VITA/TCE Training

Preparing a Return

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Starting a Tax Return
After completing this topic, you will be able to:

- Start a tax return in TaxSlayer Pro Online.
- Select a filing status.
- Enter personal information for the taxpayer and spouse.
- Enter dependent information.
- Add IRS Identity Protection PIN(s).

Starting a New Return
After you log in, TaxSlayer Pro Online displays the Welcome to... page:

To start a new return, use the following steps:

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2. Type the taxpayer’s Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN).
3. Type the taxpayer’s Social Security number or ITIN again for verification. Use the taxpayer’s documentation to type the number both times to avoid an incorrect entry.
4. Click **Available Taxpayer Profiles**.

5. Select a taxpayer profile. For this lesson, choose **Basic**.
6. Click **Start Return**.
NOTE: You can choose a Taxpayer Profile to automatically display income and adjustment entry pages that most closely reflect information from the taxpayer. When you do this, you save time in the return. You can still add other information to the return after you complete any of the necessary forms displayed by the taxpayer profile. For more information on taxpayer profiles, see the Entering Basic Income lesson.

TaxSlayer Pro saves the new return and displays the What’s your filing status page:

Desktop Tip: If you use the TaxSlayer Pro desktop application, TaxSlayer Pro verifies the primary Social Security number or ITIN when you type the taxpayer information on the Personal Information Entry menu.

Working in the Return
Layout and Links
Use the left navigation bar to determine your current section of the tax return. The links at the top of the page show you more detail on the section.

If you need to close the return, click Save & Exit Return at the left:
Session Expiration
If you are inactive for 17 minutes, TaxSlayer Pro Online displays a warning:

Click Yes to remain logged in. If TaxSlayer Pro Online logs you out, you will need to log in again.

TIP: TaxSlayer Pro Online saves the data you enter when you click Continue on each page. If your session times out before you click Continue, TaxSlayer Pro Online does not save the data.

Required Information
If you do not complete a required box on the page and attempt to continue to the next page, TaxSlayer Pro Online displays a warning in red at the top of the page:

Click the warning to go to the error and correct it.

Refund Amount
As you work through the return, TaxSlayer Pro displays the federal and state refund amount at the top of the page:

NOTE: If you have not added a state, TaxSlayer Pro Online displays N/A for the state refund amount.
Selecting a Filing Status

When you start a return, TaxSlayer Pro displays the **What’s your filing status?** page, as discussed previously:

If you know the taxpayer’s filing status based on the information he or she gives you, use the following steps:

1. Select the appropriate filing status.
2. Click **Continue**.

**Using the Filing Status Wizard**

If you need help determining the filing status, use the following steps:

1. Click **Filing Status Wizard**.
TaxSlayer Pro Online displays the **Filing Status Wizard**:

2. Read each question in the wizard to the taxpayer and click the appropriate answer.

When you finish answering all the questions, TaxSlayer Pro Online determines and displays the appropriate filing status based on your answers:

3. Click **Finished**.
TaxSlayer Pro displays the **What’s your filing status?** page with the answer from the filing status wizard:

4. Select the appropriate filing status.

**TIP:** TaxSlayer Pro Online does not automatically select the filing status.

5. Click **Continue**.
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Entering Personal Information
After you select the filing status, TaxSlayer Pro Online displays the Personal Information page:

6. Read each box and type or select the appropriate data.

Taxpayer Information
- TaxSlayer Pro Online automatically enters the primary Social Security number/Individual Taxpayer Identification Number based on the information you typed while starting the return.
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**TIP:** When entering the date of birth, enter the month and day without the leading zero. For example, if the taxpayer’s birth date is May 4, 1986, type 5, Tab, 4, Tab, 1986, Tab. You can also select from the drop-down lists.

7. Select the check boxes to show whether the taxpayer can be claimed as a dependent on another return, is a student, blind, etc.

**Spouse Information**

8. TaxSlayer Pro Online displays the **Spouse Information** section if you selected a Married filing status. Complete the information for the spouse and select any applicable check boxes.

**TIP:** TaxSlayer Pro Online automatically completes the spouse’s last name based on the information you typed for the taxpayer’s last name. You can change this box if the spouse has a different last name.
Contact Information

- Select the appropriate check box if the taxpayer has a stateside military address or a foreign address.
- When you type the Zip Code, TaxSlayer Pro Online automatically populates the city and state.

Finish Page

When you finish entering the personal information for the taxpayer and, if applicable, the spouse, click **Continue**.
Entering Dependent Information
When you complete the personal information, TaxSlayer Pro Online displays the **Dependents or Qualifying Person(s)** page:

![Dependents or Qualifying Person(s) page](image)

To add dependents to the return, use the following steps:

1. Click **Yes** showing that the taxpayer does have a dependent or qualifying person.
Preparing a Return

TaxSlayer Pro Online displays the **Dependent/Qualifying Child Information** page:

1. **Type the dependent or qualifying child’s name.**

   **TIP:** TaxSlayer Pro Online completes the **Last Name** box based on the taxpayer’s last name. You can change this information if the dependent has a different last name.

2. **Select the date of birth from the lists.**

3. **If the dependent does not have a taxpayer identification number,**

   - **select the Check if the dependent does not have an SSN/ITIN/ATIN check box.**
TaxSlayer Pro Online displays a new question to determine whether Form W-7 is needed in the return:

5. Select the answer to the question.
6. If the dependent does have a taxpayer identification number, type the dependent’s Social Security number or other identifying number.
7. Select the dependent’s relationship from the list.
8. Select the number of months the dependent lived in the home during the year. If the dependent lived in Canada, Mexico, or was not in the home for other reasons, select the appropriate option from the list.

9. Select any appropriate check boxes. TaxSlayer Pro Online may display additional boxes for you to complete based on the check boxes you select.

10. When you finish typing the dependent’s information, click **Continue**.
TaxSlayer Pro Online displays the **Dependent or Qualifying Child** page, listing the dependent you just entered:

11. If the taxpayer has more than one dependent or qualifying child, click **Add** to add each one.

**TIP:** You can add an unlimited number of qualifying dependents in the **Dependent or Qualifying Child** section.

12. When you finish entering dependents, click **Continue**.

TaxSlayer Pro Online displays the **Basic Information** page:

13. To review the filing status, personal information, or dependent information, click **Edit** for that row.

14. When you finish reviewing basic information, click **Continue**.
Entering IRS Identification PINs

When you finish the personal information, TaxSlayer Pro Online displays the Federal Section:

If the IRS issued identity protection PINs to the taxpayer, spouse and/or dependents, use the following steps to add the identity protection PINs to the return:

1. Click Miscellaneous Forms.
2. Click the BEGIN button on the IRS Identity Theft PIN line.
3. Type the appropriate PINs.

IRS Identity Protection Pin

If you have received a notice from the IRS containing an Identity Theft Pin please enter the Pin here in order to ensure that your tax return is processed without delay.

<table>
<thead>
<tr>
<th>Name</th>
<th>PIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sarah Test (XXX-XX-1146)</td>
<td></td>
</tr>
<tr>
<td>spouse Test (XXX-XX-1146)</td>
<td></td>
</tr>
<tr>
<td>Dependent Test (XXX-XX-3315)</td>
<td></td>
</tr>
</tbody>
</table>

4. Click Continue.
**Desktop Tip:** Enter the Taxpayer/Spouse Identity Theft PIN by clicking Other Categories and then Identity Protection PIN from the Personal Information review menu.

**NOTE:** Enter the Dependent Identity PIN by selecting Identity Protection PIN from the Dependent Information review menu.

We cover adding IRS identity protection PINs in more detail in the *Payments and Estimates* lesson.
Preparing a Return

After completing this topic, you will be able to:

- List and define the methods for entering income.
- Complete Form W-2.
- Enter taxable refunds.
- Enter interest and dividends.
- Enter IRAs and pensions.
- Enter Social Security benefits.
- Enter Railroad Retirement benefits.
- Enter unemployment income.
- Add less common income, including the following:
  - Taxable scholarships.
  - Alaska Permanent fund dividends.
  - Gambling income.
  - Cancellations of debt.

Methods of Entering Income

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

- Taxpayer Profile
- Form 1040
- Guide Me
- Enter Myself

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.
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TaxSlayer Pro Online displays the **Social Security Number Entry** page:

2. Type the taxpayer’s Social Security number or ITIN.
3. Type the taxpayer’s identifying number again for verification.
4. Click **Available Taxpayer Profiles**.

TaxSlayer Pro Online displays the **Available Taxpayer Profiles** section:

5. Select a taxpayer profile.
6. Click **Start Return**.
**TIP:** If you do not want to use a taxpayer profile for this return, you can choose **Basic (No Profile)** 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.

**Form 1040**
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.
Preparing a Return

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

![Calculation Summary Page](image)

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 Wage Statement** page:

![W-2 Wage Statement](image)

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

Let’s look at the money you earned
Money isn’t everything, except on your tax return. Tell us about your W-2, interest and dividends and retirement distributions. Follow our step-by-step guide to ensure accurate entry of your income. Or, enter the information on your own if you are familiar with the forms.

Guide Me  -OR-  Enter Myself

6. Click **Guide Me**.
TaxSlayer Pro Online displays the **Income Guide** page:

<table>
<thead>
<tr>
<th>Income Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td>First up. Do you have any W-2s to enter?</td>
</tr>
<tr>
<td>Your employer should send you a W-2 by Jan. 31 with wages earned, taxes paid and information on certain payroll deductions. You should receive a W-2 from each employer in the past year. The information will appear on Form 1040, 1040A or 1040EZ.</td>
</tr>
</tbody>
</table>

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

Training
You can use any of the methods above to add information to the return. During training, we will use the Enter Myself method, with tips if you choose to use the 1040 View method. You should practice with the method you will use at your site.
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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 (W-2) line to start adding Forms W-2.

1040 View: Click Line 7 to link to Form W-2.
TaxSlayer Pro Online displays the W-2 page:

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**

- You do not need a control number for e-filing. You can leave this box blank.
• 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:
  o If the taxpayer received a corrected Form W-2 from the employer, select the **This is a corrected W-2** check box.
  o 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**

![Employee screenshot]

• If the taxpayer is not married, TaxSlayer Pro Online displays **Single 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:

![Whose W-2 is this?]

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• 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:

![ITIN SSN dialog box]

• 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**

![Employer section]

• 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 Form W-2 shows amounts is 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).
- 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 click **Continue**.

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

<table>
<thead>
<tr>
<th>Employee</th>
<th>Employer</th>
<th>Income</th>
<th>Tax Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>KRAFT FOODS</td>
<td>$25,000</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

4. If the taxpayer and spouse received more than one Form W-2, click **Add** to add each one. Follow the same steps to add the information from Form W-2.
5. When you finish adding Forms W-2, click **Continue**.

**Desktop Tips:**

- Click **New** on the Form W-2 entry menu to start entering Form W-2 information.
- Press **Ctrl+E** to exit Form W-2 without saving.
Preparing a Return

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 (1099-G Box 2) to start adding information.

1040 View: Click Line 10 to add the State Refund Worksheet.
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.

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. Click **Continue**.
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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 (1099-INT, 1099-DIV) line to display the Interest and Dividend Income page.

1040 View: Click Line 8 or 9 to open the Interest and Dividend Income page.

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

**Interest and Dividend Income**

<table>
<thead>
<tr>
<th>Interest or Dividend Income</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did you earn interest from a bank in a foreign country?</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Exclusion of Interest from Series EE &amp; I US Savings Bonds</td>
<td>BEGIN</td>
</tr>
</tbody>
</table>

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

**Interest Income**

Type of transaction: **Interest Income**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payer’s Name</td>
<td>$</td>
</tr>
<tr>
<td>Interest Income (Box 1)</td>
<td>$</td>
</tr>
<tr>
<td>Early Withdrawal Penalty (Box 2)</td>
<td>$</td>
</tr>
<tr>
<td>Interest on U.S. Savings Bonds and Treasury obligations (Box 3) (Note: Enter Taxable amount only)</td>
<td>$</td>
</tr>
<tr>
<td>Federal Tax Withheld (Box 4)</td>
<td>$</td>
</tr>
<tr>
<td>Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return</td>
<td>$</td>
</tr>
<tr>
<td>Nominee Interest</td>
<td>$</td>
</tr>
<tr>
<td>OID Adjustment</td>
<td>$</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>$</td>
</tr>
<tr>
<td>ABP Adjustment</td>
<td>$</td>
</tr>
<tr>
<td>Accrued Market Discount</td>
<td>$</td>
</tr>
</tbody>
</table>

4. Type the payer’s name in the appropriate box.
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 click **Continue**.
TaxSlayer Pro Online displays the **Interest and Dividends** page with the information you just entered listed:

```
<table>
<thead>
<tr>
<th>Type of Income</th>
<th>Payer</th>
<th>Owner</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Interest</td>
<td>Taxpayer</td>
<td>$100</td>
</tr>
</tbody>
</table>
```

**Add an Interest and Dividends**

---

**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:

```
Type of transaction: Tax Exempt Interest, Box 8
Payer’s Name: [insert name]
Interest Income: $ [insert amount]
To add/edit state taxable interest items, click here: Add/Edit
```

---

4. Type the payer’s name in the appropriate box.
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/Edit**.

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

![Taxable State Interest Item](image)

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

![Taxable State Interest](image)

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. Click **Continue**.

