

The National Tax Training Committee has modified this manual to more accurately reflect Tax-Aide policies and scope and to clarify instructions that relate to Practice Lab versus the desktop version of TaxSlayer Pro.

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VITA/TCE Training

Preparing a Return in Practice Lab

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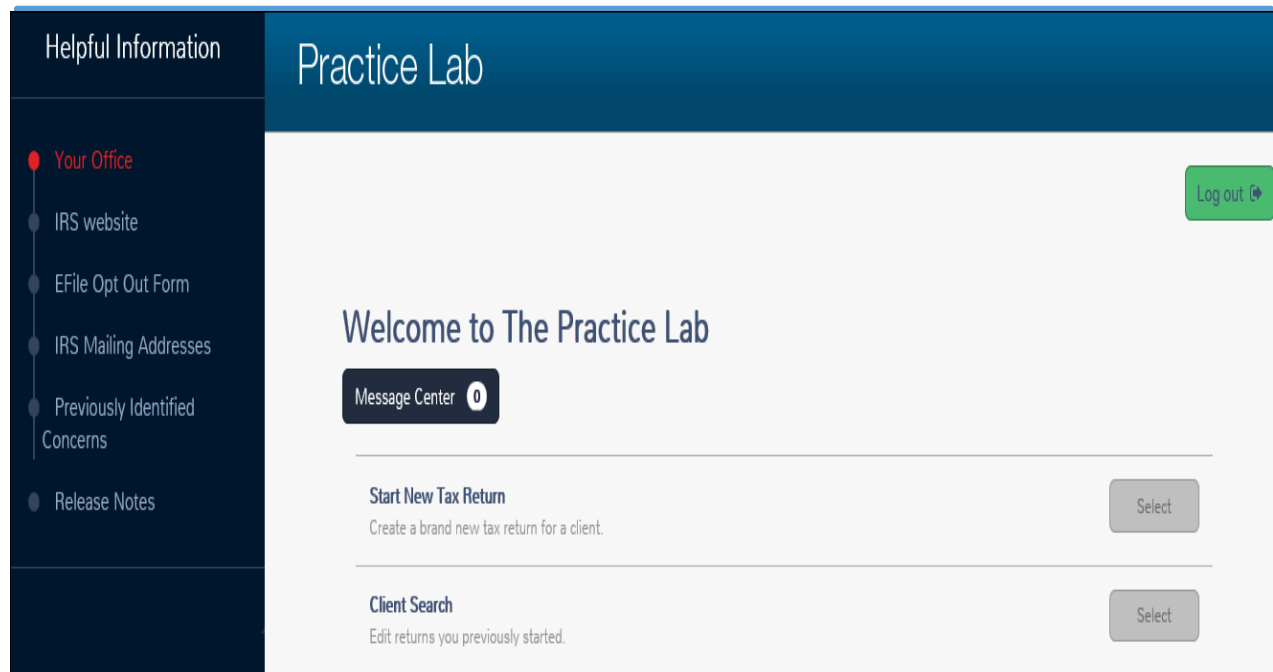
Starting a Tax Return

After completing this topic, you will be able to:

- Start a tax return in Practice Lab.
- 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

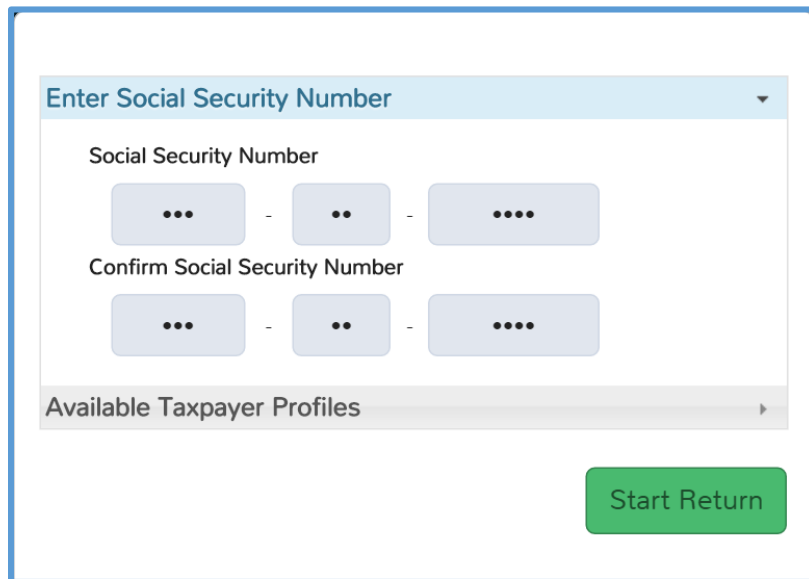
After you log in, Practice Lab displays the **Welcome to...** page:



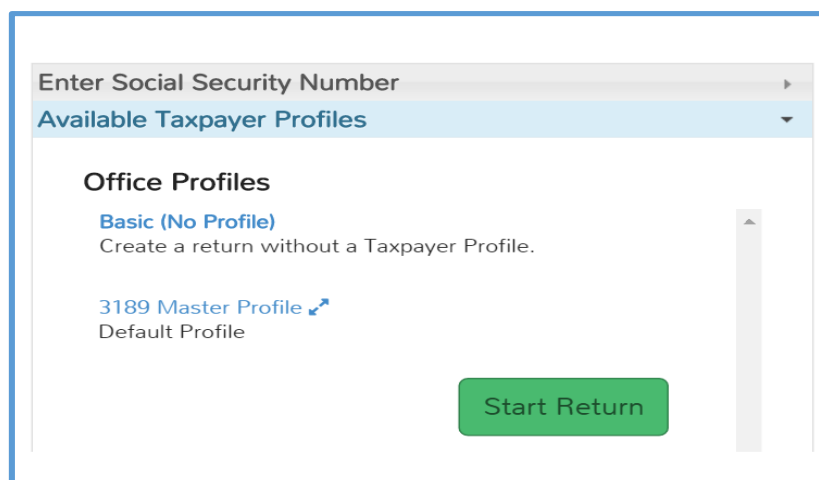
To start a new return, use the following steps:

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

Practice Lab displays the **Social Security Number Entry** page:



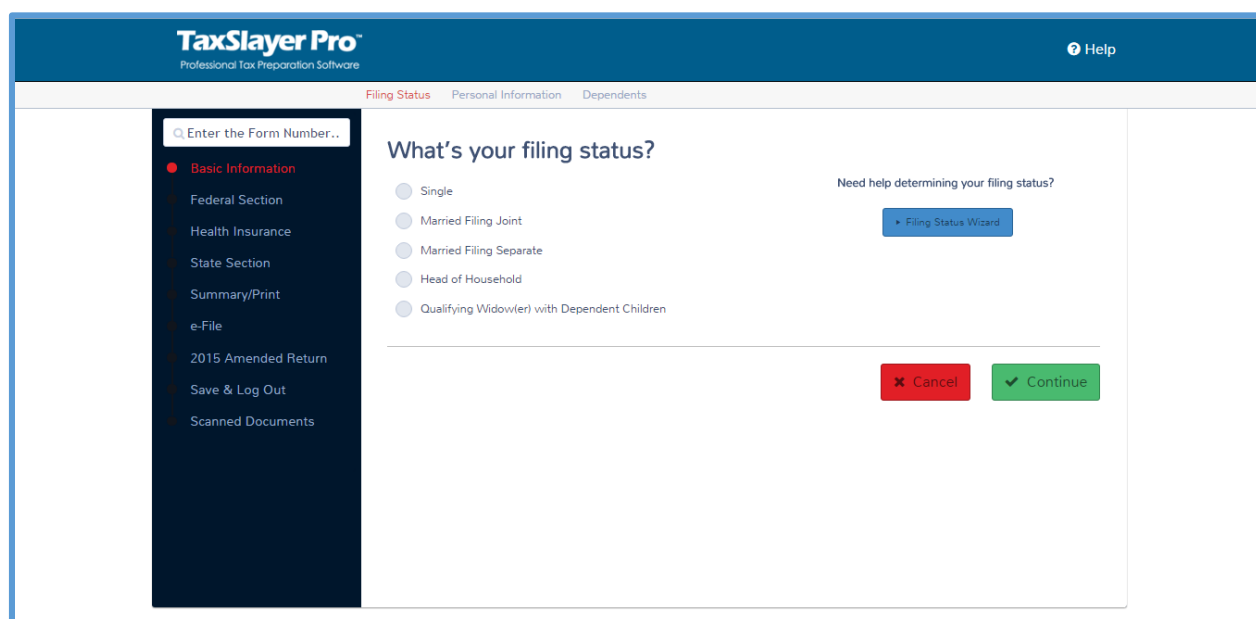
2. Type the taxpayer's Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN). **NOTE:** In Practice Lab, the 4th & 5th digits of the SSN will be automatically populated with 00.
3. Type the taxpayer's Social Security number or ITIN again for verification. Use the taxpayer's 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.

Practice Lab saves the new return and displays the **What's your filing status** page:



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:

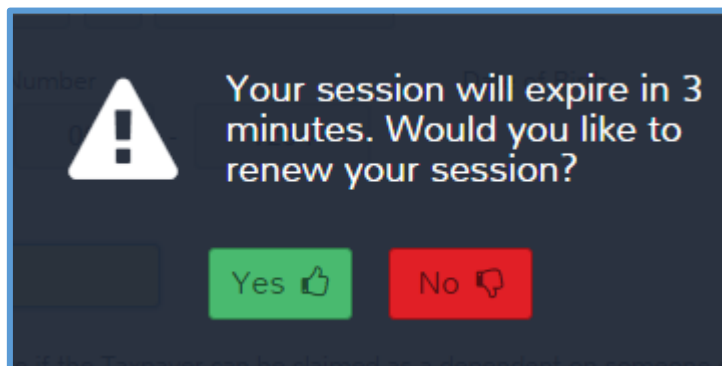


NOTE: The left navigation bar can be accessed with the MENU icon found in the Calculation Summary page.



Session Expiration

If you are inactive for 17 minutes, Practice Lab displays a warning:

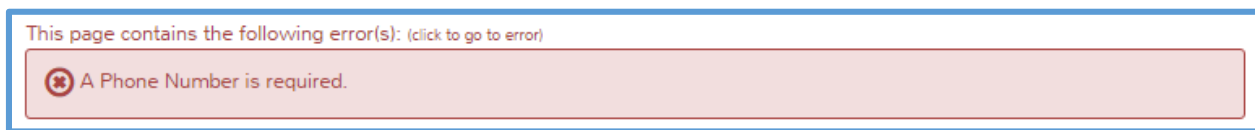


Click **Yes** to remain logged in. If Practice Lab logs you out, you will need to log in again.

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

Required Information

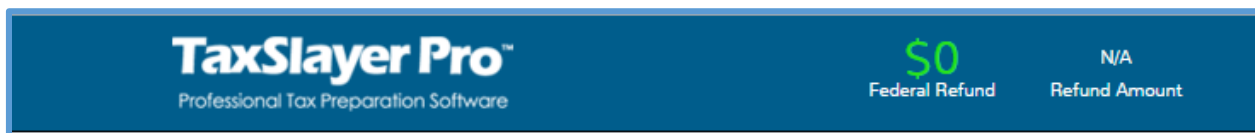
If you do not complete a required box on the page and attempt to continue to the next page, Practice Lab displays a warning in red at the top of the page:



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

Refund Amount

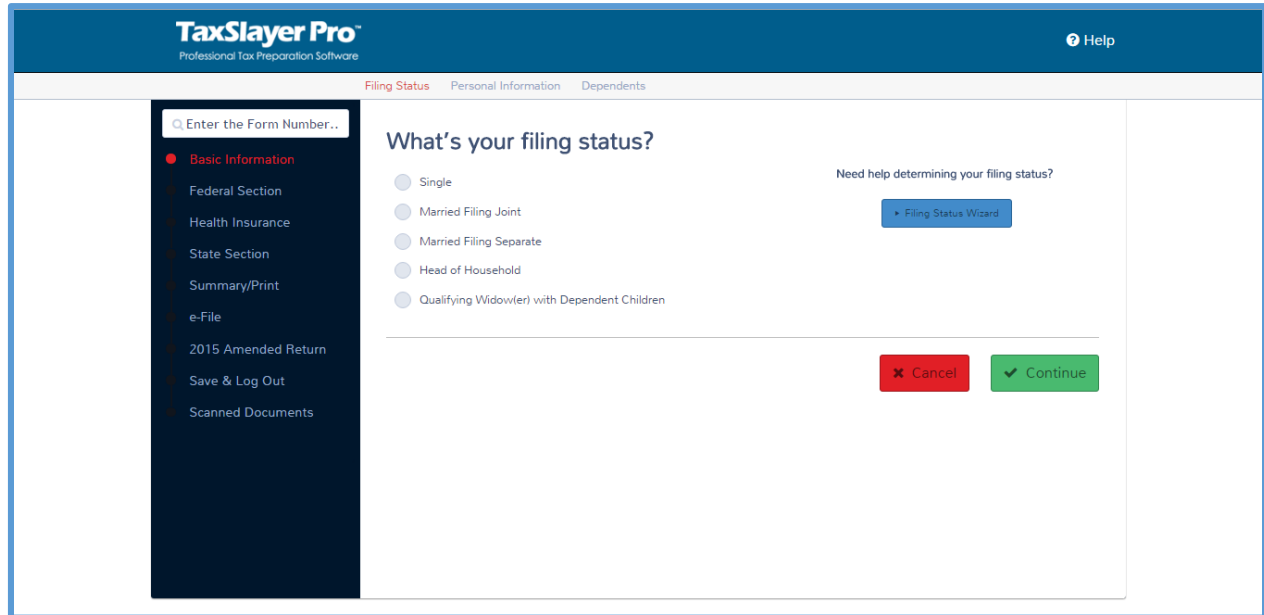
As you work through the return, Practice Lab displays the federal and state refund amount at the top of the page:



NOTE: If you have not added a state, Practice Lab displays **N/A** for the state refund amount.

Selecting a Filing Status

When you start a return, Practice Lab displays the **What's your filing status?** page, as discussed previously:



The screenshot shows the TaxSlayer Pro interface. At the top, there is a dark blue header with the 'TaxSlayer Pro' logo and 'Professional Tax Preparation Software' text. Below the header, there are navigation tabs for 'Filing Status', 'Personal Information', and 'Dependents'. On the left side, there is a dark blue sidebar menu with a search bar 'Enter the Form Number..' and a list of menu items: 'Basic Information' (highlighted with a red dot), 'Federal Section', 'Health Insurance', 'State Section', 'Summary/Print', 'e-File', '2015 Amended Return', 'Save & Log Out', and 'Scanned Documents'. The main content area is titled 'What's your filing status?' and contains five radio button options: 'Single', 'Married Filing Joint', 'Married Filing Separate', 'Head of Household', and 'Qualifying Widow(er) with Dependent Children'. To the right of these options, there is a question 'Need help determining your filing status?' with a blue button labeled 'Filing Status Wizard'. At the bottom right of the main content area, there are two buttons: a red 'Cancel' button and a green 'Continue' button.

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

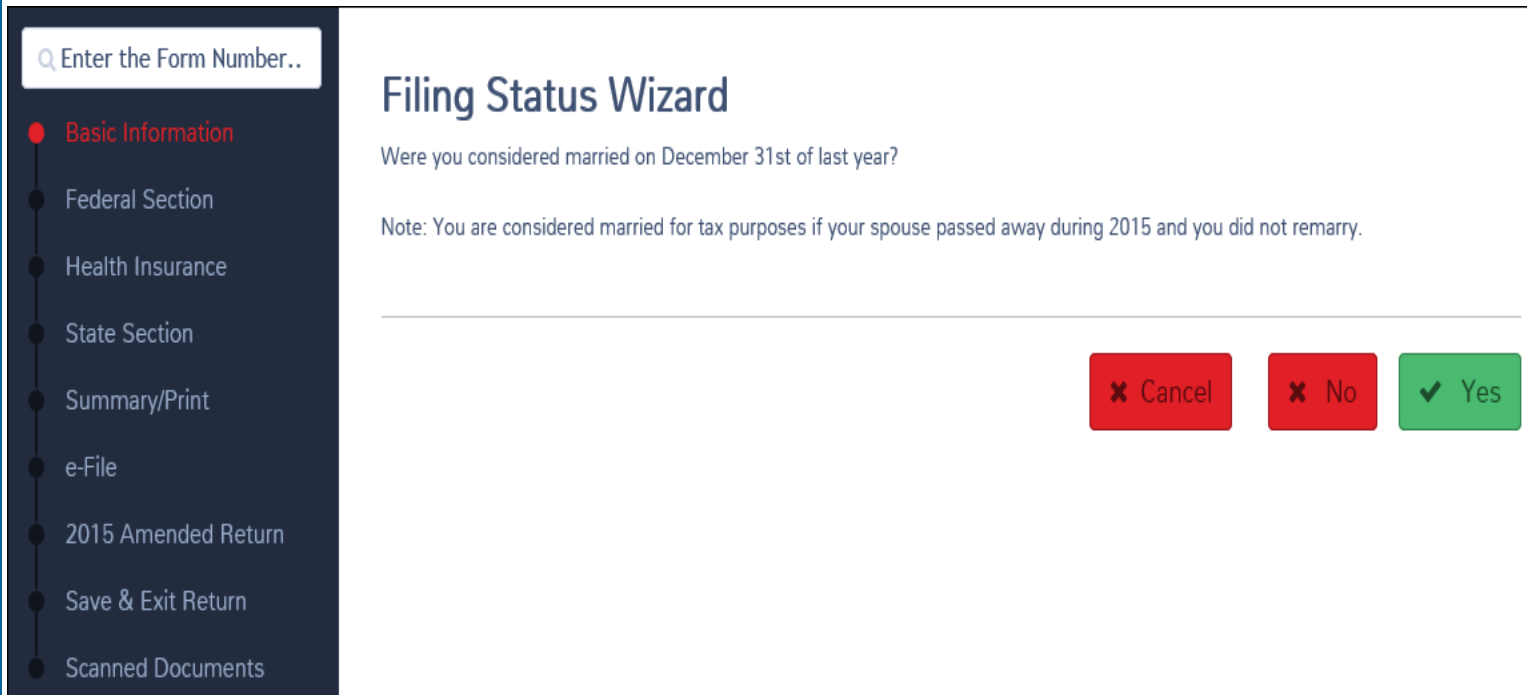
1. Select the appropriate filing status.
2. Click **Continue**.

Using the Filing Status Wizard

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

1. Click **Filing Status Wizard**.

Practice Lab displays the **Filing Status Wizard**:



Q Enter the Form Number..

Filing Status Wizard

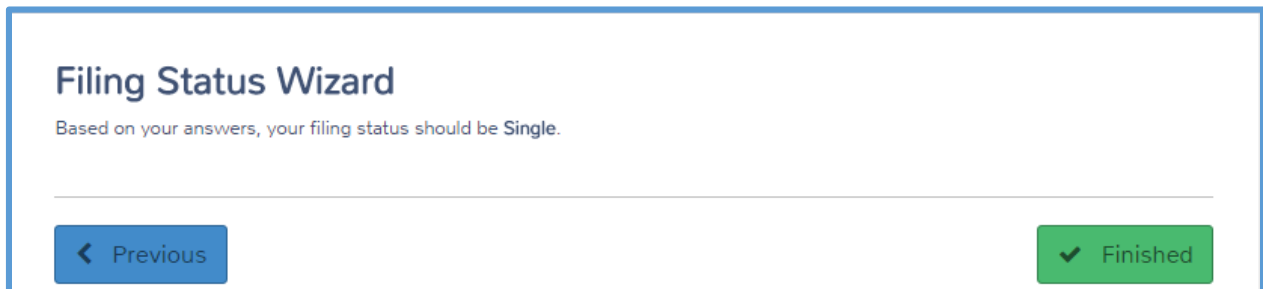
Were you considered married on December 31st of last year?

Note: You are considered married for tax purposes if your spouse passed away during 2015 and you did not remarry.

✕ Cancel ✕ No ✓ Yes

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

When you finish answering all the questions, Practice Lab determines and displays the appropriate filing status based on your answers:



Filing Status Wizard

Based on your answers, your filing status should be **Single**.

< Previous ✓ Finished

3. Click **Finished**.

Practice Lab displays the **What's your filing status?** page with the answer from the filing status wizard:

What's your filing status?

Single

Married Filing Joint

Married Filing Separate

Head of Household

Qualifying Widow(er) with Dependent Children

Need help determining your filing status?

[▶ Filing Status Wizard](#)

Based on your answers, your filing status should be **Single**.

4. Select the appropriate filing status.

TIP: Practice Lab does not automatically select the filing status.

5. Click **Continue**.

Entering Personal Information

After you select the filing status, Practice Lab displays the **Personal Information** page:

Filing Status Personal Information Dependents

Enter the Form Number..

Basic Information

Federal Section

Health Insurance

State Section

Summary/Print

e-File

2015 Amended Return

Save & Log Out

Scanned Documents

Personal Information

Taxpayer Information

Primary First Name MI Last Name Suffix (Jr, Sr, etc.)

Social Security Number Date of Birth

111 - 00 - 1234 MA DE YYYY

Occupation

Check here if the Taxpayer can be claimed as a dependent on someone else's return.

Check here if Taxpayer is a student.

Check here if Taxpayer is blind.

Check here if Taxpayer is deceased.

Check here if the Taxpayer wishes to contribute \$3 to the Presidential Election Campaign Fund.

Check here if the Taxpayer or Spouse served in a Combat Zone during the current tax year.

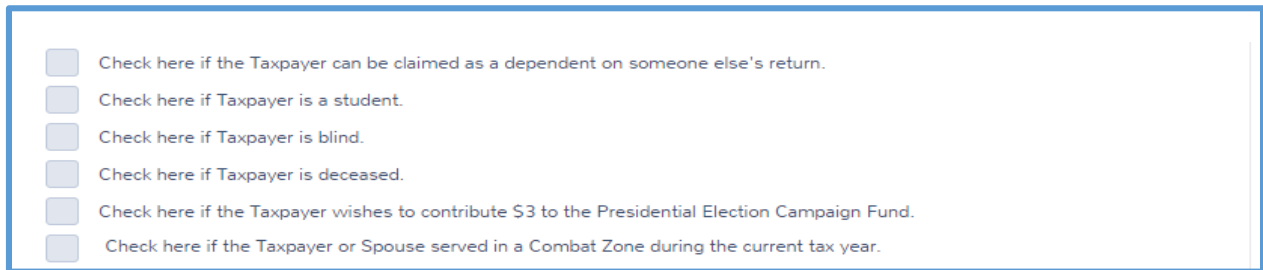
Spouse Information

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

Taxpayer Information

- Practice Lab automatically enters the primary Social Security number/ Individual Taxpayer Identification Number based on the information you typed while starting the return.

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. **NOTE: The age of the taxpayer, spouse and dependents will be included in the 2016 version of TaxSlayer Pro. The exact location to be determined.**



Check here if the Taxpayer can be claimed as a dependent on someone else's return.

Check here if Taxpayer is a student.

Check here if Taxpayer is blind.

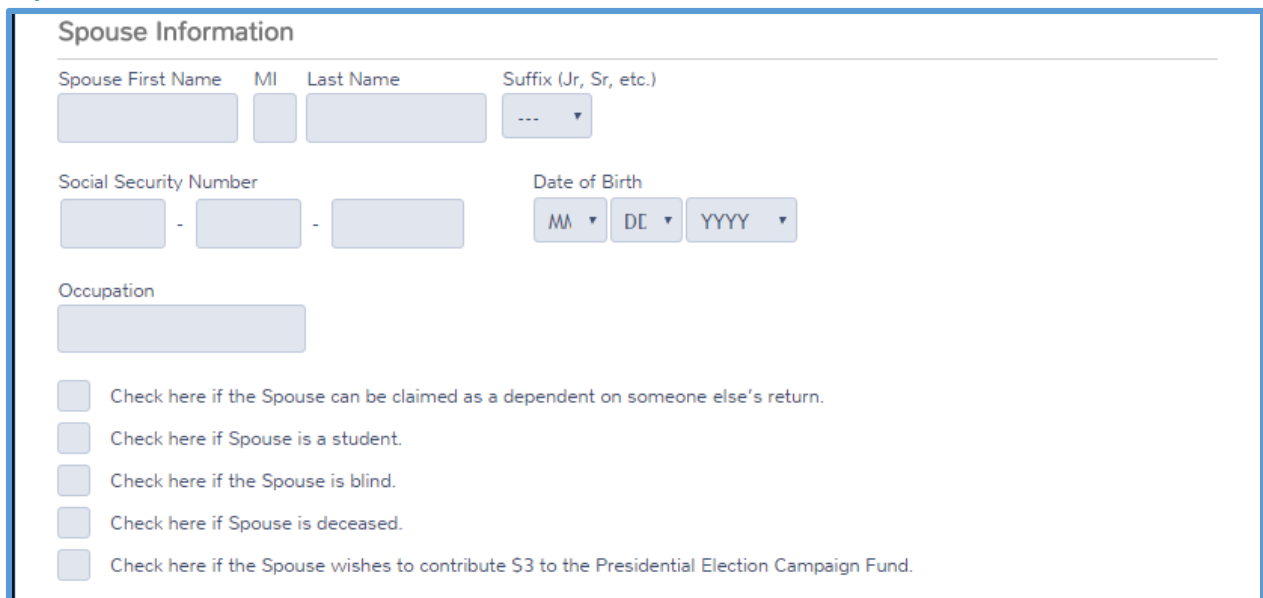
Check here if Taxpayer is deceased.

Check here if the Taxpayer wishes to contribute S3 to the Presidential Election Campaign Fund.

Check here if the Taxpayer or Spouse served in a Combat Zone during the current tax year.

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



Spouse Information

Spouse First Name MI Last Name Suffix (Jr, Sr, etc.)

Social Security Number Date of Birth

Occupation

Check here if the Spouse can be claimed as a dependent on someone else's return.

Check here if Spouse is a student.

Check here if the Spouse is blind.

Check here if Spouse is deceased.

Check here if the Spouse wishes to contribute S3 to the Presidential Election Campaign Fund.

8. Practice Lab 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: Practice Lab 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

Address and Phone Number

Check here if Stateside Military address.

Check here if foreign address

Address (Number and Street) Apartment

Zip Code -

City, Town, or Post Office

State Resident State Return

Daytime Telephone Number () -

Secondary Telephone Number () -


- Select the appropriate check box if the taxpayer has a stateside military address or a foreign address.
- When you type the Zip Code, Practice Lab automatically populates the city and state. The Federal Poverty Level, FPL, can be adjusted within the Personal Information Page by changing the zip code, thereby providing accurate calculations of the APTC or PTC on the form 8962

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, Practice Lab displays the **Dependents or Qualifying Person(s)** page:



The screenshot shows a web interface with a navigation bar at the top containing 'Filing Status', 'Personal Information', and 'Dependents'. The main heading is 'Dependents or Qualifying Person(s)'. Below the heading is the question: 'Do you have any Dependents or Qualifying Person(s) to claim on your return?'. A horizontal line separates the question from a paragraph of explanatory text: 'Individuals who rely on you for support and reside in your house generally qualify for dependent tax exemptions. However, there are situations when a child's exemption status is more complicated. The IRS has special rules for these situations.' At the bottom right, there are two buttons: a red button with a white 'x' icon and the text 'No', and a green button with a white checkmark icon and the text 'Yes'.

