Winnings	Federal Tax Withheld
Taxpayer	TEST COMPANY	$450.00	$45.00

Add a W-2G Gambling Winning

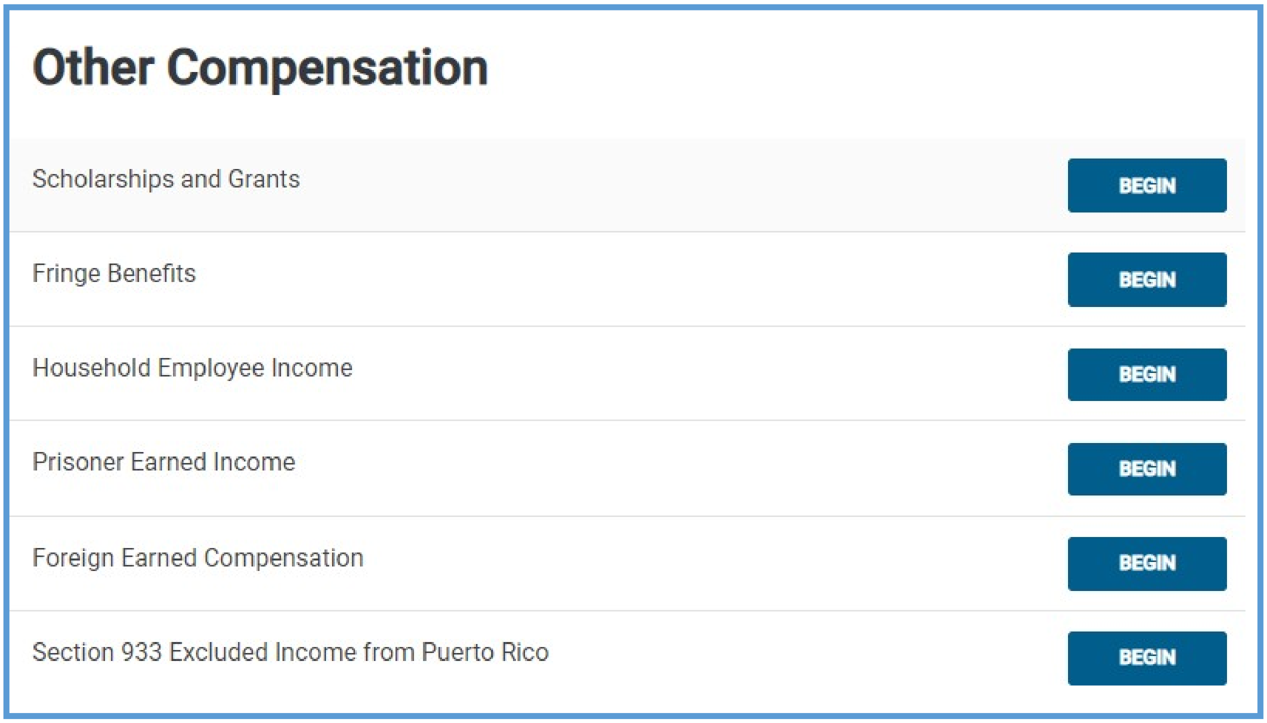
6. When you finish adding forms, click **Continue**.

Taxable Scholarships

Sometimes, a taxpayer receives scholarships or grants. In most cases, you do not need to report these on the tax return. However, if the taxpayer used amounts to pay for other expenses, such as room, board, and travel, you may need to report those amounts as taxable income. See the IRS publications for information on when you need to report scholarships as taxable income. To report taxable scholarships, use the following steps:

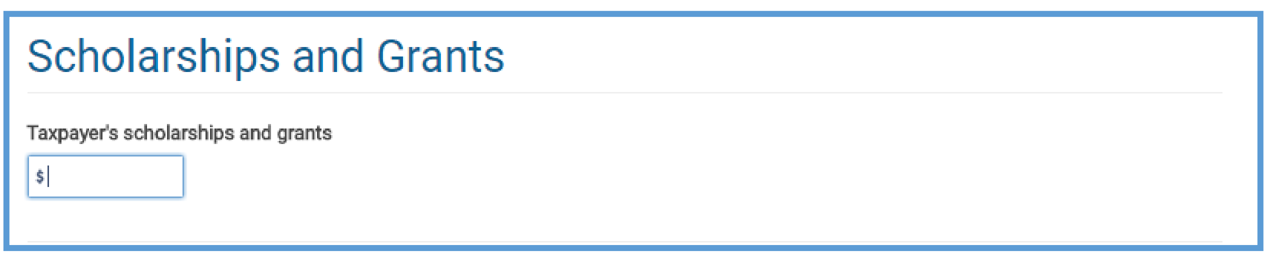
1. Click **BEGIN** on the **Other Compensation** line.