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

**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**.
3. Click **Continue**.

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

![Image of Enter your Dividend Income (Form 1099-DIV) page]

4. Type the payer’s name.
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 click **Continue**.
Preparing a Return

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

![Interest and Dividends Table]

**Interest and Dividends**

To finish adding 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:

### Interest and Dividend Income

<table>
<thead>
<tr>
<th>Interest or Dividend Income</th>
<th>EDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did you earn interest from a bank in a foreign country?</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Exclusion of Interest from Series EE &amp; I US Savings Bonds</td>
<td>BEGIN</td>
</tr>
</tbody>
</table>

#### Foreign Country Interest

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

TaxSlayer Pro Online displays the **Did you earn interest from...** page:

### Did you earn interest from a bank in a foreign country?

- Check here if at any time during this tax year, you had an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account.

- Check here if you are required to file Form TD F 90-22.1 to report that financial interest or signature authority and select the name of the country below.

  - Name of the foreign country where the financial account is located: **- Please Select -**

- Check here if at any time during the tax year you received a distribution from, or were the grantor of, or transferor to, a foreign trust.

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, click **Delete** to clear the information on the form and delete it.

**Desktop Tip:** If the taxpayer received interest from a bank in a foreign country, select **Other** on the **Schedule B – 1099 Transactions entry** page. Then, click **Schedule B Questions** and click the appropriate question.

**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 (1099-R, 1099-SSA)** line to display the **IRA/Pension Distributions** landing page.

**1040 View:** Click Line 15 or 16 to open the **IRA/Pension Distributions** 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.
3. Type the payer’s information as shown on Form 1099-R.

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.
### 1099-R Information

1. **Gross Distribution**
   - $  

2a. **Taxable Amount**
   - $  

2b. **Distribution Code(s)**
   - [ ] IRA/SEP/Simple

3. **Capita gain (included in box 2a)**
   - $  

4. **Federal income tax withheld**
   - $  

5. **Employee contributions or insurance premiums**
   - $  

6. **Net unrealized appreciation in employer's securities**
   - $  

7. **Other (Not collected)**
   - $  

8. **Your percentage of total distribution**
   - %  

9. **Total employee contributions**
   - $  

10. **Amount allocable to IRA within 5 years (Not needed for e-filing)**
    - $  

---

Preparring a Return

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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, click Worksheet to add the Simplified Method worksheet. See below for information on completing this 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.**

**Desktop Tip:** TaxSlayer Pro Online automatically carries the taxable amount to Box 2a. Change the number if necessary, or select the SGR checkbox in Box 2a to add the Simplified Method worksheet.

*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 **Worksheet** link under box 2a.
2. Read the information on this page. If the taxpayer qualifies to use the simplified method, click **Continue**.
Preparing a Return

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

TaxSlayer Pro Online displays the Simplified General Rule Worksheet with the summary and calculated taxable amount:
6. Click **Continue**.

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

**Rollover or Disability**

Rollover or Disability
- Check here if all or part of the distribution was rolled over, and enter the rollover amount.
- Check here to report on Form 1040, Line 7 (Distribution code must be a "3")

7. 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.

8. 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**

State/Local Information 1
- **12 Tax W/H**: $
- **13a State**: - Please Select -
- **13b ID**: 
- **14 State Distr**: $
- **15 Local Tax**: $
- **16 Locality Name**: 
- **17 Local Distr**: $

State/Local Information 2
- **12 Tax W/H**: $
- **13a State**: - Please Select -
- **13b ID**: 
- **14 State Distr**: $
- **15 Local Tax**: $
- **16 Locality Name**: 
- **17 Local Distr**: $

[Images of the TaxSlayer Pro Online interface]

[Buttons: Cancel, Continue]
9. Type the state and local information as shown on the Form 1099-R the taxpayer received.
10. When you finish entering information, click **Continue**.

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

11. Verify that the information you entered is correct.
12. Click **Continue**.

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

13. If you need to add more Forms 1099-R, click **Add** and use the same steps to add Form 1099-R.
14. When you finish adding forms, click **Continue**.
Desktop Tips:

- Click New on the Form 1099 entry menu to start entering Form 1099 information.
- Press Ctrl + E to exit Form 1099-R without saving.

### 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.
2. Type all of the information on this page as the payer entered the information on the paper Form RRB-1099.
   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, 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, click **Continue**.

**NOTE:** TaxSlayer Pro Online 2016 will contain a link to the Simplified General Rule Worksheet next to box 7a. It will launch the worksheet as we discussed in the 1099-R section.
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 General Rule worksheet will be displayed in box 7a. Select the *worksheet* link to change or delete the worksheet.

**Desktop Tip:** TaxSlayer Pro automatically carries the taxable amount to Box 7a. You can change the amount if necessary, or select the SGR check box in box 7a to add the Simplified Method worksheet.

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

![RRB-1099-R Summary Page](image)

4. If the taxpayer and/or spouse received multiple Forms RRB-1099, click **Add** to add more forms.
5. When you finish adding these forms, click **Continue**.

**Desktop Tips:**

- Select **New** on the **Form 1099** menu to start entering Form 1099 information. Then, select the **RRB-1099-R** check box to display the appropriate entry menu.
- Press Ctrl + E to exit Form RRB-1099-R without saving.
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 **IRA/Pension Distributions** landing page.

**1040 View:** Click Line 20 to open the **Social Security 1099 SSA** page.

TaxSlayer Pro Online displays the **Social Security 1099 SSA** 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.
Preparing a Return

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 (1099-G Box 1)** line.

**1040 View:** Click Line 19 to open the **Unemployment Compensation** page.

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

```
Unemployment Compensation

Add or Edit a 1099-G

Repayment of Unemployment

BEGIN

✓ Continue
```

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:

<table>
<thead>
<tr>
<th>Recipient</th>
<th>Payer</th>
<th>Federal Withheld</th>
<th>State</th>
<th>State Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>KRAFT FOODS</td>
<td>$0.00</td>
<td>N/A</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

- **Add** to enter the information from the additional forms.
- **Continue**.

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:

<table>
<thead>
<tr>
<th>Add or Edit a 1099-G</th>
<th>EDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of Unemployment</td>
<td>BEGIN</td>
</tr>
</tbody>
</table>

**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**.

**Desktop Tip:** If the taxpayer/spouse has a repayment of unemployment, click **Other** on the **Form 1099-G Transactions menu** and click the appropriate question.
Preparing a Return

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

![Unemployment Compensation Page](image)

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.

![1040 View](image)

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 Inc. Not Reported Elsewhere** line.

   ![Less Common Income Table](image)

   **Less Common Income**
   - Other Inc. Not Reported Elsewhere
   - Gambling Winnings (W-2G)
   - Other Compensation
   - Payments from Qualified Education Programs (Form 1099-Q)
   - Cancellation of Debt (1099-C, Form 982)

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

   ![Other Income Form](image)

   **Other Income**
   - Description of other income
   - Amount of other income

   If you are entering information from Form 1099-MISC, only enter an amount here if it is located in Box 2, Other Income or Box 8, Substitute Payments. DO NOT enter an amount from any other box on Form 1099-MISC here.

   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**.

   **Desktop Tip:** On the **Other Income Menu**, click **Other Income**, and then click **New** to type the description and income.

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

1. Click **BEGIN** on the **Gambling Winnings (W-2G)** line.
2. Type the information on Form W-2G exactly as it appears on the Form W-2G the taxpayer received from the payer.

3. 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. Remember, do not reduce the amount of gambling income by the amount of gambling losses. You should enter any gambling losses on Schedule A.
   c. 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
4. When you finish typing information from the Form W-2G, click **Continue**.

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

![W-2G Gambling Winning](image)

5. If the taxpayer has additional Forms W-2G, click **Add** to add each one.
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.
Preparing a Return

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 (COD)**

*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 (1099-C, Form 982)** line.

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

![Cancellation of Debts](image)

2. Click **BEGIN** on the **Cancellation of Debt** line.

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

![Form 1099-C](image)

3. Type the creditor’s name, federal identification number, and the amount of debt cancelled in the appropriate boxes.

4. Click **Continue**.
Preparing a Return

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

---

**Form 1099C - Cancellation of Debt**

<table>
<thead>
<tr>
<th>Belongs To</th>
<th>Creditor</th>
<th>Debt Cancelled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>Creditor Name</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

- **Add** Add a Form 1099C - Cancellation of Debt

---

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:

---

**Cancellation of Debts**

- **Cancellation of Debt (Form 1099-C)**
- **Exclusions (Form 982)**

---

**Exclusions**

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** line.
Preparing a Return

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

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:

5. Click **Continue**.
Entering Adjusted Gross Income

After completing this topic, you will be able to:

- Enter educator expense deductions.
- Enter expenses for military reservists traveling more than 100 miles.
- Enter a Health Savings Account deduction.
- Enter moving expenses.
- Enter an adjustment for early withdrawal of savings.
- Enter alimony paid.
- Enter a student loan interest deduction.
- Enter the tuition and fees deduction.
- Enter an adjustment for jury duty pay.

Many taxpayers can reduce their gross income using adjustments. To begin adjusting income, use the following steps:

1. In the Federal Section, find the Deductions introduction page, as shown below:

2. Click Enter Myself.
3. Click **BEGIN** on the **Adjustments** line.
Preparing a Return

TaxSlayer Pro Online displays the Adjustments landing page:

<table>
<thead>
<tr>
<th>Adjustments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Savings Account (Form 8853)</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Educator Expenses</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Expenses for Reservists, Performing Artists, and Qualifying Government Employees</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Health Savings Account (Form 8889)</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Moving Expenses (Form 3903)</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Contributions to SEP, Simple, and Qualified Plans</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Self-Employed Health Insurance</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Penalty on Early Withdrawal of Savings or CD</td>
<td>BEGIN</td>
</tr>
<tr>
<td>Alimony Paid</td>
<td>BEGIN</td>
</tr>
<tr>
<td>IRA Deduction</td>
<td>BEGIN</td>
</tr>
</tbody>
</table>

**Entering Educator Expense Deductions**

Teachers who pay qualifying classroom expenses may be able to claim a deduction for all or part of those expenses. To enter an educator expense deduction, use the following steps:

1. From the Adjustments page, click BEGIN on the Educator Expenses line.

1040 view: Click Line 23 to open the Educator Expense page.
TaxSlayer Pro Online displays the Educator Expense page:

2. Type the amount of educator expenses, up to $250, for each taxpayer and/or spouse. The taxpayer may be able to deduct expenses that are more than the $250 (or $500 -MFJ) limit on Schedule A.
3. Click Continue.

Entering Reservist Travel Expenses
If the taxpayer paid for travel expenses related to his or her job as a military reservist, he or she may be able to deduct those expenses in the Adjustments section on the tax return. To deduct job-related travel expenses, use the following steps:

1. From the Adjustments page, click BEGIN on the Expenses for Reservists, Performing Artists, and Qualifying Government Employees line.

1040 View: Click Line 24 to link to the Form 2106 Information page.
Preparing a Return

TaxSlayer Pro Online displays the **Form 2106 Information** page with the **Check here if you are a reservist...** line selected:

2. If this return is for a married couple, select whether the Form 2106 belongs to the taxpayer or spouse.
3. Type the occupation.
4. In the **Other Expenses** section, read each line carefully and type the amount based on information provided by the taxpayer.
5. In the **Meals and Entertainment Expenses** section, type the full amount of any qualifying meal and entertainment expenses in the appropriate line. TaxSlayer Pro Online reduces the amount by the appropriate percentage.
6. Click **Continue**.
TaxSlayer Pro Online displays the **Form 2106** summary page:

7. If the taxpayer used his or her own vehicle and has vehicle expenses, click **BEGIN** on the **View/Edit Vehicles** line.

8. Type the vehicle information, including the business miles driven and the commuting miles information.
9. Select the appropriate radio button to show whether the vehicle is eligible for the standard mileage rate.
10. Click **Continue**.

TaxSlayer Pro Online displays the **Form 2106 Vehicle** summary page:

11. If the taxpayer used more than one vehicle for job-related travel expenses, click **Add** and use the same steps to add each vehicle.
12. When you finish adding vehicles, click **Continue**.

TaxSlayer Pro Online displays the **Form 2106** summary page:

13. Click **BEGIN** on the **Vehicle Questions** line.
Preparing a Return

TaxSlayer Pro Online displays the Vehicle Questions page:

Vehicle Questions
- Check here if you (or your spouse) have another vehicle available for personal use.
- Check here if your vehicle was available for personal use during off-duty hours.
- Check here if you have evidence to support your deduction.
- Check here if the evidence is written.

14. Read each check box carefully and select any that apply.
15. Click Continue.

TaxSlayer Pro Online displays the Form 2106 summary page:

Form 2106
Currently Editing: Taxpayer (with Occupation: Military Reservist)

2106 Information  [BEGIN]

View/Edit Vehicles  [EDIT]

Vehicle Questions  [EDIT]

16. Click Continue.
Preparing a Return

17. Click Continue.

**Desktop NOTE:** Link from Line 24 by clicking the box. Enter the appropriate amounts on the **Form 2106 – Certain Employees Business Expenses Deductions Menu.** TaxSlayer Pro performs the appropriate percentage calculations based on the Meals and Entertainment total expenses entered. You must enter the entire amount of the expense for this expense to calculate properly.