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

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

Practice Lab displays the **Dependent/Qualifying Child Information** page:

Dependent / Qualifying Child Information

First Name Middle Last Name

Date of Birth:
MM DD YYYY

Check if the dependent does not have an SSN/ITIN/ATIN

Social Security Number:
 - -

Relationship:

Number of months this person lived in your home during 2015:

(Note: If this dependent was born in 2015, you must select 12 months)

Please answer the following:

Check if this person was a FULL-TIME student.

Check if this person was DISABLED.

Check if this qualifying child is NOT YOUR DEPENDENT.

Check if you wish NOT to claim this dependent for Earned Income Credit purposes.

2. Type the dependent or qualifying child's name.

TIP: Practice Lab 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.

3. Type in the date of birth or select the date of birth from the lists.

4. 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.

Practice Lab displays a new question to determine whether Form W-7 is needed in the return:

Check if the dependent does not have an SSN/ITIN/ATIN

This dependent will be completing a Form W-7, Application for ITIN:

Yes No

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.

- Please Select -

- Daughter
- Son
- Parent
- Grandchild
- Niece
- Nephew
- None
- Foster Child (only if placed by agency)
- Aunt
- Uncle
- Sister
- Brother
- Other
- Stepchild
- Stepbrother
- Stepsister
- Half Brother
- Half Sister
- Grandparent

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.

12

12

11

10

9

8

7

6

5

4

3

2

1

0

Lived in Canada

Lived in Mexico

Divorce/Separation

Kidnapped

Other reasons

9. Select any appropriate check boxes. Practice Lab may display additional boxes for you to complete based on the check boxes you select.

Please answer the following:

Check if this person was a FULL-TIME student.

Check if this person was DISABLED.

Enter the Type of Disability:

Check if this qualifying child is NOT YOUR DEPENDENT.

Check if you wish NOT to claim this dependent for Earned Income Credit purposes.

Check if this dependent is married.

Check if this dependent is filing their own tax return with the sole purpose of receiving a refund because of no tax liability.

10. When you finish typing the dependent's information, click **Continue**.

Practice Lab displays the **Dependent or Qualifying Child** page, listing the dependent you just entered:

First Name	Last Name	Social Security Number		
Dependent	Taxpayer	111-00-2234	Edit	Delete

+ Add Add a Dependent or Qualifying Child

Continue

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**.

Practice Lab displays the **Basic Information** page:

Basic Information	
Filing Status	EDIT
Personal Information	EDIT
Dependents / Qualifying Person	EDIT

Cancel Continue

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, Practice Lab displays the **Federal Section**:

The screenshot shows the TaxSlayer Pro interface. At the top, the user is logged in as 'Sarah Test'. The navigation menu includes 'Income', 'Deductions', 'Other Taxes', 'Payments & Estimates', and 'Miscellaneous Forms'. The 'Federal Section' is highlighted in the sidebar. The main content area is titled 'Let's look at the money you earned' and contains the following text: '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.' Below this text are two buttons: 'Guide Me' and 'Enter Myself'. At the bottom of the main content area are two buttons: 'Back' and 'Skip Income'.

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.

The screenshot shows the 'IRS Identity Protection Pin' form. The title is 'IRS Identity Protection Pin'. Below the title is the instruction: '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.' The form contains three input fields for the PINs of the taxpayer, spouse, and dependent. The taxpayer's name and address are listed as 'Sarah Test (XXX-XX-1146)', 'spouse Test (XXX-XX-1146)', and 'Dependent Test (XXX-XX-3315)'. At the bottom right of the form are two buttons: 'Cancel' and 'Continue'.

4. Click Continue.

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.

Entering Basic Income

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

Practice Lab provides five methods of entering income in the taxpayer's return. You can use any of the following:

- Taxpayer Profiles predelivered or created by the site administrator.
- Quick File created by tax preparer after entering basic information
- Form 1040
- Guide Me
- Enter Myself

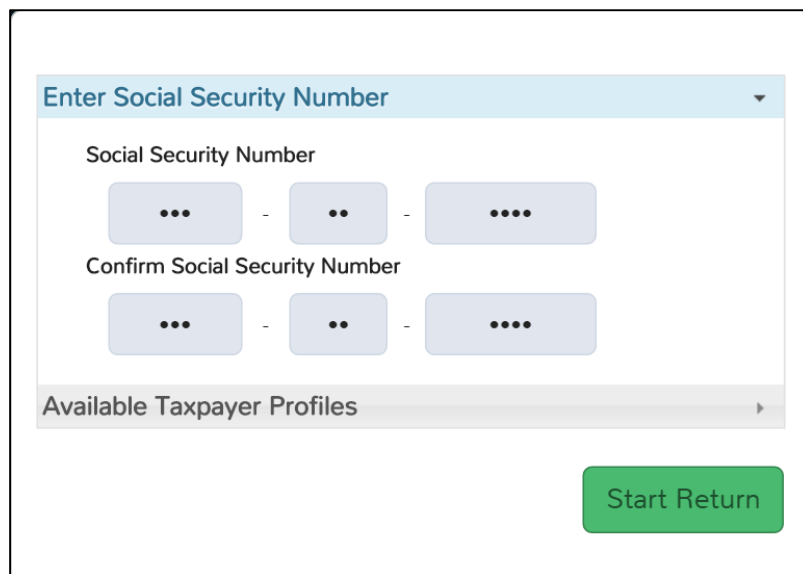
Taxpayer Profile

In Practice Lab, 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:

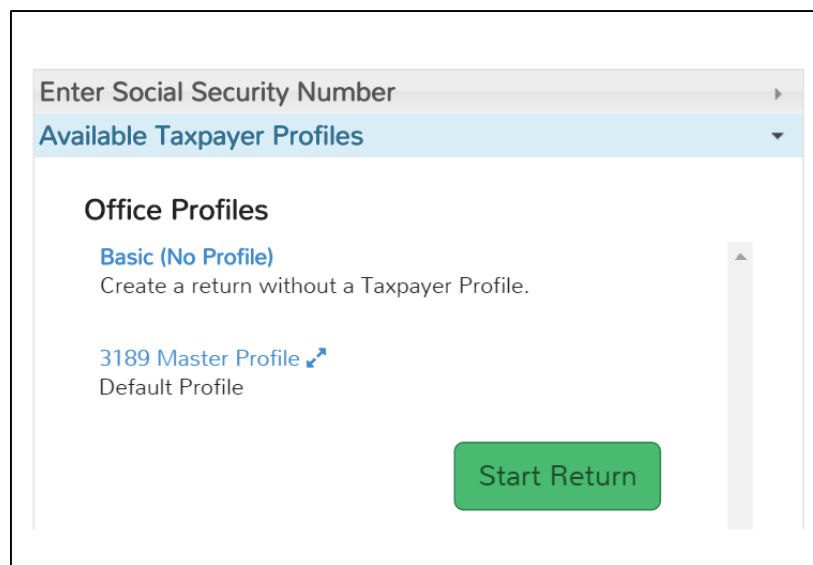
1. Click **Select** on the **Start New Tax Return** line.

Practice Lab 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**.

Practice Lab 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.

Quick File

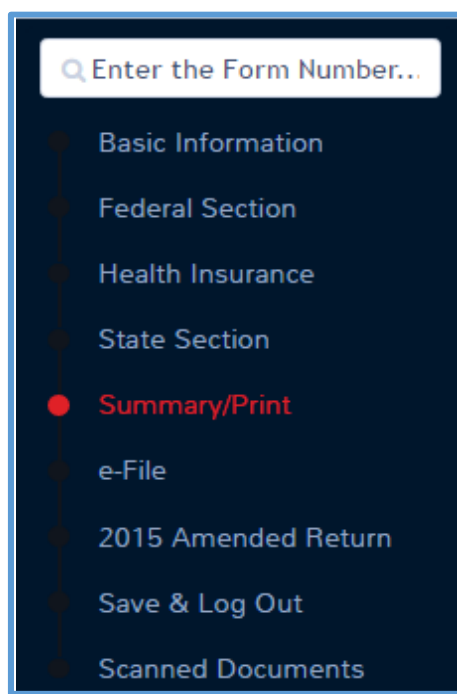
The Quick File feature is similar to taxpayer profile but applies only to an individual return. To build a quick file you must first enter the taxpayer's filing status, personal information, and dependent information. Then use the following steps:

1. Click on the dropbox window next to the taxpayer's name and select, "Quick File".
2. Begin typing the form name or description in the search box. Then select the form or forms you need to visit. When you have completed your list, select continue and you will be guided to those specific forms to enter. This will eliminate a number of navigation steps.

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.



Practice Lab displays the **Calculation Summary** page:

Reasons for no Earned Income Credit (EIC) [show details](#)

Form 1040 page: **1** 2 Summary View

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2015** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2015, or other tax year beginning _____, 2015, ending _____, 2016

Your first name and initial: **TEN FORTY** Last name: **VIEW** See separate instructions.

If a joint return, spouse's first name and initial: _____ Last name: _____ Your social security number: **400 | 99 | 1146**

Home address (number and street), if you have a P.O. box, see instructions. Apt. no. Make sure the SSN(s) above and on line 6c are correct.

6 MATHIS DRIVE City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Rome GA 30165 Foreign country name: _____ Foreign province/state/county: _____ Foreign postal code: _____

Filing Status Check only one box.

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

Exemptions 6a Yourself. If someone can claim you as a dependent, do not check box 6a. . . . } Boxes checked on 6a and 6b
 b Spouse } No. of children on 6c who:
 c **Dependents:** (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) if child under age 17 qualifying for child tax credit (see instructions) } - lived with you
 If more than four dependents, see instructions and check here } - did not live with you due to divorce or separation (see instructions)
 d Total number of exemptions claimed } Dependents on 6c not entered above
 Add numbers on lines above

Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7** **\$27,500.00**
 8a Taxable interest. Attach Schedule B if required **8a** **50.00**
 b Tax-exempt interest. Do not include on line 8a **8b** **50.00**
 Attach Form(s) W-2 here. Also **9a** Ordinary dividends. Attach Schedule B if required **9a** **50.00**

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

Practice Lab displays the **W-2 Wage Statement** page:

W-2 Wage Statement

Employee	Employer	Income	Tax Withheld	
Taxpayer	local personnel	\$0	\$0	✎ Edit 🗑 Delete
+ Add Add a W-2 Wage Statement				
✓ Continue				

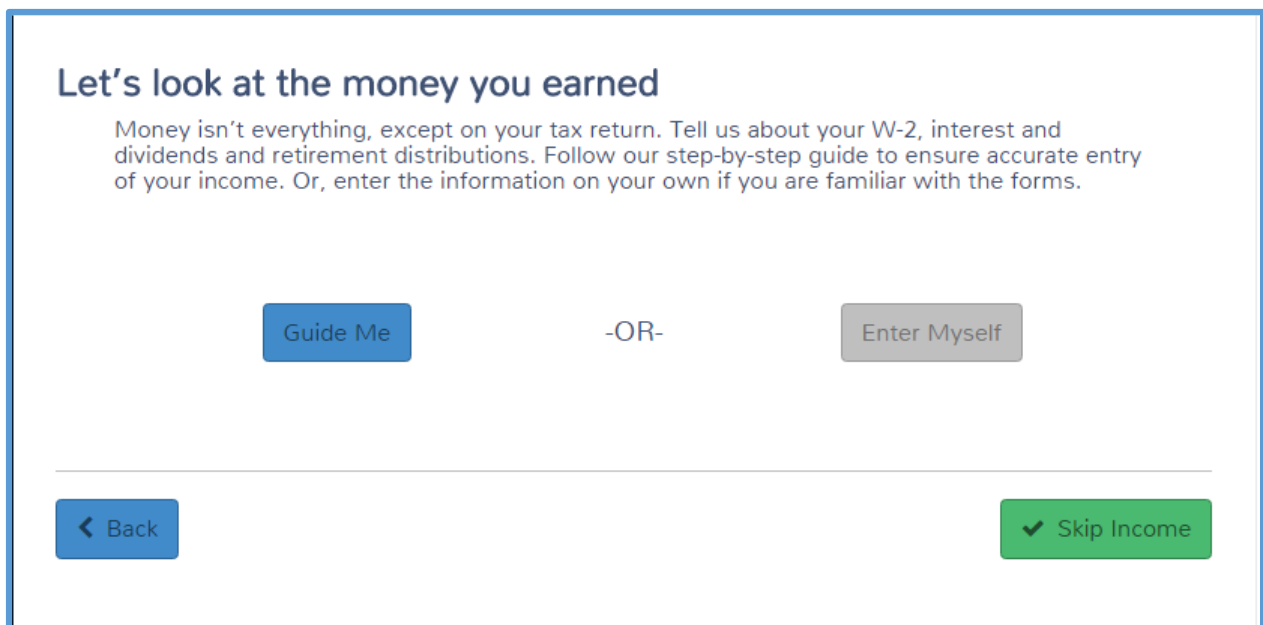
From this page, you can enter multiple Forms W-2 or edit a previously entered Form W-2.

Guide Me

You can have the program guide you through the return preparation process. To have Practice Lab 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.

Practice Lab 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](#)

[< Back](#) [✓ Skip Income](#)

6. Click **Guide Me**.

Practice Lab displays the **Income Guide** page:

Income Guide

First up. Do you have any W-2s to enter?

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.

[← Back](#) [✘ No](#) [✔ Yes](#)

[Restart/Exit Income Guide](#)

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 Practice Lab 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**.

Practice Lab displays the **Income** page:



Income Category	Action
Wages and Salaries (W-2)	BEGIN
State and Local Refunds (1099-G Box 2)	BEGIN
Interest and Dividends (1099-INT, 1099-DIV)	BEGIN
IRA/Pension Distributions (1099-R, 1099-SSA)	BEGIN
Unemployment Compensation (1099-G Box 1)	BEGIN
Form 1099-Misc	BEGIN
Profit or Loss From A Business (Schedule C)	BEGIN
Rents and Royalties (Schedule E)	BEGIN
Capital Gain and Losses (Schedule D)	BEGIN
Profit or Loss From Farming (Schedule F)	BEGIN

NOTE: When the filing status is Married Filing Joint, you can select whether the item of income is for the taxpayer or the spouse, e.g. interest or dividend income.

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

Practice Lab displays the **W-2** page:

W-2

a Control Number
Not needed for e-filing

IRS Verification Code (If provided)

This is a standard W-2
 This is a corrected W-2
 This is a substitute W-2

Employee

Whose W-2 is this?
Single Taxpayer

Check here if foreign address

Address (Number and Street)
18 Pine Street

Zip Code
30389 -

City, Town, or Post Office
Atlanta

State
Georgia

Employer

b EIN
-

c Employer Name

Check here if foreign address

Address (Number and Street)

Zip Code
-

City, Town, or Post Office

3. Type the information from the taxpayer's Form W-2 on the Practice Lab 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.

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:

Income	
Wages and Salaries (W-2)	BEGIN
State and Local Refunds (1099-G Box 2)	BEGIN
Interest and Dividends (1099-INT, 1099-DIV)	BEGIN
IRA/Pension Distributions (1099-R, 1099-SSA)	BEGIN
Unemployment Compensation (1099-G Box 1)	BEGIN
Form 1099-Misc	BEGIN

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.

Practice Lab displays the **W-2** page:

W-2

a Control Number
Not needed for e-filing

IRS Verification Code (If provided)

This is a standard W-2
 This is a corrected W-2
 This is a substitute W-2

Employee

Whose W-2 is this?
Single Taxpayer

Check here if foreign address

Address (Number and Street)
18 Pine Street

Zip Code
30389 -

City, Town, or Post Office
Atlanta

State
Georgia

Employer

b EIN
-

c Employer Name

Check here if foreign address

Address (Number and Street)

Zip Code
-

City, Town, or Post Office

2. Type all the information on the Form W-2 in Practice Lab 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

W-2

a Control Number
Not needed for e-filing

IRS Verification Code (If provided)

This is a standard W-2
 This is a corrected W-2
 This is a substitute W-2

- You do not need a control number for e-filing. You can leave this box blank.

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

Employee

Employee

Whose W-2 is this?
Single Taxpayer

Check here if foreign address

Address (Number and Street)
18 Pine Street

Zip Code
30389 -

City, Town, or Post Office
Atlanta

State
Georgia ▼

- If the taxpayer is not married, Practice Lab 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?

Test Return

Spouse Return

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

Whose W-2 is this?
 ITIN Taxpayer
 ITIN SSN:
 - -

- Practice Lab 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

b EIN
 -

c Employer Name

Check here if foreign address

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

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

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

Wages

Wages

1 Wages, Tips	\$			2 Federal Tax Withheld	\$	
3 SS Wages	\$			4 Soc. Sec. Tax Withheld	\$	
5 Medicare Wages	\$			6 Medicare Tax	\$	
7 SS Tips	\$			8 Allocated Tips	\$	
9	RESERVED			10 Dependent Care	\$	
				11 NonQual Plan	\$	
Unreported Tips		\$				

<p>12</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Code</th> <th style="width: 15%;">Amount</th> </tr> </thead> <tbody> <tr> <td>a</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>b</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>c</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>d</td> <td style="text-align: center;">\$</td> </tr> </tbody> </table>	Code	Amount	a	\$	b	\$	c	\$	d	\$	<p>13</p> <p><input type="checkbox"/> Statutory Employee</p> <p><input type="checkbox"/> Retirement Plan</p> <p><input type="checkbox"/> Third Party Pay</p>	<p>14</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Code</th> <th style="width: 15%;">Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> </tbody> </table>	Code	Amount		\$		\$		\$		\$
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- Type the information in boxes 1-14 exactly as shown on the taxpayer's Form W-2.
- Practice Lab 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.
- Practice Lab 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. Practice Lab then adds Form 4137, *Social Security and Medicare Tax on Unreported Tip Income*, to the tax return.
- If Form W-2 shows amounts in Box 12 or 14, select the code from the drop-down list and type the amount. If applicable, Practice Lab 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)**.

The left screenshot shows a vertical list of Box 14 codes: A, AA, B, BB, C, D, DD, E, EE, F, G, H, J, K, L, M, N, P, Q. The right screenshot shows a detailed dropdown menu for Box 14 codes, listing various state-specific programs: CA SDI - CA Disability Insurance (Carry to Fed Sch A), CA VP - CA Voluntary Plan, KS KSPERS - KS Public Retirement System, MD MSRS C - MD Pickup Contribution, MD PICKUP - MD Pickup Contribution, ME MSRS - ME Retirement System, NJ FLI, NJ SDI - NJ Disability Insurance, NJ UI/HC/WD - NJ Unemployment Insurance, NY IRC 125/SEC18 - NY 125, NY IRC 414(h) - NY 414, NY NDF - NY Nonoccupancy Disability Fund, Other (Not listed here), Retirement (Not in Box 12) - Carry to Form 8880, Retirement (Not in Box 12) - Do not carry to Form 8880, RI TDI - RI Temporary Disability Insurance, RRTA Additional Medicare Tax, RRTA Tier 1 Tax, RRTA Tier 2 Tax.

State Information

The 'State Information' form includes the following fields and controls:

- State Name:** A dropdown menu with the text '- Please Select -'.
- State EIN:** A text input field.
- 16 St Wages:** A text input field with a '\$' symbol.
- 17 St Tax Paid:** A text input field with a '\$' symbol.
- 18 Local Wages:** A text input field with a '\$' symbol.
- 19 Local Tax Paid:** A text input field with a '\$' symbol.
- 20 Local Name:** A text input field.
- Buttons:** '+ Add State' (blue), 'x Cancel' (red), and '✓ Continue' (green).

- Select a state name from the drop-down list.
 - When you select the state, Practice Lab 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**.

Practice Lab displays the **W-2 Wage Statement** page with the new Form W-2 listed:

W-2 Wage Statement

Employee	Employer	Income	Tax Withheld	
Taxpayer	KRAFT FOODS	\$25,000	\$2,500	<input type="button" value="Edit"/> <input type="button" value="Delete"/>

Add a W-2 Wage Statement

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**.
- If using Taxpayer Profile or Quick File to enter information, use "Cancel" not "Continue" if the form is not needed for the taxpayer.
 - Press **Ctrl+E** to exit Form W-2 without saving.

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. The taxable amount of the refund is limited to the amount of the refund that provided a tax benefit. **NOTE: For 2016, in order to determine the amount of the tax benefit, the State Refund Worksheet shown on the next page will be modified to provide for a comparison of the state tax refund to the sales tax amount that could have been used.**

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**:

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.

Practice Lab displays the **State Refund Worksheet**:

State Refund Worksheet

Bypass State Refund Worksheet
Enter an amount here to bypass worksheet and enter the full amount as taxable on form 1040:

Section 1 - State and Local Refunds

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

Last year's (2014 Tax Return) Standard/Itemized Deductions found on line 40 Form 1040 or line 24 Form 1040A. If you filed your 2014 return on form 1040EZ, please enter 0.:

Last Year's (2014 Tax Return) Filing Status:

Last Year's (2014 Tax Return) Deductions for Over 65 or Blind:

- Check here if the Taxpayer claimed the Over 65 deduction last year.
- Check here if the Spouse claimed the Over 65 deduction last year.
- Check here if the Taxpayer claimed the Blind deduction last year.
- Check here if the Spouse claimed the Blind deduction last year.

Section 2 - If the filing status on your 2014 Form 1040 was married filing separately and you were forced to itemize because your spouse itemized in 2014, fill out this section ONLY.

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

1. 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, (but not more than the excess of state income tax deducted over the amount of state sales tax that could have been deducted). Type the total on that line.
2. 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.
3. From the previous year's return, find the amount of the itemized deductions on line 40. Type that amount in the appropriate box.
4. Select the taxpayer's filing status from the previous year's return from the drop-down list.
5. Find any additional deductions the taxpayer received on the previous year's tax return. Select any check boxes that apply.
6. Click **Continue**.

Entering Interest and Dividends

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

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

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

- Click **BEGIN** on the **Interest and Dividends (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.

Practice Lab displays the **Interest and Dividend Income** landing page:

Interest and Dividend Income

Interest or Dividend Income	BEGIN
Did you earn interest from a bank in a foreign country?	BEGIN
Exclusion of Interest from Series EE & I US Savings Bonds	BEGIN

Continue

Interest Income

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

NOTE: If taxpayer has received interest income of less than \$10.00, use the Form 1099-INT input screen even though no Form 1099-INT was issued.

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

Practice Lab displays the **1099 Description Schedule B** main page:

1099 Description Schedule B

Choose the type of Interest or Dividend item you want to enter:

- Interest Income, Form 1099-INT
- Tax Exempt Interest Income, Form 1099-INT, Box 8 or Form 1099-DIV, Box 10
- Dividend Income, Form 1099-DIV, Box 1
- Seller Financed Interest Income

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**.

Practice Lab displays the **Interest Income** page:

Interest Income

Type of transaction: **Interest Income**

Payer's Name:

Interest Income (Box 1)	\$ <input type="text"/>
Early Withdrawal Penalty (Box 2)	\$ <input type="text"/>
Interest on U.S. Savings Bonds and Treasury obligations (Box 3) (Note: Enter Taxable amount only)	\$ <input type="text"/>
Federal Tax Withheld (Box 4)	\$ <input type="text"/>
Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return	\$ <input type="text"/>
Nominee Interest	\$ <input type="text"/>
OID Adjustment	\$ <input type="text"/>
Accrued Interest	\$ <input type="text"/>
ABP Adjustment	\$ <input type="text"/>
Accrued Market Discount	\$ <input type="text"/>

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 Practice Lab.
6. When you finish typing information, verify that you typed the correct information and click **Continue**.

Practice Lab displays the **Interest and Dividends** page with the information you just entered listed:

Interest and Dividends

Type	Payer	Owner	Amount		
Interest Income	Interest Payer	Taxpayer	\$100	Edit	Delete

[+ Add](#) Add an Interest and Dividends

[Continue](#)

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**.

Practice Lab displays the **Schedule B Other Interest** page:

Schedule B Other Interest

Type of transaction: Tax Exempt Interest, Box 8

Payer's Name:

Interest Income

To add/edit state taxable interest items, click here [Add/Edit](#)

[Cancel](#) [Continue](#)

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

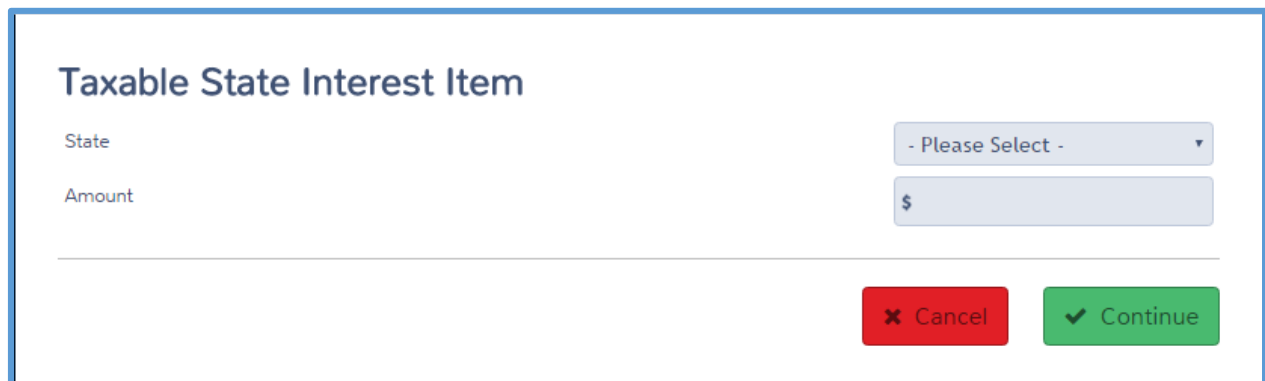
5. Type the amount of tax-exempt interest income (usually from Form 1099-INT, box 8, or from Form 1099-DIV, box 10) in the appropriate box.

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**.

Practice Lab displays the **Taxable State Interest Item** page:



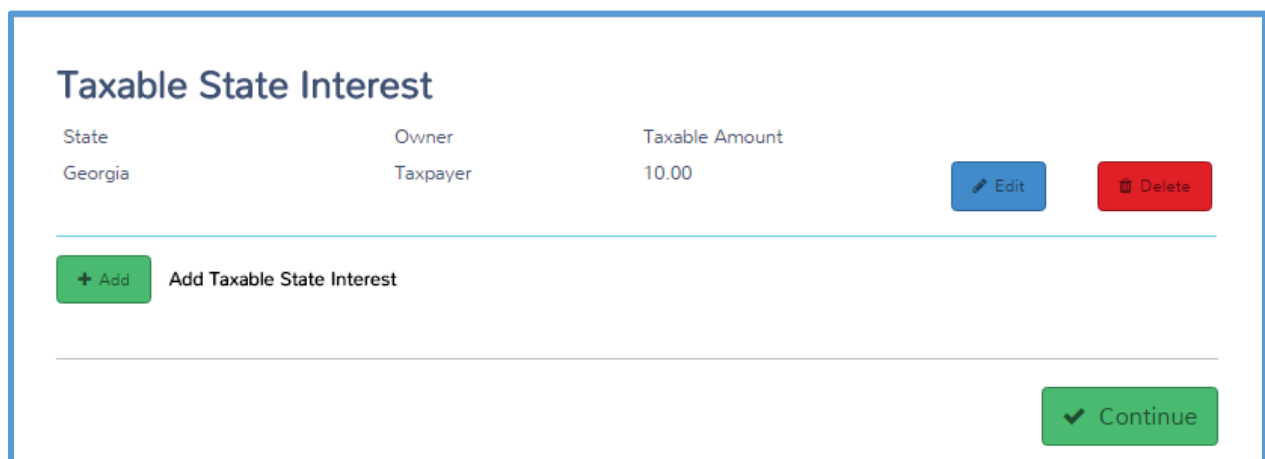
Taxable State Interest Item

State

Amount

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**.