TaxSlayer Pro Online displays the **Other Compensation** page:



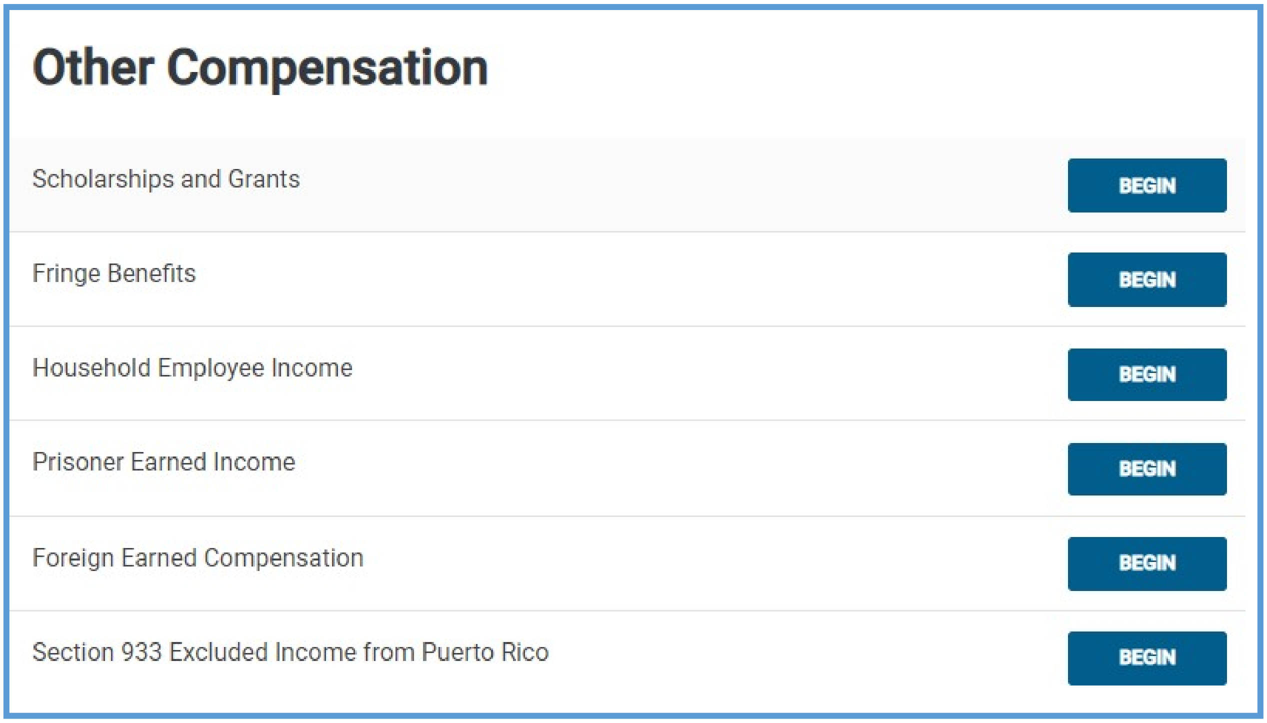
2. Click **BEGIN** on the **Scholarships and Grants** line.

TaxSlayer Pro Online displays the **Scholarships and Grants** page:



3. Type the amount of taxable scholarships and grants.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Other Compensation** page:



5. Click **Continue** to return to the **Less Common Income** page.

Cancellation of Debt Form1099-C, Form 982

Nonbusiness Credit Card Debt

If a taxpayer received a cancellation of debt (COD) in the previous year, you should report that amount as income. Generally, if a taxpayer receives Form 1099-C for cancelled credit card debt and was solvent (assets greater than liabilities) immediately before the debt was canceled, all the cancelled debt should be included on Form 1040, line 21, Other Income. You do not need any additional supporting forms or schedules to report cancelled credit card debt.

