by HowardSoft

Tax Preparer®

User's Guide

(Revised January 2015)

Lifetime Serial Number: _____
(see bottom of original slip-case or address label on updates)

System Requirements

The following requirements are based on the 2015 Editions* of *Tax Preparer*. Later editions may require additional memory or hard disk space.

Operating system. Microsoft Windows is required. All versions from Windows XP through Windows 8.1 are supported (as of January, 2015). Both 32-bit and 64-bit versions of Windows are included. (Windows XP computers almost exclusively used 32-bit versions whereas Windows 8 and 8.1 computers almost exclusively use 64-bit versions.)

Available memory (RAM). 256 MB of memory is recommended for Standard amd Premium Level software. 128 MB is adequate for Economy Level software only if you do not view on-screen manuals or IRS documents.

Available hard disk space. 256 MB of hard disk space is recommended for Standard Level and Premium Level software. 64 MB is adequate for Economy Level software. These figures allow for data storage for up to 100 tax returns. Additional tax returns typically consume 0.2 MB per return.

CD or DVD disk drive. The installation disk for each year is delivered on a CD-ROM disk. You must therefore generally have a drive that can read a computer CD in order to install each year's software on your computer's hard disk. If your computer does not include such a drive, contact HowardSoft for special handling using other formats. Once the software for the year is installed on your computer, your software is kept up-to-date throughout the year through on-line updates at **howardsoft.com/updates.html**.

Internet access. High-speed internet access is required to get on-line updates throughout the year and for the transmission of e-file returns to the IRS.

Adobe Reader. In order to view on-screen manuals and IRS documents, Adobe Reader must be installed on your computer (version 7.0 or later). It is available free on the internet at **get.adobe.com/reader**.

> ** Although this User's Guide strictly applies only to 2015 and later editions of Tax Preparer, the general operation of the software is very similar for at least a decade before. However, you should refer to the April, 2009 revision of the User's Guide for help with installation, program settings, printing, and e-file in these earlier editions.*

Customer Agreements

CAREFULLY READ THE FOLLOWING TERMS AND CONDITIONS BEFORE IN-STALLING THE PROGRAMIF YOU DO NOT AGREE WITH THEM, YOU ARE NOT ENTITLED TO INSTALL THE PROGRAM OR ANY OF ITS COMPONENTS ON YOUR COMPUTER.

In addition to the license provided here, separate licenses apply to third-party software, depending on your installation. The license for e-file transmission software is included in the program folder for that software and an additional license for 64-bit installations is included in the program forlder for *Howard-Soft Tax Preparer* (License.txt).

License. HowardSoft provides this program and licenses its use in the United States and Puerto Rico. You assume responsibility for the selection of the program to achieve your intended results, and for the installation, use, and results obtained from the program. You may

1. use the program on any machine that you personally own and use, and
2. copy the program into any machine-readable or printed form for backup support of your use of the program on the machine.

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tions contained in the program will meet your requirements nor that the operation of the program will be uninterrupted or error free. However, HowardSoft does warrant the diskette on which the program is furnished to be free from defects in materials and workmanship under normal use for a period of ninety (90) days from the date of delivery to you as evidenced by a copy of your receipt.

Limitations of Remedies. HowardSoft's entire liability and your exclusive remedy shall be:

1. the replacement of any diskette not meeting HowardSoft's warranty described above and which is returned to HowardSoft with a copy of your payment receipt, or

2. if HowardSoft is unable to deliver a replacement diskette which is free of defects in material or workmanship, you may terminate this Agreement by returning the program and your money will be refunded.

IN NO EVENT WILL HOWARDSOFT BE LIABLE TO YOU FOR ANY DAMAGES, INCLUDING ANY LOST PROFITS, LOST SAVINGS, OR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OR INABILITY TO USE SUCH PROGRAM EVEN IF HOWARDSOFT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR FOR ANY CLAIM BY ANY OTHER PARTY. SOME STATES DO NOT ALLOW THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU.

General. The Agreement will be governed by the laws of the State of California. Should you have any questions concerning this Agreement, you may contact HowardSoft in writing at P. O. Box 8432, La Jolla, California 92038. YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS. YOU FURTHER AGREE THAT IT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US WHICH SUPERCEDES ANY PROPOSAL OR PRIOR AGREEMENT, ORAL OR WRITTEN, AND ANY OTHER COMMUNICATIONS BETWEEN US RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.

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INTRODUCTIONS

A Quick Guide for Newcomers

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Introduction A

Quick Guide for Newcomers

Read This First

If you used the software last year... If you bought the software as an update, you can skip this introduction and proceed to Introduction B, "A Quick Guide for Prior-Year Users." Wheras Introduction A gives an overview of the software and how it works, Introduction B gives important information on starting returns for a new tax year from your prior-year data. You'll need to refer to this Introduction A only if you have forgotten the basics of the software.

If you are a newcomer to this software... When you purchase the software for the first time, you are assigned a Lifetime Serial Number. Your Lifetime Serial Number qualifies you for free customer service, free mid-season updates, and free periodic newsletters, and qualifies you to purchase annual updates for the next tax year. When you purchase the software directly from HowardSoft, you are automatically registered under this number using the name and address you provided when purchasing the software. Registration is especially important with this software because timely communication with you is critical to the accurate preparation of tax returns, since the IRS frequently clarifies changes and updates forms after the start of the tax season and we make changes as we get feedback from customers about our revisions. We recommend that you write your Lifetime Serial Number on the front page of this *User's Guide* so that you will have it handy when you request our free customer service.

What the disk contains. Whether you purchase the software for the first time or as an annual update, you will get a compact disk (CD-ROM) to get you started for the new tax year. Thereafter, you will update your software throughout the year through on-line updates on the internet, but your initial installation must be from CD-ROM each year. What forms are supported and what documentation is included depends on the level of software you ordered:

- *Economy Level* for individuals who need only the basic tax forms, no graphic printing other than the main form, and don't need to prepare more than 15 returns. On-screen versions of this *User's Guide* and our annual *Tax Forms Guide* are included.

- *Standard Level* for professionals who need more forms for investors, professional-looking graphic printouts, an unlimited number of returns, and, with the annual purchase of transmission software, the ability to e-file returns for clients. In addition to on-screen versions of this *User's Guide* and our annual *Tax Forms Guide*, on-screen versions of IRS documents (forms, instructions, and publications) that are relevant to the type of return supported by your software (Form 1040, Form 1065, or Form 540 returns), including even more forms than are supported at the Premium Level.

- *Premium Level* for professionals who need the most complete set of IRS forms in addition to all the capabilities in the Standard Level.

The exact contents of each level varies from year to year, so you should consult your on-screen *Tax Forms Guide* for the year, which is included with your software, or check our website, **howardsoft.com/compare.htm**, for the most current infromation. In addition, if your computer does not already have Adobe

Reader installed, you will need to download it from **get.adobe.com/reader** and install it on your computer in order to view the on-screen manuals and IRS documents that are included with your software.