Practice Lab displays the **Taxable State Interest** page:



Taxable State Interest

State	Owner	Taxable Amount		
Georgia	Taxpayer	10.00	<input type="button" value="✎ Edit"/>	<input type="button" value="✖ Delete"/>

Add Taxable State Interest

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**.

Practice Lab displays the **Schedule B Other Interest** page for this payer:

Schedule B Other Interest

Type of transaction: Tax Exempt Interest, Box 8

Payer's Name:

Interest Income

To add/edit state taxable interest items, click here

12. Click **Continue**.

Practice Lab displays the **Interest and Dividends** page with the tax-exempt interest listed:

Interest and Dividends

Type	Payer	Owner	Amount		
Interest Income	Interest Payer	Taxpayer	\$100	<input type="button" value="Edit"/>	<input type="button" value="Delete"/>
Tax Exempt Interest, Box 8	Interest Payer	Taxpayer	\$40	<input type="button" value="Edit"/>	<input type="button" value="Delete"/>

Add an Interest and Dividends

Dividend Income

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

1. Click **Add**.
2. Select **Dividend Income**.

3. Click **Continue**.

Practice Lab displays the **Enter your Dividend Income** page:

Enter your Dividend Income (Form 1099-DIV)

Type of transaction: **Dividend Income**

Payer's Name:

Ordinary Dividends (Box 1a)	\$ <input type="text"/>
Qualified Dividends (amount of ordinary dividends that are considered qualified) (Box 1b)	\$ <input type="text"/>
Capital Gain to Schedule D (Box 2a)	\$ <input type="text"/>
Unrecaptured Section 1250 Gain (Box 2b)	\$ <input type="text"/>
Section 1202 Gain (Box 2c)	\$ <input type="text"/>
Collectibles (28%) Gain (Box 2d)	\$ <input type="text"/>
Nondividend Distributions (Box 3)	\$ <input type="text"/>
Federal Income Tax Withheld (Box 4)	\$ <input type="text"/>
Foreign Tax Withheld (Box 6)	\$ <input type="text"/>
Nominee Dividend	\$ <input type="text"/>
Amount of Interest on U.S. Savings Bonds and Treasury obligations that you want subtracted from your state return	\$ <input type="text"/>

Please select your state:

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 Practice Lab.

6. When you finish typing information, verify that you typed the correct information and click **Continue**.

Practice Lab displays the **Interest and Dividends** page with the information you entered listed:

Interest and Dividends

Type	Payer	Owner	Amount		
Dividend Income	Dividend Payer	Taxpayer	\$50	Edit	Delete
Interest Income	Interest Payer	Taxpayer	\$100	Edit	Delete
Tax Exempt Interest, Box 8	Interest Payer	Taxpayer	\$40	Edit	Delete

[+ Add](#) Add an Interest and Dividends

[Continue](#)

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**.

Practice Lab displays the **Interest and Dividend Income** page:

Interest and Dividend Income

Interest or Dividend Income EDIT

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

Exclusion of Interest from Series EE & I US Savings Bonds BEGIN

✓ Continue

Foreign Country Interest

3. If the taxpayer had,(or had signiture authority on) a bank in a foreign country, click **BEGIN** on the **Did you earn interest from a bank in a foreign country** line.

Practice Lab 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.

Delete ✕ Cancel ✓ Continue

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**.

Practice Lab displays the **Interest and Dividend Income** page:

Interest and Dividend Income

Interest or Dividend Income EDIT

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

Exclusion of Interest from Series EE & I US Savings Bonds BEGIN

✓ Continue

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.

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

1040 View: Click Line 15 or 16 to open the **IRA/Pension Distributions** page.

Practice Lab displays the **IRA/Pension Distributions** landing page:

IRA/Pension Distributions	
Add or Edit a 1099-R	BEGIN
RRB-1099-R	BEGIN
Social Security Benefits	BEGIN
Nontaxable Distributions	BEGIN

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.

Practice Lab displays the **Form 1099-R** page:

Form 1099-R

Check here if this is a standard 1099-R.

 Only the amount entered in box 2a will be considered taxable.

Whose 1099-R is this?

Recipient
Single Taxpayer

Payer Information

Payer's ID
 -

Name

Check here if foreign address

Address (Number and Street)

1099-R Information

1 Gross Distribution

2a Taxable Amount

Do you need to figure your taxable amount using the Simplified Method? Click here for the [worksheet](#).

2b

Taxable amount not determined

Total distribution

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

Payer Information

Payer Information

Payer's ID
 -

Name

Check here if foreign address

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State
- Please Select - ▾

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

Recipient Information

Recipient Information

Check here if foreign address

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State
 ▾

4. Practice Lab 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

\$

Do you need to figure your taxable amount using the Simplified Method? [Click here for the worksheet.](#)

[Worksheet](#)

2b

Taxable amount not determined

Total distribution

3 Capital gain (included in box 2a)

\$

4 Federal income tax withheld

\$

5 Employee contributions or insurance premiums

\$

6 Net unrealized appreciation in employer's securities

\$

6 Net unrealized appreciation in employer's securities

\$

7 Distribution Code(s)

IRA/SEP/Simple

8 Other (Not collected)

9a Your percentage of total distribution

%

9b Total employee contributions

\$

10 Amount allocable to IRR within 5 years (Not needed for e-filing)

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

Simplified Method Worksheet

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

1. Click the **Worksheet** link under box 2a.

Practice Lab displays the **Simplified Method Qualification** page:

Simplified Method Qualification

You must use the Simplified Method if your annuity starting date was after July 1, 1986, and you used this method last year to figure the taxable part.

Also, you must use the Simplified Method if your annuity starting date was after November 18, 1996, and BOTH 1 and 2 below apply:

1. The payments are from one of the following: a qualified employee plan, a qualified employee annuity, or a tax-sheltered annuity plan (403(b) plan).
2. On your annuity starting date, at least one of the following is true:
 - You were under age 75.
 - You are entitled to less than 5 years of guaranteed payments.

You CANNOT use the Simplified Method if you receive your pension or annuity from a nonqualified plan or if you do not meet the conditions described above. If you do not qualify to use the Simplified Method, you should use the General Rule to figure your taxable amount. For more details about the general rule, [click here](#).

If you are eligible to use the Simplified Method, click "Continue" below. If you do not qualify to use the Simplified Method, click "Cancel" below.

2. Read the information on this page. If the taxpayer qualifies to use the simplified method, click **Continue**.

Practice Lab displays the **Simplified General Rule Worksheet**:

Simplified General Rule Worksheet

Gross distribution amount (from 1099-R): \$0.00

Plan cost at annuity start date

Starting date of annuity

Check here if this a Joint or Survivor Annuity.

Death benefit exclusion

Age of recipient at start date:
*If joint or survivor annuity, add ages of recipients

Number of months paid in 2015

Amounts previously recovered

- Practice Lab calculates the gross distribution from the information you typed on Form 1099-R.
- Complete the remaining information on this worksheet based on information from the taxpayer.
- When you finish typing information, click **Continue**.

Practice Lab displays the **Simplified General Rule Worksheet** with the summary and calculated taxable amount:

Simplified General Rule Worksheet

Gross Distribution	Starting Date of Annuity	Taxable Amount		
\$10,000.00	1/1/2015	\$9,769.00	<input type="button" value="✎ Edit"/>	<input type="button" value="🗑 Delete"/>

Click Continue to use this calculated taxable amount on your 1099-R.

Click Delete to delete this worksheet and return to the 1099-R to enter your own amount.

6. Click **Continue**.

TIP: Practice Lab 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/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, with a distribution code of 3 in box 7, and the taxpayer has not reached the minimum retirement age set by the payer, select the **Check here to report on Form 1040, Line 7** check box. Practice Lab carries this amount to Form 1040, line 7.

State/Local Information

State/Local Information 1

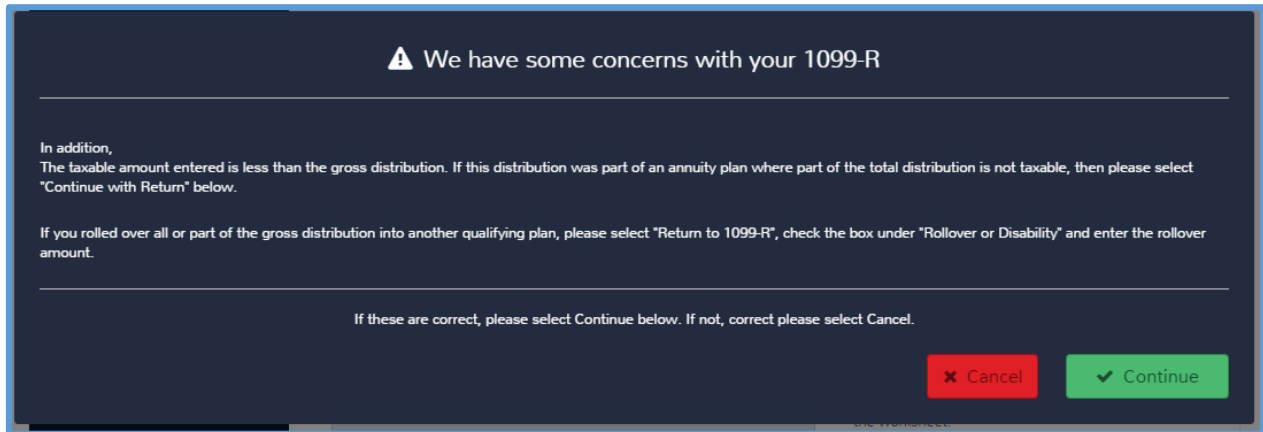
12 Tax W/H	13a State	13b ID	
\$	- Please Select -		
14 State Distr	15 Local Tax	16 Locality Name	17 Local Distr
\$	\$		\$

State/Local Information 2

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

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**.

Practice Lab displays a confirmation box if the taxable amount is less than the gross distribution:



⚠ We have some concerns with your 1099-R

In addition,
The taxable amount entered is less than the gross distribution. If this distribution was part of an annuity plan where part of the total distribution is not taxable, then please select "Continue with Return" below.

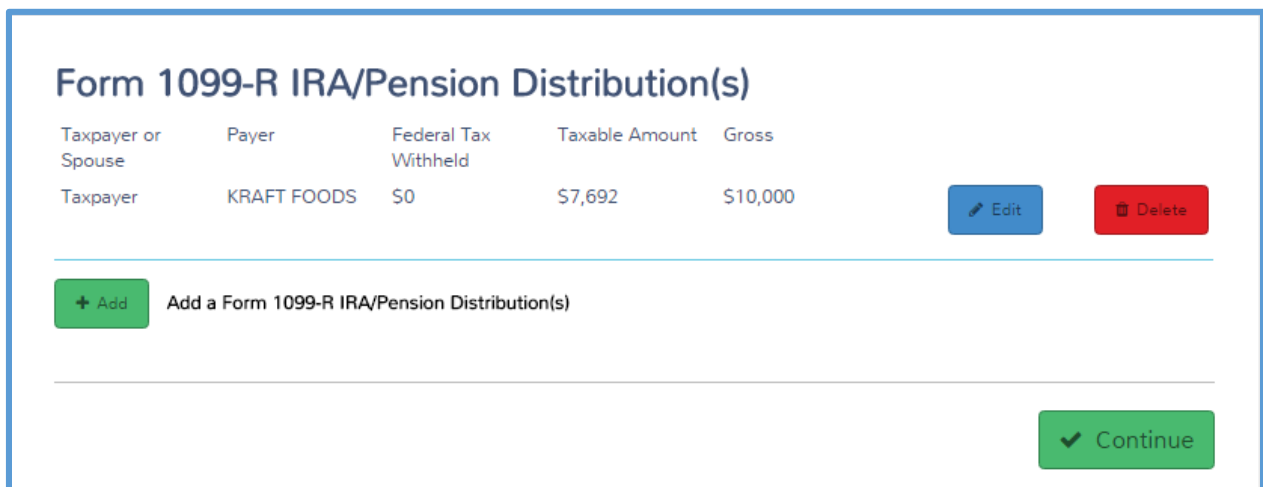
If you rolled over all or part of the gross distribution into another qualifying plan, please select "Return to 1099-R", check the box under "Rollover or Disability" and enter the rollover amount.

If these are correct, please select Continue below. If not, correct please select Cancel.

✖ Cancel
✔ Continue

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

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



Form 1099-R IRA/Pension Distribution(s)

Taxpayer or Spouse	Payer	Federal Tax Withheld	Taxable Amount	Gross		
Taxpayer	KRAFT FOODS	\$0	\$7,692	\$10,000	✎ Edit	🗑 Delete

+ Add Add a Form 1099-R IRA/Pension Distribution(s)

✔ Continue

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**.

Entering Railroad Retirement Benefits

Tier 1 Social Security Equivalent Benefits (SSEB)

If a taxpayer received Railroad Retirement Tier 1 SSEB benefits during the year, he or she should receive Form RRB-1099 from the Railroad Retirement Board. To add SSEB 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 SSEB benefits, add the two together to complete the **Social Security SSA-1099** page.

Tier 2 Benefits

If a taxpayer received Railroad Retirement Tier 2 benefits during the year, he or she should receive Form RRB-1099-R from the Railroad Retirement Board. To add Tier 2 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.

Practice Lab displays the **RRB-1099-R** page:

Payer Information	RRB-1099-R Information
<p>Payer's ID <input type="text"/> - <input type="text"/></p> <p>Name <input type="text"/></p> <p><input type="checkbox"/> Check here if foreign address</p> <p>Address (Number and Street) <input type="text"/></p> <p>Zip Code <input type="text"/> - <input type="text"/></p> <p>City, Town, or Post Office <input type="text"/></p> <p>State <input type="text" value="- Please Select -"/></p>	<p>3 Total employee contributions \$ <input type="text"/></p> <p>4 Contributory Amount Paid Not needed for e-filing</p> <p>5 Vested Dual Benefit Not needed for e-filing</p> <p>6 Supplemental Annuity Not needed for e-filing</p> <p>7 Total Gross Paid \$ <input type="text"/></p> <p>7a Taxable Amount \$ <input type="text"/> Do you need to figure your taxable amount using the Simplified Method? Click here for the worksheet. Worksheet</p> <p>8 Repayments Not needed for e-filing</p> <p>9 Federal income tax withheld \$ <input type="text"/></p> <p>10 Rate of Tax Not needed for e-filing</p> <p>11 Country Not needed for e-filing</p>
<p>Recipient Information</p> <p>Recipient GAIL HUDSON</p> <p><input type="checkbox"/> Check here if foreign address</p> <p>Address (Number and Street) <input type="text" value="1 ALTURA VERDE LANE"/></p> <p>Zip Code <input type="text" value="87123"/> - <input type="text"/></p>	

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

NOTE: Practice Lab contains 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. If the Form RRB-1099-R contains employee contributions in box 3, use the Simplified General Rule Worksheet to determine the taxable portion of the Tier 2 benefits.

TIPS:

- Practice Lab 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.

Practice Lab displays the **RRB-1099-R** summary page with the payer you added listed:

RRB-1099-R				
Taxpayer or Spouse	Payer	Federal Tax Withheld	Taxable Amount	Gross
Taxpayer	RAILROAD RETIREMENT BOARD	\$804	\$1,799	\$2,064

[+ Add](#) Add a Form RRB-1099-R

[Edit](#) [Delete](#)

[Continue](#)

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

Social Security Benefits

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

NOTE: Use the Social Security SSA-1099 input screen for foreign government benefits that are treated as social security for U.S. tax purposes

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 SSA-1099 page. Practice Lab displays the Social Security SSA-1099 page.

SOCIAL SECURITY SSA-1099

Social Security Benefits

Taxpayer's Social Security Benefit (Generally Box 5 of Form SSA-1099) \$

Taxpayer's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099) \$

Taxpayer's Medicare Premiums \$

Spouse's Social Security Benefit (Generally box 5 of Form SSA-1099) \$

Spouse's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099) \$

Spouse's Medicare Premiums \$

Lump-Sum Payments:

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

Practice Lab displays the **Social Security Lump-Sum Payment** page:

Social Security Lump-Sum Payment

SSA Lump-Sum Payment

Year the lump sum payment was made for

Filing Status in Earlier Year

SSA Payments received in Earlier Year

Portion of this years SSA for Earlier year

Modified Adjusted Gross Income for Earlier Year

Taxable Benefits Reported in Earlier Year

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**.

Practice Lab displays the **SSA Lump-Sum Payment** summary page with the Social Security lump sum payment listed:

SSA Lump-Sum Payment

Year	Status	PRIOR SSA	SSA	Modified AGI	Taxable SSA		
2014	Single	0	500	10000	0	Edit	Delete

[+ Add](#) Add a SSA Lump-Sum Payment

[Continue](#)

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

10. Click **Continue**.

Practice Lab displays the **Social Security SSA-1099** page:

Social Security 1099 SSA

Social Security Benefits

Taxpayer's Social Security Benefit (Generally Box 5 of Form SSA-1099)

Taxpayer's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099)

Taxpayer's Medicare Premiums

Lump-Sum Payments: [Edit Worksheet](#)

[Cancel](#) [Continue](#)

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.


Practice Lab displays the **Unemployment Compensation** page:

The screenshot shows the 'Unemployment Compensation' page. At the top, the title 'Unemployment Compensation' is displayed. Below the title, there are three rows of options, each with a corresponding button on the right. The first row is 'Add or Edit a 1099-G' with a blue 'BEGIN' button. The second row is 'Repayment of Unemployment' with a blue 'BEGIN' button. The third row is a green 'Continue' button with a checkmark icon.

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

Practice Lab displays the **Unemployment Income** page:

Unemployment Income

 Please enter the amount reported to you on your 1099-G.

Payer Information	1099-G Information
EIN <input type="text"/> - <input type="text"/>	1 Unemployment Compensation \$ <input type="text"/>
Payer Name <input type="text"/>	2 State or local income tax refunds, credits, or offsets (Not collected)
Address (Number and Street) <input type="text"/>	3 Box 2 Tax Year (Not collected)
Zip Code <input type="text"/> - <input type="text"/>	4 Federal Tax Withheld \$ <input type="text"/>
City, Town, or Post Office <input type="text"/>	State Information
State - Please Select - <input type="text"/>	State - Please Select - <input type="text"/>
	State ID No. <input type="text"/>

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 Practice Lab.
4. When you finish typing information, click **Continue**.

Practice Lab displays the **Unemployment Statement** page with the information you entered listed:

Recipient	Payer	Federal Withheld	State	State Withheld		
Taxpayer	KRAFT FOODS	\$0.00	N/A	\$0.00	Edit	Delete

[+ Add](#) Add a Unemployment Statement

[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**.

Practice Lab displays the **Unemployment Compensation** page:

Unemployment Compensation

Add or Edit a 1099-G [EDIT](#)

Repayment of Unemployment [BEGIN](#)

[Continue](#)

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.

Practice Lab displays the **Repayment of Unemployment** page:

Repayment of Unemployment

Repayment of Current Year Unemployment

Taxpayer's repayment of any current year unemployment payments

Repayment of Prior Year Unemployment [Publication 525](#)

If the repayment was less than \$3,000 [click here](#) to go to your Schedule A and enter the amount on the line "Repayment under claim of right".

If the repayment was more than \$3,000 please look at Publication 525.

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. Practice Lab 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**.

Practice Lab displays the **Unemployment Compensation** page:

Unemployment Compensation	
Add or Edit a 1099-G	EDIT
Repayment of Unemployment	EDIT
Continue	

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.

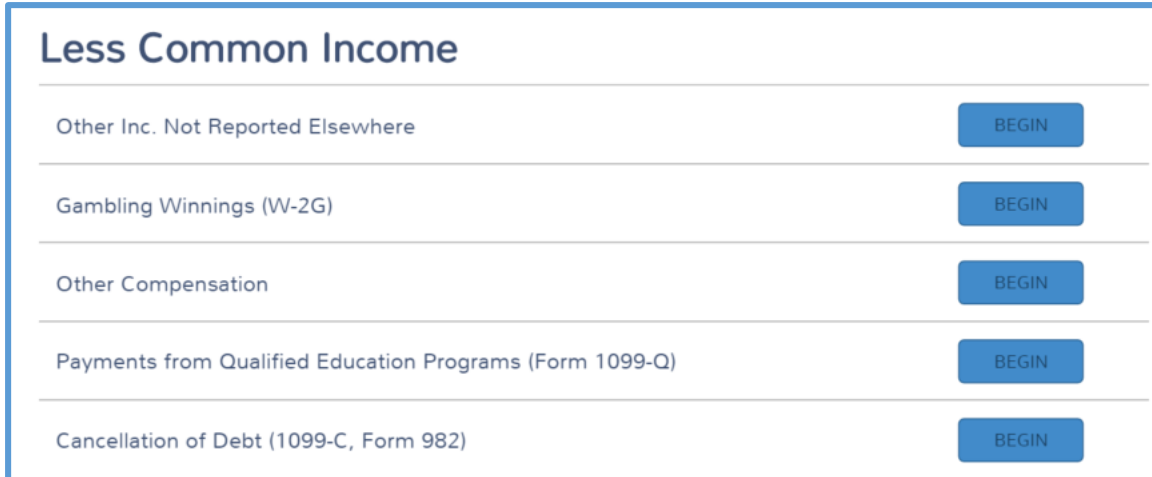
Rents and Royalties (Schedule E)	EDIT
Capital Gain and Losses (Schedule D)	BEGIN
Profit or Loss From Farming (Schedule F)	BEGIN
Alimony Received	BEGIN
Other Income	BEGIN

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

Alaska Permanent Fund Dividends

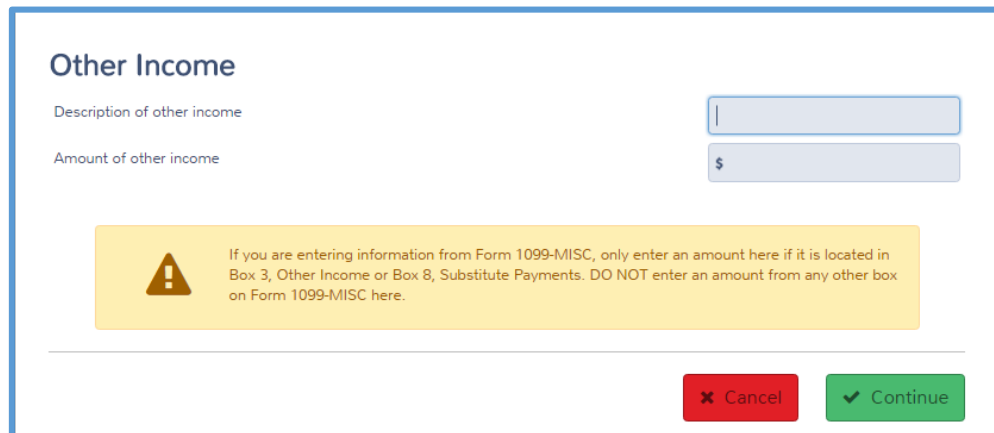
To add Alaska Permanent Fund dividends, use the following steps:

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



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


Practice Lab displays the **Other Income** page:



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 3, 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**.

Gambling Income

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

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

Practice Lab displays the **W-2G Gambling Winning** page:

W-2G Gambling Winning

Payee Information

Check here if this is a standard W-2G.

This W-2G issued to: Taxpayer

Payee's Address: Check here if foreign address

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

Payer Information

Payer's ID Number: -

Payer's Name

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**.

Practice Lab displays the **W-2G Gambling Winning** summary page:

Winner	Payer	Gross Winnings	Federal Tax Withheld		
Taxpayer	Payer	\$450.00	\$45.00	Edit	Delete

[+ Add](#) Add a W-2G Gambling Winning

[Continue](#)

5. If the taxpayer has additional Forms W-2G, click **Add** to add each one.
6. When you finish adding forms, click **Continue**.

NOTE: To enter gambling winnings when a W-2G has not been issued, use the input screen for Other Income Not Reported Elsewhere and enter "Gambling" in the description box.

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.

Practice Lab displays the **Other Compensation** page:

Other Compensation

Scholarships and Grants	BEGIN
Fringe Benefits	BEGIN
Household Employee Income	BEGIN
Prisoner Earned Income	BEGIN

Continue

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

Practice Lab displays the **Scholarships and Grants** page:

Scholarships and Grants

Taxpayer's scholarships and grants \$

Cancel Continue

3. Type the amount of taxable scholarships and grants.

4. Click **Continue**.

Practice Lab displays the **Other Compensation** page:

Other Compensation	
Scholarships and Grants	BEGIN
Fringe Benefits	BEGIN
Household Employee Income	BEGIN
Prisoner Earned Income	BEGIN
Foreign Earned Compensation	BEGIN
	✓ Continue

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 tax 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.

Practice Lab displays the **Cancellation of Debts** page:

Cancellation of Debts

Cancellation of Debt (Form 1099-C)

Exclusions (Form 982)

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

Practice Lab displays the **Form 1099-C** page:

Form 1099-C

Creditor's name

Creditor's federal identification number -

Amount of debt cancelled \$

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

Practice Lab displays the **Form 1099C – Cancellation of Debt** page:

Form 1099C - Cancellation of Debt

Belongs To	Creditor	Debt Cancelled		
Taxpayer	Creditor Name	\$1,000	Edit	Delete

[+ Add](#) Add a Form 1099C - Cancellation of Debt

[Continue](#)

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**.

Practice Lab displays the **Cancellation of Debts** page:

Cancellation of Debts

Cancellation of Debt (Form 1099-C)	EDIT
Exclusions (Form 982)	BEGIN

[Continue](#)

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/TCE 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.

Practice Lab displays the **Reduction of Tax Attributes** page:

Reduction of Tax Attributes

Part I: General Information

Form belongs to:
Taxpayer

Amount excluded is due to (check applicable boxes):

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

Total amount of discharged indebtedness excluded from gross income

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

Part II: Reduction of Tax Attributes

Enter amount excluded from gross income:

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

Practice Lab displays the **Form 982** page:

Form 982

Belongs To	Excluded from Gross Income	
Taxpayer	\$100.00	Edit Delete

[Continue](#)

5. Click **Continue**.

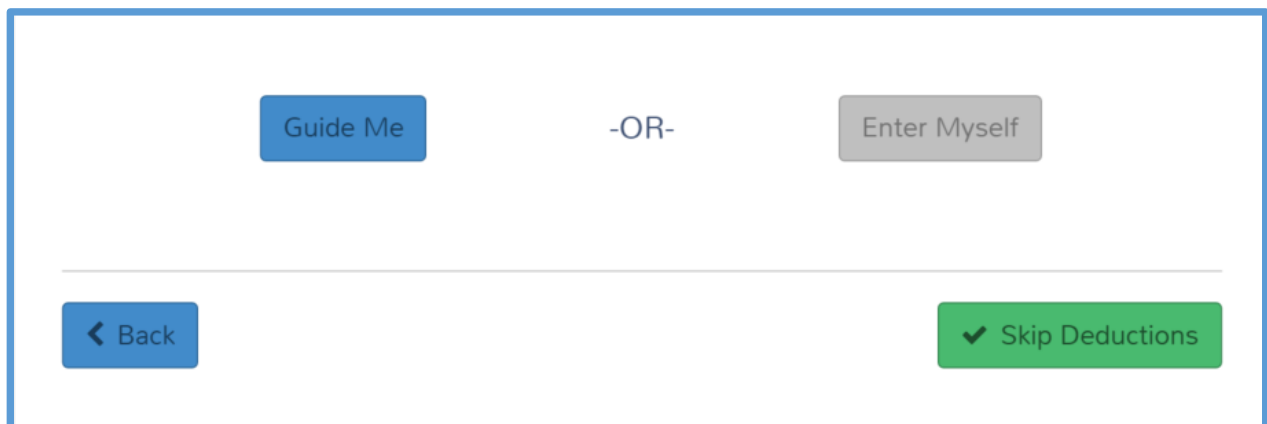
Entering Adjusted Gross Income

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**.