**Entering a Health Savings Account Deduction**

If the taxpayer contributed to a health savings account during the year, he or she may be able to deduct those contributions. To enter a health savings account deduction, use the following steps:

1. From the **Adjustments** page, click **BEGIN** on the **Health Savings Account (Form 8889)** line.

**1040 View:** Click Line 25 to link to the **Form 8889 – Health Savings Account** page.
2. If the tax return is for married taxpayers, select whether the form belongs to the taxpayer or spouse.
3. Select whether the coverage under a high deductible health plan is for self-only or a family.
4. Type the amount of any contributions on the appropriate line.
5. Select the number of months during the year that the taxpayer was an eligible individual.
6. Type amounts in any applicable boxes in the HSA Distributions section.
7. Type amounts in any applicable boxes in the HSA Adjustments section.
8. Click Continue.
Preparing a Return

TaxSlayer Pro Online displays the Form 8889 – Health Savings Account page, listing the Form 889 you completed:

9. Click **Continue**.

**Entering Moving Expenses**

If the taxpayer moved in connection with your job or business or started a new job, he or she may be able to take the moving expense deduction. However, the new workplace must be at least 50 miles further from the old home than the old home was from the old workplace. Taxpayers who pay qualifying moving expenses may be able to claim a deduction for all or part of those expenses. To enter a moving expense deduction, use the following steps from the Adjustments page:

1. Click **BEGIN** on the Moving Expenses (Form 3903) line.

**1040 View**: Click Line 26 to link to the Form 3903 (Moving Expenses) page.
2. Type the number of miles from the taxpayer's old home to his or her new workplace, and from the old home to the old workplace.

3. Select any check boxes that apply, including **Check here if this move qualifies as a military permanent change of address move.**

4. Read each line on the form carefully and type the amount of expenses.

5. If the taxpayer used his or her personal vehicle for the moving trip, select **Yes** from the appropriate drop-down list and type the number of miles driven and the amount of gas and oil from the vehicle, if applicable.

6. When you finish entering information in this page, click **Continue.**
TaxSlayer Pro Online displays the **Form 3903 (Moving Expenses)** summary page:

7. Click **Continue**.

**Entering an Adjustment for Penalty on Early Withdrawal of Savings**

If the taxpayer paid an early withdrawal penalty for savings, he or she can deduct the amount. If the amount of early withdrawal penalty was listed on Form 1099-INT for interest income, you should enter that as you enter interest income. TaxSlayer Pro Online automatically calculates those amounts as an adjustment. Only use this section for a penalty on early withdrawal of savings that you did **not** report in interest income.

To deduct a penalty on early withdrawal of savings, use the following steps:

1. From the **Adjustments** page, click **BEGIN** on the **Penalty on Early Withdrawal of Savings or CD** line.

**1040 View:** Click Line 30 to link to the **Early Withdrawal Deduction** page.
2. Type the amount of any penalty for early withdrawal of savings that you did **not** include when entering interest income.
3. Click **Continue**.

**Entering Alimony Paid**

Taxpayers who pay alimony may be able to claim a deduction for the alimony paid. To enter an alimony deduction, use the following steps:

1. On the **Adjustments** page, click **BEGIN** on the **Alimony Paid** line.

1040 **View**: Click Line 31a to link to the **Alimony Paid** page.

TaxSlayer Pro Online displays the **Alimony Paid** page:

2. Type the recipient’s taxpayer identification number in the Social Security number box.
3. Type the total amount of alimony paid to this recipient.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Alimony Paid** summary:

5. If the taxpayer paid alimony to more than one former spouse, click **Add** and enter the information for each recipient.
6. Click **Continue**.

**Deducting Student Loan Interest**

If the taxpayer made repayments on a student loan during the year, he or she probably paid interest with those payments. Most taxpayers can deduct any student loan interest paid during the year. To deduct student loan interest, use the following steps:

1. From the **Adjustments** page, click **BEGIN** on the **Student Loan Interest Deduction** line.

**1040 View**: Click Line 33 to link to the **Student Loan Interest Deduction** page.
TaxSlayer Pro Online displays the **Student Loan Interest Deduction** page:

2. Type the total amount of qualified student loan interest in the box.
3. Click **Continue**.

### Entering the Tuition and Fees Deduction

Taxpayers who pay qualifying education expenses for a qualifying student may be able to claim a deduction for all or part of the education expenses. To enter a tuition and fees deduction, use the following steps:

1. From the **Adjustments** page, click **BEGIN** on the **Tuition and Fees Deduction** line.

**1040 View:** Click Line 34 to link to the **Form 8863 – Educational Credit** page.
TaxSlayer Pro Online displays the **Form 8863 – Educational Credit** page:

2. TaxSlayer Pro Online displays the names and identifying numbers of the taxpayer, spouse, and any dependents. Select the eligible student from this drop-down list.

3. Select **Tuition and Fees Deduction** in the **Select the type of credit**.

4. Type the total qualified expenses for this eligible student.

5. Click **Continue**.

**TIPS:**

- You cannot take both the tuition and fees deduction and the education credit for the same student. Figure the taxpayer’s tax liability both ways and choose the one that works best for the taxpayer from this one Education Credit page. TaxSlayer Pro Online calculates tuition and fees deductions to Form 8917.

- TaxSlayer Pro Online dynamically generates pages based on the type of credit you select.
TaxSlayer Pro Online displays the **Form 8863 – Educational Credit** summary page, with the eligible student’s information listed:

![Form 8863 - Educational Credit](image)

6. If the taxpayer has more than one eligible student, click **Add** and use the same steps to enter tuition and fees deduction information for each student.

7. When you finish entering eligible students and their qualifying expenses, click **Continue**.

**TIP:** TaxSlayer Pro Online removes eligible names from the **Select an Eligible Student** drop–down list when you complete a credit for that student.

**Desktop Tip:** Link from Line 34 by clicking the box. TaxSlayer Pro Online prompts you to enter the financial institution information before you select the type of credit.

**Deducting Jury Duty Pay**

If the taxpayer received jury duty pay during the year, and was required to give that jury duty pay to his or her employer, the taxpayer can deduct the amount given to the employer. To deduct jury duty pay, use the following steps:

1. From the **Adjustments** page, click **BEGIN** on the **Other Adjustments** line.
TaxSlayer Pro Online displays the **Other Adjustments** page:

2. Select **Jury Duty Pay** from the drop-down list.
3. Type the amount of jury duty pay that qualifies as a deduction.
4. Click **Continue**.

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

5. Click **Continue**.

**Desktop Tip:** On the **Adjustments Menu**, click **Other Adjustments**, and then click any of the other adjustments lines 1-6. TaxSlayer Pro prompts you to select the type of adjustment and enter the adjustment amount.
Entering Standard and Itemized Deductions

After completing this topic, you will be able to:

- Use the standard deduction for the taxpayer.
- Use itemized deductions even when the standard deduction is better for the taxpayer.
- Enter medical and dental expenses.
- Enter taxes that qualify as itemized deductions.
- Deduct mortgage interest.
- Deduct charitable contributions.
- Deduct unreimbursed employee business expenses.
- Deduct job-related travel expenses as itemized deductions.
- Report miscellaneous itemized deductions.
- Deduct other itemized deductions.

Taxpayers can reduce their taxable income amount using either the standard or itemized deduction. To begin with the standard or itemized deduction, use the following steps:

4. In the Federal Section, select **Deductions** to display the introduction page, as shown below:

5. Click **Enter Myself**.
Preparing a Return

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

<table>
<thead>
<tr>
<th>Deductions</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>Standard Deduction</td>
<td></td>
</tr>
<tr>
<td>Itemized Deductions</td>
<td></td>
</tr>
<tr>
<td>Credits Menu</td>
<td></td>
</tr>
<tr>
<td>Compare Deductions</td>
<td></td>
</tr>
</tbody>
</table>

### Using the Standard Deduction

TaxSlayer Pro Online determines the greater of the standard or itemized deductions based on the information you enter in the return. If the taxpayer only qualifies to use the standard deduction, you do not need to do anything additional to the return.

If you click **BEGIN** for **Standard Deduction** on the **Deductions** landing page, TaxSlayer Pro Online displays the following message:

**Standard Deduction**

> The standard deduction is automatically calculated based on your filing status and compared to your itemized deductions. The deduction that benefits you most will be used on your tax return.

[Continue]
After you finish entering all deductions, you can use this page to see whether the standard or itemized deduction is better for the taxpayer. To do so, use the following step:

- Click **BEGIN** on the **Compare Deductions** line.

TaxSlayer Pro Online displays the **Compare Standard vs Itemized Deduction** page:

---

**Compare Standard vs Itemized Deduction**

Based on the information that you have entered, the following shows the comparison between the Standard Deduction vs. Itemized Deduction. We will automatically use the larger of the two deductions for your return. If you would like to, or are required to, use the Itemized Deductions you can select "Use Standard or Itemized Deduction" from the Itemized Deductions menu and select "Force to use Itemized Deduction."

<table>
<thead>
<tr>
<th>Standard Deduction</th>
<th>Itemized Deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6,300.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

[continue button]

---

**Adding Itemized Deductions**

TaxSlayer Pro Online automatically calculates additional itemized deductions, such as state income taxes paid from a Form W-2. If the taxpayer has other itemized deductions that you need to add, use the following steps:

1. From the **Deductions** landing page, click **BEGIN** on the **Itemized Deductions** line.

**1040 View**: Click Line 40 to link to the **Itemized Deductions** page.
Preparing a Return

TaxSlayer Pro Online displays the **Itemized Deductions** page:

![Itemized Deductions page](image)

2. Use this page as a starting point for all of the remaining sections of this lesson.

**Adding Medical and Dental Expenses**

If the taxpayer paid unreimbursed medical expenses during the year, he or she may be able to deduct a portion of those expenses as itemized deductions. To deduct medical and dental expenses, use the following steps:

1. From the **Itemized Deductions** page, click **BEGIN** on the **Medical and Dental Expenses** line.
2. Read each line carefully and type the amounts based on information provided by the taxpayer.
   a. TaxSlayer Pro Online automatically deducts certain health insurance payments. Read the information on the page carefully to determine what amounts you should **not** include.
   b. If the taxpayer paid qualified long-term care premiums, click **Add Premiums** and type the total premiums paid.
3. When you finish adding medical deductions, click **Continue**.
TaxSlayer Pro Online displays the Schedule A – Medical Deductions summary page:

4. Click Continue.

Deducting Taxes
The IRS allows taxpayers to deduct several types of taxes as itemized deductions, including the following:

- State and local income or general sales tax.
- Real estate taxes.
- Personal property taxes.
- Other taxes.

To add taxes paid that qualify as itemized deductions, use the following steps from the Itemized Deductions landing page:

1. Click BEGIN on the Taxes You Paid line.
Preparing a Return

TaxSlayer Pro Online displays the **Schedule A – Taxes You Paid** page:

![Schedule A - Taxes You Paid](image)

State and Local Taxes

*State and Local Income Tax*

If the taxpayer paid state and local income tax during the year, TaxSlayer Pro Online automatically adds those taxes to Schedule A based on information you enter on Form W-2, Form 1099-R, estimated tax payment worksheets, and other forms where the payer may have deducted state and local income taxes.

In some cases, the taxpayer may have paid state taxes that you have not previously added to the return. If you need to add state and local income tax paid, use the following step on the **Schedule A – Taxes You Paid** page:

- Type the amount of any state and local income tax paid in the **Additional State and Local Income Tax** box. Remember that you should not include any amounts from Forms W-2, 1099, or W-2G already entered into the return. Also, do not include any estimated tax payments.
**General Sales Taxes**

Some taxpayers qualify to claim general sales tax paid instead of state and local income tax paid. If the taxpayer needs to figure the better of the two, you can add sales tax to the return. To take the sales tax deduction, use the following steps from the **Schedule A – Taxes You Paid** page:

1. Click **Begin Sales Tax Worksheet**.

TaxSlayer Pro Online displays the **Sales Tax Deduction** page:

2. Select the state from the drop-down list.
3. Type the number of days lived in the state, the local sales tax, and the state sales tax.
4. If the taxpayer made purchases that qualify as large purchases to be added to the general rates, type the amount of general sales tax paid in the appropriate box.
5. Click **Continue**.
Preparing a Return displays the Sales Tax Deduction page:

6. If the taxpayer has another state to add (for example, if he or she lived in more than one state during the year), click Add and use the same steps to add other states.
7. Click Continue.

Real Estate Taxes
If the taxpayer paid real estate taxes during the year, he or she may be able to deduct those taxes as itemized deductions. To deduct real estate taxes, use the following step from the Schedule A – Taxes You Paid page:

- Type the total amount of real estate taxes paid in the Real Estate Taxes (Non-Business Property) box.

**TIP**: If you enter real estate taxes here, type the total real estate taxes paid that qualify as itemized deductions. You can also enter real estate taxes paid when you enter the mortgage interest deduction. **Do not** add real estate taxes paid in both places.

Personal Property Taxes
If the taxpayer paid vehicle property taxes, he or she may be able to deduct those as an itemized deduction. To enter property taxes, use the following step from the Schedule A – Taxes You Paid page:

- Type the total amount of deductible personal property taxes in the Personal Property box.
Other Taxes
If the taxpayer has other deductible taxes that you have not already entered on this page, use the following step:

- Type the description and amount on the **Other Taxes** line.