Lenders and creditors are required to issue Form 1099-C if they cancel a debt of $600 or more. If the debt cancelled is less than $600, some lenders or creditors may send a letter or some other form of notification to the taxpayer. Generally, taxpayers must include all cancelled amounts (even if less than $600) on the Other Income line of Form 1040.

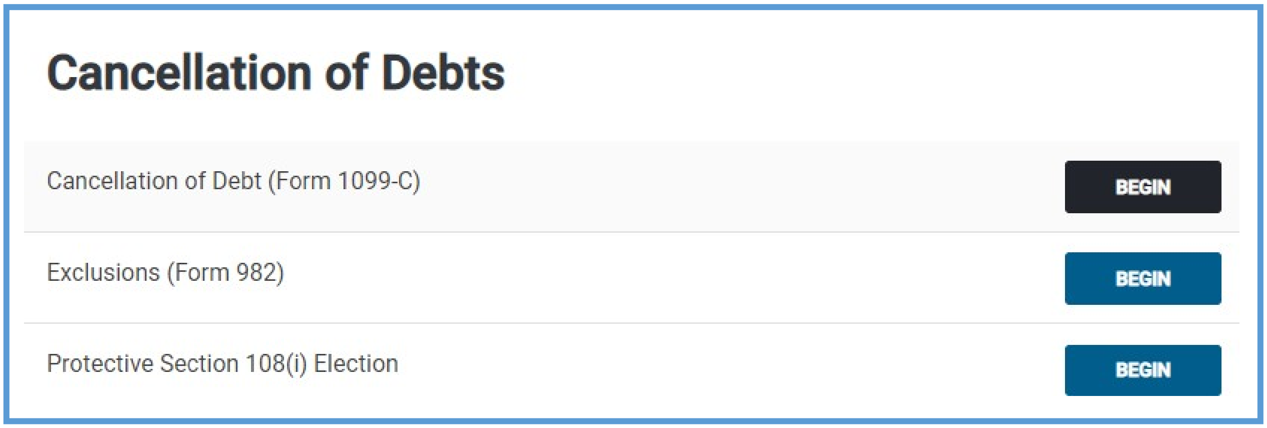
TIP: Make sure that you only prepare returns that are in scope of the VITA/TCE Programs (COD-Nonbusiness credit card debt and COD-

Principal Residence). See IRS Publication 4012 for more COD in scope information.

To add a cancellation of debt, use the following steps:

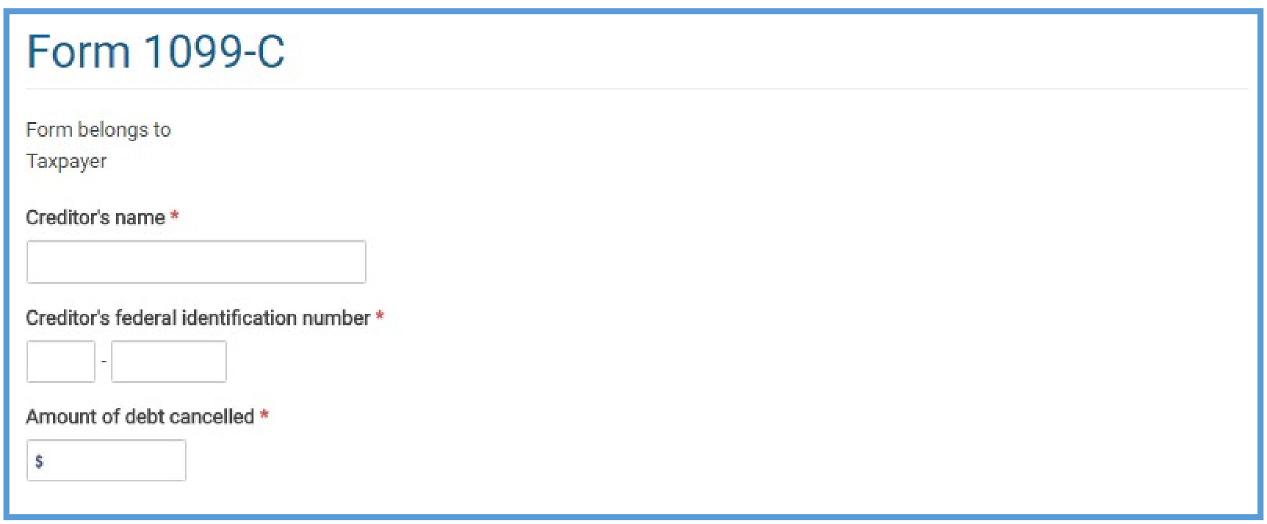
1. Click **BEGIN** on the **Cancellation of Debt Form 1099-C, Form 982** line.