Practice Lab displays the **Deductions** page:

Deductions	
Adjustments	BEGIN
Standard Deduction	BEGIN
Itemized Deductions	BEGIN
Credits Menu	BEGIN
Compare Deductions	BEGIN
	✓ Continue

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

Practice Lab displays the **Adjustments** landing page:

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

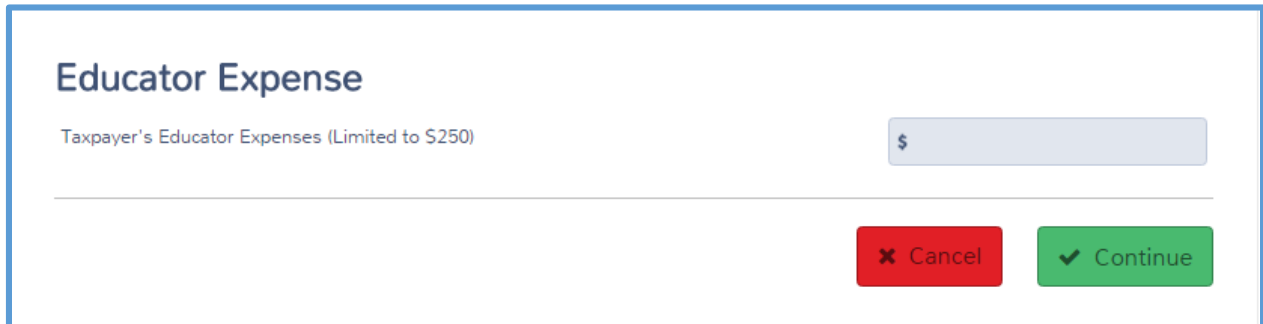
Entering Educator Expense Deductions

Teachers, and other qualified educators 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.

Practice Lab displays the **Educator Expense** page:



Educator Expense

Taxpayer's Educator Expenses (Limited to \$250)

\$

Cancel **Continue**

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. **NOTE: This is in scope for Military Certification only.** 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 Employee** line.

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

Practice Lab displays the **Form 2106 Information** page with the **Check here if you are a reservist...** line selected:

Form 2106 Information

Personal Information

Form belongs to: Taxpayer Spouse

Occupation: (required for input of auto expenses)
Entry of auto expenses will be available once you "Continue"

Check here if you are a reservist, performing artist, or qualifying government employee.

Check here to Prorate Expenses for Minister/Clergy.

Other Expenses

Parking fees, tolls, and transportation, including train, bus, etc., that **did not** involve overnight travel or commuting to and from work \$

Travel expense while away from home overnight, including lodging, airplane, car rental, etc. **Do not** include meals and entertainment \$

Business expenses not included above or in vehicle expenses. **Do not** include meals and entertainment \$

Amount paid by employer (not on W-2 Box 1) \$

Meals and Entertainment Expenses

Enter your meals and entertainment expenses. The program will automatically take 50% of these expenses 50% \$

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. Practice Lab reduces the amount by the appropriate percentage.
6. Click **Continue**.

Practice Lab displays the **Form 2106** summary page:

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

2106 Information

View/Edit Vehicles

Vehicle Questions

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

Form 2106 Vehicle Information

Vehicle Description

Date the vehicle was placed in service:

Total miles the vehicle was driven during 2015

Business miles driven

Average daily roundtrip commuting distance

Commuting miles included in total miles above

Is your vehicle eligible for the Standard Mileage Rate?
 Yes
 No

Check here if this vehicle was used for a Rural Mail Carrier.

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**.

Practice Lab displays the **Form 2106 Vehicle** summary page:

Form 2106 Vehicle

Description

Vehicle: "Hyundai" (driven 25000 total miles)

Edit Delete

+ Add Add Another

Continue

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**.

Practice Lab displays the **Form 2106** summary page:

Form 2106

Currently Editing: Taxpayer (with Occupation: Military Reservist)

2106 Information BEGIN

View/Edit Vehicles EDIT

Vehicle Questions BEGIN

Continue

13. Click **BEGIN** on the **Vehicle Questions** line.

Practice Lab 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.

✕ Cancel ✓ Continue

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

15. Click **Continue**.

Practice Lab 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

✓ Continue

16. Click **Continue**.

Practice Lab displays the **Form 2106** page:

Description	Type	
Taxpayer (with Occupation: Military Reservist)	Reservist, Performing Artist, or Qualifying Government Employee	Edit Delete

[Continue](#)

17. Click **Continue**.

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. **NOTE: In scope for HSA certification only.** 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.

Practice Lab displays the **Form 8889 – Health Savings Account** page:

Form 8889 - Health Savings Account

Form belongs to: Taxpayer
Coverage under high deductible health plan -- Please Select --

HSA Contributions

HSA Contributions you made for 2015 \$
* INCLUDE contributions made from Jan 1 to Apr 15 of this year that were for 2015.
* DO NOT INCLUDE employer contributions, contributions through a cafeteria plan, or amounts that were rolled over into your HSA(s).

Number of months during this tax year that you were an eligible individual - Please Select -

Amount you and your employer contributed to your Archer MSAs for 2015 from Form 8853, lines 3 and 4. If you and your spouse had family coverage under an HDHP at any time during the tax year, also include any amount contributed to your spouse's Archer MSA. \$

Employer Contributions made to your HSA for 2015 \$
We will automatically pull your employer contributions from your W-2. DO NOT enter amounts from your W-2.

Qualified HSA Funding Distributions \$

HSA Distributions

Total distributions received during 2015 from all HSAs. \$
(Usually shown in Box 1 of Form(s) 1099-SA)

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**.

Practice Lab displays the **Form 8889 – Health Savings Account** page, listing the Form 8889 you completed:

Form 8889 - Health Savings Account

Belongs To
Taxpayer

Edit Delete

Continue

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. **NOTE: In scope for taxpayers who are active duty military and preparers who are Military Certified only.** 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.

Practice Lab displays the **Form 3903 (Moving Expenses)** page:

Form 3903 (Moving Expenses)

Enter number of miles from your OLD home to your NEW work place

Enter number of miles from your OLD home to your OLD work place


If an EMPLOYEE, check here if you did work full time in the general area of your NEW work place for AT LEAST 39 weeks during the 12 months right after your move

If SELF-EMPLOYED, check here if you did work full time in the NEW general area for AT LEAST 39 weeks during the first 12 months AND a total of AT LEAST 78 weeks during the 24 months right after your move.

Check here if this move qualifies as a military permanent change of address move.

Enter the amount you paid for transportation and storage of household goods and personal effects

Enter the total amount your employer paid you for the expenses listed on lines 1 and 2 that is not included in the wages box (box 1) of your W-2 form. This amount should be shown in box 12 of your Form W-2 with code P

 **Reminder:** Your **moving** trip is the one-way trip you took from your old home directly to your new home. It does not include househunting trips or sightseeing trips you took along the way. Include expenses paid for both you and your household.

How much was spent on lodging?

How much was spent on parking fees and tolls?

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**.

Practice Lab displays the **Form 3903 (Moving Expenses)** summary page:

Form 3903 (Moving Expenses)

Description

Form 3903 (Moving Expenses)

Edit Delete

Continue

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. Practice Lab 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.

Practice Lab displays the **Early Withdrawal Deduction** page:

Early Withdrawal Deduction

Penalty for early withdrawal

 *Do not enter amounts already entered from your 1099-INT. We will automatically carry this information to your return.

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. Practice Lab displays the **Alimony Paid** page:

Alimony Paid

Recipient's SSN - -

Amount Paid

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**.

Practice Lab displays the **Alimony Paid** summary:

Alimony Paid

Recipient's SSN xxx-xx-1122	Amount Paid 5000.00	Edit	Delete
--------------------------------	------------------------	----------------------	------------------------

[+ Add](#) Alimony Paid

[Continue](#)

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

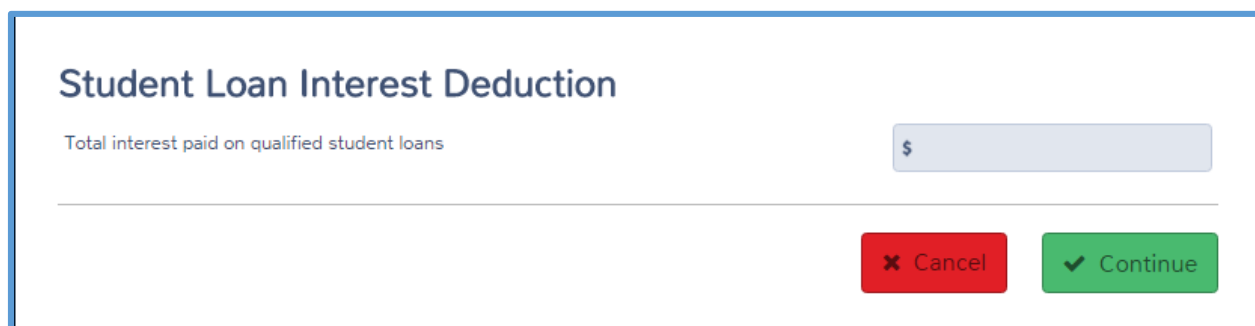
Deducting Student Loan Interest

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.

Practice Lab displays the **Student Loan Interest Deduction** page:



Student Loan Interest Deduction

Total interest paid on qualified student loans

\$

Cancel Continue

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.

Practice Lab displays the **Form 8863 – Educational Credit** page:

Form 8863 - Educational Credit

Select an Eligible Student: Child Taxpayer - 115-00-1111

Select the type of credit:

- American Opportunity
- Lifetime Learning
- Tuition and Fees Deduction

Please ensure that you reduce the amount entered for "qualified expenses" by any scholarships / grants received, pursuant to IRS Publication 970.

Qualified Expenses: \$

2. Practice Lab 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. Practice Lab calculates tuition and fees deductions to Form 8917.
- Practice Lab dynamically generates pages based on the type of credit you select.

Practice Lab displays the **Form 8863 – Educational Credit** summary page, with the eligible student’s information listed:

Credit Type	Name/SSN	Qualifying Expenses		
Tuition and Fees	Child Taxpayer 115-00-1111	3000.00	Edit	Delete

[+ Add](#) Add a Form 8863 - Education Credit

[Continue](#)

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**.

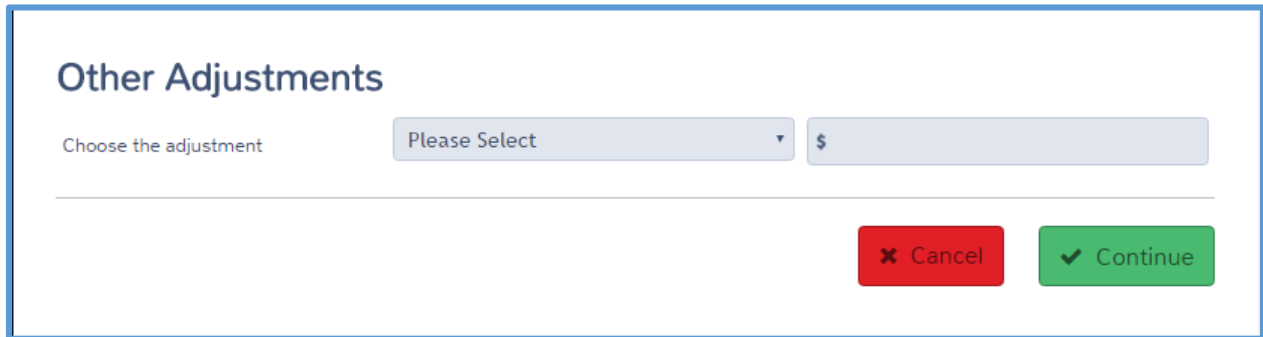
TIP: Practice Lab removes eligible names from the **Select an Eligible Student** drop–down list when you complete a credit for that student.

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.

Practice Lab displays the **Other Adjustments** page:



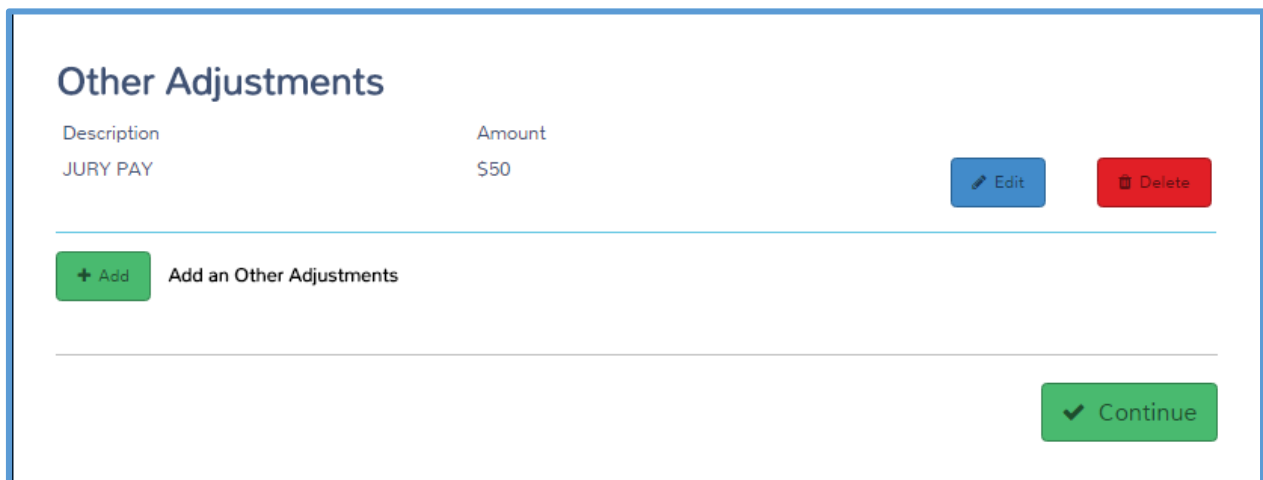
Other Adjustments

Choose the adjustment Please Select \$

✕ Cancel ✓ Continue

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**.

Practice Lab displays the **Other Adjustments** summary page:



Other Adjustments

Description	Amount	
JURY PAY	\$50	Edit Delete

+ Add Add an Other Adjustments

✓ Continue

5. Click **Continue**.

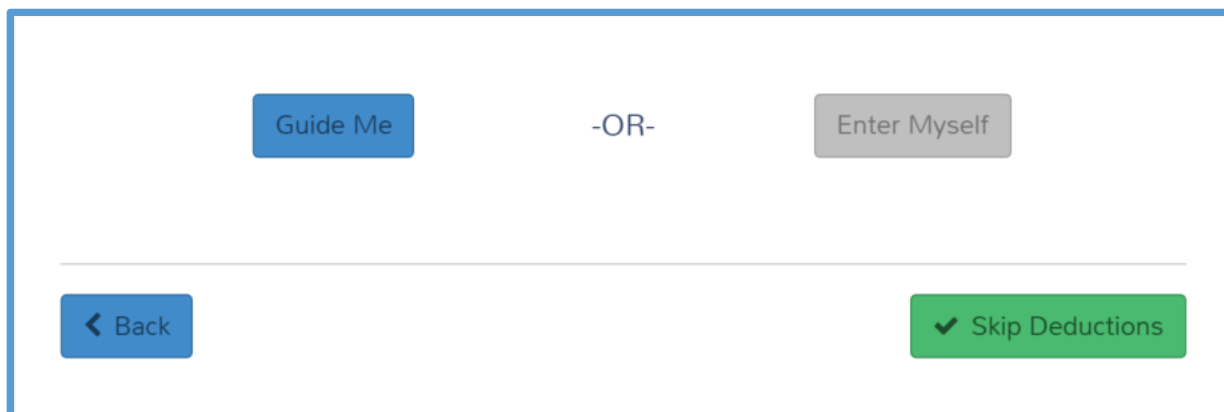
Entering Standard and Itemized Deductions

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**.

Practice Lab displays the **Deductions** landing page:

The screenshot shows a landing page titled "Deductions". It features a list of five options, each with a blue "BEGIN" button to its right:

- Adjustments
- Standard Deduction
- Itemized Deductions
- Credits Menu
- Compare Deductions

At the bottom right of the page is a green "Continue" button with a checkmark icon.

Using the Standard Deduction

Practice Lab 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, Practice Lab displays the following message:

The screenshot shows a message box titled "Standard Deduction". It contains an information icon (i) and the following text:

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.

At the bottom right of the message box is a green "Continue" button with a checkmark icon.

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.

Practice Lab 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."

Standard Deduction	Itemized Deductions
\$6,300.00	\$0.00

[✔ Continue](#)

Adding Itemized Deductions

Practice Lab 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.

Practice Lab displays the **Itemized Deductions** page:

Itemized Deductions	
Use Standard or Itemized Deduction	BEGIN
Medical and Dental Expenses	BEGIN
Taxes You Paid	BEGIN
Mortgage Interest and Expenses	BEGIN
Gifts to Charity	BEGIN
Unreimbursed Employee Business Expense	BEGIN
Job-Related Travel Expenses (Form 2106)	BEGIN
Miscellaneous Deductions	BEGIN
Less Common Deductions	BEGIN

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.

Practice Lab displays the **Schedule A – Medical Deductions** page:

Schedule A - Medical Deductions

Medical and dental insurance

Note: We automatically pull over the following

- Medicare premiums paid on your 1099SSA (Social Security).
- Self employed health insurance you have already entered.
- Do not include medical/dental premiums deducted from your pay through a cafeteria plan (pre-taxed).

Amount paid to doctors/dentists

Prescriptions

X-Rays, lab work, etc

Nursing help (not for healthy baby or housework)

Hospital care (including meals and lodging)

Alcohol/Drug rehabilitation

Medical aids (hearing aids, crutches, wheelchairs, etc)

Medical mileage driven (in miles)

Other medical expenses	Description	Amount
	<input type="text"/>	<input type="text" value="\$"/>

2. Read each line carefully and type the amounts based on information provided by the taxpayer.
 - a. Practice Lab 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. If this is a joint return, indicate if premiums are for taxpayer or spouse
3. When you finish adding medical deductions, click **Continue**.

Practice Lab displays the **Schedule A – Medical Deductions** summary page:

Medical and dental insurance	Amount paid to doctors/dentists	Other Medical Expenses		
\$600.00	\$0.00	\$0.00	Edit	Delete
Continue				

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.

Practice Lab displays the **Schedule A – Taxes You Paid** page:

Schedule A - Taxes You Paid

* State and Local Tax amounts are automatically pulled from W-2, 1099, W-2G, and Estimates.
PLEASE DO NOT include any of these amounts in any of the boxes below or your calculations will **NOT** be correct.

Taxes Paid

Additional State and Local Income Tax
(DO NOT INCLUDE AMOUNTS FROM W-2, 1099, W-2G or Estimates.)

State and Local Sales Tax Paid

Prior Year 4th Quarter Estimates paid after 12/31/2014

Real Estate Taxes (Non-Business Property)
Real Estate Taxes entered here will overwrite any real estate taxes paid already entered.

Personal Property (ex: Car Registration)
Enter in your Ad Valorem tax, exclude amount paid for actual car tags.

Other Taxes	Description	Amount
	<input type="text"/>	<input type="text" value="\$"/>

State and Local Taxes

State and Local Income Tax

If the taxpayer paid state and local income tax during the year, Practice Lab 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**.

Practice Lab displays the **Sales Tax Deduction** page:

To calculate your sales tax deduction, complete the information below. If you would rather enter the deduction amount from your receipts, select the "Override" button below.

State:

Number of days lived in the state: days

Local general sales tax percent:

State general sales tax percent:

! The calculation using the IRS tables do not take into account sales tax paid on large purchases such as a car or boat. Enter the sales tax amount paid on single purchases over \$1,000.

General sales taxes paid:

[*Click here](#) to view the IRS sales tax deduction calculator.

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 to be added to the general rates, type the amount of general sales tax paid in the appropriate box.
5. For an alternative method of calculating the general sales tax, select [*Click here](#) at the bottom of the page to use the IRS sales tax deduction calculator.
6. Click **Continue**.

Practice Lab displays the **Sales Tax Deduction** page:

The screenshot shows the 'Sales Taxes Deduction' page. At the top, there is a title 'Sales Taxes Deduction'. Below the title, there are two columns: 'State' and 'Number of days lived in the state'. The 'State' column contains 'Georgia' and the 'Number of days lived in the state' column contains '365'. To the right of the table, there are two buttons: 'Edit' (blue) and 'Delete' (red). Below the table, there is a green '+ Add' button followed by the text 'Add a Sales Taxes Deduction'. At the bottom right of the page, there is a green 'Continue' button with a checkmark icon.

7. 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.
8. 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 personal 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 qualified 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.

Practice Lab displays the **Schedule A Interest** page:

Schedule A Interest	
Mortgage Interest Reported on Form 1098	BEGIN
Mortgage Interest Not Reported on Form 1098	BEGIN
Points Not Reported on Form 1098	BEGIN
Primary Mortgage Insurance (PMI) Deduction	BEGIN
	✓ Continue

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.

Practice Lab displays the **Mortgage Interest Reported on 1098** page:

Mortgage Interest Reported on 1098

[Add/Edit Interest Reported](#) Add Interest & Points Paid

Real Estate Taxes (Non-Business Property)

[Real Estate Taxes \(Non-Business Property\)](#)

✕ Cancel ✓ Continue

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

Practice Lab displays the **Mortgage Interest Reported on 1098** page:

Mortgage Interest Reported on 1098

Recipient/Lender's Name

Interest Paid

Points Paid

✕ Cancel ✓ Continue

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 Practice Lab 2016. For training purposes, we will complete the entry.

Practice Lab displays the **Schedule A Interest** page, listing the Form 1098 information you entered:

Recipient/Lender's Name	Amount	
Lender	\$1,000.00	Edit Delete

[+ Add](#) Add a Schedule A Interest

[Continue](#)

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

Practice Lab displays the **Mortgage Interest Reported on 1098** page:

Mortgage Interest Reported on 1098

Add/Edit Interest Reported [Edit Interest & Points Paid](#)

Real Estate Taxes (Non-Business Property)

Real Estate Taxes (Non-Business Property)

[Cancel](#) [Continue](#)

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.

Practice Lab displays the **Schedule A – Interest Not Reported on 1098** page:

Schedule A - Interest Not Reported on 1098

If you **did not** receive a Form 1098 please use the following section to report your mortgage interest. This section is only for interest you paid to another individual. (Not a mortgage company)

Home mortgage interest
NOT reported on Form 1098

Name

Check here if this a Social Security Number

Identifying Number -

Address information Check here if foreign address

Address (Number and Street)

Zip Code -

City, Town, or Post Office

State

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**.

Practice Lab displays the **Schedule A Interest** page:

Schedule A Interest

Mortgage Interest Reported on Form 1098 BEGIN

Mortgage Interest Not Reported on Form 1098 BEGIN

Points Not Reported on Form 1098 BEGIN

Primary Mortgage Insurance (PMI) Deduction BEGIN

✓ 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.

Practice Lab displays the **Points Not Reported on Form 1098** page:

Points Not Reported On Form 1098

If you **did not** receive a Form 1098 please use the following section to report your mortgage points.

Total amortizable points deductible this year

Other points **NOT** reported on Form 1098

✕ Cancel ✓ Continue

16. Type the amounts in the appropriate boxes.

17. Click **Continue**.

Practice Lab displays the **Schedule A Interest** page:

Schedule A Interest

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

Continue

Private Mortgage Insurance Deduction

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

Practice Lab displays the **Private 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.

\$

Cancel Continue

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

deduction. To deduct charitable contributions, use the following steps from the **Itemized Deductions** page:

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

Practice Lab displays the **Gifts to Charity** page:


Gifts to Charity

Cash Gifts to Charity	BEGIN
Non-Cash Gifts to Charity	BEGIN
Non-Cash Donations (more than \$500)	BEGIN
Limitation on Charitable Contributions Deduction	BEGIN
Declaration of Appraiser	BEGIN
Donee Acknowledgement	BEGIN
	✓ Continue

2. If the taxpayer has cash gifts to charity, click **BEGIN** on the **Cash Gifts to Charity** line.

Practice Lab displays the **Charity Cash Contributions** page:

Charity Cash Contributions

 To group all cash contributions as one single entry, select the "Override" button below.

Charity Name

Description

Amount Donated

Date of Donation

Override Set the total contributions without itemizing.

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**.

Practice Lab displays the **Gifts to Charity** page:

Gifts to Charity

Cash Gifts to Charity	BEGIN
Non-Cash Gifts to Charity	BEGIN
Non-Cash Donations (more than \$500)	BEGIN
Limitation on Charitable Contributions Deduction	BEGIN
Declaration of Appraiser	BEGIN
Donee Acknowledgement	BEGIN

Continue

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

Practice Lab displays the **Schedule A Gifts to Charity Information** page:

Schedule A Gifts to Charity Information

Charitable Miles	<input type="text"/>
Non-Cash Less Than or Equal to \$500	\$ <input type="text"/>
Carryover from Prior Year	\$ <input type="text"/>

Cancel Continue

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: Noncash contributions of up to \$5,000 are in scope for Tax-Aide

8. Click **Continue**.

Practice Lab displays the **Gifts to Charity** page:

Gifts to Charity	
Cash Gifts to Charity	BEGIN
Non-Cash Gifts to Charity	BEGIN
Non-Cash Donations (more than \$500)	BEGIN
Limitation on Charitable Contributions Deduction	BEGIN
Declaration of Appraiser	BEGIN
Donee Acknowledgement	BEGIN
	<input checked="" type="button" value="Continue"/>

9. 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.

Practice Lab displays the **Schedule A Unreimbursed Employee Expenses Information** page:

Schedule A Unreimbursed Employee Expenses Information

Union or Professional Dues	\$
Job Search Expenses	\$
Uniforms	\$
Small Tools Used in Work	\$
Job Supplies	\$
Add/Edit Unreimbursed Employee Expenses that are not listed above:	Add Additional

Cancel **Continue**

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**.

Practice Lab displays the **Schedule A Other Expenses** page:

Schedule A Other Expenses

Description

Amount

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

Practice Lab displays the **Unreimbursed Employee Expense** page:

Unreimbursed Employee Expense

Description	Amount	
Other Expense Description	\$200.00	<input type="button" value="✎ Edit"/> <input type="button" value="✖ Delete"/>

Add an Unreimbursed Employee Expense

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**.