Deducting Mortgage Interest
If the taxpayer owned a home and paid mortgage interest during the year, he or she may be able to deduct that interest as an itemized deduction. To deduct home mortgage interest, use the following steps from the **Itemized Deductions** page:

1. Click **BEGIN** on the **Mortgage Interest and Expenses** line.

TaxSlayer Pro Online displays the **Schedule A Interest** page:

![Schedule A Interest](image)

Form 1098 Mortgage Interest
2. If the taxpayer received a Form 1098 to report the mortgage interest, click **BEGIN** on the **Mortgage Interest Reported on Form 1098** line.
TaxSlayer Pro Online displays the **Mortgage Interest Reported on 1098** page:

3. Click **Add Interest and Points Paid**.

TaxSlayer Pro Online displays the **Mortgage Interest Reported on 1098** page:

4. Type the lender’s name, amount of interest paid, and amount of any deductible points paid.

5. Click **Continue**.

**NOTE:** TaxSlayer may remove the **Recipient/Lender’s name** box in TaxSlayer Pro Online 2016. For training purposes, we will complete the entry.
TaxSlayer Pro Online displays the **Schedule A Interest** page, listing the Form 1098 information you entered:

6. If the taxpayer received additional Forms 1098, click **Add** and follow the same steps to add those forms.
7. Click **Continue**.

TaxSlayer Pro Online displays the **Mortgage Interest Reported on 1098** page:

8. If the Form 1098 includes real estate taxes paid on the properties, type the total amount in the **Real Estate Taxes (Non-Business Property)** box.

**TIP**: If you already entered real estate taxes in the **Taxes You Paid** section, do not type them here.
9. Click **Continue**.

**Mortgage Interest with no Form 1098**

10. If the taxpayer paid mortgage interest to an individual that was not reported to him or her on a Form 1098, click **BEGIN** on the appropriate line.

TaxSlayer Pro Online displays the **Schedule A – Interest Not Reported on 1098** page:

11. Type the amount of mortgage interest paid and the lender’s name in the appropriate boxes.

12. Type the lender’s identifying number. If the identifying number is a Social Security number, select the **Check here if this is a Social Security Number** check box.

13. Type the lender’s address.

14. Click **Continue**.
Points with no Form 1098

15. If the taxpayer paid deductible points during the year, and did not receive a Form 1098 to report those points, click **BEGIN** on the appropriate line.

TaxSlayer Pro Online displays the **Points Not Reported on Form 1098** page:

16. Type the amounts in the appropriate boxes.
17. Click **Continue**.
Preparing a Return

TaxSlayer Pro Online displays the **Schedule A Interest** page:

**Schedule A Interest**

- Mortgage Interest Reported on Form 1098
- Mortgage Interest Not Reported on Form 1098
- Points Not Reported on Form 1098
- Primary Mortgage Insurance (PMI) Deduction

**Primary Mortgage Insurance Deduction**

18. If the taxpayer paid qualified mortgage insurance premiums during the year, click **BEGIN** on the appropriate line.

TaxSlayer Pro Online displays the **Primary Mortgage Insurance (PMI) Deduction**:

**Primary Mortgage Insurance (PMI) Deduction**

Enter the amount of qualified mortgage insurance premiums on policies issued after 2006 that you paid during 2015. Generally, this amount is listed in Box 4 of Form 1098.

19. Type the amount of qualified mortgage insurance premiums in the box.
20. Click **Continue**.

**Deducting Charitable Contributions**

If the taxpayer made contributions to a qualifying charitable organization, he or she may be able to deduct those contributions as an itemized
To deduct charitable contributions, use the following steps from the Itemized Deductions page:

1. Click **BEGIN** on the Gifts to Charity line.

TaxSlayer Pro Online displays the Gifts to Charity page:

2. If the taxpayer has cash gifts to charity, click **BEGIN** on the Cash Gifts to Charity line.
3. Type the charity’s name, a description, the amount donated, and the date the taxpayer made the donation.

**TIP:** If you want to group all of the taxpayer’s cash contributions as one entry, click **Override** and type the total amount of cash contributions.

4. Click **Continue**.
TaxSlayer Pro Online displays the **Gifts to Charity** page:

5. If the taxpayer has qualifying charitable miles, click **BEGIN** on the **Non-Cash Gifts to Charity** page.

TaxSlayer Pro Online displays the **Schedule A Gifts to Charity Information** page:

6. Type the number of miles the taxpayer used his or her vehicle for charity in the **Charitable Miles** box.

7. If the taxpayer made non-cash gifts to charities totaling less than $500, type the total amount of non-cash contributions in the appropriate box.
NOTE: If the taxpayer has noncash contributions of more than $500, you must file Form 8283. Form 8283 is out of scope for the VITA/TCE Programs. Refer the taxpayer to a professional tax preparer.

8. If the taxpayer carried over a deduction for charitable contributions in the prior year, type the amount of the charitable contribution carryover from the prior year.
9. Click Continue.

TaxSlayer Pro Online displays the Gifts to Charity page:

10. When you finish adding charitable donations, click Continue.
Deducting Unreimbursed Employee Business and Travel Expenses

Other Employee Business Expenses

If the taxpayer paid for expenses related to his or her job, he or she may be able to deduct those expenses as an itemized deduction. To deduct job-related expenses, use the following steps from the Itemized Deductions page:

1. Click **BEGIN** on the Unreimbursed Employee Business Expense line.

TaxSlayer Pro Online displays the Schedule A Unreimbursed Employee Expenses Information page:

![Schedule A Unreimbursed Employee Expenses Information](image)

2. Type the amount of any unreimbursed expenses on the appropriate line.
3. If the taxpayer has unreimbursed expenses that do not apply to the other lines, click **Add Additional**.

Preparing a Return 118
TaxSlayer Pro Online displays the **Schedule A Other Expenses** page:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
</table>

4. Type the description and amount of the other expense.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Unreimbursed Employee Expense** page:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Expense Description</td>
<td>$200.00</td>
</tr>
</tbody>
</table>

6. If the taxpayer has more unreimbursed employee expenses not listed elsewhere, click **Add** and follow the same steps to add each one.
7. Click **Continue**.
TaxSlayer Pro Online displays the **Schedule A Unreimbursed Employee Expenses Information** page:

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

**Travel Expenses**

If the taxpayer paid for travel expenses related to his or her job, he or she may be able to deduct those expenses as an itemized deduction. To deduct job-related travel expenses, use the following steps from the **Itemized Deductions** page:

1. Click **BEGIN** on the **Job-Related Travel Expenses (Form 2106)** line.

**1040 View**: Click Line 24 to link to the **Form 2106 Information** page.
Preparing a Return

TaxSlayer Pro Online displays the **Form 2106 Information** page:

2. If this return is for a married couple, select whether the Form 2106 belongs to the taxpayer or spouse.
3. Type the occupation.
4. In the **Other Expenses** section, read each line carefully and type the amount based on information provided by the taxpayer.
5. In the **Meals and Entertainment Expenses** section, type the full amount of any qualifying meal and entertainment expenses in the appropriate line. TaxSlayer Pro Online reduces the amount by the appropriate percentage.
6. Click **Continue**.
TaxSlayer Pro Online displays the Form 2106 summary page:

7. If the taxpayer used his or her own vehicle and has vehicle expenses, click **BEGIN** on the **View/Edit Vehicles** line.

TaxSlayer Pro Online displays the **Form 2106 Vehicle Information** page:
8. Type the vehicle information, including the business miles driven and the commuting miles information.
9. Select the appropriate radio button to show whether the vehicle is eligible for the standard mileage rate.
10. Click Continue.

TaxSlayer Pro Online displays the Form 2106 Vehicle summary page:

11. If the taxpayer used more than one vehicle for job-related travel expenses, click Add and use the same steps to add each vehicle.
12. When you finish adding vehicles, click Continue.

TaxSlayer Pro Online displays the Form 2106 summary page:

13. Click BEGIN on the Vehicle Questions line.
Preparing a Return

TaxSlayer Pro Online displays the **Vehicle Questions** page:

14. Read each check box carefully and select any that apply.
15. Click **Continue**.

TaxSlayer Pro Online displays the **Form 2106** summary page:

16. Click **Continue**.
Preparing a Return

TaxSlayer Pro Online displays the **Form 2106** page:

![Form 2106](image)

17. Click **Continue**.

**Desktop Tip:** Select **2% Deductions & Job Expenses (2106)** from the **Schedule A – Itemized Deductions Menu**.

**Entering Miscellaneous Deductions**

If the taxpayer paid certain expenses, he or she may be able to deduct those expenses as a miscellaneous itemized deduction. To deduct miscellaneous deductions, use the following steps from the **Itemized Deductions** page:

1. Click **BEGIN** on the **Miscellaneous Deductions** line.
TaxSlayer Pro Online displays the **Schedule A – Miscellaneous Deductions** page:

2. Read each line carefully and type the amount of the taxpayer’s deduction in the appropriate box.

**Other Deductions**

3. If the taxpayer has miscellaneous itemized deductions other than those listed specifically, click **Add Additional**.
TaxSlayer Pro Online displays the **Schedule A Other Expenses** page:

4. Type a description for the expense.
5. Type the amount of the expense.
6. Click **Continue**.

TaxSlayer Pro Online displays the **Miscellaneous Deduction Item** page:

7. If the taxpayer has other miscellaneous itemized deductions to list, click **Add** and use the same steps to add each item.
8. Click **Continue**.
TaxSlayer Pro Online displays the **Schedule A – Miscellaneous Deductions** page:

![Schedule A - Miscellaneous Deductions](image)

9. Click **Continue**.

**Who Must Use Itemized Deductions**

If the taxpayer’s filing status is married filing separately and the spouse itemizes deductions on his or her return, the taxpayer must itemize, even if the standard deduction is better for the taxpayer. To accomplish this in TaxSlayer Pro Online, use the following steps:

1. From the **Deductions** page, click **Itemized Deductions**.

**1040 View:** Click Line 40 to link to the **Itemized Deductions** page.
Preparing a Return

TaxSlayer Pro Online displays the **Itemized Deductions** landing page:

![Itemized Deductions](image)

2. Click **BEGIN** on the **Use Standard or Itemized Deduction** line.

TaxSlayer Pro Online displays the **Force Itemized Deduction Instead of Standard Deduction** page:

![Force Itemized Deduction](image)

3. Click **Force to use itemized deduction**.
4. Click **Continue**.
**Desktop Tip:** On the **Personal Information** Menu, click **Other Categories**, and then **Force Itemized Deductions or Dual Status Alien**. Select **Force System to Use Itemized Deductions**, and click **OK**.

TaxSlayer Pro Online now uses the itemized deduction regardless of which is better for the taxpayer.
Basic Credits
After completing this topic, you will be able to:

- Enter the child and dependent care credit.
- Enter the earned income tax credit.
- Enter education credits.
- Enter the Retirement Savings Credit.
- Enter the child tax credit.
- Enter the foreign tax credit.

Many taxpayers can reduce their tax liability using credits. To begin entering questions, use the following steps:

1. In the Federal Section, find the Let’s see how we can cut your tax bill question, as shown below.

Let’s see how we can cut your tax bill
Here’s a reason to smile. You may be able to get tax deductions for education costs, child care, charitable contributions and more. Follow our step-by-step guide to ensure accurate entry of your tax deductions. Or, enter the information on your own if you are familiar with the forms.

Guide Me -OR- Enter Myself

2. Click Enter Myself.
TaxSlayer Pro Online displays the **Deductions** main page:

<table>
<thead>
<tr>
<th>Deductions</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>Standard Deduction</td>
<td></td>
</tr>
<tr>
<td>Itemized Deductions</td>
<td></td>
</tr>
<tr>
<td>Credits Menu</td>
<td></td>
</tr>
<tr>
<td>Compare Deductions</td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Credits</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Tax Credit (Form 1116)</td>
<td></td>
</tr>
<tr>
<td>Child Care Credit (Form 2441)</td>
<td></td>
</tr>
<tr>
<td>Education Credits (Form 1098-T)</td>
<td></td>
</tr>
<tr>
<td>Retirement Savings Credit (Form 8880)</td>
<td></td>
</tr>
<tr>
<td>Residential Energy Credit (Form 5695)</td>
<td></td>
</tr>
<tr>
<td>Adoption Credit (Form 8839)</td>
<td></td>
</tr>
<tr>
<td>DC First-Time Homebuyer Credit (Form 8859)</td>
<td></td>
</tr>
<tr>
<td>Mortgage Interest Credit (Form 8396)</td>
<td></td>
</tr>
<tr>
<td>Earned Income Credit (Form 8862)</td>
<td></td>
</tr>
<tr>
<td>Credit for the Elderly or Disabled (Schedule R)</td>
<td></td>
</tr>
</tbody>
</table>
4. Use this page as a starting point for each section in this lesson.