TaxSlayer Pro Online displays the **Cancellation of Debts** page:



2. Click **BEGIN** on the **Cancellation of Debt (Form 1099-C)** line.

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

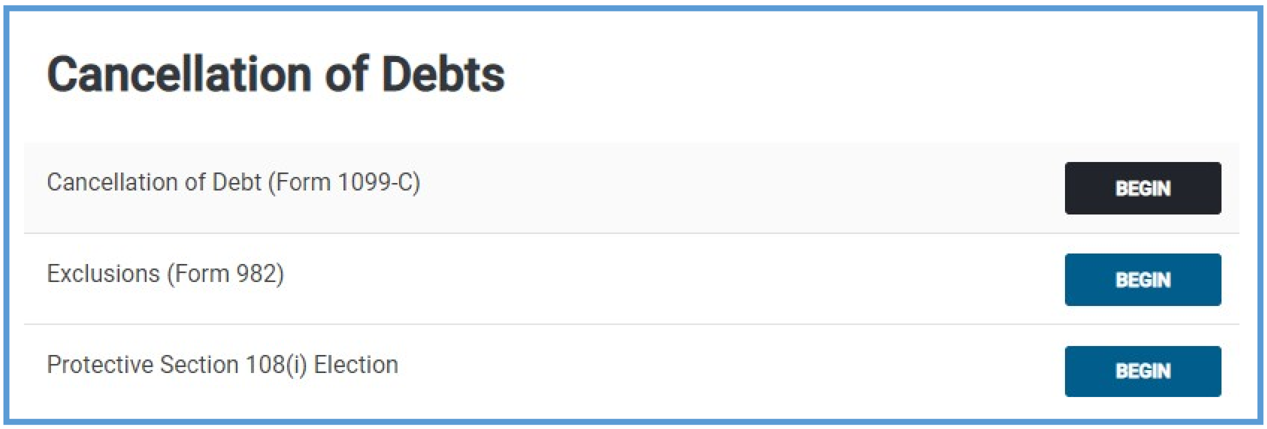


3. Type the creditor's name, federal identification number, and the amount of debt cancelled in the appropriate boxes.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Form 1099C – Cancellation of Debt** page:

5. If the taxpayer received more than one Form 1099-C, click **Add** to enter the information for each one.
6. When you finish adding cancellations of debt, click **Continue**.

TaxSlayer Pro Online displays the **Cancellation of Debts** page:



Exclusions (Form 982)