Paper manuals available. Although all on-screen documentation is easily accessed from the *Tax Preparer Control Panel*, you can also purchase low-cost paper versions of all HowardSoft manuals. The paper versions are printed on 5.5 by 8.5 inch pages in a loose-leaf format designed for insertion in special *Tax Preparer* binders. The binders are 8 inch wide by 9 inch high by 2.5 inch thick, which will hold a complete *Tax Forms Guide* for a single tax year or a combination of the *User's Guide* and two supplements (such as *Partnership Tax Forms Guide* and *California Tax Forms Guide* for one tax year). However, the paper manuals are typically not available until some time after the tax season starts to ensure that they are reasonable complete and up-to-date for the tax season, since they are not changed once printed. By contrast, on-screen manuals are automatically updated with each on-line update of the software.

Get started with Tax Preparer by reading this introduction alone. You may find that this introduction gives you all the information you need to productively use the software. If not, you can step through the *Tutorial Guide* (Chapters 1 through 6 of this manual) for a more methodical introduction to the software and use the rest of this manual (the *Operating Guide*, Chapters 7 through 16) as a reference. In any case, we recommend that you always keep this *User's Guide* handy as a complete reference on the operation of the software for years to come.

Tax Year vs. Edition Year. Because there is no consistency across the tax software industry, it is worth clarifying the meaning of Edition Year for HowardSoft products. For HowardSoft, the edition of a program refers to the annual year of release, which is always in January of the filing year. By contrast, the IRS labels their forms to relate to the tax year -- that is, the year for which the tax regulations apply. As a result, the edition year is always one year after the tax year, and refers to the year in which the software is used and the returns are filed. For example, the 2015 Edition of *Tax Preparer* is used to prepare returns for the 2014 tax year. This label is consistent with most paper publications, which are much more unified than software products.

What It Is

It's automatic. *Tax Preparer*® by HowardSoft® is a practical tool for computer-aided tax planning and filing of returns. It relieves the manual labor of stepping through the complex procedures and lengthy calculations involved in the preparation of returns. It not only performs the arithmetic automatically but also knows the tax laws well enough to complete many forms based on your raw data alone. With automatic limitations, automatic depreciation calculations, automatic tax credits, and automatic creation and calculation of secondary forms, it has many more decisions and calculations built in than are immediately obvious. Moreover, any last minute changes you make are reflected throughout the return automatically, ensuring a completely self-consistent tax return

every time. In spite of the completeness of this automation, however, the calculations are completed at the highest possible speed because of a special high-speed computer language developed by HowardSoft specifically for tax calculations.

It's accurate. HowardSoft has been producing tax software for personal computers since 1979. The wealth of tax knowledge that has been built into the software since that time and the continual refinements based on customer feedback make the product a true "expert system."

It's complete. The forms most widely used for an individual return are built-in and fully automated. They are supported by unlimited itemizing onto generic lists or IRS-style worksheets. Numerous worksheets are built-in, some of them so automatic that they never appear on the screen. Overall, the level of automation for this software is so high that the need to prepare by hand a form that is *not* built in will seem like a small price to pay.

It's timely. Each edition is specifically designed for computer-automated preparation of tax returns for the last complete tax year (filed in the year of the edition), year-long record keeping throughout the edition year, and tax planning for subsequent years. While the IRS changes forms designs every year, and we can't know the designs until the IRS releases them, we do know the tax laws that have already been passed by the time we release each new edition. As a result, many tax laws past the edition year are built into the software so that you can produce model returns for future years, resulting in more accurate tax planning than is possible with most so-called tax-planning software. Our reasonably-priced annual updates then keep the software up-to-date with the new IRS forms each and every tax year. Furthermore, the updates contain a "translate" feature that automatically copies prior-year entries into the current-year format, so you don't have to reenter any data or text that didn't change from last year.

It's flexible. It satisfies in one package the needs of both the professional tax practitioner and the individual taxpayer. Supported by a staff of tax and software professionals who recognize the equal importance of ease-of-use and accuracy, it brings to the consumer the tax expertise that the professional demands, and it brings to the professional the ease-of-use that the consumer demands. The tax novice will appreciate its built-in protections against illogical entries and its automatic computation of overlooked credits. The tax professional will appreciate the thoroughness of its automation, from data entry through printing, and the depth of its tax support.

It's responsive to customers' needs. Many of the annual improvements we make in the software stem from suggestions made by our customers. In fact, our customers are our best source for ideas. So be sure to let us know if there's something you'd like to see changed in the software. We take all suggestions seriously because we want the software to meet your needs.

What It Isn't

Not a legal advisor. Although *Tax Preparer*® by HowardSoft® is a valuable computational aid, and has volumes of tax regulations built in, it is not a substitute for thinking. It provides mechanical assistance in tax law mathematics, the arithmetic of the tax forms, and the printing of returns, but not legal advice. *Ultimately, it is YOUR responsibility to make the important decisions concerning the deductibility or inclusion of tax-related items, and to determine whether you meet all the requirements for a particular credit or whether additional penalties apply.* If you are not a professional preparer who is familiar with tax laws, you should *use the separate Tax Forms Guide as a constant reference* while preparing a return, and consult a tax professional if you still have tax questions.

Not the IRS. While we design the software around the information we receive from the IRS, the government can always change a regulation or guideline, sometimes even retroactively. You should therefore check with HowardSoft Customer Service for the latest information whenever there is some question about the accuracy of a particular result. The IRS always has the last word.

Not a substitute for thinking. Some of the convenience features of the software can lead to misuse as well. You have the full responsibility for making sure that all entries are correct. Even with the aid of a computer it is possible for you to produce an invalid return. But if you use the software as a labor-saving tool rather than a brain substitute you will find that the preparation of tax returns can actually be FUN!

Our recommendation: use IRS publications for additional help. Our separate, annually-updated *Tax Forms Guide* provides a wealth of information on the current tax rules. But if you need more detail, we first recommend that you consult *IRS Publication 17* for individuals and *IRS Publication 334* for small businesses, both of which are included among the IRS publications built into our Standard Level and Premium Level software. We also recommend the other included IRS publications for the most accurate help on most tax topics. (There are many independent publications offering help with preparing returns, we have found that the IRS publications are generally more accurate and complete than any of them. See the end of Chapter 1 of our *Tax Forms Guide* for the year for a list of the most helpful IRS publications for that year.)