Practice Lab displays the **Schedule A Unreimbursed Employee Expenses Information** page:

Schedule A Unreimbursed Employee Expenses Information

Union or Professional Dues	\$
Job Search Expenses	\$
Uniforms	\$325
Small Tools Used in Work	\$
Job Supplies	\$50

Add/Edit Unreimbursed Employee Expenses that are not listed above:

Edit Additional

Cancel Continue

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.

NOTE: Form 2106 is in scope for taxpayers who are active duty military and preparers who are Military Certified only. 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.

Practice Lab displays the **Form 2106 Information** page:

Form 2106 Information

Personal Information

Form belongs to: Taxpayer

Occupation: (required for input of auto expenses)
Entry of auto expenses will be available once you "Continue"

Check here if you are a reservist, performing artist, or qualifying government employee.

Check here to Prorate Expenses for Minister/Clergy.

Other Expenses

Parking fees, tolls, and transportation, including train, bus, etc., that **did not** involve overnight travel or commuting to and from work \$

Travel expense while away from home overnight, including lodging, airplane, car rental, etc. **Do not** include meals and entertainment \$

Business expenses not included above or in vehicle expenses. **Do not** include meals and entertainment \$

Amount paid by employer (not on W-2 Box 1) \$

Meals and Entertainment Expenses

Enter your meals and entertainment expenses. The program will automatically take 50% of these expenses 50% \$

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. Practice Lab reduces the amount by the appropriate percentage.
6. Click **Continue**.

Practice Lab displays the **Form 2106** summary page:

Form 2106
Currently Editing: Taxpayer (with Occupation: Teacher)

2106 Information	EDIT
View/Edit Vehicles	BEGIN
Vehicle Questions	BEGIN

Continue

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

Practice Lab displays the **Form 2106 Vehicle Information** page:

Form 2106 Vehicle Information

Vehicle Description

Date the vehicle was placed in service: MM DD YYYY

Total miles the vehicle was driven during 2015

Business miles driven

Average daily roundtrip commuting distance

Commuting miles included in total miles above

Is your vehicle eligible for the Standard Mileage Rate?
 Yes
 No

Check here if this vehicle was used for a Rural Mail Carrier.

Cancel Continue

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**.

Practice Lab displays the **Form 2106 Vehicle** summary page:

Form 2106 Vehicle

Description

Vehicle: "Hyundai" (driven 25000 total miles)

Edit Delete

+ Add Add Another

Continue

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**.

Practice Lab displays the **Form 2106** summary page:

Form 2106

Currently Editing: Taxpayer (with Occupation: Teacher)

2106 Information EDIT

View/Edit Vehicles EDIT

Vehicle Questions BEGIN

Continue

13. Click **BEGIN** on the **Vehicle Questions** line.

Practice Lab 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.

✕ Cancel ✓ Continue

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

15. Click **Continue**.

Practice Lab displays the **Form 2106** summary page:

Form 2106

Currently Editing: Taxpayer (with Occupation: Teacher)

2106 Information	EDIT
View/Edit Vehicles	EDIT
Vehicle Questions	EDIT

✓ Continue

16. Click **Continue**.

Practice Lab displays the **Form 2106** page:

The screenshot shows a software interface for entering Form 2106. At the top left, the title "Form 2106" is displayed. Below it, there are two columns: "Description" and "Type". Under "Description", the text "Taxpayer (with Occupation: Teacher)" is visible. Under "Type", the text "Nonreservist" is visible. To the right of these entries are two buttons: a blue "Edit" button with a pencil icon and a red "Delete" button with a trash can icon. Below the table, there are two horizontal lines. At the bottom right of the interface is a green "Continue" button with a checkmark icon.

17. Click **Continue**.

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.

Practice Lab displays the **Schedule A – Miscellaneous Deductions** page:

Schedule A - Miscellaneous Deductions

Amortizable premium on taxable bonds	\$
Federal estate tax on income in respect to a decedent	\$
Gambling losses to the extent of gambling winnings	\$
Impairment-related work expenses	\$
Repayment under claim of right (if greater than \$3000) If your repayment was less than \$3000, click Add/Edit below and enter it as an additional Miscellaneous Deduction.	\$
Unrecovered investment in pension	\$
Tax Return Preparation	\$
Safe Deposit Box Rental	\$
Investment Fees and Expenses	\$
Add/Edit Miscellaneous Deductions that are not listed above:	Add Additional

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**.

Practice Lab displays the **Schedule A Other Expenses** page:

Schedule A Other Expenses

Description

Amount

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

Practice Lab displays the **Miscellaneous Deduction Item** page:

Miscellaneous Deduction Item

Description	Amount	
Misc Other	\$40.00	<input type="button" value="✎ Edit"/> <input type="button" value="🗑 Delete"/>

Add a Miscellaneous Deduction Item

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**.

Practice Lab displays the **Schedule A – Miscellaneous Deductions** page:

Schedule A - Miscellaneous Deductions

Amortizable premium on taxable bonds	\$
Federal estate tax on income in respect to a decedent	\$
Gambling losses to the extent of gambling winnings	\$
Impairment-related work expenses	\$
Repayment under claim of right (if greater than \$3000) If your repayment was less than \$3000, click Add/Edit below and enter it as an additional Miscellaneous Deduction.	\$
Unrecovered investment in pension	\$
Tax Return Preparation	\$ 100
Safe Deposit Box Rental	\$
Investment Fees and Expenses	\$
Add/Edit Miscellaneous Deductions that are not listed above:	Edit Additional

[✕ Cancel](#) [✓ Continue](#)

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 Practice Lab, use the following steps:

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

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

Practice Lab displays the **Itemized Deductions** landing page:

Deduction Category	Action
Use Standard or Itemized Deduction	BEGIN
Medical and Dental Expenses	BEGIN
Taxes You Paid	BEGIN
Mortgage Interest and Expenses	BEGIN
Gifts to Charity	BEGIN
Unreimbursed Employee Business Expense	BEGIN
Job-Related Travel Expenses (Form 2106)	BEGIN
Miscellaneous Deductions	BEGIN
Less Common Deductions	BEGIN

Continue

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

Practice Lab displays the **Force Itemized Deduction Instead of Standard Deduction** page:

Force Itemized Deduction Instead of Standard Deduction

Please choose one:

- Use better of standard deduction or itemized deduction.
- Force to use itemized deduction.

Cancel Continue

3. Click **Force to use itemized deduction.**

4. Click **Continue.**

Practice Lab 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.

The screenshot shows a user interface for a tax question. At the top, the title "Let's see how we can cut your tax bill" is displayed in a blue font. Below the title is a paragraph of text: "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." Below the text are two buttons: "Guide Me" (blue) and "Enter Myself" (grey), separated by the text "-OR-". At the bottom of the interface, there are two buttons: "< Back" (blue) and "✓ Skip Deductions" (green).

2. Click **Enter Myself**.

Practice Lab displays the **Deductions** main page:

Deductions	
Adjustments	BEGIN
Standard Deduction	BEGIN
Itemized Deductions	BEGIN
Credits Menu	BEGIN
Compare Deductions	BEGIN

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

Practice Lab displays the **Credits** landing page:

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

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, or who are incapable of self-care, 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.

Practice Lab displays the **F2441 – Child Care Credit – Page 1** page:

F2441 - Child Care Credit - Page 1



The 2441 covers expenses paid for child care. The amount paid to the provider(s) of the child care must equal the total expenses of the dependents and any qualified person not listed on the return as a dependent. If the totals do not balance out to a difference of \$0, then there is a risk of rejection of the return.

Total Expenses		\$0.00
Total Amount Paid To Providers	-	\$0.00
<hr/>		
Difference	-	\$0.00

- Step 1 - Child Care Providers

Child Care Providers

Enter the required information about the child care provider you paid to care for your dependents and qualified persons. Once you have entered all providers, continue to Step 2 - Dependents.

Provider	ID Number	Amount
+ Add	Add a Child Care Provider	

Child Care Providers

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

Practice Lab displays the **Form 2441 – Child Care Provider Information** page:

Form 2441 - Child Care Provider Information

Basic Provider Information

Please select if ID Number is a SSN, ITIN, or EIN

SSN/ITIN

EIN

Provider's ID Number (SSN, ITIN, or EIN) -

Provider's Name

Provider's Address Check here if foreign address

Address (Number and Street)

Zip Code -


City, Town, or Post Office

State

3. Select the **SSN/ITIN** radio button if the 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**.

Practice Lab displays the **F2441 – Child Care Credit – Page 1** page with the information for the care provider listed:

F2441 - Child Care Credit - Page 1



The 2441 covers expenses paid for child care. The amount paid to the provider(s) of the child care must equal the total expenses of the dependents and any qualified person not listed on the return as a dependent. If the totals do not balance out to a difference of \$0, then there is a risk of rejection of the return.

Total Expenses		\$0.00
Total Amount Paid To Providers	-	\$3,000.00

Difference		-\$3,000.00
------------	--	-------------

- Step 1 - Child Care Providers

Child Care Providers

Enter the required information about the child care provider you paid to care for your dependents and qualified persons. Once you have entered all providers, continue to Step 2 - Dependents.

Provider	ID Number	Amount	
Child Care Provider	LAFCP	\$3,000.00	<div style="display: flex; justify-content: flex-end; gap: 5px;"> <div style="background-color: #0070C0; color: white; padding: 2px 5px; border-radius: 3px;">✎ Edit</div> <div style="background-color: #C00000; color: white; padding: 2px 5px; border-radius: 3px;">🗑 Delete</div> </div>

7. If the taxpayer paid qualified 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.

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

+ Step 1 - Child Care Providers

- **Step 2 - Dependents**

Dependents

Dependents entered on your return are pulled and listed below. Enter the total annual qualifying expenses paid for each dependent listed below. If you have qualified expenses for a qualifying person not listed below, continue to step 3.

Dependent's Name	Social Security Number	Qualifying Expenses		
Child Taxpayer	115-00-1111	\$0.00	Edit	Delete

+ Step 3 - Qualifying Persons

[Cancel](#) [Continue To Page 2](#)

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

Practice Lab displays the **Form 2441 – Qualifying Dependent Expenses** page:

Form 2441 - Qualifying Dependent Expenses

Amount Paid
Child Taxpayer


\$

[Cancel](#) [Continue](#)

10. Type the amount of care expenses the taxpayer paid for this dependent.
11. Click **Continue**.

Practice Lab displays the **F2441 – Child Care Credit – Page 1** page, listing the expenses for the dependent:

F2441 - Child Care Credit - Page 1



The 2441 covers expenses paid for child care. The amount paid to the provider(s) of the child care must equal the total expenses of the dependents and any qualified person not listed on the return as a dependent. If the totals do not balance out to a difference of \$0, then there is a risk of rejection of the return.

Total Expenses		\$3,000.00
Total Amount Paid To Providers	-	\$3,000.00

Difference		\$0.00
------------	--	--------

+ Step 1 - Child Care Providers

- Step 2 - Dependents

Dependents

Dependents entered on your return are pulled and listed below. Enter the total annual qualifying expenses paid for each dependent listed below. If you have qualified expenses for a qualifying person not listed below, continue to step 3.

Dependent's Name	Social Security Number	Qualifying Expenses
------------------	------------------------	---------------------

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 if you have not already listed them in the personal information section. Click **Step 3 – Qualifying Persons**.

Practice Lab displays the **Step 3 – Qualifying Persons** section:

Difference - \$0.00

+ Step 1 - Child Care Providers

+ Step 2 - Dependents

- **Step 3 - Qualifying Persons**

Qualifying Persons

Enter the information and Qualifying Expenses paid for Qualified Persons, not listed Step 2.

Qualifying Person's Name	Social Security Number	Qualifying Expenses
--------------------------	------------------------	---------------------

Add a Qualifying Person

14. Click **Add**.

Practice Lab displays the **Form 2441 – Qualifying Person Not Listed on 1040** page:

Form 2441 - Qualifying Person Not Listed on 1040

First Name Middle Initial Last Name

Social Security Number - -

Date of Birth MM DD YYYY

Check Here if Disabled

Qualified Expenses \$

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 incapable of self-care.
18. Click **Continue**.

Practice Lab displays the **F2441 – Child Care Credit – Page 1** page with the qualifying person listed:

F2441 - Child Care Credit - Page 1



The 2441 covers expenses paid for child care. The amount paid to the provider(s) of the child care must equal the total expenses of the dependents and any qualified person not listed on the return as a dependent. If the totals do not balance out to a difference of \$0, then there is a risk of rejection of the return.

Total Expenses		\$3,000.00
Total Amount Paid To Providers	-	\$3,000.00

Difference		\$0.00
------------	--	--------

+ Step 1 - Child Care Providers

+ Step 2 - Dependents

- **Step 3 - Qualifying Persons**

Qualifying Persons

Enter the information and Qualifying Expenses paid for Qualified Persons, not listed Step 2.

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 Practice Lab displays a difference, review the information you entered and make corrections.
20. Click **Continue to Page 2**.

Practice Lab displays the **F2441 – Child Care Credit – Page 2** page:

F2441 - Child Care Credit - Page 2

What is this page for?

The Credit for Dependent Care Expenses is for individuals who paid for child care so that they could work. For this credit to calculate, the Taxpayer and the Spouse, if applicable, must each have earned income. There are exceptions to the rule for disabled or full-time students who were unable to work. Complete the "Addition to Income" section below for the appropriate non-working spouse for the purpose of calculating this credit only.

*NOTE: Any amounts entered here are **only** used for the purposes of figuring this credit. It will not be added to your total income on your tax return.

Additions to Income for Taxpayer for this credit

NOTE: If the taxpayer was a full-time student or disabled, enter any additional income.

Figuring the amount to enter:
Step 1: Figure out how many months you were a student (or disabled) and did not work. Do not include any month in which both you and your spouse (if applicable) were both students.
Step 2: If you have just one qualifying child that you paid expenses for, multiply the number of months you figured in Step 1 by \$250. If you have more than one qualifying child, multiply the number of months by \$500. The result is what you should report as Additional Income for Taxpayer.

Additional Income for Taxpayer for purposes of this credit

Benefits (Do not enter an amount from your W-2)

Employer-paid Dependent Care Benefits

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**.

Practice Lab displays the **Form 2441 – Child Care Credit** page:

Total to Providers	Total for Qualifying Persons	Additions	Benefits		
\$3,000.00	\$3,000.00	\$0.00	\$0.00	Edit	Delete

[Continue](#)

24. 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.

Practice Lab displays the **Form 8863 – Educational Credit** page:

Form 8863 - Educational Credit

Select an Eligible Student: Child Taxpayer - 115-00-1111 ▾

Select the type of credit:

- American Opportunity
- Lifetime Learning
- Tuition and Fees Deduction

i Please ensure that you reduce the amount entered for "qualified expenses" by any scholarships / grants received, pursuant to IRS Publication 970.

Qualified Expenses:

- Practice Lab displays the names and identifying numbers of the taxpayer, spouse, and any dependents. Select the eligible student from this drop-down list.
- 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, Practice Lab displays additional information to help calculate the credit:

Institution 1

[Add Another Institution](#)

Name:

Check here if foreign address

Address (Number and Street)

Zip Code

-

City, Town, or Post Office

State

- Please Select -

Did the student receive Form 1098-T from this institution for 2015?

--Please Select--

Did the student receive Form 1098-T from this institution for 2014 with Box 2 filled in and Box 7 checked?

--Please Select--

Has the Hope Scholarship Credit or American Opportunity Credit already been claimed on 4 prior tax returns?

--Please Select--

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 the American Opportunity credit has not been claimed on four prior tax returns, Practice Lab displays a new question:

Has the Hope Scholarship Credit or American Opportunity Credit already been claimed on 4 prior tax returns?	No
Was the student enrolled at least half-time?	Yes
Did the student complete the first 4 years of post-secondary education before 2015?	No
Was the student convicted, before the end of 2015, of a felony for possession or distribution of a controlled substance?	No

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

Practice Lab displays the **Form 8863 – Educational Credit** summary page, with the eligible student’s information listed:

Form 8863 - Educational Credit

Credit Type	Name/SSN	Qualifying Expenses		
American Opportunity Credit	Child Taxpayer 115-00-1111	3000.00	Edit	Delete

[+ Add](#) Add a Form 8863 - Education Credit

[Continue](#)

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: Practice Lab 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.

Practice Lab calculates any refundable portion of the American Opportunity Credit to Form 1040, page 2.

NOTE: Practice Lab 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.

Practice Lab displays the **Retirement Savings Contributions Credits** page:

The screenshot shows the 'Retirement Savings Contributions Credits' entry screen. At the top, it says 'TAXPAYER'. Below this, there are five input fields for different types of contributions and distributions. The first four fields have a '\$' symbol in a small box to the left of the input area. The fifth field, 'Elective Deferrals from W-2(s)', has the value '50.00' pre-filled. At the bottom right, there are two buttons: a red 'Cancel' button with a white 'x' icon and a green 'Continue' button with a white checkmark icon.

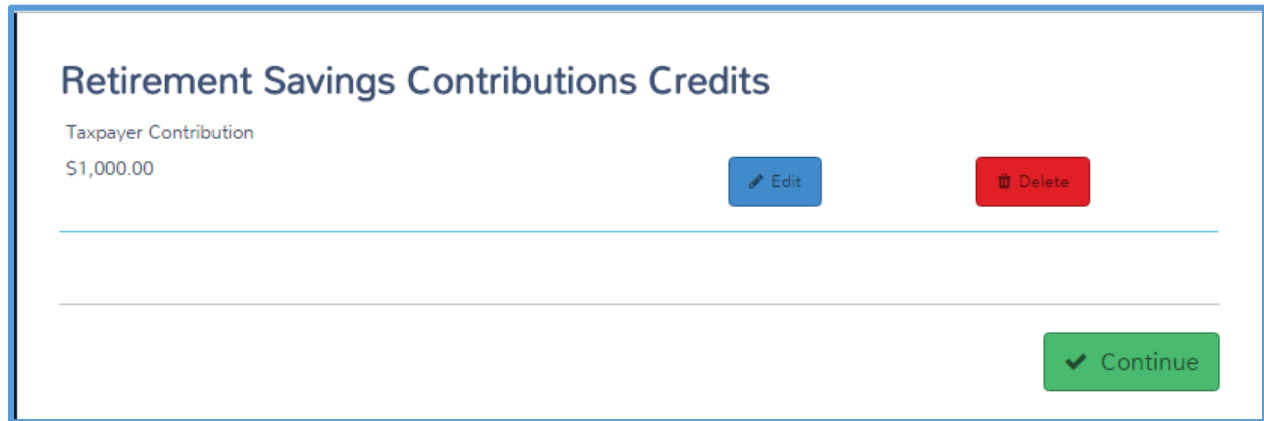
Description	Amount
Enter Any ROTH Distributions in 2015, 2014, or 2013	\$
Enter Any Other Taxable Distributions in 2015 or 2014	\$
Enter Any Current Year Roth IRA Contributions	\$
Elective Deferrals from W-2(s)	50.00
Enter any Elective Deferrals to a 401(k) or other Qualified Plan not reported on a W-2	\$

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

TIP: Practice Lab 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**.

Practice Lab displays the **Retirement Savings Contributions Credits** summary page:



Retirement Savings Contributions Credits

Taxpayer Contribution
\$1,000.00

Edit Delete

Continue

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. Practice Lab 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), Practice Lab 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 Practice Lab 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.

Practice Lab displays the **EIC** page:

EIC

Information to Claim EIC After Disallowance BEGIN

EIC Information for Clergy BEGIN

Not Eligible for EIC BEGIN

✓ Continue

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.

Practice Lab displays the **Form 8862 – EIC – Earned Income Credit** page:

Form 8862 - EIC - Earned Income Credit

Check here if the only reason your EIC was reduced or disallowed in the earlier year was because you incorrectly reported your earned income or investment income.

CAUTION!
Only check this box if your Earned Income Credit was disallowed in a previous year, or you have received a reject code of 0600.

+ Child One - Child Taxpayer
+ Child Two - Qualifying Taxpayer

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.

Practice Lab changes the page to show that you completed Form 8862 for the taxpayer:

Form 8862 - EIC - Earned Income Credit


Check here if the only reason your EIC was reduced or disallowed in the earlier year was because you incorrectly reported your earned income or investment income.

CAUTION!
Only check this box if your Earned Income Credit was disallowed in a previous year, or you have received a reject code of 0600.

Based upon your answers, you have completed Form 8862.

b. Select a qualifying child.

Practice Lab displays the **Form 8862** information to be completed for the qualifying child:

 Child One - Child Taxpayer

Number of days this child lived with you in the US during the tax year:

Enter the address(es) where you and the child lived together during the tax year.

Address One:
[Use my main address](#)

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

Address Two:
[Use my main address](#)

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

Address Three:
[Use my main address](#)

Address (Number and Street)

Zip Code
 -

- i. Complete all of the information for the child.
- ii. Select and complete the information for any other qualifying children.

4. Click **Continue**.

Practice Lab displays the **Form 8862 – EIC – Earned Income Credit** page showing a summary of Form 8862:

Form 8862 - EIC - Earned Income Credit

Income Was Misrepresented
Yes

Edit Delete

Continue

5. Click **Continue**.

Practice Lab displays the **EIC** page:

EIC

Information to Claim EIC After Disallowance BEGIN

EIC Information for Clergy BEGIN

Not Eligible for EIC BEGIN

Continue

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.

Practice Lab displays the **Not Eligible for EIC** page:

Not Eligible for EIC

Check here if this return is NOT eligible to receive the Earned Income Tax Credit (EITC)

I understand that checking the box above determines whether this return might be able to receive the Earned Income Tax Credit (EITC), and if the box is checked this return will not receive EITC.

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**.

Form 8867 – EIC Checklist

Practice Lab determines most of the answers for EIC eligibility based on the information in the return. If Practice Lab 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), Practice Lab 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, enter the amounts shown on Forms 1099-DIV and 1099-INT along with the income from those forms in the Income Section. Alternatively, 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.

Practice Lab displays the **Form 1116 – Foreign Tax Credit** page:

Form 1116 - Foreign Tax Credit

In order to receive a credit for any foreign taxes paid you must answer Yes to all of the following questions:

- Is all of your gross foreign source income from interest and dividends?
- Was all of that interest and dividend income reported to you on Form 1099-INT, Form 1099-DIV, or Schedule K-1?
- If you had dividend income from shares of stock, did you hold those shares for at least 16 days?
- Is the total of your foreign taxes less than or equal to **\$600**
- Were all of your taxes:
 - A. Legally owed and not eligible for a refund; AND
 - B. Paid to countries that are recognized by the United States; AND
 - C. Paid to countries that do not support terrorism?

Foreign tax credit not over **\$600**

Note: Only enter an amount if you answered Yes to all the questions above.

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:

The screenshot shows a web interface titled "Other Taxes". It contains a list of tax categories, each with a corresponding "BEGIN" button. The categories are:

Tax Category	Action
Self-Employment Tax (Schedule SE)	BEGIN
Alternative Minimum Tax (Form 6251)	BEGIN
Tax on Unreported Tip Income (Form 4137)	BEGIN
Tax on Early Distribution (Form 5329)	BEGIN
Household Employment Tax (Schedule H)	BEGIN
First-time Homebuyer Repayment (Form 5405)	BEGIN
Tax For Children Under Age 18 (Form 8615)	BEGIN
Child's Interest/Dividend Earnings (Form 8814)	BEGIN
Net Investment Income Tax (Form 8960)	BEGIN

At the bottom right of the page, there is a green button labeled "Continue".

2. Use this page as the starting point for each section in this lesson.

Adding Self-Employment Tax

Most 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, Practice Lab 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 the self-employment income is as a notary, check the applicable box on Schedule SE Self Employment 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, Practice Lab 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. Complete the form for tips less than \$20 per month (not subject to Social Security or Medicare taxes).

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

Practice Lab displays the **Form 4137 Social Security and Medicare Tax on Unreported Tip Income** page:

Form 4137 Social Security and Medicare Tax on Unreported Tip Income

Form belongs to
Taxpayer

Total cash and charge tips you received (including unreported tips):
\$0.00

Total cash and charge tips reported to your employer and included on Form(s) W-2:
\$0.00

Cash and charge tips you received but did not report to your employer because the total was less than \$20 in a calendar month

Tips received as a Federal, State or Local Government Employee

2. If this return is for a married couple, select whether you are completing this form for the taxpayer or the spouse.
3. Practice Lab 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**.

Practice Lab displays the **Tax on Unreported Tip Income (Form 4137)** page:

Tax on Unreported Tip Income (Form 4137)

Belongs To
Taxpayer

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. Practice Lab 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. Practice Lab 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 QTPs 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**.

Practice Lab displays the **Tax on Early Distribution (Form 5329)** page:

Tax on Early Distribution (Form 5329)

Belongs To
Taxpayer

Edit Delete

Continue

6. Click **Continue**. **NOTE: Only parts I (Additional Tax on Early Distributions) & IX (Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs), of Form 5329 are in scope for VITA/TCE.**

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.

Practice Lab displays the **Form 5405 – First-Time Homebuyer Credit and Repayment** page:

Form 5405 - First-Time Homebuyer Credit and Repayment



Married Filing Joint customers are required to file two separate 5405 forms with individual repayment amounts.

Belongs To

Did the home stop being your primary residence?

Taxpayer Example

Yes


No

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**, Practice Lab displays the **Disposition or Change of Main Home** section:

Form 5405 - First-Time Homebuyer Credit and Repayment

 Married Filing Joint customers are required to file two separate 5405 forms with individual repayment amounts.

Belongs To

Did the home stop being your primary residence?

Taxpayer Example

Yes

No

Disposition or Change of Main Home

Date Ceased to be Main Home

MM DD YYYY

Are you (or your spouse if married) a member of the uniformed services, Foreign Service, or an employee of the intelligence community and the home was sold or ceased to be the main home in connection with Government orders for qualified official extended duty service?

Yes

No

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, Practice Lab displays the **Type of Disposition/Change** section:

Disposition or Change of Main Home

Date Ceased to be Main Home

Are you (or your spouse if married) a member of the uniformed services, Foreign Service, or an employee of the intelligence community and the home was sold or ceased to be the main home in connection with Government orders for qualified official extended duty service? Yes No

Type of Disposition/Change

I sold the home (including through foreclosure) to an unrelated person and had a gain on the sale.

I sold the home (including through foreclosure) to an unrelated person and DID NOT have a gain on the sale.

I sold the home to a related person.

I converted the home to a rental or business use OR I still own the home but no longer use it as my main home.

I transferred the home to my spouse or ex-spouse as part of my divorce settlement. (Enter the name of your spouse or ex-spouse below.)

The taxpayer who claimed the credit died.

My home was destroyed, condemned, or disposed of under threat of condemnation and I had a gain. Check applicable boxes below.

My home was destroyed, condemned, or disposed of under threat of condemnation and I did not have a gain. Check the applicable boxes below.

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

NOTE: If the taxpayer claimed the credit and their home is destroyed, condemned or disposed of under threat of condemnation, the return is out of scope and the taxpayer should be referred to a paid preparer.