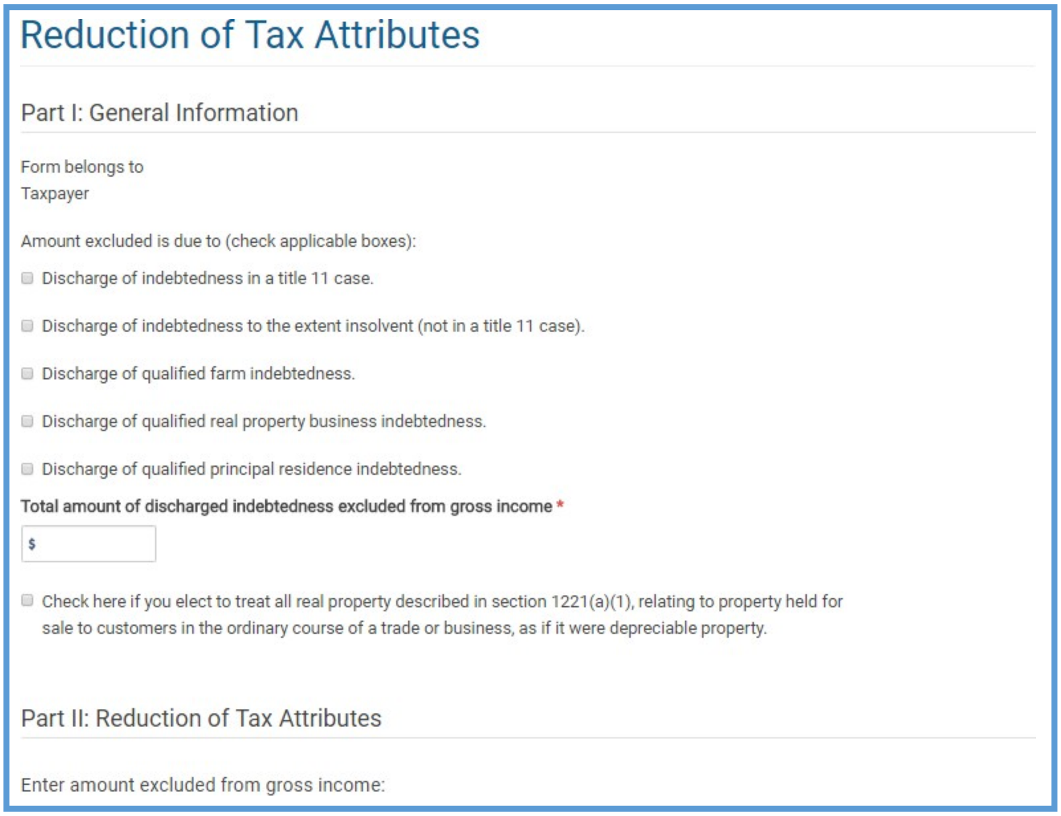
In some cases, the taxpayer can exclude the cancellation of debt from income.

NOTE: Only the discharge of qualified principle residence indebtedness is in scope for the VITA program.

If the taxpayer can exclude all or part of the cancellation of debt from income, use the following steps:

1. Click **BEGIN** on the **Exclusions (Form 982)** line.

TaxSlayer Pro Online displays the **Reduction of Tax Attributes** page:



Reduction of Tax Attributes

Part I: General Information

Form belongs to
Taxpayer

Amount excluded is due to (check applicable boxes):

- ☐ Discharge of indebtedness in a title 11 case.
- ☐ Discharge of indebtedness to the extent insolvent (not in a title 11 case).
- ☐ Discharge of qualified farm indebtedness.
- ☐ Discharge of qualified real property business indebtedness.
- ☐ Discharge of qualified principal residence indebtedness.

Total amount of discharged indebtedness excluded from gross income *

$

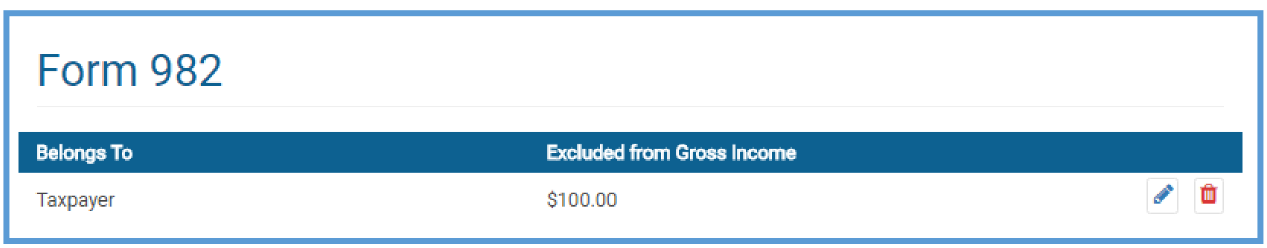
☐ Check here if you elect to treat all real property described in section 1221(a)(1), relating to property held for sale to customers in the ordinary course of a trade or business, as if it were depreciable property.

Part II: Reduction of Tax Attributes

Enter amount excluded from gross income:

2. Select the appropriate check box(es) describing the type of cancellation of debt.
3. Type the total amount of debt that the taxpayer is excluding from gross income.
4. Scroll to the bottom of the page and click **Continue**.

TaxSlayer Pro Online displays the **Form 982** page:



Form 982

Belongs To	Excluded from Gross Income
Taxpayer	$100.00

5. Click **Continue**.

Index