Installation and Start-up

Installation. For most computers, installation starts automatically once you in-ert the disk you received from HowardSoft into a CD or DVD drive in your computer, since most computers are set up for AutoPlay or AutoRun so that the disk starts functioning shortly after you insert it. However, if AutoPlay and AutoRun are turned off for your computer, you can start the installation manu-ally by double-clicking the file on the disk with a name that starts with the word Install (such as InstallFed_s2015.01.exe). Once installation starts, on-screen messages guide you through the installation. However, if you have any problem following the steps, see Chapter 1 of this manual for a step-by-step explanation of installation. *TIP: We recommend that you close all other appli-cations that are currently running and temporarily turn off your anti-virus pro-tection for files because they could potentially interfere with the installation.*

Startup. Once *Tax Preparer* is successfully installed, you can start it by double-clicking the icon for the software you installed, such as *2015 U.S. Individual 1040* for the examples illustrated here. If you accepted the default choices during installation, the icon will appear on your desktop. Otherwise, you will find it among your Programs in the *HowardSoft Tax Preparer* group. The soft-ware starts almost immediately. You will see two separate windows: a nar-row, floating, *Tax Preparer Control Panel* and a large *Main Window*. For the most efficient use of *Tax Preparer*, you should keep both windows visible at all times because both serve useful purposes.
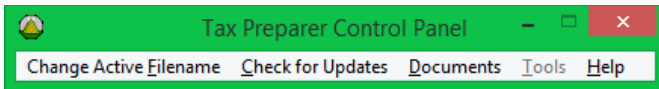
Tax Preparer Control Panel

The *Tax Preparer Control Panel* provides fast access to (1) the tax return with which you want to work, (2) the downloads page for on-line mid-season bul-letins and updates, and (3) all on-screens HowardSoft manuals and IRS docu-ments. Its look and size are controlled by the Desktop Properties for your Windows computer, so on your computer it may look a little different from our illustration. (We use the Windows Classic style with the Brick color scheme for our illustrations.)

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 ┌──────────────────────── Tax Preparer 2015 - U.S. Individual 1040 ──────────── – □ [×] ─┐
 │                                                   Windows(64) version          ◄ ►│
 │┌[-]═MAIN MENU Fed      p2015.01═┐                                                   │
 ││→ 1  ORGANIZE   Storage Disks   │                                                   │
 ││  2  PREPARE 1040 Tax Returns   │                                                   │
 ││  3  PRINT   Official Returns   │                                                   │
 ││  4  CHANGE  Program Settings   │                                                   │
 │└Which do you choose?  1 ════════┘                                                   │
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 │                                                                                    │
 │                                                                                    │
 │Press ◄─┘ to O.K. choice                              Press Esc to exit            │
 │Press F1 key for HELP                         Tax Preparer by HowardSoft(R)         │
 └────────────────────────────────────────────────────────────────────────────────────┘
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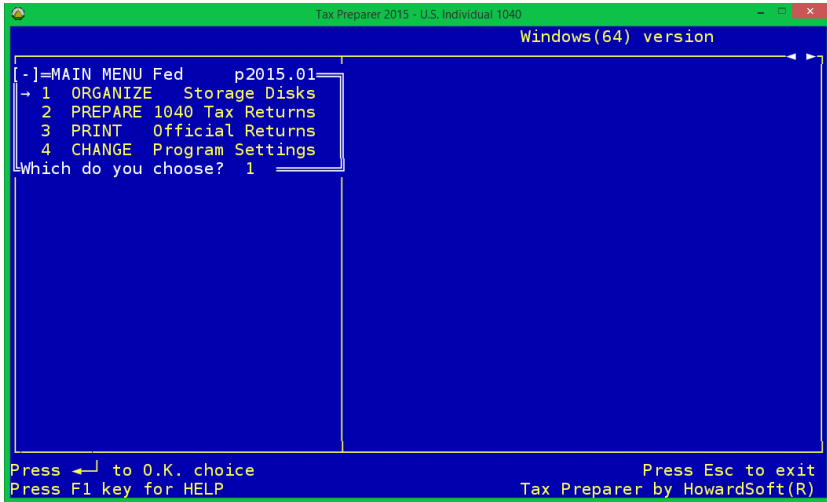
Main Window

The *Main Window* provides the main functions of *Tax Preparer*, including data entry and printing. Its look and size are controlled separately from the Desktop Properties. The color scheme is controlled by the *Custom Settings* program for the edition year you are using, accessible from the *HowardSoft Tax Preparer* program group (and detailed in Chapter 14). It's size and position are con-trolled by you. <u>You can change the size by hot keys (Win-F11 to shrink and Win-F12 to enlarge</u>, where Win refers to the Windows key between the left Ctrl and Alt keys on most keyboards) or by clicking the *Tax Preparer* icon in the up-per left corner of the window and choosing Shrink or Enlarge from its drop-down menu. You can change the position by dragging the window's title bar to any position you want. The size and position is saved for your next sesssion with *Tax Preparer*. **Exception for 32-bit Windows:** *Only 64-bit versions provide a fully scalable Main Window. For 32-bit versions you can change window size only by changing Font properties for the window. To change Font properties, click the generic icon in the upper left corner of the window, then click Proper-ties from the drop-down menu, and click the Font tab. From a limited choice of fonts, you can choose the one that provides the size you want.*

If you have trouble... If you have trouble getting the program installed or start-ed, see Chapter 14 for more information.

Overview of Operation

Split-screens provide constant information. The first thing you'll notice when you see the *Main Window* for the first time is that it has a split-screen layout, with the Main Menu on left third of the screen. The left side of the split screen is always used for menus, and the right side is generally used for data entry. When you make a choice from a menu (by clicking with the mouse or typing a number), the title of the menu remains on the screen while the next menu is displayed below it, so you'll always know where you have been, and hence where you will return when you later press the Escape Key. If your menu choice takes you to data entry, the selected data entry page appears on the right side of the split screen, the cursor moves to the beginning of the first en-try you can make, an arrow appears to the left of the label for that line, and an arrow remains beside your menu choice so you know with which section of an IRS form you are working. As you page through data entry pages (either by pressing the Page Up or Page Down keys or by clicking the arrow symbols in the upper right corner of the screen), the arrow on the menu moves with you. (If you have difficulty reading information in the *Main Window*, you can change its appearance as detailed in Chapter 14. For example, you can change the size of the cursor and the colors in the window through our *Custom Settings* program. You can change the size of the window by changing the size and style of the screen fonts through the Windows settings for this window. And you can change the layout from a split-screen display to two separate larger displays through our *Program Settings*.)

References to 1040 apply to 1065 or 540 in other editions. This manual re-peatedly refers to Form 1040 in specific examples and figures because it is assumed that you will learn the use of the software with the preparation of Form 1040 returns. However, much of what you see here applies to the main form of other editions as well. For example, Form 1065 is the main form for the Partnership Edition, and Form 540 is the main form for the Cali-fornia Supplement. These main forms have the same status in their respec-tive software as Form 1040. However, only the 1040 edition contains a pre-stored sample return, for use with the Tutorial Guide that follows these in-troductions.