Practice Lab displays additional sections based on the check box you selected. For this example, Practice Lab displays the **Repayment of Credit** and **Sale of Home** sections:

Repayment of Credit	
Please enter the full credit amount you received on Form 5405 for 2008, 2009, 2010, or 2011. (This amount would have been 10% of the purchase price up to either \$7,500 or \$8,000)	\$ <input type="text"/>
Enter the full amount repaid with your prior year tax returns	\$ <input type="text"/>
We automatically calculate your required payment amount based on the total credit you received. If you would like to add an additional amount to what is already calculated, enter that amount here	\$ <input type="text"/>
Sale Of Home	
Selling price of home, insurance proceeds, or gross condemnation award	\$ <input type="text"/>
Selling expenses (including commissions, advertising and legal fees, and seller-paid loan charges) or expenses in getting the condemnation award	\$ <input type="text"/>
Adjusted basis of home sold (from line 13 of Worksheet 1 in Pub. 523)	\$ <input type="text"/>
Enter the first-time homebuyer credit claimed on Form 5405 minus the amount you repaid with your prior year tax returns	\$ <input type="text"/>

7. Read each line and type the applicable amount in the box.
8. Click **Continue**.

Continued Primary Residence

If you selected **No**, Practice Lab displays the **Repayment of Credit** section:

 Married filing joint customers are required to file two separate 5405 forms with individual repayment amounts.

Belongs To
Did the home stop being your primary residence?

Taxpayer Example
 Yes
 No

Repayment of Credit

Check here if you purchased your home in 2008.

Please enter the full credit amount you received on Form 5405 for 2008, 2009, 2010, or 2011.
(This amount would have been 10% of the purchase price up to either \$7,500 or \$8,000)

Enter the full amount repaid with your prior year tax returns

We automatically calculate your required payment amount based on the total credit you received. If you would like to add an additional amount to what is already calculated, enter that amount here

\$ \$ \$

1. Read each line carefully and type the appropriate amount in the box.
2. Click **Continue**.

Practice Lab displays the **Form 5405 – First Time Homebuyer Credit and Repayment** page:

Belongs To	Prior Year Credit	Prior Year Repayment		
Taxpayer	\$6,000.00	\$3,000.00	Edit	Delete

[Continue](#)

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

NOTE: Form 8814 is out of scope for TCE. 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.

Practice Lab displays the **Form 8814 Child's Interest and Dividends** page:

Form 8814 Child's Interest and Dividends

Child's First Name

Child's Last Name

Child's SSN - -

Child's interest \$

Child's tax-exempt interest \$

Child's ordinary dividends \$

Child's qualified dividends \$

Child's capital gain distributions \$

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**.

Practice Lab displays the **Form 8814 Report Child's Interest and Dividend** summary page:

Form 8814 Report Child's Interest and Dividend

Child SSN	Taxable Interest	Taxable Dividend		
xxx-xx-2222	\$500.00	\$0.00	Edit	Delete

[+ Add](#) Add a Form 8814 Report Child's Interest and Dividend

[Continue](#)

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**.

Entering Payments and Estimates

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:

Payments and Estimates	
Federal Estimated Payments for 2015	BEGIN
State Estimated Payments	BEGIN
Other Federal Withholding	BEGIN
Other State Withholdings	BEGIN
Underpayment of Estimated Tax	BEGIN
Apply Overpayment to Next Year's Taxes	BEGIN
Vouchers for Next Year's Estimated Payments	BEGIN
Amount Paid with Extension	BEGIN
	✓ Continue

2. Click **BEGIN** on the **Federal Estimated Payments** line.

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

Practice Lab displays the **Payments – Estimated Payments** page:

Payments - Estimated Payments

Amount Applied from Prior Year Refund	\$
Estimated Federal Tax Paid(4/15/2015)	\$
Estimated Federal Tax Paid(6/15/2015)	\$
Estimated Federal Tax Paid(9/15/2015)	\$
Estimated Federal Tax Paid(1/15/2016)	\$

[✕ Cancel](#) [✓ Continue](#)

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**.

Practice Lab displays the **Payments and Estimates** page listing the estimated tax payments you entered:

Payments and Estimates

Total Payments	Prior Year	
\$400.00	\$0.00	✎ Edit 🗑 Delete

[✓ Continue](#)

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.

Practice Lab displays the **Payments – State Estimated Payments** page:

Payments - State Estimated Payments

Amount Applied from Prior Year Refund \$

Estimated State Tax Paid on(4/15/2015) \$

Estimated State Tax Paid on(6/15/2015) \$

Estimated State Tax Paid on(9/15/2015) \$

Estimated State Tax Paid ON or BEFORE(12/31/2015) \$

Estimated State Tax Paid AFTER(12/31/2015) \$

State Name - Please Select -

✕ Cancel ✓ Continue

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**.

Practice Lab displays the **State Estimated Payment** page listing the estimated tax payments you entered:

State	Total Payments	Prior Year		
GA	\$100.00	\$0.00	Edit	Delete

[+ Add](#) Add a State Estimated Payment

[Continue](#)

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.

Practice Lab displays the **Other Federal Withholdings** page:

Other Federal Withholdings

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

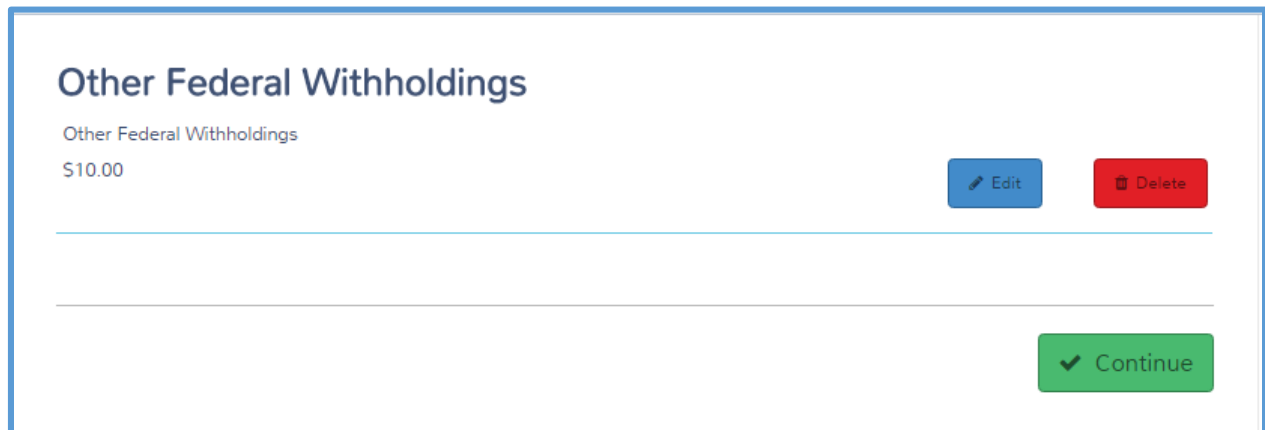
Amount of other federal withholding

Check here if this withholding is from a 1099

[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**.

Practice Lab displays the **Other Federal Withholdings** page with the withholding listed:



Other Federal Withholdings

Other Federal Withholdings
\$10.00

Edit Delete

Continue

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, Practice Lab 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.

Practice Lab displays the **Estimated Payments for Next Year** page:

Estimated Payments for Next Year

First Quarter(April 15, 2016)	\$
Second Quarter(June 15, 2016)	\$
Third Quarter(September 15, 2016)	\$
Fourth Quarter(January 15, 2017)	\$

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**.

Practice Lab displays the **Set of Estimated Payment Vouchers for Next Year** page:

Set of Estimated Payment Vouchers for Next Year

First Quarter	Second Quarter	Third Quarter	Fourth Quarter		
\$25.00	\$25.00	\$25.00	\$25.00	<input type="button" value="Edit"/>	<input type="button" value="Delete"/>

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.

Practice Lab displays the **Miscellaneous Forms** page:

Miscellaneous Forms	
Injured Spouse Form (Form 8379)	BEGIN
Claim a Refund Due to a Deceased Taxpayer (Form 1310)	BEGIN
Application for Extension (Form 4868)	BEGIN
Married Filing Separately Allocations (Form 8958)	BEGIN
IRS Identification Pin	BEGIN
Installment Agreement (Form 9465)	BEGIN
Application for ITIN (Form W-7)	BEGIN
	Continue

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.

Practice Lab displays the **IRS Identify Protection Pin** page, listing the taxpayer, spouse, and any dependents you listed in the taxpayer's basic information:

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.

Taxpayer Example (XXX-XX-1717)	<input type="text"/>
Spouse Example (XXX-XX-1111)	<input type="text"/>
Jane Example (XXX-XX-1111)	<input type="text"/>
John Example (XXX-XX-1111)	<input type="text"/>

✕ Cancel ✓ Continue

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

Practice Lab displays the **IRS Identity Protection Pin** summary page:

IRS Identity Protection Pin

Name	SSN	IRS Identity Protection Pin		
Taxpayer Example	(XXX-XX-1717)	XXX456	Edit	Delete
Spouse Example	(XXX-XX-1111)	No Pin Entered	Edit	Delete
Jane Example	(XXX-XX-1111)	No Pin Entered	Edit	Delete
John Example	(XXX-XX-1111)	No Pin Entered	Edit	Delete

✓ Continue

5. Review the information you entered and click **Continue**

Working with the Affordable Care Act

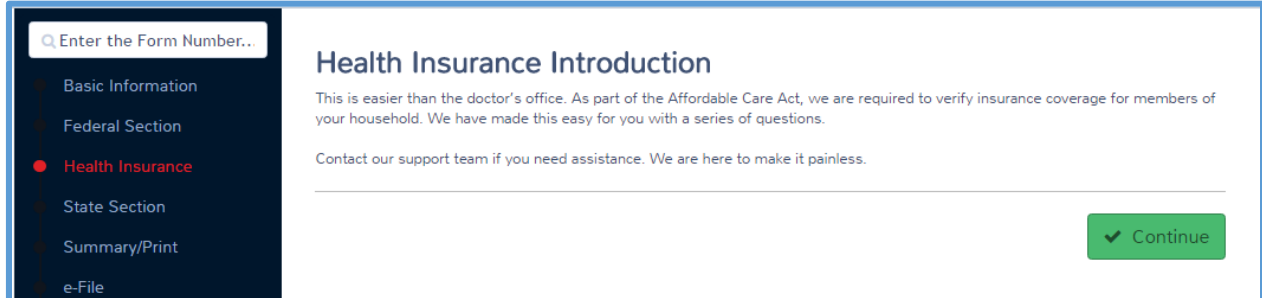
After completing this topic, you will be able to:

1. Complete the health insurance questionnaire.
2. Enter a shared responsibility payment.
3. Add Form 1095-A, *Health Insurance Marketplace Statement*.
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. Practice Lab 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:

Practice Lab displays the **Health Insurance Questionnaire**:

TIP: Practice Lab 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 Nonappropriated 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, Practice Lab displays the **Verify Your Household Members** page. If so, skip to that section in this lesson.

If you answer **Yes** to this question, Practice Lab displays the **Health Insurance Questionnaire** page:

Health Insurance Questionnaire

Did you purchase health insurance via HealthCare.gov or a State Marketplace?

Yes No

[← Back](#)

[✓ Continue](#)

3. Determine whether the taxpayer purchased health insurance from a marketplace (whether federal or state) and select the appropriate answer.
4. Click **Continue**.

Practice Lab displays the **Verify Your Household Members** page:

Verify Your Household Members

If there are additional household members that are listed as a dependent, click the "Dependents" button below. If you have additional family members that are neither a spouse nor a dependent, click "Add a New Member."

First Name	Last Name	SSN	Date of Birth
Taxpayer	Example	114-00-1717	4/2/1972
Spouse	Example	136-00-1111	9/15/1978
Jane	Example	123-00-1111	3/2/2012
John	Example	163-00-1111	5/4/2012

[+ Dependents](#)

[+ Add a New Member](#)

[← Back](#)

[✓ Continue](#)

5. Review the information on the page to verify that every member of your household is listed.

Practice Lab displays the **Months Insured** page:

Months Insured

Was your entire household insured for all 12 months of 2015?

- Please Select -

[← Back](#) [✓ Continue](#)

- 6 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, Practice Lab displays the questionnaire section for the advanced premium credit.

Insured for Part of Year

If you select **No** to this question, Practice Lab displays the **Please enter the number of months insured for each household member** section:

Months Insured

Was your entire household insured for all 12 months of 2015? No

Please enter the number of months insured for each household member.

Name	Months Insured
Taxpayer Example	- Please Select -
Spouse Example	- Please Select -
Jane Example	- Please Select -
John Example	- Please Select -

< Back ✓ Continue

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**.

Practice Lab displays the **Specify Insured Months** page:

Specify Insured Months (Taxpayer Example)

Please specify the months that Taxpayer Example had minimum essential coverage

<input type="checkbox"/> January	<input type="checkbox"/> February	<input type="checkbox"/> March
<input type="checkbox"/> April	<input type="checkbox"/> May	<input type="checkbox"/> June
<input type="checkbox"/> July	<input type="checkbox"/> August	<input type="checkbox"/> September
<input type="checkbox"/> October	<input type="checkbox"/> November	<input type="checkbox"/> December

< Back

✓ Continue

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

Practice Lab displays the **Advanced Premium Tax Credit (1095-A)** page:

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?

- Please Select -

< Back

✓ Continue

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**, Practice Lab displays a question concerning coverage on Form 1095-A:

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?

- Please Select -

< Back

✓ Continue

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)

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 SLCSP (Form 1095-A, line 33B)

\$

Annual Advance Payment of PTC (Form 1095-A, line 33C)

\$

< Back

✓ Continue

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

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?

No ▾

Please enter your monthly Advance Premium Tax Credit information

Month	Monthly Premium Amount (Form 1095-A, Part III, Column A)	Monthly Premium Amount of SLCSP (Form 1095-A, Part III, Column B)	Monthly Advance Payment of PTC (Form 1095-A, Part III, Column C)
January	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
February	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
March	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
April	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
May	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
June	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
July	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
August	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

4. Click **Continue**.

Practice Lab displays the **Dependents' Modified AGI** page:

Dependents' Modified AGI (if filing requirement)

Enter the AGI for your dependents from Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4; and Form 1040NR, line 37

\$

Enter any tax-exempt interest for your dependents from Form 1040, line 8b; Form 1040A, line 8b; Form 1040EZ, the amount written to the left of the line 2 entry space; and Form 1040NR, line 9b

\$

Enter any amounts for your dependents from Form 2555, lines 45 and 50, and Form 2555-EZ, line 18

\$

Enter for each of your dependents the difference, if any, between Form 1040, lines 20a and 20b; and Form 1040A, lines 14a and 14b

\$

← Back

✓ Continue

5. Read each line carefully and type the appropriate amount in the box.

6. Click **Continue**.

Health Coverage Exemptions

Practice Lab displays the **Do you qualify for Health Care Exemptions** page:



Do you qualify for Health Care Exemptions?

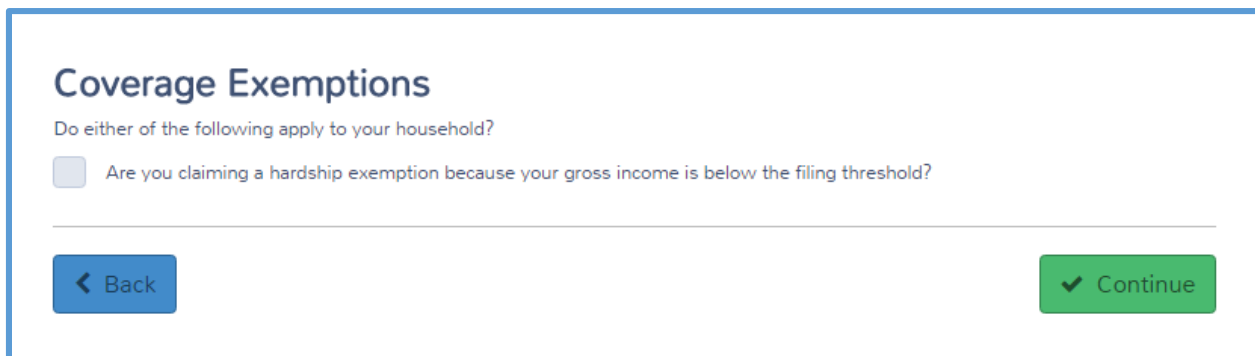
Did you receive an exemption certificate from a marketplace, or qualify for exemptions due to circumstances? Yes No

[← Back](#) [✓ Continue](#)

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

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

Practice Lab 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 an exemption because of his or her gross income, select the check box.
4. Click **Continue**.

Practice Lab displays the **Health Insurance/Exemption** page:

Health Insurance/Exemption

Name of Individual - Please Select - ▾

Do you have a marketplace-issued certificate for this exemption? - Please Select - ▾

Indicate full year or specify months for which you qualify to take the exemption.

Full Year

January February March
 April May June
 July August September
 October November December

✕ Cancel ✔ Continue

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:

Do you have a marketplace-issued certificate for this exemption? Yes ▾

Exemption Certificate Number

- b. If the taxpayer did **not** receive a certificate for the exemption, select the exemption type from the list, as shown below:

Do you have a marketplace-issued certificate for this exemption? No ▾

Exemption Type -- Please Select -- ▾

Indicate full year or specify months

Full Year

January

April

July

October

-- Please Select --

Coverage is unaffordable

Short gap in coverage

Citizens living abroad and certain noncitizens

Member of health care sharing ministry

Member of Federally-recognized Indian tribe

Incarceration

Aggregate self-only coverage considered unaffordable

Gap in coverage at the beginning of 2015

Gap in CHIP coverage

Resident of a state that did not expand Medicaid

Limited benefit Medicaid and TRICARE programs that are not minimum essential coverage

Employer coverage with non-calendar plan year beginning in 2014

8. Select the check box(es) for the year or months the taxpayer qualifies to take the exemption.
9. Click **Continue**.

Practice Lab displays the **Health Coverage Exemptions** summary page:

Health Coverage Exemptions

Name of Individual	Type		
Taxpayer Example	B	Edit	Delete

+ Add

Add another exemption

< Back

✔ Continue

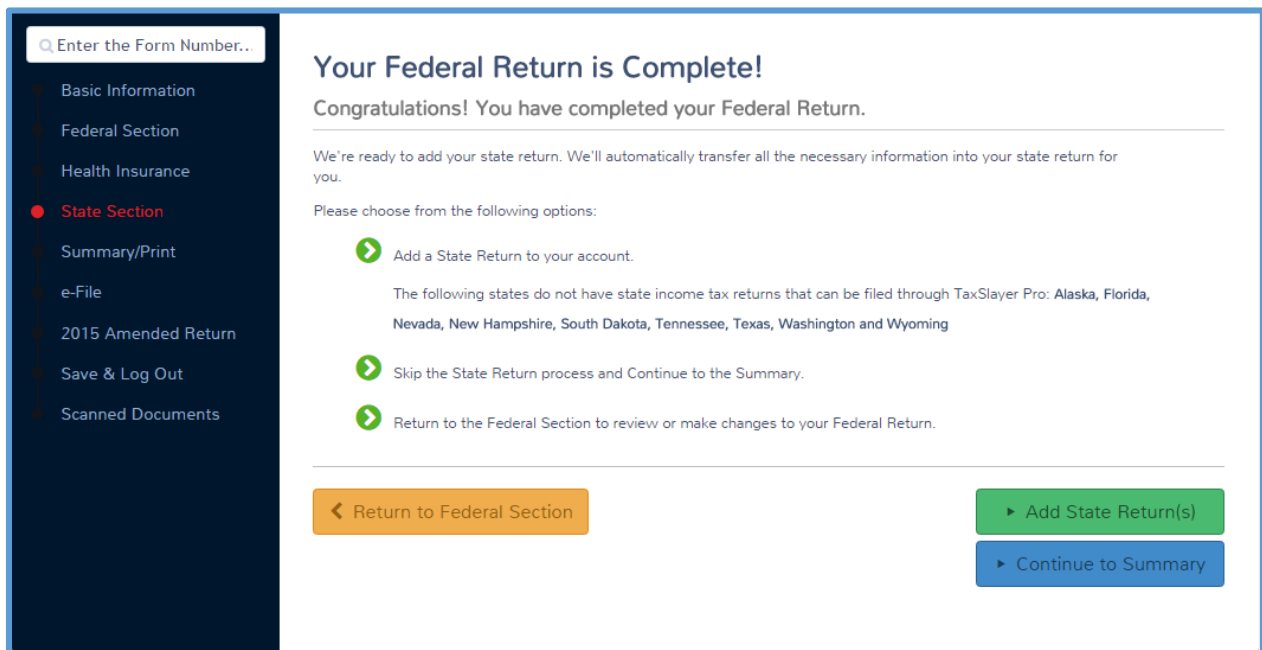
10. If other members of the household qualify for an exemption, click **Add** and use the same steps to add exemption information for the individual.
11. When you finish adding health coverage exemptions, click **Continue**.

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, Practice Lab displays the **Your Federal Return is Complete!** landing page:



The screenshot shows a web interface with a dark blue left navigation bar and a white main content area. The navigation bar includes a search box and menu items: Basic Information, Federal Section, Health Insurance, State Section (highlighted with a red dot), Summary/Print, e-File, 2015 Amended Return, Save & Log Out, and Scanned Documents. The main content area has the heading 'Your Federal Return is Complete!' and a congratulatory message. It offers three options: 'Add a State Return to your account.' (with a note about states not supported: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming), 'Skip the State Return process and Continue to the Summary.', and 'Return to the Federal Section to review or make changes to your Federal Return.' At the bottom, there are three buttons: 'Return to Federal Section' (orange), 'Add State Return(s)' (green), and 'Continue to Summary' (blue).

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:

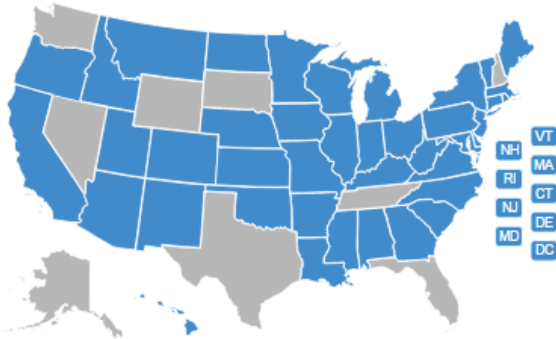
1. Click **Add State Return(s)**.

Practice Lab displays the **Select your State Return** page:

Select your State Return

Please select the state that you would like to complete below.

Only states that accept tax returns for which you have not already created a state tax return are listed here. The following states do not have individual income tax returns:
Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming



Choose State
- Please Select -

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

Practice Lab displays the **Select Your Return Residency** page:

Select your Georgia Return Residency

Please choose a return type

Resident: You are a Resident of Georgia if you have a permanent place to live in Georgia for the entire tax year regardless of brief, infrequent absences.

Part Year: You are a Part Year Resident of Georgia if you have a permanent place to live in Georgia for a minimum of 30 days regardless of brief, infrequent absences.

Non-Resident You are a Nonresident of Georgia if you do not maintain a permanent place to live in Georgia during the tax year for a minimum of 30 days.

4. Select whether the taxpayer is a resident, part-year resident, or non-resident of the state.
5. Click **Continue**.

Practice Lab displays the **State Return** page with any additional questions the state requires:

Georgia State Return

Is your address different from the Georgia return you filed last year?

I authorize the Georgia Department of Revenue to electronically notify me at the e-mail address provided regarding any updates to my account(s).

E-mail address

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

Practice Lab displays the **Congratulations!** page:

Congratulations! You have completed your standard Georgia state return!

Would you like to add any of the following items or any additional items not listed below to your Georgia state return?

<input type="checkbox"/> Path2College 529 Plan Contributions	<input type="checkbox"/> Adoption Credit
<input type="checkbox"/> Driver's education credit	<input type="checkbox"/> Paid for care relative to a disabled family member
<input type="checkbox"/> Lived and worked in another state(s)	<input type="checkbox"/> Member of GA National Guard
<input type="checkbox"/> Received disaster assistance payments	<input type="checkbox"/> Rural physician
<input type="checkbox"/> Made less than \$20,000 for the year and received food stamps	<input type="checkbox"/> Low emission vehicle credit

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, Practice Lab displays the **State Return** summary page:

The screenshot shows the 'State Return' summary page. At the top, there is a yellow warning box with a triangle icon and the text: 'If you need to change your state residency status just delete the current return and start again. State forms differ by the type of residency you select.' Below this, there is a table with two columns: 'State' and 'Return Type'. The first row shows 'Georgia' under 'State' and 'Resident' under 'Return Type'. To the right of the 'Resident' text are two buttons: a blue 'Edit' button and a red 'Delete' button. Below the table, there is a green '+ Add' button followed by the text 'Add Another State Return'. At the bottom right of the page, there is a green 'Continue' button with a checkmark icon.

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**.

Practice Lab displays the **State Return** page:

Georgia State Return	
Basic Information	BEGIN
Additions to Income	BEGIN
Subtractions from Income	BEGIN
Retirement Exclusion Worksheet	BEGIN
Credits	BEGIN
Contributions	BEGIN
Payments	BEGIN
Miscellaneous Forms	BEGIN
<input type="button" value="x Cancel"/>	<input type="button" value="✓ Continue"/>

2. Click **BEGIN** on the line for the information you need to add. For this example, we will click **Additions to Income**.

NOTE: Practice Lab 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.

Practice Lab displays the detail page for the line you selected:

Georgia State Return

Additions to Income

Your Federal Adjusted Gross Income (AGI) is automatically carried to your state return; however, Georgia taxes certain items of income not taxed by the Federal government. Enter additions to income to the extent they were NOT included in your Federal AGI.

Interest and Dividends received on non-Georgia municipal and state bonds	BEGIN
Lump Sum Distributions	BEGIN
Depreciation Adjustment	BEGIN
Net Operating Loss Carry-Overs	BEGIN
Other Additions	BEGIN
Adjust calculated Special Depreciation.	BEGIN

Continue

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**.

Practice Lab displays the **State Return** page:

State Return

If you need to change your state residency status just delete the current return and start again. State forms differ by the type of residency you select.

State	Return Type	
Georgia	Resident	Edit Delete

[+ Add](#) Add Another State Return

[Continue](#)

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

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

Practice Lab displays a warning confirmation:

Are you sure that you want to delete this State Return?

Georgia State Return

You will have to re-enter this information if you later decide to file this state return.

[Cancel](#) [Delete](#)

3. Confirm that you selected the correct state and click **Delete**.

Practice Lab 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.