**Entering the Child and Dependent Care Credit**

If the taxpayer has dependents under the age of 13, he or she may have paid child care expenses during the year. If the taxpayer qualifies, he or she may be able to take a credit for those expenses. To enter the child and dependent care credit, use the following steps from the Credits landing page:

1. Click **BEGIN** on the Child Care Credit (Form 2441) line.

**1040 View:** Click Line 49 to link to the F2441 – Child Care Credit – Page 1 page.

TaxSlayer Pro Online displays the F2441 – Child Care Credit – Page 1 page:

![F2441 - Child Care Credit - Page 1](image)

**Child Care Providers**

2. Add all child care providers and the total amount paid to each provider. Click **Add** in **Step 1 – Child Care Providers**.
Preparing a Return

TaxSlayer Pro Online displays the **Form 2441 – Child Care Provider Information** page:

3. Select the **SSN/ITIN** radio button if the child care provider’s tax identification number is a Social Security number. If the number is an EIN, leave the selection as it is.
4. Type the child care provider’s tax identification number, name, address, phone number, and the total amount paid to the provider.
5. Read the remaining lines on the form and complete them if necessary based on information provided from the taxpayer.
6. Click **Continue.**
7. If the taxpayer paid child care expenses to more than one provider, click **Add** for each provider and enter information using the same steps.

8. When you finish adding child care providers, click **Step 2 – Dependents**.

Next, you need to allocate the expense amount to each dependent.
Preparing a Return

TaxSlayer Pro Online displays the **Step 2 – Dependents** section, listing all dependents you listed in the taxpayer’s personal information:

9. Click **Edit** for the dependent for whom the taxpayer paid qualifying child care expenses.

TaxSlayer Pro Online displays the **Form 2441 – Qualifying Dependent Expenses** page:
10. Type the amount of child care expenses the taxpayer paid for this dependent.
11. Click Continue.

TaxSlayer Pro Online displays the F2441 – Child Care Credit – Page 1 page, listing the expenses for the dependent:

![F2441 - Child Care Credit - Page 1](image)

12. If the taxpayer has additional dependents for whom he or she paid qualifying expenses, click Edit for that dependent and add the qualifying expenses using the same steps.
13. If the taxpayer is the custodial parent and has a qualifying child for whom he or she cannot claim an exemption but is a qualifying child for dependent care expenses, you must enter the child here. Do not list this non-dependent in personal information section. Click Step 3 – Qualifying Persons.
Preparing a Return

TaxSlayer Pro Online displays the **Step 3 – Qualifying Persons** section:

14. Click **Add**.

TaxSlayer Pro Online displays the **Form 2441 – Qualifying Person Not Listed on 1040** page:
15. Type the qualifying person’s name, Social Security number, and qualified expenses.
16. Select the birth date from the drop-down lists.
17. Select the **Check here if Disabled** check box if the qualifying person is disabled.
18. Click **Continue**.

TaxSlayer Pro Online displays the **F2441 – Child Care Credit – Page 1** page with the qualifying person listed:

![Image of F2441 form]

19. Review the numbers at the top of the form to confirm that the amount of total expenses matches the total amount paid to providers. If TaxSlayer Pro Online displays a difference, review the information you entered and make corrections.
20. Click **Continue to Page 2**.
21. If the taxpayer or spouse is a student or disabled, for each month or part of a month your spouse was a student or was disabled, he or she is considered to have worked and earned income. To figure the amount he or she can use as earned income for purposes of this credit, type that amount in the **Additional Income for Taxpayer for purposes of this credit**, based on the instructions on the screen.

22. Enter the amount of any additional employer provided dependent care benefits that were **not** included on Form W-2 in the appropriate boxes.

23. Click **Continue**.
Figuring Education Credits

Taxpayers who pay qualifying education expenses for a qualifying student may be able to claim a credit based on the education expenses. To enter education credits, use the following steps from the Credits landing page:

8. Click BEGIN on the Education Credits (Form 1098-T) line.

1040 View: Click Line 50 to link to the Form 8863 – Educational Credit page.
TaxSlayer Pro Online displays the **Form 8863 – Educational Credit** page:

9. TaxSlayer Pro Online displays the names and identifying numbers of the taxpayer, spouse, and any dependents. Select the eligible student from this drop-down list.

10. Select either **American Opportunity** or **Lifetime Learning** from the **Select the type of credit** radio buttons.
When you select one of the education credits from the list, TaxSlayer Pro Online displays additional information to help calculate the credit:

11. Type the total qualified expenses for this eligible student.
12. Type the information for the educational institution, including the name and address.
13. Select information from the drop-down lists to answer whether the student received Forms 1098-T.
14. If the student received a Form 1098-T, type the institution’s EIN in the appropriate box.
15. If the eligible student attended more than one educational institution during the year, click **Add Another Institution** and complete the same information for that institution.
16. Select an answer to whether someone has claimed the Hope or American Opportunity credit for this student on four prior tax returns.
If you selected **American Opportunity Credit** and the credit has not been claimed on four prior tax returns, TaxSlayer Pro displays a new question:

**Has the Hope Scholarship Credit or American Opportunity Credit already been claimed on 4 prior tax returns?**
- No
- Yes

**Was the student enrolled at least half-time?**
- Yes
- No

**Did the student complete the first 4 years of post-secondary education before 2015?**
- Yes
- No

**Was the student convicted, before the end of 2015, of a felony for possession or distribution of a controlled substance?**
- Yes
- No

17. Select the correct answers to the additional questions.
18. Click **Continue**.

TaxSlayer Pro Online displays the **Form 8863 – Educational Credit** summary page, with the eligible student’s information listed:

![Form 8863 - Educational Credit](image)

19. If the taxpayer has more than one eligible student, click **Add** and use the same steps to enter education credit information for each student.
20. When you finish entering eligible students and their qualifying expenses, click **Continue**.

**TIP:** TaxSlayer Pro Online does not display the eligible names in the **Select an Eligible Student** drop-down list after you complete a credit for that student. You cannot take both the tuition and fees deduction and American Opportunity or Lifetime Learning Credit for the same student. Figure the taxpayer’s tax liability both ways and choose the one that works best for the taxpayer.
TaxSlayer Pro Online calculates any refundable portion of the American Opportunity Credit to Form 1040, page 2.

**NOTE:** TaxSlayer Pro Online dynamically generates entry screens based on the type of credit you select.

**Figuring the Retirement Savings Contribution Credit**

Taxpayers who pay qualifying retirement contributions may be able to claim a credit based on those contributions. To enter the retirement savings contribution credit, use the following steps from the **Credits** landing page:

1. Click **BEGIN** on the **Retirement Savings Credit (Form 8880)** line.

**1040 View:** Click Line 51 to link to the **Retirement Savings Contributions Credits** page.

TaxSlayer Pro Online displays the **Retirement Savings Contributions Credits** page:

![Retirement Savings Contributions Credits](image)

2. Carefully read each line and type the amount of the taxpayer’s distributions or contributions in the appropriate box.

**TIP:** TaxSlayer Pro Online calculates any contributions you already entered for traditional IRAs or 401(k)s based on information you already entered in the return, including amounts from Form W-2. Do **not** include those contributions here.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Retirement Savings Contributions Credits** summary page:

![Retirement Savings Contributions Credits](image)

4. Click **Continue**.

**Figuring the Child Tax Credit**

Taxpayers with qualifying children may be able to claim a credit for those children if they meet certain rules. TaxSlayer Pro Online automatically calculates the child tax credit based on the other information you enter in the return. If you want to verify the amount of the child tax credit, view the return summary. To do this, see the *Printing a Return* section.

**Figuring the Earned Income Tax Credit**

If the taxpayer qualifies for the Earned Income Credit (EIC), TaxSlayer Pro Online calculates the credit based on the information you enter in the filing status, personal information, dependent information, and income sections. See those lessons for additional information on completing that information.

If TaxSlayer Pro Online determines that the taxpayer may qualify for EIC, you may still need to answer additional questions to claim EIC after disallowance. Use the following steps from the **Credits landing** page:

1. Click **BEGIN** on the **Earned Income Credit (Form 8862, Information to Claim Earned Income Credit After Disallowance)** line.

**1040 View**: Click Line 66a to link to the **EIC** page.
Preparing a Return

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

- **Information to Claim EIC After Disallowance**
- **EIC Information for Clergy**
- **Not Eligible for EIC**

On this page, choose from the following two options:

- If the taxpayer was disallowed the earned income credit in a previous year, click the appropriate option.
- If the taxpayer is not eligible for EIC for any other reason, click the appropriate option.

See the following sections for completing information for these two options.

**Earned Income Credit Previous Disallowance**

2. If the taxpayer was disallowed the earned income credit in a previous year, click **BEGIN** on the **Information to Claim EIC After Disallowance** line.
Preparing a Return

1. TaxSlayer Pro Online displays the **Form 8862 – EIC – Earned Income Credit** page:

   ![Form 8862 - EIC - Earned Income Credit](image)

   - **Child One - Child Taxpayer**
   - **Child Two - Qualifying Taxpayer**

   ![Cancel Continue](image)

3. Do one of the following:
   a. If the taxpayer incorrectly reported earned income or investment income in a prior year, and that was the only reason for the disallowance, select the check box in yellow.

   TaxSlayer Pro Online changes the page to show that you completed Form 8862 for the taxpayer:

   ![Form 8862 - EIC - Earned Income Credit](image)

   ![Cancel Continue](image)

   Based upon your answers, you have completed Form 8862.
b. Select a qualifying child.

TaxSlayer Pro Online displays the **Form 8862** information to be completed for the qualifying child:

![Form 8862 Information](image)

i. Complete all of the information for the child.

ii. Select and complete the information for any other qualifying children.

4. Click **Continue**.
TaxSlayer Pro Online displays the **Form 8862 – EIC – Earned Income Credit** page showing a summary of Form 8862:

5. Click **Continue**.

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

---

**Not Eligible**

6. If the taxpayer is not eligible for Earned Income Credit for any reason (including a previous year disallowance), click **BEGIN** on the **Not Eligible for EIC** line.
Preparing a Return

TaxSlayer Pro Online displays the **Not Eligible for EIC** page:

![Not Eligible for EIC](image)

7. Select both the check boxes after reading them carefully to determine that the taxpayer agrees to not claim earned income credit on this return.
8. Click **Continue**.

**Desktop Tip:** To enter adjustments to the earned income credit, select the **Payments, Estimates & EIC** menu. Then, select **Earned Income Credit** and select the appropriate option from the **EIC Menu**.

**Form 8867 – EIC Checklist**

TaxSlayer Pro Online determines most of the answers for EIC eligibility based on the information in the return. If TaxSlayer Pro Online determines that you need to answer additional questions for EIC purposes (such as whether the taxpayer or spouse was a qualifying child of any other person, or whether tiebreaker rule need to be determined for a qualifying child), TaxSlayer Pro Online adds these questions during the electronic filing process after you complete the return. See the **Electronic Filing** section for detailed information on completing the EIC Checklist questions.

**Calculating the Foreign Tax Credit**

If a taxpayer has income from another country, and paid tax to that country, he or she may be eligible to take a credit for the taxes paid. To enter the foreign tax credit, use the following steps from the **Credits landing** page:

1. Click **BEGIN** on the **Foreign Tax Credit (Form 1116)** line.

**1040 View**: Click Line 48 to link to the **Form 1116 – Foreign Tax Credit** page.
TaxSlayer Pro Online displays the Form 1116 – Foreign Tax Credit page:

2. Make sure the taxpayer is eligible for the foreign tax credit, read the information on the page, and verify that the taxpayer meets all of the conditions.
3. Type the amount of foreign tax in the box.
4. Click Continue.
Entering Other Taxes

After completing this topic, you will be able to:

- Add self-employment tax.
- Enter unreported Social Security and Medicare taxes.
- Enter a tax on early distributions.
- Repay the first time homebuyer credit.
- Report the tax on a child’s interest and dividends.

Some taxpayers may have other taxes added to the return. This lesson covers those taxes. To report those taxes, use the following steps:

1. In the Federal Section, find the **Other Taxes** landing page, as shown below:

   ![Other Taxes Table]

   2. Use this page as the starting point for each section in this lesson.
Adding Self-Employment Tax
Self-employed taxpayers must pay self-employment tax in order to contribute to Social Security and Medicare. If the taxpayer has a business and you entered a Schedule C, TaxSlayer Pro Online automatically calculates self-employment tax and enters it on the tax return. Make sure you entered all income from the self-employed taxpayer or spouse on the Schedule C to calculate the self-employment taxes and the automatic adjustment to income for the deductible portion of this tax.

If you need to enter other income or make adjustments on Schedule SE, you should use the Schedule C to ensure proper calculations in the return.

Entering Unreported Social Security and Medicare Tax on Tip Income
Taxpayers who receive tips must report those tips in order to contribute to Social Security and Medicare. If the taxpayer has tips included on Forms W-2, TaxSlayer Pro Online automatically calculates this tax and enters it on Form 4137 in the tax return. If the taxpayer has unreported tips not reported elsewhere, you need to adjust the tip income. To do this, use the following steps from the Other Taxes landing page:

1. Click BEGIN on the Tax on Unreported Tip Income (Form 4137) line.

1040 View: Click Line 58 to link to the Form 4137 Social Security and Medicare Tax on Unreported Tip income page.
TaxSlayer Pro Online displays the **Form 4137 Social Security and Medicare Tax on Unreported Tip Income** page:

2. If this return is for a married couple, select whether you are completing this form for the taxpayer or the spouse.
3. TaxSlayer Pro Online displays the amount of tips already reported. Verify this amount for accuracy.
4. Type the amount of tips not reported to the taxpayer’s employer or tips received as a government employee in the appropriate box.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Tax on Unreported Tip Income (Form 4137)** page:
6. Click **Continue**.