The Main Menu. You have four choices from the Main Menu. With the Sample Return that is installed with a Full installation of the 1040 software, you can experiment with all these choices now without any additional steps. (Chapters 1 through 5 of this User's Guide are designed to be used with the Sample Return.)

```
[-] MAIN MENU Fed      p2015.01
  → 1   ORGANIZE    Storage Disks
    2   PREPARE 1040 Tax Returns
    3   PRINT   Official Returns
    4   CHANGE   Program Settings
  Which do you choose?  1
```
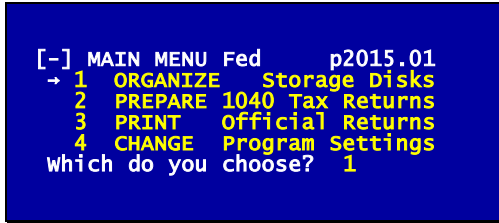
The Main Menu

Use the Mouse or the Keyboard for all menus. For all menus in *Tax Preparer*, you can use either the mouse (or equivalent touchpad) or keyboard to make your choices. Menus always appear on the left portion of the Main Window's split-screen. To use the mouse: click anywhere on the line for the menu item you choose. (A double-click is required when the right portion of the split-screen is active.) To exit the menu and return to a prior function, click the [-] symbol in the upper left corner of the menu, which is equivalent to the Windows close symbol [X]. To use the keyboard: Type the number you choose then press the Enter key. To exit the menu and return to a prior function, press the Esc key.

Choose 1, ORGANIZE Storage Disks, whenever you want to prepare a new location for your tax data or create a new tax volume for your data. Data are organized into tax volumes of 15 returns each, with up to 99 volumes per Windows folder for the Standard and Premium Level software. *(Exception for Economy Level: Economy Level software is limited to one volume. The Sample Return is delivered as return 1 of volume 99, so volume 99 is the only volume available.)* the software includes) The program is initially set up to store all tax data on your hard disk in the same folder as your *Tax Preparer* program. Although you can change this set-up through the Program Settings, below, you must keep the original Program Settings in order to see the Sample Return that is provided with a full installation for the 1040 software. (The Sample Return is stored in volume 99. If you prepare returns for others, you will generally want to create volumes starting with number 01 instead.)

Choose 2, PREPARE 1040 Tax Returns, for the main task of supplying data, printing records of your data entry or data input sheets, and controlling the calculation of returns. (Make this choice now to view the prestored Sample Return.)

Choose 3, PRINT Official Returns, after you have completed a return and want to produce an official printout for the IRS or clients. You can print a single return or all returns in a tax volume (up to 15 at a time). This is also the place you will generate e-file output to be transmitted later to the IRS using the 3rd-party e-file transmission software. (Make this choice now to print the complete return for the Sample Return.)

Choose 4, CHANGE Program Settings, if you want to change the location of stored tax data, enter preparer's information if you are a tax professional, or customize the printer setup for special needs. The initial blank setting for storage is required for viewing the Sample Return and recommended for your own data as well. However, if you prefer to store data on removable external media (such as a memory stick, flash drive, rewritable CD drive) or in a folder on your hard disk different from where you installed the program, you will have to identify the drive and folder where you want to store the data, as detailed in Chapter 12.

How to start a return. Choose 2 (PREPARE 1040 Tax Returns) from the Main Menu and you are presented with five more choices:

Choose 1, CHANGE Active Filename, if you want to select a return different from the currently active one, or want to start a new one.

Choose 2, ENTER 1040 Road Map, to launch right into the built-in Road Map. *We recommend this choice for your first experience with the software*.

Choose 3, ENTER Forms/Schedules, to select a particular IRS form to complete or edit. This choice bypasses the Road Map and lets you go directly to any form. It also lets you choose the data entry method you want: Normal (the recommended fully-interactive on-screen method), Pre-format (a non-interactive on-screen method), or True Batch (a line-by-line method supported by reference numbers and hash totals). The latter two methods are intended for professional preparers who use clerical personel for data entry, and are not recommended for most preparers or individuals.

Choose 4, RECALC Tax Returns, to complete calculations for returns for which calculations are not complete. Includes an option to calculate all returns in the tax volume (up to 15 at a time). When you use the Road Map or other interactive on-screen method of data entries, calculations will normally be completed automatically when you exit a return. Nevertheless, this choice is sometimes required for especially complex returns even with the interactive methods.

Choose 5, PRINT Data Organizers, produces unofficial printouts of the returns for use in checking entries, blank data input sheets for initial client interviews, and prior data input sheets for interviews with clients who already have prior data stored on the computer.

Unless you're an expert, let the Road Map guide you. The Road Map choice gets you right into preparing returns without making any decisions in advance. You are immediately given a blank Form 1040 to prepare … but you are supported every step of the way with built-in tax checks, special IRS-style forms for reporting details, and unlimited itemizing for full record-keeping. To follow the Road Map

Let Form 1040 be your guide. Just start filling in the blanks from the top of Form 1040. As you proceed you'll see that some lines are blocked so that you cannot access them. These lines are calculated automatically. Other lines have an IRS form or schedule supporting them, as

indicated by an *r* to the right of their entries. These lines are support-
ed by the form noted in the label for the line. We call such lines
"Road Map" lines.

Itemize to supporting forms. When you reach a Road Map line, press the
Itemize Key (I or ctrl-Y or F10) and you are automatically taken to
the cited form. When you fill in the blanks for the new form, you
may reach a line supported by yet another form. You can itemize
again to follow the Road Map.

Escape back to original forms. When you have completed the form press
the Esc key (or click [-]) and you are returned to the form and line
that you last itemized, and the *r* turns into an *i* to indicate you have
already itemized and provided support for that line. You then finish
completing that form, and press the Escape Key to exit from it too.

For final exit, escape from Form 1040. Once you have reached the end of
Form 1040, press the Esc Key (or click [-]) to end the session with
the return. Calculations are then completed and the return is stored
on disk before you are returned to the Prepare Returns Menu.

The final step: official printouts. Official printouts must follow IRS guidelines.
We've taken great pains to conform, but you must use the right kind of paper,
as outlined in Chapter 11. To print returns (and client letters if you wish), re-
turn to the Main Menu and choose 3 (PRINT Official Returns). The subsequent
menus and prompts guide you through the printing process. (Note that a built-
in safety feature blocks you from printing returns for which calculations are not
yet complete for the forms you have created.)

Keyboard Tips (with mouse equivalents in parentheses). Although you can
use the mouse (or equivalent touchpad) to move around *Tax Preparer*'s
Main Window, like any Windows program, some people prefer to use the
keyboard for all functions. We therefore provide keyboard presses, detailed
below, to substitute for anything you would otherwise do with a mouse.
However, your keyboard may not have all the keys we describe, or may re-
quire multiple keybresses to execute, so you should learn your keyboard and
choose the keys most convenient for you. For example, only full-keyboard
PCs have separate function keys (F1, for example) and paging keys (PgUp,
for example). On the other hand, control keys (keys executed by pressing
the Ctrl key with a letter key) are available on ALL keyboards, and are the
most intuitive to use because the letter often implies the function, such as
ctrl-E for erase, ctrl-F for Fast Escape, ctrl-P for Print, ctrl-S for Save, etc.
*(We provide the mouse actions for which the keypresses substitute in
parentheses at the end of each description below.)*

Learn the keypresses you will use. Before we describe the main keys you will
use, there is one pair of keys that you may want to use in your first use of *Tax
Preparer* but may never need to use again:

Win-F11 *(64-bit only)* to shrink the Main Window in steps (until the num-
ber of pixels per character becomes too small to read the character).