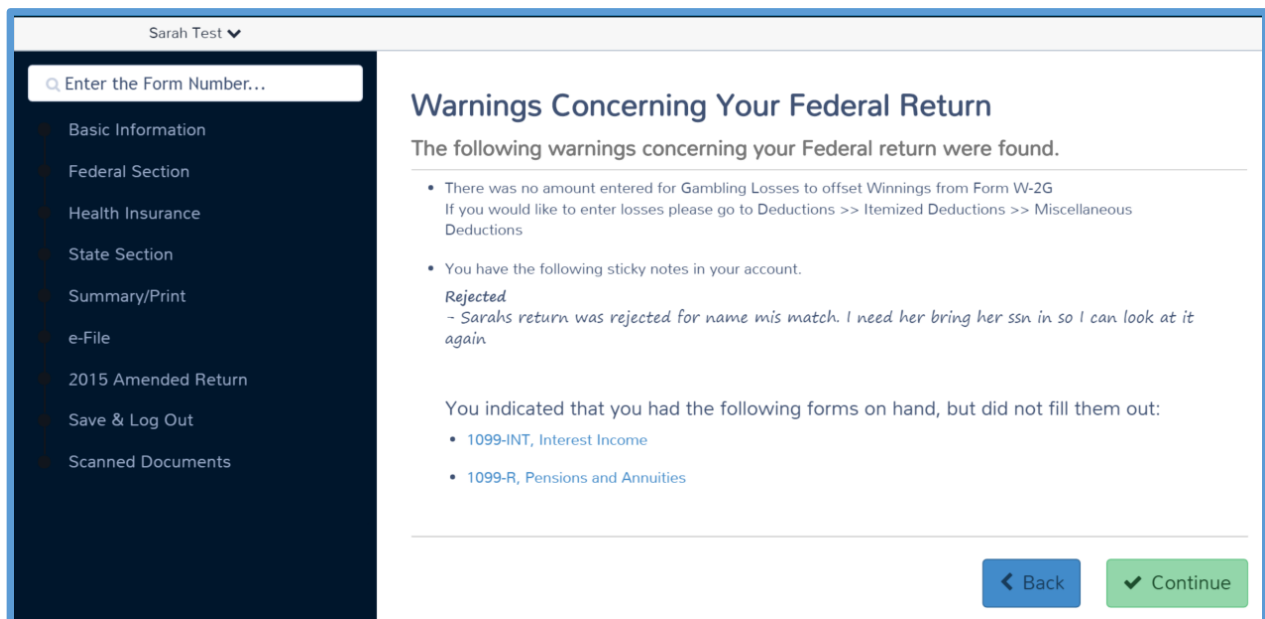
When you complete a return, you need to print a copy for the taxpayer. Depending on how your site handles printing, you can print either from within the return or from the client's status.

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.

Practice Lab displays the first **e-File** page:



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

Practice Lab 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**.

Practice Lab display the **Print Results** page:

Form **8879** IRS e-file Signature Authorization OMB No. 1545-0074

2015

Department of the Treasury Internal Revenue Service

Do not send to the IRS. This is not a tax return. Keep this form for your records. Information about Form 8879 and its instructions is at www.irs.gov/form8879.

Submission Identification Number (SID)

Taxpayer's name	SARAH TEST	Social security number	401-99-1146
Spouse's name	SPOUSE TEST	Spouse's social security number	601-99-1146

Part I Tax Return Information— Tax Year Ending December 31, 2015 (Whole Dollars Only)

1	Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)	1	9516
2	Total tax (Form 1040, line 63; Form 1040A, line 39; Form 1040EZ, line 12)	2	449
3	Federal income tax withheld (Form 1040, line 64; Form 1040A, line 40; Form 1040EZ, line 7)	3	1875
4	Refund (Form 1040, line 76a; Form 1040A, line 48a; Form 1040EZ, line 13a; Form 1040-SS, Part I, line 13a)	4	1426
5	Amount you owe (Form 1040, line 78; Form 1040A, line 50; Form 1040EZ, line 14)	5	

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2015, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts from my electronic income tax return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke (cancel) a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537. Payment cancellation requests must be received no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

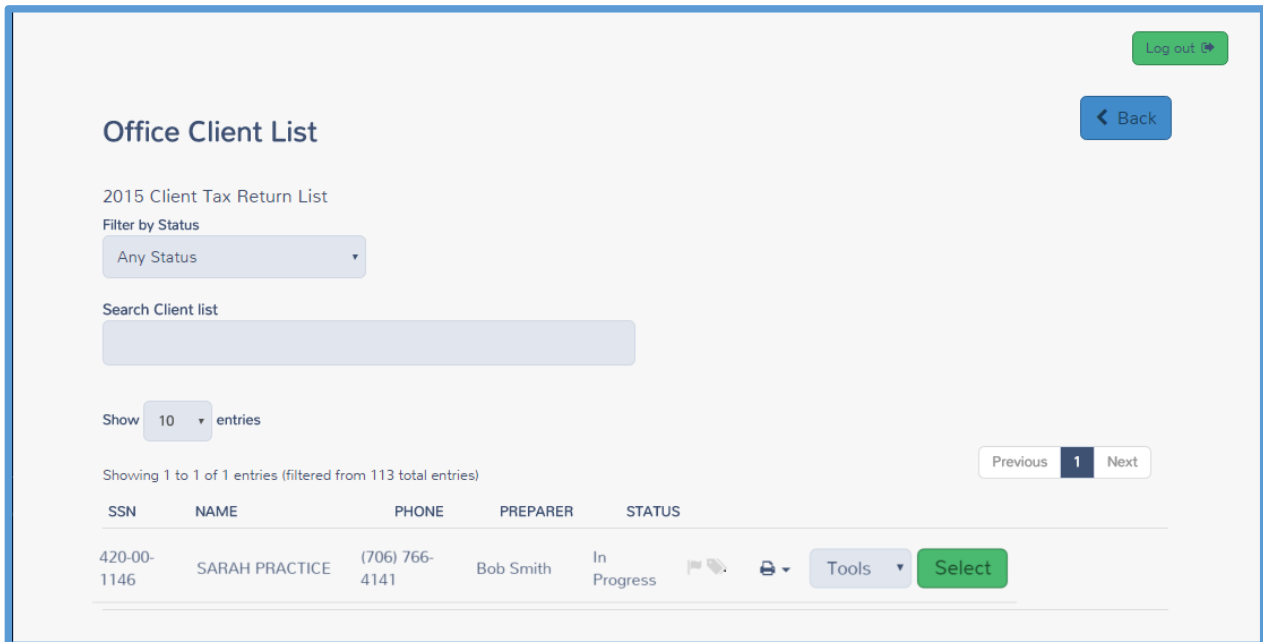
5. Click the **Print** icon in Adobe Reader to print the return.

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.

Practice Lab displays the **Office Client List** page:



Office Client List

2015 Client Tax Return List

Filter by Status
Any Status

Search Client list

Show 10 entries

Showing 1 to 1 of 1 entries (filtered from 113 total entries)

SSN	NAME	PHONE	PREPARER	STATUS				
420-00-1146	SARAH PRACTICE	(706) 766-4141	Bob Smith	In Progress				

Tools **Select**

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**.

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.

Practice Lab displays the **Office Client List** page:

Office Client List

2015 Client Tax Return List

Filter by Status

Any Status

Search Client list

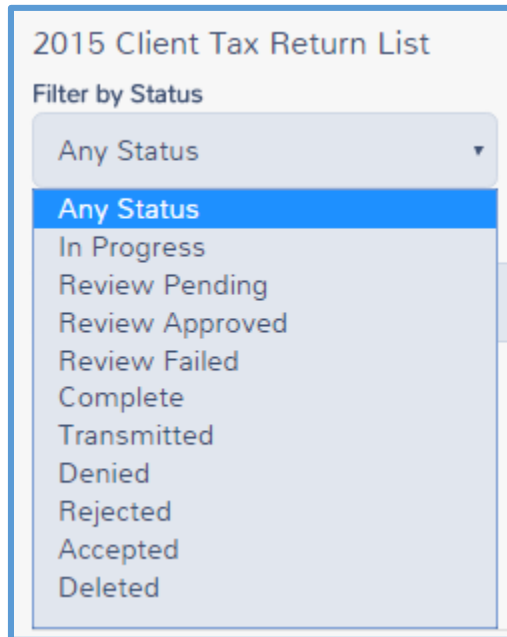
Show 10 entries

Showing 1 to 10 of 112 entries

Previous 1 2 3 4 5 ... 12 Next

SSN	NAME	PHONE	PREPARER	STATUS
-----	------	-------	----------	--------

2. To filter returns by status, select an option from the **Filter by Status** drop-down list, as shown below:



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**. Practice Lab displays all returns prepared by Admin Preparer:

The screenshot shows the 'Office Client List' interface. At the top right, there is a 'Log out' button. Below it is a '< Back' button. The main heading is 'Office Client List'. Underneath, it says '2015 Client Tax Return List'. There is a 'Filter by Status' dropdown menu set to 'Any Status'. A search bar labeled 'Search Client list' contains the text 'admin preparer'. Below the search bar, it says 'Show 10 entries'. A pagination control shows 'Showing 1 to 8 of 8 entries (filtered from 113 total entries)' with 'Previous', '1', and 'Next' buttons. The main content is a table with columns: SSN, NAME, PHONE, PREPARER, STATUS, and two action buttons: 'Select' and '- Select Option -'. The table contains two rows of data.

SSN	NAME	PHONE	PREPARER	STATUS		
111-00-1233	Test Return	(770) 555-1212	Admin Preparer	In Progress	Select	- Select Option -
111-00-1234	Test Taxpayer	(770) 555-1214	Admin Preparer	In Progress	Select	- Select Option -

If you search by Social Security number, Practice Lab displays returns containing the Social Security number, or the portion of the Social Security number you typed:

The screenshot shows the 'Office Client List' interface. At the top right, there is a '< Back' button. The main heading is 'Office Client List'. Underneath, it says '2015 Client Tax Return List'. There is a 'Filter by Status' dropdown menu set to 'Any Status'. A search bar labeled 'Search Client list' contains the text '11100'. Below the search bar, it says 'Show 10 entries'. A pagination control shows 'Showing 1 to 4 of 4 entries (filtered from 113 total entries)' with 'Previous', '1', and 'Next' buttons. The main content is a table with columns: SSN, NAME, PHONE, PREPARER, STATUS, and two action buttons: 'Select' and '- Select Option -'. The table contains two rows of data.

SSN	NAME	PHONE	PREPARER	STATUS		
111-00-1233	Test Return	(770) 555-1212	Admin Preparer	In Progress	Select	- Select Option -
111-00-1234	Test Taxpayer	(770) 555-1214	Admin Preparer	In Progress	Select	- Select Option -

4. Click **Select** on the line for the return you want to open.

Practice Lab displays the **Summary/Print** page for the return:

Reasons for no Earned Income Credit (EIC) [show details](#)

Form 1040 page: **1** 2 Summary View

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2015** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2015, or other tax year beginning _____, 2015, ending _____, 2016

Your first name and initial: **TEN FORTY** Last name: **VIEW** Your social security number: **400 | 99 | 1146**

If a joint return, spouse's first name and initial: _____ Last name: _____ Spouse's social security number: _____

Home address (number and street), if you have a P.O. box, see instructions: **6 MATHIS DRIVE** Apt. no.: _____ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code, if you have a foreign address, also complete spaces below (see instructions): **Rome GA 30165**

Foreign country name: _____ Foreign province/state/county: _____ Foreign postal code: _____ **Presidential Election Campaign** Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. You Spouse

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

Check only one box.

Exemptions 6a Yourself. If someone can claim you as a dependent, do not check box 6a. 6b Spouse

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

If more than four dependents, see instructions and check here

d Total number of exemptions claimed: _____

Income 7 Wages, salaries, tips, etc. Attach Form(s) W-2 **7** **\$27,500 00**

8a Taxable interest. Attach Schedule B if required **8a** **50 00**

b Tax-exempt interest. Do not include on line 8a **8b** **50 00**

9a Ordinary dividends. Attach Schedule B if required **9a** **50 00**

Attach Form(s) W-2 here. Also

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:

Search Client list

11100

Show 10 entries

Showing 1 to 4 of 4 entries (filtered from 113 total entries) Previous **1** Next

SSN	NAME	PHONE	PREPARER	STATUS	
111-00-1233	Test Return	(770) 555-1212	Admin Preparer	In Progress	Select - Select Option -

5. From the **Select Option** drop-down list, select **Client Status**.

Practice Lab displays the **Client Status** page:

The screenshot displays the 'Client Status' page. At the top right, there is a green 'Log out' button and a red 'Cancel' button. The main content is divided into several sections:

- Client Status:** A table with three columns. The first column lists fields: Primary, Secondary, Home Phone, Cell Phone, and Address. The second column contains values: 114-00-1717 (Taxpayer Example), and is blank for the others. The third column lists: Federal Type, IRS Transaction date, and Office, with values: No information, No Information, and a blurred area.
- Transmitted Fee Summary:** A table with four columns: Preparation Fee, Documentation Fee, E-file Fee, and Total Fees. All values are \$0.00.
- Client Return History:** A section with two columns of details:
 - Action Taken - CreateReturn:** Log Time - 3/16/2016 4:08:45 AM, Preparer - Admin Preparer, Ero - Multi Site 7, SSN -
 - Return Information -** Filing Status - AGI - 0, Return Fees -

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

Primary	405-00-0003 CHARLES (MARTIN)	Federal Type	No information
Secondary	405-00-2280 JENNIFER (MARTIN)	IRS Transaction date	No information
Home Phone	(854) 289-1445	Office	562/355
Cell Phone	(706) 455-4056		
Address	3729 RAINBOW DRIVE DECATUR, GA 30034		

Transmitted Fee Summary

Preparation Fee	Documentation Fee	E-file Fee	Total Fees
\$130.00	50.00	5.00	\$185.00

IRS Acknowledgements

Ack Date	Status	Refund	State
11/24/2014	Accepted	50.00	

IRS Transmissions

Description	Date	Service Center	DCN	Refund	Extension?
Direct Deposit	11/24/2014	Philadelphia		5526.00	N

Validation Errors

Tax Entity	Help Message	Error Message	Date
FD		The element 'RequestExampleCsrTaxIndMsg' in namespace 'http://www.irs.gov/efile' has incomplete content. List of possible elements expected: 'RPHeader', 'RPIndicatorMsg' in namespace 'http://www.irs.gov/efile'.	01/02/2015

Practice Lab 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.

Client Status

Primary	456-00-4564 (Test 1042NR)	Federal Type	Electronic Mailed
Secondary		IRS Transaction date	Wednesday, January 21, 2015
Home Phone	(706) 454-2124	Office	582355
Cell Phone			
Address	123 MAIN ST, AUGUSTA GA 30904		

Transmitted Fee Summary

Preparation Fee	Documentation Fee	E-file Fee	Total Fees
\$150.00	\$0.00	\$20.00	\$170.00

IRS Acknowledgements

Ack Date	Status	Refund	Additional Information
01/21/2015	Rejected	\$6,305.00	Submission Id: 58235520150210110311 <div style="border: 1px solid #ccc; padding: 5px;"> <p>Reject Code R0000-092-01 Message: 'PrimarySSN' in the Return Header must be within the valid range of SSN/ITIN and must not be an A TIN. Data Value: 456004564</p> <p>Reject Code R0000-500-01 Message: 'PrimarySSN' and 'PrimaryNameControlTxt' in the Return Header must match the e-File database. Data Value: 456004564</p> </div>
01/20/2015	Rejected	\$6,305.00	Submission Id: 58235520150140042318 <div style="border: 1px solid #ccc; padding: 5px;"> <p>Reject Code R0000-092-01 Message: 'PrimarySSN' in the Return Header must be within the valid range of SSN/ITIN and must not be an A TIN. Data Value: 456004564</p> <p>Reject Code R0000-500-01 Message: 'PrimarySSN' and 'PrimaryNameControlTxt' in the Return Header must match the e-File database. Data Value: 456004564</p> </div>

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 Practice Lab.

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.

Practice Lab displays the **Form 1099-MISC** page:

Form 1099-MISC

Whose 1099-MISC is this?
Single Taxpayer

Payer Information
 Use Payer's SSN as ID

Payer's Federal ID
[] - []

Payer's Name
[]
 Check here if foreign address

Address (Number and Street)
[]

Zip Code
[] - []

City, Town, or Post Office
[]

State
- Please Select -

1099-MISC Information

1 Rents \$ []
2 Royalties \$ []
3 Other income \$ []
4 Federal income tax withheld \$ []
5 Fishing boat proceeds \$ []
6 Medical and health care payments [Learn More](#) []
7 Nonemployee compensation \$ []
8 Substitute payments in lieu of dividends or interest [Learn More](#) []
9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale [Learn More](#)
10 Crop insurance proceeds \$ [] Defer
11 Foreign tax paid [Learn More](#) []
12 Foreign country or U.S. possession [Learn More](#) []
13 Excess golden parachute payments [Learn More](#) []

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 Practice Lab:
 - a. If the payer used a Social Security number instead of an EIN, select the **Use Payer's SSN as ID** check box. Practice Lab displays a Social Security number box instead of the EIN box.

- b. If the payer is a business, and you entered that payer previously, Practice Lab 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. Practice Lab 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**.

Practice Lab 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, Practice Lab reports that income on Form 1040, line 21. For some lines, Practice Lab 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.

Practice Lab displays the Schedule C you added and includes the Form 1099-MISC income on the appropriate page:

Schedule C

This business belongs to:
Single Taxpayer

Name and Address

Business Name:
Leave blank if no separate business name.

Employer ID: -
Leave blank if EIN = SSN

Address:

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

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.

Practice Lab displays the **Form 1099-MISC** summary page with the payer you entered listed:

Owner	Payer	Carried To		
Taxpayer	KRAFT FOODS	None	Edit	Delete

[+ Add](#) Add a Form 1099-MISC

[Continue](#)

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.

Practice Lab displays the **Schedule C** page:

Schedule C

This business belongs to:
Single Taxpayer

Name and Address

Business Name:
Leave blank if no separate business name.

Employer ID: -
Leave blank if EIN = SSN

Address:

Address (Number and Street)

Zip Code -

City, Town, or Post Office

State

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, Practice Lab 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. Practice Lab automatically populates both the business code and description boxes.
3. When you finish typing the general information, click **Continue**.

Practice Lab displays the Schedule C landing page:



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

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

Practice Lab displays the **Schedule C Questions** page:

Schedule C Questions

Questions about your Business:

Accounting Method:

Cash
 Accrual
 Other

Method used to value closing inventory:

Cost
 Lower of cost or market
 Not Applicable

Check here if there were any changes in determining inventory.

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

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

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

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

If you checked the box above, check here if you did or you will file all required Forms 1099.

- Carefully read each question on this page and answer it based on the information you receive from the taxpayer.
- When you finish answering questions on this page, click **Continue**.

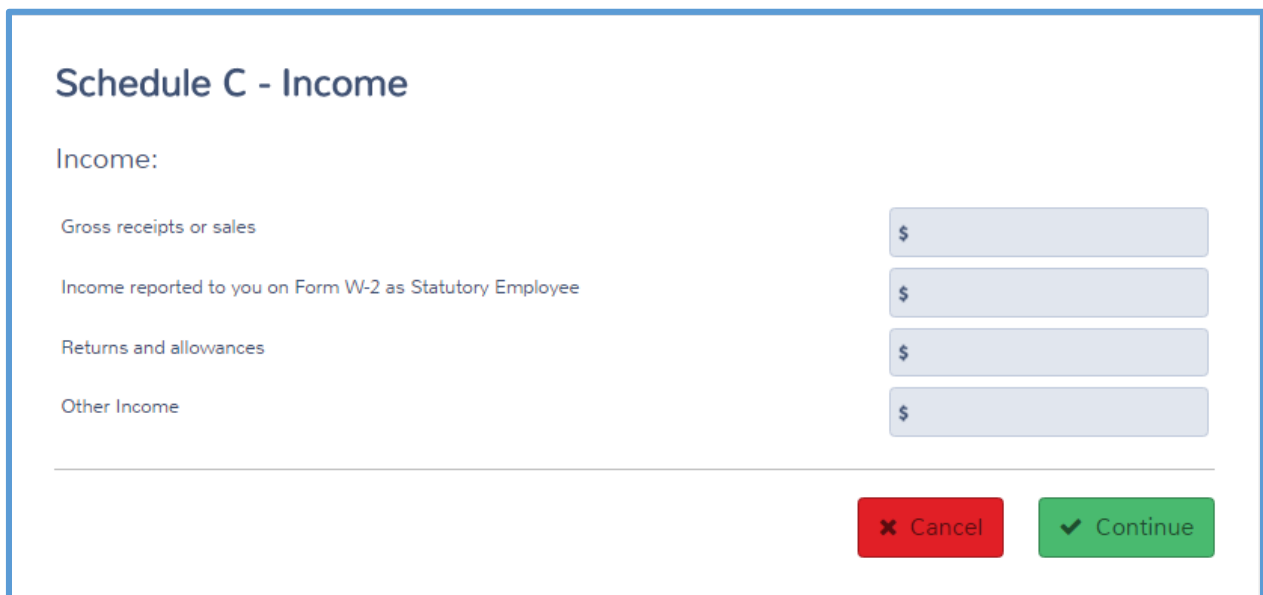
Practice Lab displays the Schedule C landing page:



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

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

Practice Lab displays the **Schedule C – Income** page:



Schedule C - Income

Income:

Gross receipts or sales	\$
Income reported to you on Form W-2 as Statutory Employee	\$
Returns and allowances	\$
Other Income	\$

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

Practice Lab displays the **Schedule C** landing page:



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

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

Practice Lab displays the **Schedule C – Expenses** page:

Schedule C - Expenses

Advertising	\$	Pension and profit sharing	\$
Contract Labor	\$	Rent or lease of equipment	\$
Commission and fees	\$	Rent or lease of property	\$
Depletion	\$	Repairs and maintenance	\$
Employee benefit programs	\$	Supplies	\$
Health Insurance (will carry automatically to worksheet)	\$	Taxes and licenses	\$
Insurance (other than health)	\$	Travel	\$
Mortgage interest	\$	Meals and entertainment (50%) Enter 100% of the expenses.	\$
Other interest	\$	Meals and entertainment (80%) Enter 100% of the expenses.	\$
Legal and professional services	\$	Utilities	\$
Office expense	\$	Wages (less employment credits)	\$

11. Complete the information based on answers from the taxpayer, using the following tips:
- When you type the amount of health insurance expense, Practice Lab carries this amount to the worksheet.
 - 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. Practice Lab only deducts the correct amount.
 - 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**.

Practice Lab displays the **Schedule C Income from Business** page with the business you entered listed:

Business	Owner	Type	Income	
Travel arrangement	Taxpayer	Schedule C	\$500.00	<input type="button" value="Edit"/> <input type="button" value="Delete"/>

Add a Schedule C Income from Business

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: Practice Lab 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.

Practice Lab displays the **Schedule D Capital Gains** page:

Schedule D Capital Gains

Capital Gains and Loss Items	BEGIN
Additional Capital Gains Distributions	BEGIN
Other Capital Gains Data	BEGIN
Sale of Main Home Worksheet	BEGIN

Continue

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

Practice Lab displays the **Capital Gains Transaction** page:

Capital Gains Transaction

Description of Property

Date Acquired: MM DD YYYY

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

Date Sold: MM DD YYYY

* **Alternate Option:**

Check here if a short sale.

Sales Price \$

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

Select cost basis type - Please Select -

Cost \$

* **Alternate Option:** If Cost is Expired, leave the cost blank and select an option here

Enter any necessary adjustments to Gain or Loss \$

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

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**.

Practice Lab displays the **Capital Gain/Loss** page with the transactions listed:

Capital Gain/Loss

Description	Date Acquired	Date Sold	Price	Cost		
Capital Gain 1	4/7/2015	9/29/2015	\$500	\$100	Edit	Delete

[+ Add](#) Add a Capital Gains Transaction

[Continue](#)

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.

Practice Lab displays the **Sale of Home** page:

Sale of Home

Basic Info about the Sale

Date of purchase	MM ▾ DD ▾ YYYY ▾
Purchase price	\$ <input type="text"/>
Date of sale	MM ▾ DD ▾ YYYY ▾
Sale price	\$ <input type="text"/>
Allowable Depreciation related to the business use or rental of the home	\$ <input type="text"/>
Depreciation taken after 05/06/1997	\$ <input type="text"/>

Info about your home

How many days in the last 5 years was the home your main home?	<input type="text"/>
How many days in the last 5 years did you own your home?	<input type="text"/>

Check here if you received the First-time Homebuyers Credit AND you received the credit in 2008 OR you did NOT meet the minimum ownership requirements to exclude repayment of the credit.

Check here if you qualify for the Maximum Exclusion or the Reduced Maximum Exclusion.

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**.

Practice Lab displays the **Adjustments** page:

Adjustments

Fees you may have paid when you bought your home

Legal fees	\$
Surveys	\$
Title Insurance	\$
Fees that the seller owed that you agreed to pay	\$
Other fees	\$

General Adjustments

Selling expenses	\$
Cost of additions and improvements that you made to your home	\$
Tax assessments that you paid for sidewalks, streets, and other local improvements	\$
Other increases to your basis	\$
Decreases to your basis	\$

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

Practice Lab displays the **Sale of Home Worksheet** page:

Sale of Home Worksheet

Basic Information about Your Home	EDIT
Adjustments to the Sale	BEGIN

Continue

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

Practice Lab displays the **Sale of Home Worksheet** summary page:

Sale of Home Worksheet

Purchase Date	Sold Date	Purchase price	Sales price		
2/1/2009	9/5/2015	\$65,000.00	\$95,000.00	Edit	Delete

[Continue](#)

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 Practice Lab 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.

Practice Lab displays the **Other Capital Gains Data** page:

Other Capital Gains Data

Adjust Section 1250 Amounts	<input type="text" value="\$"/>
Adjust 28% Gain	<input type="text" value="\$"/>
Short Term Loss Carryover from 2014 (enter as a positive number)	<input type="text" value="\$"/>
Long Term Loss Carryover from 2014 (enter as a positive number)	<input type="text" value="\$"/>

[Cancel](#) [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: Scope Items for Schedule K-1 & Schedule E**

- **Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041):** All certified VITA/TCE volunteers 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. However, parts of Schedule E are out of scope for all VITA/TCE volunteers. Part I of Schedule E, lines 5 - 21, Expenses, is out of scope. Also out of scope is Part II, Income or Loss from Partnerships and S Corporations, Part III, Income or Loss From Estates and Trusts, and Part IV, Income or Loss from REMICs. Part V relating to farm income, is also out of scope for VITA/TCE volunteers
- **Rental income and expenses for active duty military and military course:** Land rental is in scope for TCE volunteers. However, volunteers must certify at Military level to prepare a Schedule E for **home** rental income (in scope only if taxpayer is active duty military) .

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. Practice Lab 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**.

Practice Lab displays the **Schedule E Rent and Royalty Information** page:

Schedule E Rent and Royalty Information

Type

Description

Address

Check here if foreign address

Address (Number and Street)

Zip Code -

City, Town, or Post Office

State

Check if personal use

Percent of ownership %

Rental payments received

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**.

Practice Lab displays the **Schedule E Rentals and Royalties** page:

Schedule E Rentals and Royalties
Currently Editing: Rental Home

Rent and Royalty Basic Information	EDIT
Depreciation	BEGIN
Expenses	BEGIN
Car and Truck Expenses	BEGIN

Continue

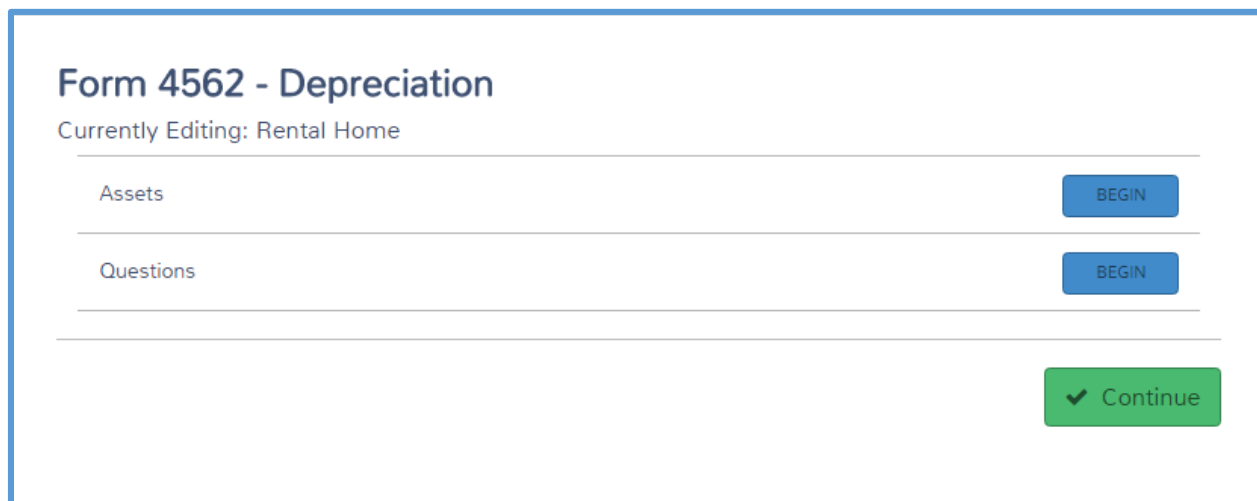
Depreciation

TIP: Practice Lab 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.