**Entering a Tax on Early Distributions**

Taxpayers who receive distributions on retirement plans may be required to pay a tax on any early distributions. TaxSlayer Pro Online automatically calculates Form 5329 based on the type of distribution. If you need to enter additional information, or an exclusion on the tax, use the following steps from the **Other Taxes** landing page:

1. Click **BEGIN** on the **Tax on Early Distribution (Form 5329)** line.

**1040 View**: Click Line 59 to link to the **Form 5329** page.

TaxSlayer Pro Online displays the **Form 5329** page:

```
Form 5329
Part I - Additional Tax on Early Distributions
Form belongs to:
Taxpayer
- SIMPLE Retirement Distributions that are not subject to 25% Tax $
- Early Distributions that are not subject to 10% tax $
Select the reason for exemption
- Please Select -

Part II - Additional Tax on Certain Distributions from Education Accounts
- Coverdell ESAs and GTTs that are not subject to the additional tax $

Part III - Additional Tax on Excess Contributions to Traditional IRAs
- Excess contributions from Line 16 of your prior year Form 5329 $
- Contribution credit $
- Current Year Traditional IRA Distributions included in income $
- Current Year Distributions of prior year excess contributions $
```

2. If this return is for a married couple, select whether you are completing this form for the taxpayer or the spouse.
3. Type the amount of any early distributions that qualify for an exclusion of the tax in the appropriate box.
4. Select the reason for exemption of tax from the drop-down list.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Tax on Early Distribution (Form 5329)** page:

![Tax on Early Distribution (Form 5329)](image)

6. Click **Continue**.

**Repaying the First Time Homebuyer’s Credit**

Some taxpayers who purchased a home in 2008-2011 received a credit for part of the amount of the purchase. Depending on the year, the credit may have been a loan to the taxpayer and must be repaid. If the taxpayer needs to repay the first time homebuyer’s credit, use the following steps from the **Other Taxes** landing page:

1. Click **BEGIN** on the **First-time Homebuyer Repayment (Form 5405)** line.

**1040 View:** Click Line 60b to link to the **Form 5405 – First-Time Homebuyer Credit and Repayment** page.
TaxSlayer Pro Online displays the **Form 5405 – First-Time Homebuyer Credit and Repayment** page:

2. If this return is for a married couple, select whether you are completing this form for the taxpayer or spouse.
3. Answer the question concerning whether the home stopped being the taxpayer’s primary residence.
Change of Main Home

If you selected Yes, TaxSlayer Pro Online displays the Disposition or Change of Main Home section:

4. Select the date the home stopped being the taxpayer’s primary residence.
5. Select an answer to the question concerning whether the taxpayer or spouse is a member of uniformed services or other qualified service orders.
If you answer No to the question, TaxSlayer Pro Online displays the **Type of Disposition/Change** section:

6. Select the check box for the reason the home ceased to be the taxpayer's main home.
Preparing a Return

7. Read each line and type the applicable amount in the box.
8. Click **Continue**.
Continued Primary Residence
If you selected No, TaxSlayer Pro Online displays the Repayment of Credit section:

1. Read each line carefully and type the appropriate amount in the box.
2. Click Continue.
TaxSlayer Pro Online displays the **Form 5405 – First Time Homebuyer Credit and Repayment** page:

![Form 5405 - First-Time Homebuyer Credit and Repayment](image)

3. Click **Continue**.

**NOTE:** Remember to ask the taxpayer if he or she received the first-time homebuyer credit if you complete a Schedule A with either a mortgage interest deduction or a real estate property tax deduction. The taxpayer must repay a minimum of $500 each year. If you do not enter the minimum repayment for the taxpayer, the IRS will reject the tax return.

**Reporting a Child’s Interest and Dividends**

Some taxpayers have children who receive investment income. In some cases, the taxpayer can report the child’s investment income on his or her tax return instead of filing a separate return for the child. If you need to enter a child’s interest and dividend income, use the following steps from the **Other Taxes** landing page:

1. Click **BEGIN** on the **Child’s Interest/Dividend Earnings (Form 8814)** line.

**1040 View:** Click Line 44 to link to the **Other Taxes** page, and then select **BEGIN** on the **Child’s Interest/Dividend Earnings (Form 8814)** line.
Preparing a Return

TaxSlayer Pro Online displays the **Form 8814 Child’s Interest and Dividends** page:

2. Type the child’s name and Social Security number in the appropriate boxes.
3. Read each line carefully and type the child’s interest and dividends in the appropriate boxes.
4. Click **Continue**.
TaxSlayer Pro Online displays the **Form 8814 Report Childs Interest and Dividend** summary page:

5. If the taxpayer has more children for which you need to enter interest and dividends, click **Add** and use the same steps to add each child’s investment income.

6. When you finish adding children’s investment income, click **Continue**.
Preparing a Return

After completing this topic, you will be able to:

- Enter federal estimated tax payments.
- Enter state estimated tax payments.
- Enter other federal withholding.
- Figure an underpayment of estimated tax.
- Complete estimated tax vouchers.
- Complete any miscellaneous forms.

**Entering Federal Estimated Tax Payments**

Some taxpayers pay Federal estimated tax payments during the year. If the taxpayer did so, you can add those to the return so the taxpayer gets credit for paying the estimated payments. To add these payments, use the following steps:

1. Find the **Payments and Estimates** page, as shown below:
2. Click **BEGIN** on the **Federal Estimated Payments** line.

**1040 View:** Click Line 65 to link to the **Payments – Estimated Payments** page.

TaxSlayer Pro Online displays the **Payments – Estimated Payments** page:

<table>
<thead>
<tr>
<th>Payments - Estimated Payments</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Applied from Prior Year Refund</td>
<td>$</td>
</tr>
<tr>
<td>Estimated Federal Tax Paid(4/15/2015)</td>
<td>$</td>
</tr>
<tr>
<td>Estimated Federal Tax Paid(6/15/2015)</td>
<td>$</td>
</tr>
<tr>
<td>Estimated Federal Tax Paid(9/15/2015)</td>
<td>$</td>
</tr>
<tr>
<td>Estimated Federal Tax Paid(1/15/2016)</td>
<td>$</td>
</tr>
</tbody>
</table>

3. Type the amount of any payments the taxpayer applied to estimated taxes from the previous year’s refund in the first box.
4. In the remaining boxes, type the amount of any estimated tax payment in the appropriate box based on the payment date.
5. Click **Continue**.

TaxSlayer Pro Online displays the **Payments and Estimates** page listing the estimated tax payments you entered:

<table>
<thead>
<tr>
<th>Payments and Estimates</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Payments</td>
<td>$400.00</td>
</tr>
<tr>
<td>Prior Year</td>
<td>50.00</td>
</tr>
</tbody>
</table>

[Diagrams of payment boxes]
6. Click **Continue**.

### Entering State Estimated Tax Payments

Some taxpayers pay state estimated tax payments during the year. To add state estimated tax payments, use the following steps from the **Payments and Estimates** page:

1. Click **BEGIN** on the **State Estimated Payments** line.

TaxSlayer Pro Online displays the **Payments – State Estimated Payments** page:

![Payments - State Estimated Payments](image)

2. Type the amount of any payments the taxpayer applied to estimated taxes from the previous year’s refund in the first box.
3. In the remaining boxes, type the amount of any estimated tax payment in the appropriate box based on the payment date.
4. Select the state to which the taxpayer paid these payments from the **State Name** drop-down list.
5. Click **Continue**.
Preparing a Return

TaxSlayer Pro Online displays the **State Estimated Payment** page listing the estimated tax payments you entered:

<table>
<thead>
<tr>
<th>State</th>
<th>Total Payments</th>
<th>Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA</td>
<td>$100.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

6. If the taxpayer made estimated tax payments to more than one state, click **Add** for each state and use the same steps to add estimated tax payments for that state.

7. Click **Continue**.

**Entering Other Federal Withholdings**

Some taxpayers pay other withholdings to the IRS during the year. If the taxpayer did so, you can add those to the return so the taxpayer gets credit for paying that tax. To add federal withholdings not listed elsewhere on the return, use the following steps from the **Payments and Estimates** page:

1. Click **BEGIN** on the **Other Federal Withholding** line.

TaxSlayer Pro Online displays the **Other Federal Withholdings** page:

**Other Federal Withholdings**

Note: Do not enter amount from W-2, 1099-R, or 1099-G (unemployment)

Amount of other federal withholding: $_____

☐ Check here if this withholding is from a 1099

[X] Cancel  [✓] Continue
2. Type the amount of federal withholdings you have not previously entered in the tax return.
3. If the withholding is from a Form 1099, select the check box.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Other Federal Withholdings** page with the withholding listed:

![Other Federal Withholdings](image)

5. Click **Continue**.

**Calculating an Underpayment of Estimated Tax**

If the taxpayer did not pay enough tax during the year, either through withholdings or estimated tax payments, TaxSlayer Pro Online displays a warning during the e-file process. You can choose to allow the program to calculate the underestimated tax penalty, request a waiver, or continue and file **without** Form 2210.

**NOTE:** Continue through the warning **without** adding Form 2210. Calculating the underpayment of estimated tax penalty is out of scope.

**Creating Estimated Payment Vouchers**

Some taxpayers need to pay estimated tax payments each year, and want you to create the vouchers they need to use to make those payments. To create estimated tax payment vouchers, use the following steps from the **Payments and Estimates** page:

1. Click **BEGIN** on the **Vouchers for Next Year’s Estimated Payments** line.
TaxSlayer Pro Online displays the **Estimated Payments for Next Year** page:

2. Type the amount of estimated payment for each quarter in the appropriate box.

**TIP**: Use the IRS instructions for Form 1040-ES to figure the amount of estimated tax the taxpayer needs to pay for each quarter. You can use their total tax minus payments on this year’s return as a guide.

3. Click **Continue**.

TaxSlayer Pro Online displays the **Set of Estimated Payment Vouchers for Next Year** page:

4. Click **Continue**.
Adding Miscellaneous Forms
In some cases, you need to complete other forms for a taxpayer. This can include an application for an extension, application for an ITIN, or you may need to enter an Identity Theft PIN for IRS identification. To do this, use the following steps:

1. From the Federal Section, click **Miscellaneous Forms** at the top of the page.

TaxSlayer Pro Online displays the **Miscellaneous Forms** page:

<table>
<thead>
<tr>
<th>Miscellaneous Forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injured Spouse Form (Form 8370)</td>
</tr>
<tr>
<td>Claim a Refund Due to a Deceased Taxpayer (Form 1310)</td>
</tr>
<tr>
<td>Application for Extension (Form 4868)</td>
</tr>
<tr>
<td>Married Filing Separately Allocations (Form 8968)</td>
</tr>
<tr>
<td>IRS Identification Pin</td>
</tr>
<tr>
<td>Installment Agreement (Form 9465)</td>
</tr>
<tr>
<td>Application for ITIN (Form W-7)</td>
</tr>
</tbody>
</table>

**IRS Identity Protection PIN**

**NOTE**: In this example, we cover adding IRS Identity Protection PINs. If you need to add another miscellaneous form, click **BEGIN** on the line for that form and complete the information on the new page.

2. Click **BEGIN** on the **IRS Identification Pin** line.
Preparing a Return

TaxSlayer Pro Online displays the **IRS Identify Protection Pin** page, listing the taxpayer, spouse, and any dependents you listed in the taxpayer’s basic information:

3. Type the identity protection PINs as issued by the IRS in the appropriate boxes.
4. When you finish typing identity PINs, click **Continue**.

TaxSlayer Pro Online displays the **IRS Identity Protection Pin** summary page:
5. Review the information you entered and click **Continue**.

**Identity Protection PINs in TaxSlayer Pro Desktop**

If you use the TaxSlayer Pro Desktop application, use different steps to add identity protection PINs. To add an identity protection PIN for the taxpayer or spouse, use the following steps:

1. Open the tax return.

TaxSlayer Pro displays the return:

2. Click **Personal Information** in the left navigation bar.

TaxSlayer Pro displays the **Personal Information Menu**:

3. Click **Other Categories** or type the corresponding number.
Preparing a Return

TaxSlayer Pro displays the **Other Categories Menu**:

1. Allow Another Person to Discuss Return With IRS....: Yes
2. Third Party Designee Name.                      : JANE DOE
3. Third Party Designee Phone.                    : 770-555-8585
4. Third Party Designee PIN.                      : 11111
5. Disaster Designation.                          :
6. Military Processing.                           :
7. Attach PDF Document                             :
8. Print Date.                                    :
9. Force Itemized Deductions or Dual-Status Alien. :
10. Print English or Spanish Forms.               : English
11. Are you a non-paid preparer?                  : No
12. Print organizer for client next year.         : No
13. Taxpayer's Identity Protection PIN.           :
14. Spouse's Identity Protection PIN.             :
15. Driver's License Information                  :
0. Exit                                           :

4. To add the identity protection PIN for the taxpayer, click **Taxpayer’s Identity Protection PIN** or type the corresponding number.

TaxSlayer Pro displays the **Taxpayer’s Identity Protection Pin** box:

5. Type the taxpayer’s identity protection PIN as issued by the IRS.
6. Press Enter.
TaxSlayer Pro displays the **Other Categories Menu** with the taxpayer’s identity protection PIN listed:

![Other Categories Menu](image)

7. If you need to add an identity protection PIN for the spouse, click **Spouse’s Identity Protection PIN** and follow the same steps.