Win-F12 *(64-bit only)* to enlarge the Main Window in steps (until the
Main Window occupies about 95% of the area of the display).

Other keys are used frequently in nearly every operation:

Enter Key *(Enter, Return, or back arrow with tail)* for registering or approving an entry or prompt. *(When you use a mouse, merely moving the mouse to a different entry line and clicking will register the entry. For prompts, choices of Yes, No, or Ok will appear on the screen for you to click.)*

Escape Key *(Esc)* for exiting from an operation or form, in preparation for the next logical action. *(When you use a mouse, you escape a screen on the right side of the split screen by clicking any menu item on the left side of the screen. You escape a menu by clicking the minus symbol [-] in the upper left corner of the menu.)*

Down Arrow Key *(↓)* for moving down the screen to edit an entry. *(When you use the mouse, you merely click inside the next entry field.)*

Up Arrow Key *(↑)* for moving up the screen to edit an entry. *(When you use the mouse, you merely click inside the previous entry field.)*

Page Down Key *(> or PgDn)* for moving to the next logical page in an IRS form, worksheet, or itemized list. *(When you use the mouse, you click the right-pointing arrowhead in the upper right corner of a data entry screen.)*

Page Up Key *(< or PgUp)* for backing up to a prior page in an IRS form, worksheet, or itemized list. *(When you use the mouse, you click the left-pointing arrowhead in the upper right corner of a data entry screen.)*

Itemize Key *(I or ctrl-Y or F10)* for accessing support for an entry, whether it be another IRS form, a worksheet, or a generic itemized list. *(There is no mouse equivalent for itemizing. You must use the keyboard to itemize.)*

Other keys are not required to operate the software, but they make it easier to get through the job. *(There is no mouse equivalent for any of these keys.)*:

Quick Save Key *(ctrl-S or shift-F6)* for instantly storing newly changed data onto your storage device; provides insurance against hardware or power failures that may arise before the next time the software automatically stores the data.

Quick Print Key *(ctrl-P or F6)* for producing an unofficial draft of the entire form or worksheet currently on the screen.

Main Menu Key *(ctrl-G or F5)* for returning to the Main Menu, completing calculations and storing all new data and results along the way.

Quick Exit Key *(ctrl-F or shift-F5)* for returning immediately to the Main Menu WITHOUT calculating or saving data. *WARNING: If you don't want to lose any newly entered data, you must press the Quick Save Key FIRST before pressing the Quick Exit Key*.

Recalc Key *(ctrl-B or shift-F8)* for completing calculations for the entire return and displaying the tax refund or balance due. When you exit a return the final recalculation is automatic and ensures that all forms and the entire return are up-to-date, but the Recalc Key forces this final recalculation BEFORE you exit. (Even though the calculations for the form you are viewing may be already up-to-date, the supporting forms may not because of the complexity of the tax laws.)

Highlight Keys *(ctrl-V and ctrl-W, or F9 and F7)* for showing on the screens what lines are already supported in some way, whether by another IRS form, a set of IRS worksheets, or itemized lists, and identifying calculated lines that have been specifically overridden by you.

Editing Keys *(ctrl-E or ctrl-X, or F4 and F2)* for erasing and restoring entries so that alterations are straightforward with the arrow, insert, and delete keys.

Help Key *(? or ctrl-A or F1)* to refresh your memory about these and other special keys. Use the cursor keys to move back and forth through the help lines, which appear at the bottom of your screen. Press the Escape Key to exit from the help display.

> **TIP: Help Key scope. Use the Tax Preparer Control Panel for <u>other</u> help.** The Help Key for the Main Window is intended for help with the keyboard and primary menus <u>only</u>. If you want help with any other aspect of the software or tax forms, click *Documents* on the *Tax Preparer Control Panel* instead, which gives you access to on-screen versions of this User's Guide, Tax Forms Guides, and IRS documents. See Chapter 8 for details.

See Chapter 7 for more details on these and all other keys.

Esc			Remove page	Erase all	Quick-exit	Quick-save	Detach override	Recalculate	Detach support	
	F1	**F2**	**F3**	**F4**	**F5**	**F6**	**F7**	**F8**	**F9**	**F10**
To prior menu	Help	Restore	Move page	Erase end	To Main Menu	Quick-print	Hilight override	Access override	Hilight support	Itemize

Win-Ctrl-V		**Win-Ctrl-LeftMouse**			**Win-F11**	**Win-F12**
Paste from clipboad *		Copy to clipboard *			Shrink window*	Enlarge window*

↵ **(Enter or Return)**
O.K. key

Home	↑	**PgUp**
Beginning of page or line	Cursor up	To PRIOR page
←		→
Cursor left		Cursor right
End	↓	**PgDn**
End of page or line	Cursor down	To NEXT page

* Functions that use the Win key are supported only for 64-bit versions of Windows. Win refers to the Windows key between the left Ctrl and Alt keys.

PC Keyboard Reference Chart

IN/OUT KEYS:		EDIT KEYS:	
Esc	to prior menu	ctrl-C	erase all of entry
Enter	O.K. key	ctrl-D or Delete	delete character
<	to prior page	ctrl-E	erase end of entry
>	to main menu	Insert	insert mode on/off
ctrl-F	Quick-exit	ctrl-X	restore
ctrl-G	to main menu	**CURSOR KEYS:**	
SPECIAL KEYS:		← left	↑ up
? or ctrl-A	Help	→ right	↓ down
ctrl-B	Recalculate	^	to begin of page or line
ctrl-P	Quick-print	ctrl-L	to end of page or line
ctrl-S	Quick-save	**ITEMIZE KEYS:**	
OVERRIDE KEYS:		I or ctrl-Y	Itemize
ctrl-O	Override access	ctrl-N	move supporting page
ctrl-Q	Detach override	ctrl-R	remove supporting page(s)
ctrl-V	highlight overridden lines	ctrl-T	detach supporting pages
		ctrl-W	highlight supporting pages

Alternate Keyboard Reference Chart

What Else to Read

Organized for easy reference. This *User's Guide* consists of five parts:

> **Introduction.** This introduction (and the one that follows for prior-year users) provides a quick guide to getting started.
>
> **Tutorial Guide.** If you take the time to step through the sample return with this guide, you will seldom need to refer to this manual again.
>
> **Operating Guide.** This section is a complete reference guide to all features of the software, including instructions for custom installations.