Practice Lab displays the **Form 4562 – Depreciation** landing page:



Form 4562 - Depreciation
Currently Editing: Rental Home

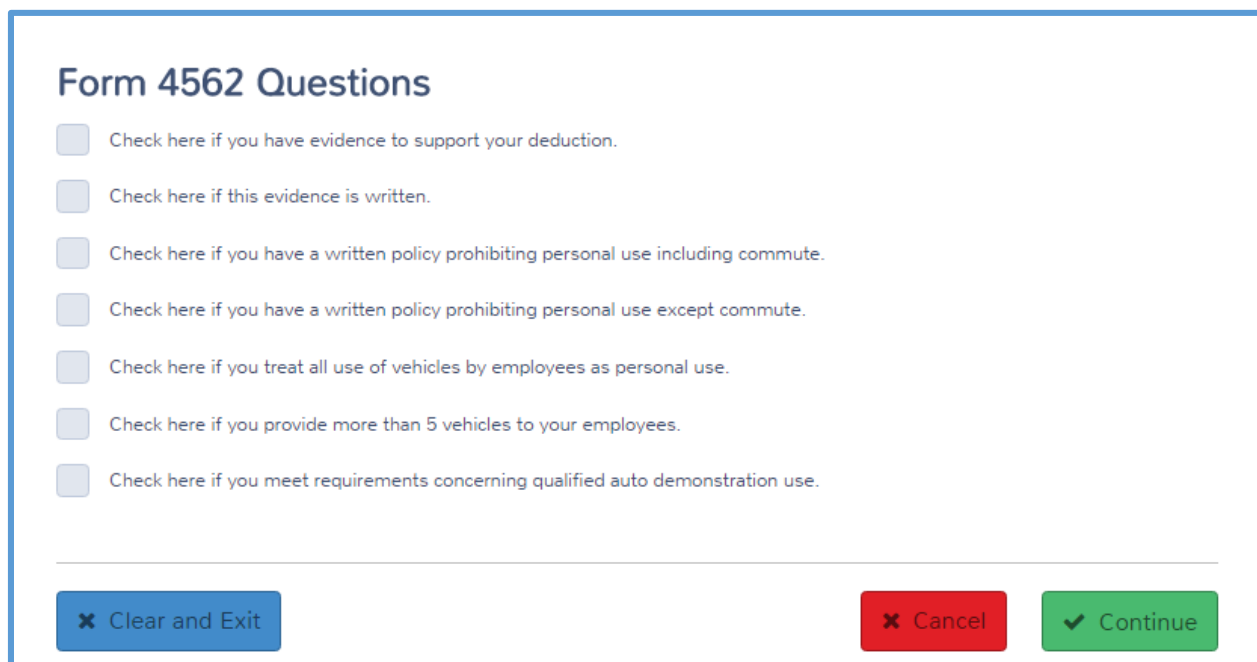
Assets BEGIN

Questions BEGIN

✓ Continue

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

Practice Lab displays the **Form 4562 Questions** page:



Form 4562 Questions

Check here if you have evidence to support your deduction.

Check here if this evidence is written.

Check here if you have a written policy prohibiting personal use including commute.

Check here if you have a written policy prohibiting personal use except commute.

Check here if you treat all use of vehicles by employees as personal use.

Check here if you provide more than 5 vehicles to your employees.

Check here if you meet requirements concerning qualified auto demonstration use.

✕ Clear and Exit ✕ Cancel ✓ Continue

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**.

Practice Lab displays the **Form 4562 – Depreciation** page:

Form 4562 - Depreciation
Currently Editing: Rental Home

Assets BEGIN

Questions BEGIN

✓ Continue

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.

Practice Lab displays the **Schedule E Rental/Royalty Expense** page:

Schedule E Rental/Royalty Expense

Advertising	\$
Travel	\$
Cleaning	\$
Commission	\$
Insurance	\$
Legal Fees	\$
Management Fees	\$
Mortgage Interest	\$
Other Interest	\$
Repairs	\$
Supplies	\$
Taxes	\$

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.

Practice Lab displays the **Schedule E Rental/Royalty Other Expense** page:

Schedule E Rental/Royalty Other Expense

Description	<input type="text"/>
Amount	\$ <input type="text"/>

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

Practice Lab displays the **Schedule E Rental/Royalty Other Expense** page with the new expense listed:

Schedule E Rental/Royalty Other Expense

Description	Amount		
other	100.00	Edit	Delete

[+ Add](#) Add Another

[Continue](#)

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**.

Practice Lab displays the **Schedule E Rental/Royalty Expense** page:

Schedule E Rental/Royalty Expense	
Advertising	\$50
Travel	\$
Cleaning	\$
Commission	\$
Insurance	\$600
Legal Fees	\$
Management Fees	\$
Mortgage Interest	\$650
Other Interest	\$
Repairs	\$
Supplies	\$35
Taxes	\$400

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

Practice Lab displays the **Schedule E Rentals and Royalties** landing page:

Schedule E Rentals and Royalties
Currently Editing: Rental Home

Rent and Royalty Basic Information	EDIT
Depreciation	EDIT
Expenses	EDIT
Car and Truck Expenses	EDIT

Continue

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

Practice Lab displays the **Schedule E Car & Truck Expenses** page:

Schedule E Car & Truck Expenses
Currently Editing: Rental Home

Actual Expenses	EDIT
Standard Mileage Rate	BEGIN

Continue

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

Practice Lab displays the **Schedule E Vehicle** page:

Schedule E Vehicle
Currently Editing: Rental Home

View / Edit Vehicle(s) BEGIN

Vehicle Questions BEGIN

✓ Continue

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

Practice Lab displays the **Edit Vehicle Information** page:

Edit Vehicle Information

Description

Date vehicle placed in service

Total business/investment miles

Total number of commuting miles driven

Total other personal miles driven

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

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

Check here if another vehicle was available for personal use.

✕ Cancel ✓ Continue

12. Type all of the information for the vehicle.

13. Click **Continue**.

Practice Lab displays the **Schedule E Vehicle** page with the vehicle listed:

The screenshot shows the "Schedule E Vehicle" page. At the top, there is a table with two columns: "Description" and "Address". The first row contains "Hyundai" and "1/4/2015". To the right of the table are two buttons: "Edit" (blue) and "Delete" (red). Below the table is a green button labeled "+ Add" followed by the text "Add Another". At the bottom right of the page is a green button with a checkmark and the text "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**.

Practice Lab displays the **Schedule E Vehicle** page:

The screenshot shows the "Schedule E Vehicle" page. At the top, it says "Currently Editing: Rental Home". Below this are two rows of options. The first row has the text "View / Edit Vehicle(s)" and a dark blue button labeled "EDIT". The second row has the text "Vehicle Questions" and a blue button labeled "BEGIN". At the bottom right of the page is a green button with a checkmark and the text "Continue".

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

Practice Lab displays the **Schedule E Car & Truck Expenses** page:

Schedule E Car & Truck Expenses

Currently Editing: Rental Home

Actual Expenses	EDIT
Standard Mileage Rate	EDIT

✓ Continue

17. Click **Continue**.

Practice Lab displays the **Schedule E Rentals and Royalties** landing page:

Schedule E Rentals and Royalties

Currently Editing: Rental Home

Rent and Royalty Basic Information	EDIT
Depreciation	EDIT
Expenses	EDIT
Car and Truck Expenses	EDIT

✓ Continue

18. Click **Continue**.

Practice Lab displays the **Schedule E Rental/Royalty** page with the property you entered listed:

Schedule E Rental/Royalty

Description	Address (Number and Street)	Amount		
Rental Home	1 Main Street	\$5,000.00	Edit	Delete

[+ Add](#) Add Another

[Continue](#)

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

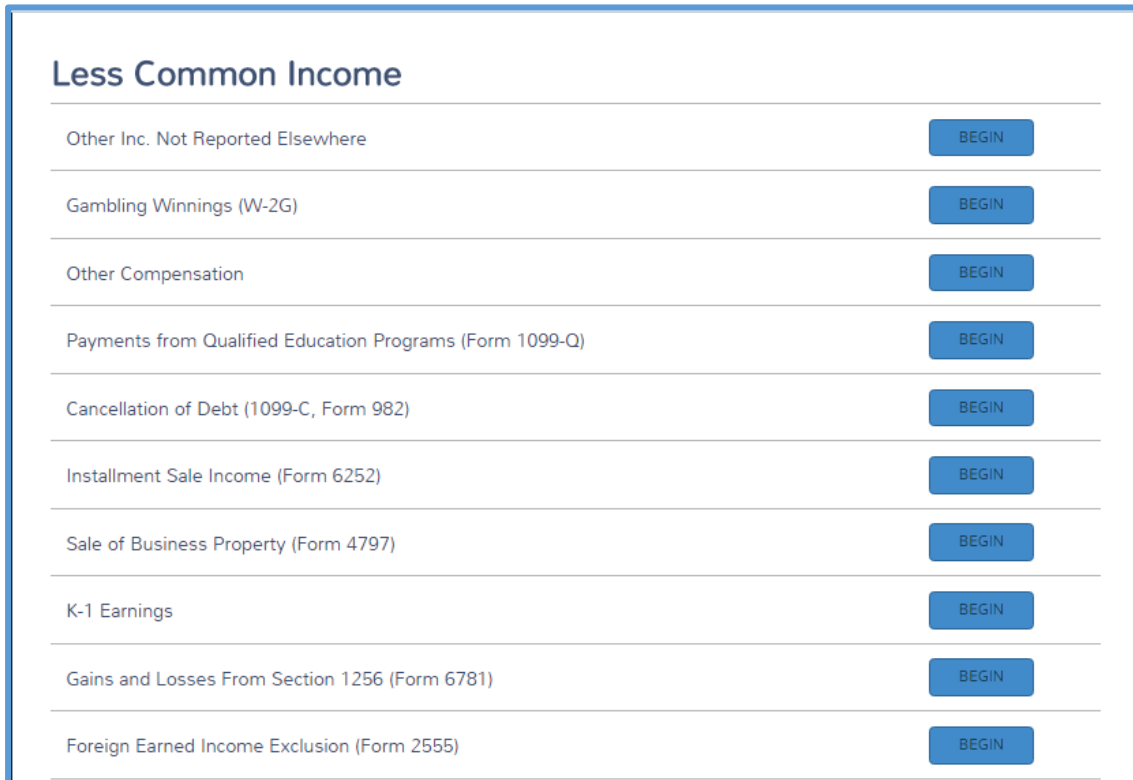
If the taxpayer received a Schedule K-1 from a partnership, S corporation, estate, or trust, you need to report the income. To report a Schedule K-1, use the following steps from the **Income** landing page:

NOTE: Certain income from Schedules K-1 (Forms 1065, 1120S, and 1041): All VITA/TCE certified volunteers 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. However, Schedule K-1 is in scope only for interest, dividends, royalties, capital gains and associated foreign tax credits. If a Schedule K-1 contains any other items, such as ordinary business income/loss or net rental income or loss, the return is out of scope.

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

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

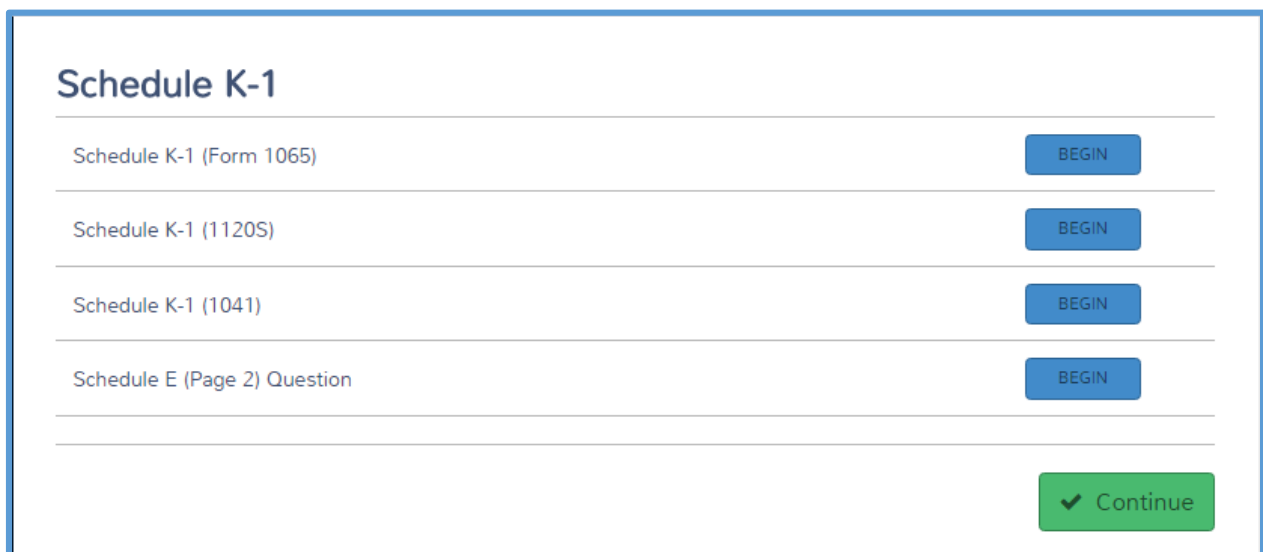
Practice Lab displays the **Less Common Income** page:



Category	Action
Other Inc. Not Reported Elsewhere	BEGIN
Gambling Winnings (W-2G)	BEGIN
Other Compensation	BEGIN
Payments from Qualified Education Programs (Form 1099-Q)	BEGIN
Cancellation of Debt (1099-C, Form 982)	BEGIN
Installment Sale Income (Form 6252)	BEGIN
Sale of Business Property (Form 4797)	BEGIN
K-1 Earnings	BEGIN
Gains and Losses From Section 1256 (Form 6781)	BEGIN
Foreign Earned Income Exclusion (Form 2555)	BEGIN

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

Practice Lab displays the **Schedule K-1** page:



Category	Action
Schedule K-1 (Form 1065)	BEGIN
Schedule K-1 (1120S)	BEGIN
Schedule K-1 (1041)	BEGIN
Schedule E (Page 2) Question	BEGIN

Continue

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

Practice Lab displays the **Form 1041 K-1** page:

Form 1041 K-1

Part I - Information About the Estate/Trust

Estate/Trust Belongs To:
Single Taxpayer

Estate/Trust Name

Estate/Trust EIN Number: -

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

State

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

1 Interest Income	\$ <input type="text"/>	11a Excess Deductions on Termination	\$ <input type="text"/>
-------------------	-------------------------	--------------------------------------	-------------------------

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

Practice Lab displays the **Schedule K-1 Form 1041** summary page with the Schedule K-1 listed:

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

[+ Add](#) Add A Schedule K-1 Form 1041

[Continue](#)

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**.

Practice Lab displays the **Schedule K-1** page:

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

[Continue](#)

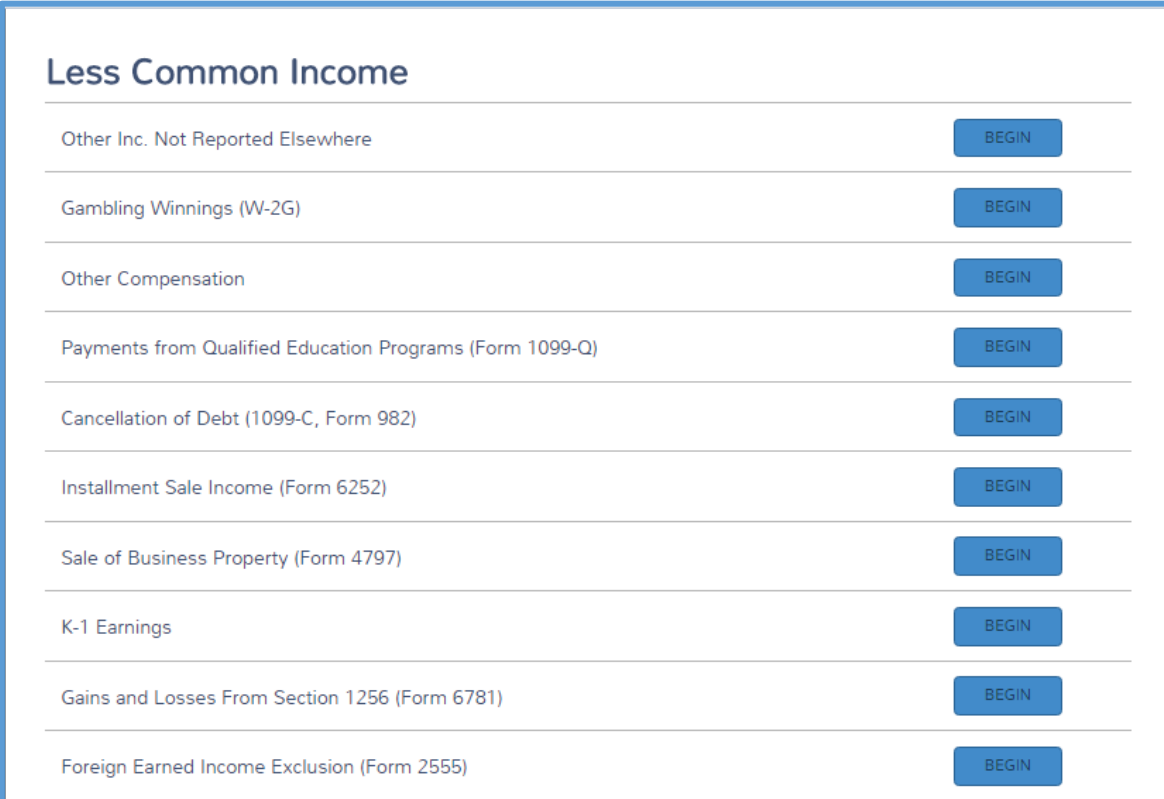
8. If the taxpayer has additional Schedules K-1, click **BEGIN** on the line for the form the taxpayer received and follow the same steps to enter the income.

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. Practice Lab displays the **Less Common Income** page:



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


2. Click **BEGIN** on the **Other Inc. Not Reported Elsewhere** line.

Practice Lab displays the **Other Income** page:

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 3, Other Income or Box 8, Substitute Payments. DO NOT enter an amount from any other box on Form 1099-MISC here.

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.

Practice Lab displays the **Adjustments** page:

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

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

1040 View: Click Line 32 to open the **IRA Deduction** page.

Practice Lab displays the **IRA Deduction** page:

IRA Deduction

Enter amount of IRA Contribution made by Taxpayer
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary" tab located on the navigation bar above after continuing through this page.)

Enter amount of IRA Contribution made by Spouse
(Generally this is from a Traditional IRA):
(This deduction may be limited. To see the deductible amount, go to the "Summary" tab located on the navigation bar above after continuing through this page.)

Check here if contributions were made to a non-working spouse's IRA.

If checked above, select the non-working spouse

Taxpayer Retirement Plan

Taxpayer has a retirement plan.
 Taxpayer DOES NOT have a retirement plan

Spouse Retirement Plan

Spouse has a retirement plan.
 Spouse DOES NOT have a retirement plan

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**.

Practice Lab displays the **IRA Deduction** summary page:

IRA Deduction

Taxpayer Contribution
\$2,000.00

Edit Delete

Continue

6. Click **Continue**.

Residential Energy Credit

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

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

Practice Lab displays the **Credits** landing page:

The screenshot shows a landing page titled "Credits" with a list of ten tax credit options. Each option is followed by a blue "BEGIN" button. The credits listed are:

Credit Name	Action
Foreign Tax Credit (Form 1116)	BEGIN
Child Care Credit (Form 2441)	BEGIN
Education Credits (Form 1098-T)	BEGIN
Retirement Savings Credit (Form 8880)	BEGIN
Residential Energy Credit (Form 5695)	BEGIN
Adoption Credit (Form 8839)	BEGIN
DC First-Time Homebuyer Credit (Form 8859)	BEGIN
Mortgage Interest Credit (Form 8396)	BEGIN
Earned Income Credit (Form 8862)	BEGIN
Credit for the Elderly or Disabled (Schedule R)	BEGIN

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.

Practice Lab displays the **Form 5695 – Residential Energy Credit** page:

The screenshot shows the "Form 5695 - Residential Energy Credit" page. It features a checkbox with the following text: "Check here if the energy efficiency improvements or residential energy property costs were made to your main home located in the United States." Below this text is a horizontal line. At the bottom right of the page are two buttons: a red "Cancel" button and a green "Continue" button.

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

Practice Lab adds a question to the page based on your selection of the check box:

Form 5695 - Residential Energy Credit

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

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

[✕ Cancel](#) [✓ Continue](#)

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

Practice Lab displays the **Form 5695** page:

Form 5695

Nonbusiness Energy Property [BEGIN](#)

Energy Efficient Improvement [BEGIN](#)

[✓ Continue](#)

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

Practice Lab displays the **Form 5695 – Nonbusiness Energy Property** page:

Form 5695 - Nonbusiness Energy Property

Address of the Main Home

Enter the address where you made the qualifying improvements: [Use my main address](#)

Address (Number and Street)

Zip Code
 -

City, Town, or Post Office

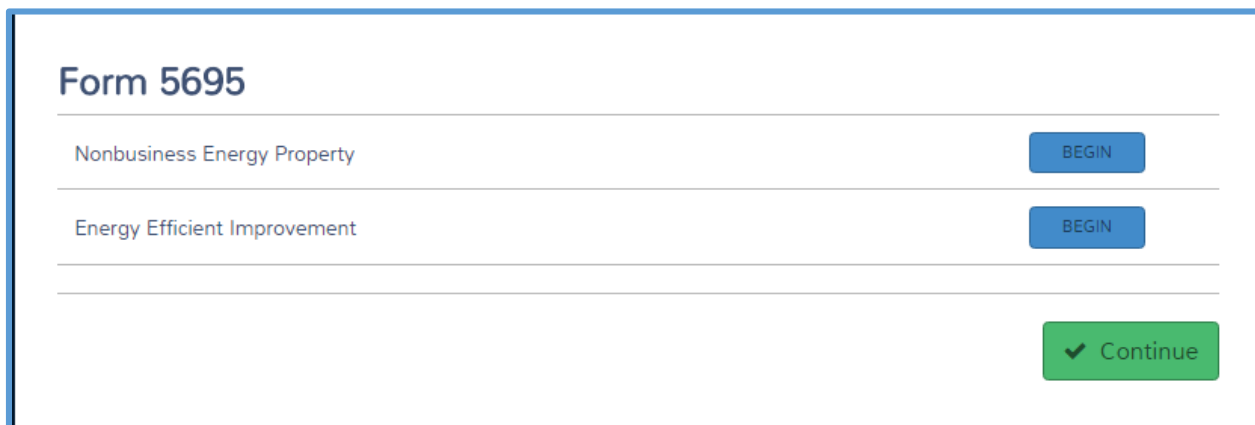
State

Qualifying Improvements

Insulation material or systems specifically and primarily designed to reduce heat loss or gain in your home	\$ <input type="text"/>
Exterior doors	\$ <input type="text"/>
Exterior windows (including skylights)	\$ <input type="text"/>
Enter any prior amount claimed for exterior windows on your 2006, 2007, 2009, 2010, 2011, 2012, or 2013 Forms 5695	\$ <input type="text"/>

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 Practice Lab automatically populates the address based on the information you entered in personal information.
9. Click **Continue**.

Practice Lab displays the **Form 5695** page:



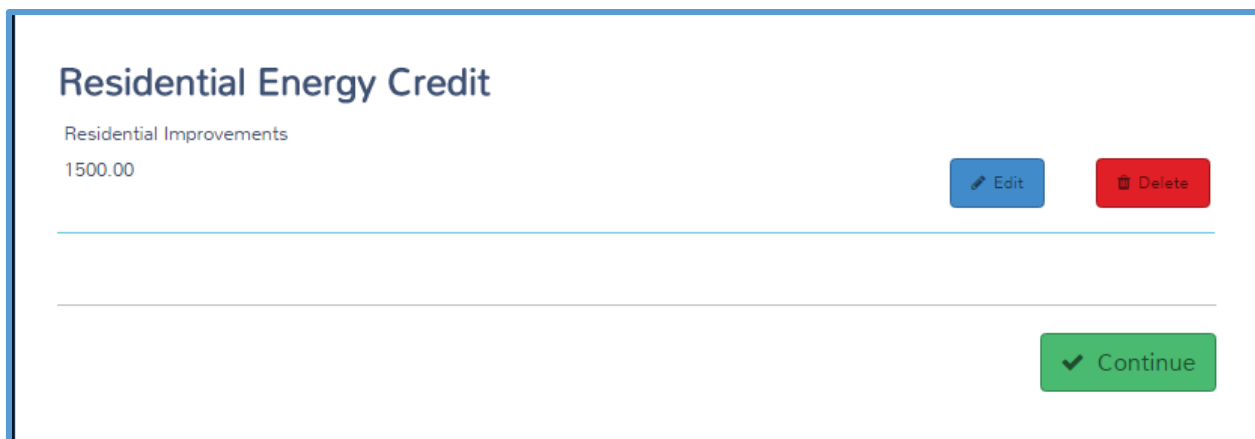
Form 5695

Nonbusiness Energy Property

Energy Efficient Improvement

10. Click **Continue**.

Practice Lab displays the **Residential Energy Credit** page, listing the amount of residential improvements:



Residential Energy Credit

Residential Improvements
1500.00

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.

Practice Lab displays the **Schedule R Retired/Disability Question** page:

Schedule R Retired/Disability Question

Choose one:

You were 65 or older.

You were under 65 and you retired on permanent and total disability.

2. Select the appropriate radio button.

TIP: Practice Lab 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, Practice Lab displays the **Income** page:

Income

Taxable disability income

Other pension, annuity, or disability benefit that is excluded from income under any other provision of law

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**.

Practice Lab displays the **Credit for the Elderly/Disabled (Schedule R)** page:

Credit for the Elderly / Disabled (Schedule R)

Schedule R Status Question	EDIT
Statement of Disability	BEGIN
Other Income	EDIT

Continue

6. Click **Continue**.

Disabled

If you selected that the taxpayer is disabled on the previous page, Practice Lab 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 2015.

Check this box only if this entire statement is true.

Back Cancel Continue

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

Practice Lab displays the **Credit for the Elderly/Disabled (Schedule R)** page:

Credit for the Elderly / Disabled (Schedule R)

Schedule R Status Question	EDIT
Statement of Disability	EDIT
Other Income	BEGIN

✓ Continue

6. Click **Continue**.

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