To add an identity protection PIN for dependent(s), use the following steps:

1. Open the tax return.
2. Click **Personal Information** in the left navigation bar.

TaxSlayer Pro displays the **Personal Information Menu**:

3. Click **Dependents & Qualifying Children** or type the corresponding number.
TaxSlayer Pro displays the **Edit Dependent Information** menu:

4. Click the name of the dependent to select him or her.
5. Click **Edit**.
6. Click **Identity Protection PIN** or type the corresponding number.

7. Type the dependent’s identity protection PIN as issued by the IRS.

8. Press Enter.
Working with the Affordable Care Act

After completing this topic, you will be able to:

1. Complete the health insurance questionnaire.
2. Enter a shared responsibility payment.
4. Figure any advanced premium credit.
5. Enter health insurance exemptions.
6. Add the affordability and marketplace affordability worksheets.

With the Affordable Care Act, taxpayers must include certain information with the tax return to figure any credit or penalty for health insurance. To begin working with the health insurance information required for the Affordable Care Act, use the following steps:

1. Click **Health Insurance** on the left navigation bar.

**1040 View:** Click Line 61 to link to the Health Insurance Introduction page.

TaxSlayer Pro Online displays the **Health Insurance Introduction** page:

2. Click **Continue**.

**Completing the Health Insurance Questionnaire**

The first step in completing the Health Insurance section is to complete a questionnaire that requests information concerning the taxpayer’s coverage, household members, and other applicable information. To complete the questionnaire, use the following steps:

TaxSlayer Pro Online displays the **Health Insurance Questionnaire**:
TIP: TaxSlayer Pro Online displays a list of plans that qualify under the Affordable Care Act. Review this list for examples of qualifying plans.

**Health Insurance Questionnaire**

Did you or your family have health insurance at any time in 2015? [ ] Yes [ ] No

Below are some examples of healthcare plans that may be purchased or qualify as a purchased plan under the Affordable Care Act:

- A private plan purchased from a health insurance company
- An employer-sponsored health insurance plan or insurance through your work, spouse’s work or parent’s work
- A university or college where you are enrolled
- Your parent’s health insurance plan if you’re under age 26
- A State Medicaid program
- State high-risk pools for plan or policy years
- The Children’s Health Insurance Program (CHIP) in your state
- Medicare
- Veteran’s Administration (VA), CHAMPVA, or Tricare
- A former employer’s retirement program
- A union you belong to
- The Peace Corps
- COBRA
- Refugee Medical Assistance (RMA)
- The Noneappropriated Fund Health Benefit Program

1. Answer the question to show whether the taxpayer and his or her family had health insurance during the year.
2. Click **Continue**.

If you answer **No** to this question, TaxSlayer Pro Online displays the **Verify Your Household Members** page. If so, skip to that section in this lesson.

If you answer **Yes** to this question, TaxSlayer Pro Online displays the **Health Insurance Questionnaire** page:
3. Determine whether the taxpayer purchased health insurance from a marketplace (whether federal or state) and select the appropriate answer.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Verify Your Household Members** page:

<table>
<thead>
<tr>
<th>First Name</th>
<th>Last Name</th>
<th>SSN</th>
<th>Date of Birth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>Example</td>
<td>114-00-1717</td>
<td>4/2/1972</td>
</tr>
<tr>
<td>Spouse</td>
<td>Example</td>
<td>136-00-1111</td>
<td>9/15/1978</td>
</tr>
<tr>
<td>Jane</td>
<td>Example</td>
<td>123-00-1111</td>
<td>3/2/2012</td>
</tr>
<tr>
<td>John</td>
<td>Example</td>
<td>163-00-1111</td>
<td>5/4/2012</td>
</tr>
</tbody>
</table>

5. Review the information on the page to verify that every member of your household is listed. If you need to add dependents, click **Dependents** and add the dependent as covered in the **Starting a Tax**...
Return section. Refer to your reference materials to see household members you must add to this section.

6. If the taxpayer has a household member who is not listed on the tax return, click Add a New Member.

TaxSlayer Pro Online displays the Add New Household Member page:

![Add New Household Member form](image)

7. Type the household member’s name, Social Security number, and date of birth.
8. Click Continue.
9. When you finish reviewing household members, click Continue.

TaxSlayer Pro Online displays the Months Insured page:

![Months Insured form](image)

10. Select Yes or No to show whether the entire household was insured for the entire year.
Insured for Full Year
If you select Yes to this question, TaxSlayer Pro Online displays the questionnaire section for the advanced premium credit.

Insured for Part of Year
If you select No to this question, TaxSlayer Pro Online displays the Please enter the number of months insured for each household member section:

11. Select the number of months each member of the household was insured for the year.
12. When you finish entering the number of months insured, click Continue.

TaxSlayer Pro Online displays the Specify Insured Months page:
13. If a member of the taxpayer's household was not insured the entire year, you must select the check box(es) for the month(s) the specified individual had essential coverage.

14. Click **Continue**.

**Advanced Premium Credit**

TaxSlayer Pro Online displays the **Advanced Premium Tax Credit (1095-A)** page:

<table>
<thead>
<tr>
<th>Specify Insured Months (Taxpayer Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please specify the months that Taxpayer Example had minimum essential coverage</td>
</tr>
<tr>
<td>☐ January</td>
</tr>
<tr>
<td>☐ April</td>
</tr>
<tr>
<td>☐ July</td>
</tr>
<tr>
<td>☐ October</td>
</tr>
</tbody>
</table>

**Advanced Premium Tax Credit (1095-A)**

To figure any advanced premium credit, use the following steps:

1. Select whether the taxpayer received a Form 1095-A or premium tax credits during the year.

If you select **No**, skip to health care exemptions.

If you select **Yes**, TaxSlayer Pro Online displays a question concerning coverage on Form 1095-A:
2. Read the question carefully and select the appropriate answer.
3. Do one of the following:
   a. If you select **Yes** on the above line, type the full year information from Form 1095-A, as shown below:

   ![Advanced Premium Tax Credit (1095-A) form](image1)

   **Advanced Premium Tax Credit (1095-A)**
   
   Did you receive a 1095-A statement or any Premium Tax Credits to assist you in paying for your health care for 2015?  
   - Yes

   Do all Forms 1095-A include coverage for January through December, with no changes in monthly amounts?
   - Yes

   **Please enter your annual Advance Premium Tax Credit information**
   
   Premium Amount (Form 1095-A, line 33A)
   $ 
   Annual Premium Amount of SLCSAP (Form 1095-A, line 33B)
   $ 
   Annual Advance Payment of FTC (Form 1095-A, line 33C)
   $ 

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   ![Back button](image2)  
   ![Continue button](image3)

   b. If you select **No** on the above line, type the monthly information from Form 1095-A, as shown below:
4. Click **Continue**.

TaxSlayer Pro Online displays the **Dependents’ Modified AGI** page:

5. Read each line carefully and type the appropriate amount in the box.
6. Click **Continue**.
Preparing a Return

Health Care Exemptions
TaxSlayer Pro Online displays the **Do you qualify for Health Care Exemptions** page:

**Do you qualify for Health Care Exemptions?**

Did you receive an exemption certificate from a marketplace, or qualify for exemptions due to circumstances?

- Yes
- No

[Back] [Continue]

Some taxpayers qualify for a health care exemption. If the taxpayer does not, select **No** to this question and click **Continue**. TaxSlayer Pro Online calculates the penalty and adds it to the tax return. Otherwise, use the following steps to add a health care exemption:

1. Click **Yes**.
2. Click **Continue**.

TaxSlayer Pro Online displays the **Coverage Exemptions** page:

**Coverage Exemptions**

Do either of the following apply to your household?

- Are you claiming a hardship exemption because your gross income is below the filing threshold?

[Back] [Continue]

3. If the taxpayer qualifies for a hardship exemption because of his or her gross income, select the check box.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Health Insurance/Exemption** page:
5. Select the name of the individual who qualifies for the exemption from the drop-down list.
6. Select whether the individual has a certificate for the exemption.
7. Add the exemption information using either a certificate if the individual received one, or by selecting the exemption type:
   a. If the taxpayer received a certificate for the exemption, type the certificate number, as shown below:
   b. If the taxpayer did not receive a certificate for the exemption, select the exemption type from the list, as shown below:
8. Select the check box(es) for the year or months the taxpayer qualifies to take the exemption.
9. Click **Continue**.

TaxSlayer Pro Online displays the **Health Coverage Exemptions** summary page:

<table>
<thead>
<tr>
<th>Name of Individual</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer Example</td>
<td>B</td>
</tr>
</tbody>
</table>

10. If other members of the household qualify for an exemption, click **Add** and use the same steps to add exemption information for the individual.
11. When you finish adding health coverage exemptions, click **Continue**.
**Desktop Tip:** TaxSlayer will post a *Working with the Affordable Care Act – Health Insurance* training video and guide for the desktop application in the Fall of 2016.
Completing a State Return

After completing this topic, you will be able to:

- Add states to a return.
- Add information to a state return.
- Delete a state from the return.

When you finish entering information for the federal return, TaxSlayer Pro Online displays the **Your Federal Return is Complete!** landing page:

**TIP:** You can also click **State Section** in the left navigation bar to access this page.

If the taxpayer does not need to add a state, click **Continue to Summary**. Otherwise, use the information in this lesson to complete the state return.

**Adding States to a Return**

You can add as many states as needed to the taxpayer’s return. To add a state, use the following steps:

1. Click **Add State Return(s)**.
TaxSlayer Pro Online displays the **Select your State Return** page:

2. Select the state from the drop-down list or click your state in the map.
3. Click **Continue**.

TaxSlayer Pro Online displays the **Select Your Return Residency** page:
4. Select whether the taxpayer is a resident, part-year resident, or non-resident of the state.
5. Click Continue.

TaxSlayer Pro Online displays the **State Return** page with any additional questions the state requires:

6. Read each question carefully and answer the question.
7. Click Continue.

TaxSlayer Pro Online displays the **Congratulations!** page:
8. If you do not have additional items to add on the state return, click **No**. Otherwise, see the next section of this lesson.

When you finish adding the first state, TaxSlayer Pro Online displays the **State Return** summary page:

![State Return summary page](image)

9. If you need to add another state for the taxpayer, click **Add** and use the same steps to add the new state.

**TIP:** You can add an unlimited number of states to the return.

**Adding Information to State Returns**

If you need to add items to the state return for the taxpayer, use the following steps:

1. On the **Congratulations** landing page, click **Yes**.
2. Click **BEGIN** on the line for the information you need to add. For this example, we will click **Additions to Income**.

**NOTE**: TaxSlayer Pro Online automatically transfers state-sourced income from the Federal Section.
**Caution:** Many states have exclusions to vested retirement income. This means a portion or all government (Federal, state, local, or military) retirement income is not taxable. If so, select the Retirement Exclusion Worksheet to allocate the nontaxable income based on your state laws.

TaxSlayer Pro Online displays the detail page for the line you selected:

3. Click **BEGIN** on the line for which you need to add information.
4. Follow the instructions for each line on the page.
5. Continue adding information to the state return as needed based on the taxpayer’s circumstances.

**Deleting States**

If you add a state and later find that you need to delete it from the return, use the following steps:

1. Click **State Section**.
TaxSlayer Pro Online displays the **State Return** page:

2. Click **Delete** for the state you need to delete.

**NOTE:** When you click **Delete**, you only delete the state portion of the return.

TaxSlayer Pro Online displays a warning confirmation:

3. Confirm that you selected the correct state and click **Delete**.
TaxSlayer Pro Online deletes the state return. If you need to add the state again later, you will need to add any information you entered in the state return again.
Printing a Return

After completing this topic, you will be able to:

- Print a return from the e-File page.
- Print a return from the taxpayer’s status page.

When you complete a return, you need to print a copy for the taxpayer. Depending on how your site handles printing, you can print either from within the return or from the client’s status.

Printing from the e-File Page

To print from within the return, use the following steps:

1. While within the tax return, click e-File in the left navigation bar.

TaxSlayer Pro Online displays the first e-File page:

2. Continue through the e-File section as described in *Electronic Filing* >> *Creating the e-File section.*
Preparing a Return

TaxSlayer Pro Online displays the **Print Return** option on the **Submission** page.

- **Submission**
  
  Please review all information on this screen. To finalize your return please click on the submit button located below.

  - One Copy - Federal and State
  - Print Return

3. Select a **Print Set** from the drop down list.
4. Click **Print Return**.

TaxSlayer Pro Online display the **Print Results** page:

5. Click the **Print** icon in Adobe Reader to print the return.

**Desktop Tip:** To print from within a return, click **Exit**. From the **Receipt Menu**, click **Exit**. Answer **Yes** to the **Print the Return?** question. Select the printer and print set option.
Printing a Return from Client Status
If you need to print a return, but you are not in the return, use the following steps from the Welcome page:

1. Click Select on the Client Search line.

TaxSlayer Pro Online displays the Office Client List page:

2. Find the client in the list.
3. Click the Printer icon.
4. Select a print set from the drop down list.
5. Click Print Return.

Desktop Tip: To print returns from the client list, click Print from the TaxSlayer Pro main window. Click Print Individual Returns, select the return(s) to print, and then select the Print Set option.
Searching for Existing Taxpayers

After completing this topic, you will be able to:

- Open an existing return.
- View the return history.
- Find a taxpayer’s e-file status.
- Find explanations for any reject codes.