Separate Tax Forms Guide. The separate *Tax Forms Guide* (updated annually) is your source book for the tax regulations and how they are reflected in the software, with line-by-line details on all IRS forms and worksheets in the same order as they appear in the software. This guide can be used as a textbook or a reference book, depending on your prior knowledge. It reviews changes in the tax laws and forms, for those who prepared tax returns last year, then steps through each form and schedule with line-by-line details in the same order as the lines appear on the screen. It also tabulates the hundreds of automatic transfers among forms, and paths available through the built-in Road Map, and worksheets that support special lines. It also tabulates common deductions and sources of income, as a final checklist, and identifies sources for more information on tax matters. *Like this User's Guide, an on-screen version of the Tax Forms Guide is most easily accessed from the Documents choice on the floating Tax Preparer Control Panel.*

Tutorial Guide. This guide is recommended reading for your first session with the software. It introduces you to the most basic functions and controls.

Chapter 1: Getting Started. Shows you what to expect when you first start the software, introducing you to the Main Menu.

Chapter 2: Reviewing the Sample Return. Uses the prestored data for Mr. and Mrs. Sample to introduce you to the built-in Road Map.

Chapter 3: Preparing Your Own Return. Shows how to start your own return, with more detail on data entry and file management.

Chapter 4: The Final Step / Official Printouts. Steps you through the printing of a complete return for the IRS.

Chapter 5: Getting Ready for Next Year. Shows how to use the tax planning and record keeping features, and how to prepare for next year's update.

Chapter 6: Computer Glossary. Intended for the newcomer to computers, defines computer-oriented terms that are useful in gaining an understanding of your computer and this software.

Operating Guide. This guide provides operating details not covered in the Tutorial Guide without dwelling on taxes. This guide can be used as a reference book, referring to it only when the need arises:

Chapter 7: Keyboard Controls. Describes what is available through special keystrokes. You may need to use the alternate keypresses if your keyboard does not have all the special keys shown in the preceding Keyboard Reference Charts, or some of the keys are not functioning for you. (Keyboard issues are rare in modern computers, but you may face limitations on older computers running under 32-bit Windows.)

Chapter 8: Tax Preparer Control Panel. Details the functions of the *Tax Preparer Control Panel*, which floats separately from the Main Window and is designed for support functions. Describes the volume-free selection of client tax returns, checking for on-line updates, and access to on-screen documents, including all HowardSoft and IRS documents.

Chapter 9: ORGANIZE Storage Disks. Describes how to set up new tax volumes and folders, and how tax data are manipulated. Also details the translation of prior-year returns into the current-year format and the printing of client lists and mailing labels.

Chapter 10: PREPARE Tax Returns. Details alternative methods of data entry, including the Road Map methods in which forms are accessible through the forms they support and High Volume methods in which data are identified by reference numbers and calculations are deferred until all information is supplied. Describes data input sheets, which help organize the data before they are entered, and hash totals, which help catch typographical errors. Clarifies when calculations are performed with each method.

Chapter 11: PRINT Official Printouts. Steps you through the printing of complete returns, from cover and billing letters through complete returns for the IRS.

Chapter 12: CHANGE Program Settings. Details the procedure for changing settings to make the software work to its fullest potential with a variety of stoarge configurations, printers, screens, and personal preferences.

Chapter 13: Providing Supporting Detail. Explains how supporting statements are structured, and how to manipulate them.

Chapter 14: Custom Installation. Details how to set up the program for a broad variety of special installations, including certain older computers and printers.

Chapter 15: Troubleshooting. Provides help with installation and start-up, lists error messages and their corrective actions, and tips for solving problems with printing, disk access, and displays.

Chapter 16: Customer Support. This section includes Customer Service Forms to collect the information you will need if you call or e-mail a question.

And don't forget, we're here to help. If you can't find what you want in this guide, our Customer Service Department is always available to help. We are available by phone during regular business hours, and our e-mail is open 24 hours a day, 7 days a week, as detailed in the Customer Support section near the end of this manual.

Introduction B

Quick Guide for Prior-Year Users

Read This First

Before you start. To avert potential problems, we recommend the following:

Read this introduction. It contains important information about installation, a comparison of 64-bit and 32-bit installations, and tips for the automatic transfer of prior-year data ("translation").

Install the new software. Install your first version of the software for the year using the disk we send you, as detailed in Chapter 1.

Review Tax Forms Guide. Use the annually-updated *Tax Forms Guide* for details on the current program. Its opening chapter highlights the most significant tax law changes each year, while the bulk of the guide provides line-by-line details for the most current tax forms.

As a prior-year user you may not be interested in the tutorials in this *User's Guide*, but you can use the rest of the guide as a handy reference.

Installation

Installation for a new tax year. The initial installation for each tax year <u>must</u> be from the disk we send you for that tax year, even though all later updates for the same tax year are available on-line. (On-line updating is designed only for patching an existing installation with mid-season changes.) For most computers, installation starts automatically once you inert the disk you received from HowardSoft into a CD or DVD drive in your computer, since most computers are set up for AutoPlay or AutoRun so that the disk starts functioning shortly after you insert it. However, if AutoPlay and AutoRun are turned off for your computer, you can start the installation manually by double-clicking the file on the disk with a name that starts with the word <u>Install</u> (such as InstallFed_s2015.01.exe). Once installation starts, on-screen messages guide you through the installation. However, if you have any problem following the steps, see Chapter 1 of this manual for a step-by-step explanation of installation. *TIP: We recommend that you close all other applications that are currently running and temporarily turn off your anti-virus protection for files because they can interfere with the installation.*

Check for Updates after installation! Immediately after you install *Tax Preparer* from the disk, you should *Check for Updates* on the web at our special support page. You can get there by

(1) clicking the icon for "Check Web for Updates" in the *HowardSoft Tax Preparer* program group that appears in your list of *All Programs* on your computer,

(2) clicking "Check for Updates" on the *Tax Preparer Control Panel* when you are running any recent edition of *Tax Preparer*, or

(3) typing the URL for the page in your internet browser's address bar (http://howardsoft.com/updates.html).

You'll find the latest alerts and downloads there <u>so that you can be sure you have the latest revision</u> before you start using your new edition of *Tax Preparer*.

64-bit vs. 32-bit Installations

Installation adapts to computer. The *Tax Preparer* installer detects whether you are running a 64-bit or 32-bit version of Windows and tailors the installation to your computer. While the installed program for 32-bit Windows operates as it has in the past, the installed program for 64-bit Windows has some differences from the past while retaining the general look and feel of the traditional program. Differences between the two versions are summarized in the chart on the following page. However, there is one function we want to highlight here because you may want to use it right away.