Opening an Existing Return

If you need to open a completed return, you can do that from the **Office Client List** page. To search for and open a return, use the following steps from the **Welcome** page:

1. Click **Select** on the **Client Search** line.

TaxSlayer Pro Online displays the **Office Client List** page:
2. To filter returns by status, select an option from the **Filter by Status** drop-down list, as shown below:

![Filter by Status dropdown](image)

3. Type client information in the **Search Client List** box. You can search the client list using one of the following:
   a. Social Security number
   b. Name
   c. Phone number
   d. Preparer
   e. Status
For this example, search using the preparer name, **Admin Preparer**. TaxSlayer Pro Online displays all returns prepared by Admin Preparer:

![Office Client List](image)

If you search by Social Security number, TaxSlayer Pro Online displays returns containing the Social Security number, or the portion of the Social Security number you typed:

![Office Client List](image)

4. Click **Select** on the line for the return you want to open.
TaxSlayer Pro Online displays the **Summary/Print** page for the return:

Use the left navigation bar to access other sections of the return.

**Viewing a Taxpayer’s Return History**

If you need to view the history of a return, you can do that from the **Office Client List** page. To find the return history, use the following steps from the **Office Client List** page:

5. From the **Select Option** drop-down list, select **Client Status**.
TaxSlayer Pro Online displays the **Client Status** page:

<table>
<thead>
<tr>
<th>Transmission Fee Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation Fee</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

6. Review the return history in the **Client Return History** section.
Finding a Taxpayer’s e-file Status

On the taxpayer’s **Client Status** page, you can find e-file information at the bottom of the page. In the **IRS Transmissions** section, you can find information on the type of return, date sent, and other information, as shown below:

![Client Status page](image)

**IRS Transmissions**

<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
<th>Service Center</th>
<th>DCN</th>
<th>Refund</th>
<th>Extension?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Deposit</td>
<td>11/24/2014</td>
<td>Philadelphia</td>
<td></td>
<td>$525.00</td>
<td>N</td>
</tr>
</tbody>
</table>

**Validation Errors**

<table>
<thead>
<tr>
<th>Tax Entity</th>
<th>Help Message</th>
<th>Error Message</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FD</td>
<td></td>
<td></td>
<td>01/02/2015</td>
</tr>
</tbody>
</table>
TaxSlayer Pro Online shows whether the IRS accepted or rejected the return in the **IRS Acknowledgements** and **State Acknowledgements** sections. If the IRS rejected the return, you can also find explanations for the rejection in this section of the **Client Status** page.
Advanced Tax Topics

After completing this topic, you will be able to:

- Enter Form 1099-MISC income.
- Enter a profit or loss from a business.
- Enter rents and royalties.
- Enter military rental property.
- Enter capital gains and losses.
- Enter an exclusion on the sale of a home.
- Enter Schedule K-1 income items.
- Enter depreciation.
- Enter a negative amount to account for Medicaid waiver payments.
- Enter an IRA deduction.
- Enter the residential energy credit.
- 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.
Preparing a Return

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:

![Form 1099-MISC](image)

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?

[+] New  Create a New Schedule C Income from Business

[+] Continue
```

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:

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:

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.

**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.

**1040 View:** Click Line 12 to open the Schedule C page.
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 displays Single 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.
Preparing a Return

TaxSlayer Pro Online displays the Schedule C landing page:

4. Click **BEGIN** on the **Questions About the Operation of Your Business** line.
TaxSlayer Pro Online displays the **Schedule C Questions** page:

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:

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

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

10. Click BEGIN on the General Expenses line.
Preparing a Return

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

![Schedule C - Expenses](image)

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

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:

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 Gains and Losses (Schedule D)** line.

**1040 View**: Click Line 13 to add capital gains and losses.
Prefer a Return

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

![Schedule D Capital Gains](image)

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

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

![Capital Gains Transaction](image)
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 you type, select the explanation from the drop-down list.
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:

```
<table>
<thead>
<tr>
<th>Description</th>
<th>Date Acquired</th>
<th>Date Sold</th>
<th>Price</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Gain 1</td>
<td>4/7/2015</td>
<td>9/29/2015</td>
<td>$500</td>
<td>$100</td>
</tr>
</tbody>
</table>
```

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

**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.
Preparing a Return

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 page](image)

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](image)

7. Review any information as needed and click **Continue**.
Preparing a Return

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

<table>
<thead>
<tr>
<th>Purchase Date</th>
<th>Sold Date</th>
<th>Purchase price</th>
<th>Sales price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/1/2009</td>
<td>9/5/2015</td>
<td>$565,000.00</td>
<td>$595,000.00</td>
</tr>
</tbody>
</table>

8. Click Continue.

Prior Year Loss Carryovers
If the taxpayer has a prior year loss carried forward from the previous year, 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 line.

TaxSlayer Pro Online displays the Other Capital Gains Data page:

<table>
<thead>
<tr>
<th>Adjust Section 1250 Amounts</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjust 28% Gain</td>
<td>$</td>
</tr>
<tr>
<td>Short Term Loss Carryover from 2014 (enter as a positive number)</td>
<td>$</td>
</tr>
<tr>
<td>Long Term Loss Carryover from 2014 (enter as a positive number)</td>
<td>$</td>
</tr>
</tbody>
</table>

Continue
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**.

**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.

**1040 View:** Click Line 17 to open the **Schedule E Required Information** page.

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

```
Schedule E Required Information

☐ Check here if you made any payments in 2015 that would require you to file Form(s) 1099.

[ ] Cancel  [ ] Continue
```

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

![Schedule E Rentals and Royalties](image)

**Depreciation**

**TIP:** TaxSlayer Pro Online 2016 will add a feature that will allow the preparer to manually enter the depreciation amount without the need to use Form 4562. The amount entered will carry directly to line 18 of Schedule E. This application change will be covered in an Enhancement lesson scheduled for Fall 2016.

If you need to add depreciation to any asset for the property, use the following steps:

1. Click **BEGIN** on the **Depreciation** line.
TaxSlayer Pro Online displays the **Form 4562 – Depreciation** landing page:

![Form 4562 - Depreciation](image)

2. Click **BEGIN** on the **Questions** line.

TaxSlayer Pro Online displays the **Form 4562 Questions** page:

![Form 4562 Questions](image)

3. Read each question carefully and select the appropriate check boxes.

**TIP:** Make sure you select any check boxes that apply to vehicles for which the taxpayer has standard mileage for a vehicle.
4. Click **Continue**.

TaxSlayer Pro Online displays the **Form 4562 – Depreciation** page:

![Form 4562 - Depreciation](image)

5. When you finish completing information about depreciation, click **Continue** to return to the **Schedule E Rentals and Royalties** page.

**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:

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 **Edit** on the **Additional Expenses** line.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>other</td>
<td>100.00</td>
</tr>
</tbody>
</table>

6. If the taxpayer has additional other expenses, click **Add** 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:

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

10. Click **BEGIN** on the **Standard Mileage Rate** line.
Preparing a Return

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

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

12. Type all of the information for the vehicle.
13. Click **Continue**.
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:

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.
Preparing a Return

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

![Schedule E Car & Truck Expenses](image)

17. Click **Continue**.

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

![Schedule E Rentals and Royalties](image)

18. Click **Continue**.
Preparing a Return

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

19. If the taxpayer has multiple rental or royalty properties, click **Add** 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.

**1040 View Tip:** Click Line 21 to open the **Less Common Income** page.
Preparing a Return

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

<table>
<thead>
<tr>
<th>Less Common Income</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Inc. Not Reported Elsewhere</td>
<td></td>
</tr>
<tr>
<td>Gambling Winnings (W-2G)</td>
<td></td>
</tr>
<tr>
<td>Other Compensation</td>
<td></td>
</tr>
<tr>
<td>Payments from Qualified Education Programs (Form 1099-O)</td>
<td></td>
</tr>
<tr>
<td>Cancellation of Debt (1099-C, Form 982)</td>
<td></td>
</tr>
<tr>
<td>Installment Sale Income (Form 6252)</td>
<td></td>
</tr>
<tr>
<td>Sale of Business Property (Form 4797)</td>
<td></td>
</tr>
<tr>
<td>K-1 Earnings</td>
<td></td>
</tr>
<tr>
<td>Gains and Losses From Section 1256 (Form 6781)</td>
<td></td>
</tr>
<tr>
<td>Foreign Earned Income Exclusion (Form 2656)</td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Schedule K-1</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule K-1 (Form 1065)</td>
<td></td>
</tr>
<tr>
<td>Schedule K-1 (11205)</td>
<td></td>
</tr>
<tr>
<td>Schedule K-1 (1041)</td>
<td></td>
</tr>
<tr>
<td>Schedule E (Page 2) Question</td>
<td></td>
</tr>
</tbody>
</table>

[Continue button]
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:

4. Type the information on the page exactly as shown on the paper Schedule K-1 the taxpayer received.
5. Click **Continue**.
TaxSlayer Pro Online displays the **Schedule K-1 Form 1041** summary page with the Schedule K-1 listed:

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:

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.
Medicaid Waiver Payment Exclusion

Some taxpayers who receive a Medicaid waiver payment can exclude the payment amount from income. To exclude a Medicaid waiver payment that was included on Form W-2 or 1099-MISC, use the following steps from the **Income** page:

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

**1040 View Tip:** Click Line 21 to open the **Less Common Income** page.

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

```
<table>
<thead>
<tr>
<th>Less Common Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Inc. Not Reported Elsewhere</td>
</tr>
<tr>
<td>Gambling Winnings (W-2G)</td>
</tr>
<tr>
<td>Other Compensation</td>
</tr>
<tr>
<td>Payments from Qualified Education Programs (Form 1099-Q)</td>
</tr>
<tr>
<td>Cancellation of Debt (1099-C, Form 982)</td>
</tr>
<tr>
<td>Installment Sale Income (Form 8252)</td>
</tr>
<tr>
<td>Sale of Business Property (Form 4797)</td>
</tr>
<tr>
<td>K-1 Earnings</td>
</tr>
<tr>
<td>Gains and Losses From Section 1256 (Form 6781)</td>
</tr>
<tr>
<td>Foreign Earned Income Exclusion (Form 2555)</td>
</tr>
</tbody>
</table>
```

2. Click **BEGIN** on the **Other Inc. Not Reported Elsewhere** line.
Preparation of a Return

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

3. Type *Notice 2014-7* in the **Description of other income** line.
4. Type the amount of the Medicaid waiver payment exclusion on the **Amount of other income** line. Type this as a negative number.
5. Click **Continue**.

**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:

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

**1040 View:** Click Line 32 to open the **IRA Deduction** page.
TaxSlayer Pro Online displays the IRA Deduction page:

3. Type the amount of IRA contributions.
4. Select the appropriate radio button to show whether the taxpayer or spouse has a retirement plan.
5. Click Continue.
Preparing a Return

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

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:

<table>
<thead>
<tr>
<th>Credits</th>
<th>BEGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Tax Credit (Form 1116)</td>
<td></td>
</tr>
<tr>
<td>Child Care Credit (Form 2441)</td>
<td></td>
</tr>
<tr>
<td>Education Credits (Form 1098-T)</td>
<td></td>
</tr>
<tr>
<td>Retirement Savings Credit (Form 8880)</td>
<td></td>
</tr>
<tr>
<td>Residential Energy Credit (Form 5695)</td>
<td></td>
</tr>
<tr>
<td>Adoption Credit (Form 8839)</td>
<td></td>
</tr>
<tr>
<td>DC First-Time Homebuyer Credit (Form 8859)</td>
<td></td>
</tr>
<tr>
<td>Mortgage Interest Credit (Form 8396)</td>
<td></td>
</tr>
<tr>
<td>Earned Income Credit (Form 8862)</td>
<td></td>
</tr>
<tr>
<td>Credit for the Elderly or Disabled (Schedule R)</td>
<td></td>
</tr>
</tbody>
</table>

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

**1040 View**: Click Line 53 to open the **Form 5695 – Residential Energy Credit** page.

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

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]

6. If the taxpayer qualifies for the nonbusiness energy property credit (Part II of Form 5695), click **BEGIN** on the **Nonbusiness Energy Property** line.
7. Read each line on the page carefully and type the information based on information you receive from the taxpayer.

8. 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.

9. Click **Continue**.
TaxSlayer Pro Online displays the **Form 5695 page**:

![Form 5695](image)

10. Click **Continue**.

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

![Residential Energy Credit](image)

11. 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.

**1040 View**: Click Line 51 to open the **Schedule R Retired/Disability Question** page.
TaxSlayer Pro Online displays the **Schedule R Retired/Disability Question** page:

[Image of Schedule R Retired/Disability Question]

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:

[Image of Income page]
4. Read both questions carefully and type the appropriate amount(s) in the boxes. Do not enter disability income entered elsewhere in the return.

5. Click **Continue**.

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

<table>
<thead>
<tr>
<th>Credit for the Elderly / Disabled (Schedule R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule R Status Question</td>
</tr>
<tr>
<td>Statement of Disability</td>
</tr>
<tr>
<td>Other Income</td>
</tr>
</tbody>
</table>

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 2018.

☐ 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:

6. Click **Continue**.
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