Easy window resizing for 64-bit version. You may immediately notice the improved visual impact of the 64-bit version, which is largely due to the use of a modern Windows sans-serif font for the Main Window. But a less obvious change stems from the fact that the font is fully scalable so that it is sharp and clear at all window sizes, which are now easy to change with two special hot keys. Using the "Windows" key (Win), which lies between the Ctrl and Alt keys to the left of your space bar, *the size of the Main Window is changed in steps by pressing **Win-F11** to shrink the Main Window and **Win-F12** to enlarge the Main Window*. Repeated presses of the Win-F11 key reduces the size of the window until the fonts reach the minimum number of pixels that can still display them clearly, and repeated presses of the Win-F12 key increases the size of the window until it occupies approximately 95% of your entire screen. Alternatively, you can click the *Tax Preparer* icon in the upper left corner of the window and a drop-down menu (below) will give you the same functions,
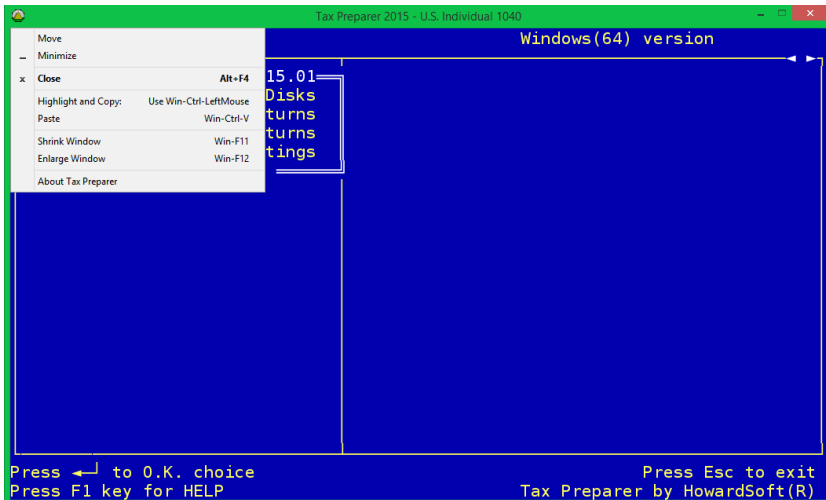
which is useful if you forget the hot keys. You can also drag the Main Window to any position by moving your mouse to the title bar and holding down the mouse button while you reposition the window. And *Tax Preparer* will remember the new size and position so that it is used every time you start *Tax Preparer*, until you change it.

Feature	64-bit	32-bit
Prior data	Data from the immediate prior year can be accessed <u>for translation only</u>. (Prior editions of *Tax Preparer* were not 64-bit compatible.)	Data from <u>all</u> prior years can be accessed through prior editions of *Tax Preparer*.
Look and Feel	<u>Improved visual impact</u> with fully scalable modern sans-serif font that's sharp and clear at all window sizes, a solid colored auto-calc block, and a non-blinking editing cursor. Icon in upper left corner is familiar *Tax Preparer* icon with a drop-down menu that provides alternatives to keyboard hot keys.	Non-scalable font with serifs and digital-looking letters, a dotted auto-calc block, and a blinking editing cursor. Icon in upper left corner is system C-prompt with drop-down menu that is only partially functional.
Copy and Paste*	<u>Easy copy and paste using hot keys</u>. Press *Win-Ctrl* while using mouse to highlighting the area to copy, and highlighted area is copied to Windows clipboard when you release the mouse button. Press *Win-Ctrl-V* to paste data from clipboard to *Tax Preparer*.	<u>Hot keys not available for Copy and Paste</u>. Must use drop-down menu for icon in upper-left corner of window, choosing Edit from that menu to see Mark, Copy, and Paste.
Change window size*	Repeatedly tap *Win-F11* to shrink window in steps to as small as 585x365 pixels. Repeatedly tap *Win-F12* to enlarge window in steps to as large as your full resolution (entire screen). <u>New size is saved</u> for <u>all</u> 64-bit editions of *Tax Preparer*.	<u>Flexible window resizing not available</u>. Must select a font of different size and shape through drop-down menu for icon in upper-left corner. New font is saved <u>only</u> for edition you used to change it.
Change window position	Drag window's title bar with your mouse to the position you want. <u>New position is saved</u> for <u>all</u> editions of *Tax Preparer*.	Drag window's title bar with your mouse to the position you want. <u>New position is *not* saved</u>.
Default window size and position	Size and position of <u>window starts how you left it</u> in your last *Tax Preparer* session <u>except</u> that window is repositioned if necessary to make the entire window visible.	Last size is restored but <u>not</u> last position.
Drop-down menu	Drop-down menu from icon in upper left corner provides <u>fully functional</u> alternatives to keyboard hot keys.	Drop-down menu from icon in upper-left corner is <u>only partially functional</u>.
Windows-graphic printing	Compatible for <u>all</u> computers with a Windows-compatible printer.	<u>Some software interferes</u> with Windows printing.
Laser-graphic printing	<u>Not available</u>. (Instead, a disk file is produced for use with an older computer.)	Available for PCL4-compatible HP laser printer and tax font connected through a parallel port (LPTx).
All installed editions icon	<u>Not available</u>. (No prior editions were 64-bit compatible.)	Start any edition from a single icon.

* *Win* refers to the key with a Windows logo, between the left *Ctrl* key and the left *Alt* key.

  F11 and *F12* are the last two function keys in the row above numbers on the keyboard.

Translation Tips

Translate prior-year data next. We strongly recommend that you use our "translate" feature to start a new return for any return you prepared last tax season. This feature makes it unnecessary for you to reenter unchanged information, as the old information can be used as an automatic starting point. The

translation makes a copy of the prior-year return in the current-year format. The process is virtually automatic. Nevertheless, changes in the tax laws and designs of the forms make it necessary to make adjustments after translation in some cases.

Overview of translating prior-year files. You should *refer to the last section of Chapter 9 for details of the operating procedure for translating*, but the most important factors are reviewed here.

> **Step 1: Create a new tax volume.** Even though the prior-year files are already stored in a tax volume, you must create a new tax volume to hold newly translated data. *(For the Form 1040 software, you can use the pre-stored tax volume that holds the Sample Return -- Volume 99. However, we recommend that you create your own tax volumes instead unless you use the Economy Level software, which limits you to only one tax volume.)* The prior-year data is unaffected by the translation because a separate copy of the data is created for the current-year return. Moreover, the tax volumes for separate years are totally independent of each other, so you can store them in the same Windows folder without fear of interference.

> **Step 2: Start translation.** The prior-year data are translated into the format of the current-year software and tax forms, but no calculations are yet performed in this process.

CAUTION: New location for program and data starting with 2015 Editions! Prior to the 2015 Editions of *Tax Preparer*, the program was installed by default in a folder named *TAX* in your in hard disk's root directory (generally designated *C:\TAX*). However, for 2015 and later editions, the program is installed by default in a subfolder named *HowardSoft Tax Preparer* within the standard Windows program folder (generally *C:\Program Files (x86)* for 64-bit machines and *C:\Program Files* for 32-bit machines). However, the methodology for your *Storage Disk spec* is unchanged. That is, if you store all tax return data in the same folder as your program, as we recommend, you should leave your *Storage Disk spec* blank. In order to maintain this simple method for translation from a 2014 Edition, we recommend that you copy all data for the prior year to the new location for program and data. You can then translate with blank entries for Storage Disk spec for both the prior-year and current-year data.

TIPS for a custom location for data. If you choose <u>not</u> to accept our default location for your data (which is your current-year program folder), you must follow certain guidelines in naming your custom folders and entering them in a *Storage Disk spec* (whether in Program Settings, when switching tax volumes, or when specifying the locatiion of prior-year data for translation):

1. **Name your custom folders with no more than 8 characters each, and with no spaces, symbols, or puctuation.** For example, you could name a folder TY2014 or DATA2014 but not TaxYear2014 or DATA 2014. Remember, you must create the folder yourself using Windows or Command Prompt; the software will not create it for you.

> **2. If outside of *Tax Preparer*'s program folder, enter the entire path to the folder in your entry for *Storage Disk spec*.** For example, for a folder TY2014 within the folder TAX on drive D, enter D:\TAX\TY2014.
>
> **3. If within *Tax Preparer*'s program folder, omit the path to the program folder in your entry for *Storage Disk spec*.** For example, for a folder TY2014 within the program folder (such as *C:\Program Files (x86)\HowardSoft Tax Preparer\TY2014*), enter only TY2014.
>
> A failure to follow these guidelines can lead to an inability for *Tax Preparer* to access your tax data.

Step 3: Adjust entries and review worksheets. You should review the entire return while updating data to the new tax year. And you MUST view ALL supporting worksheets to ensure proper recalculation based on the latest information on the new laws that relate to the worksheets. (The normal automatic recalculation of the entire return does not involve supporting worksheets, because the worksheets do not normally require it. However, because data on worksheets can be changed in a major way during translation, the worksheets must be viewed to ensure proper recalculation based on the new data.)

Once all this is done, the return is complete once the final automatic recalculation of the entire return is performed.

Tax year on prior-year return is critical. The translation is intelligent enough to handle year shifts in most cases, but you control whether a shift is made by your entry for tax year on the prior-year return:

If you retained the prior year as the tax year on Form 1040 of the prior-year return, *the software assumes that the return was literally completed for the prior tax year so that some data must be shifted during translation, and some data must be ignored*. For example, any depreciation that you deducted in the new property section of Form 4562 on the prior return must be deducted in the prior property section of the current Form 4562, and the software takes care of this shift automatically. In addition, any sales you reported on Schedule D and Form 4797 for the prior year are irrelevant to the current year, as are Section 179 deductions on Form 4562, so they are ignored in the translate process. However, carryovers of disallowed losses, whether due to passive loss limitations on Form 8582 or limitations on Schedule D itself, are translated to the proper lines on the new Schedule D. And Forms 2210, 3468, 3903, and 1040-ES are not even created for the new return because they relate only to the prior year.

If you entered the new year as the tax year on Form 1040 of the prior-year return, *the software assumes that you have ALREADY prepared the return with tax planning for the new year in mind, and you have therefore already performed any necessary year shifts yourself*. For example, any depreciation that you entered in the new property section of Form 4562 is taken as depreciation for property first placed in service in the new year (not the prior year as the label for the line may read). And events reported on Schedule D and Forms

3468, 3903, and 4797 are taken as events in the new year (not the prior year) and are therefore transferred to the new return. In most cases *we recommend that you keep your prior-year return set for the prior tax year and let the software perform all the shifts for you*. But if you need to enter an appreciable number of new sales or new depreciation items, you can get ahead by entering the new data with the tax year set at the new year before the new edition of the software arrives. Note that even when you enter the new year as the tax year some data that is not relevant to the new year is transferred when there is a possibility that some of the data for the line MIGHT be relevant to the new year. For example, wages are always trans-ferred even though you may have to change the entries because of a change in income or withholding. Because the associated text entries are transferred as well, the translation still saves a considerable amount of data entry time.

Beware major changes in format. Redesigns of the IRS forms are usually ac-commodated by the "translate" operation, but redesigns of supporting work-sheets often require added attention. All redesigned worksheets must be viewed after translation in order for their data to be recalculated in the new formats. Specific redesigns are highlighted in the first chapter of the annually updated *Tax Forms Guide*, but *we recommend that you view ALL translated worksheets*, due not only to the possibility of these format changes but also to ensure that the translated amounts are still relevant for the new tax year. In most cases you will not have to change any entries, but you do have to access the worksheets so that they appear on the screen, which will force their proper recalculation.

Back up and clean up your hard disk. Once you have translated prior-year re-turns, you may want to erase all prior-year data from your hard disk to free up disk space for future data. *CAUTION: Before erasing any prior data, be sure to make copies of the data on a flash drive, writeable CD, or other external stor-age media for safe-keeping in case of audits or other needs to see the prior re-turn*. We recommend that you make all backup copies using the built-in file manager as described in Chapter 9. Although faster copies can be made using system commands or system utilities outside of our program, the use of the built-in file manager is less subject to error and produces copies that can be used by the software directly thereafter without having to recopy all data back to the hard disk. You must use the prior-year edition to copy prior-year files and to remove them one at a time from the hard disk. (See Chapter 9 for infor-mation on our filename conventions if you still want to use your own system utilies for copying or removing files.)

Hard disk utilities can improve performance. Even after you have translated, backed up, and removed prior data, you may find that hard disk speed is de-graded from its original performance. This is a common problem with hard disks after heavy usage, especially when the disk becomes nearly full and many new files are created. It is recognized not only by slower disk access but unusual noises from the hard disk when data is accessed. It is caused by files becoming fragmented on the hard disk, rather than all being stored contiguous-ly in the same area of the disk. If you experience such problems we recom-mend that you run the Disk Defragmenter that is built into Windows, which re-

organizes the hard disk into contiguous (unfragmented) files. (The Disk Defragmenter is found on most computers by clicking Start → All Programs → Accessories → System Tools → Disk Defragmenter.)

TUTORIAL GUIDE

Chapter 1

Getting Started

Initial Start-up
General Operation

Installation

Installation of Tax Preparer. *Tax Preparer* is designed to be installed on your computer's hard disk, including on-screen manuals and IRS documents. However, you have control over what components to install through your choices during the installation. Once you have started your computer and Windows is running, you can install the program as follows. For a trouble-free installation, we recommend that you close all other applications and temporarily turn off your anti-virus protection for files while performing the installation.

> **Step 1 – Start installation program.** Insert the HowardSoft disk for the new edition in your CD or DVD drive. The installation should start automatically within a few seconds as the computer reads the disk.

If installation doesn't start. If installation does *not* start automatically after you insert the disk, you must start the installation program manually. To do so, click the icon for File Explorer, My Computer, or This PC (usually found on your Desktop or among Programs) and navigate to the disk drive that contains your new *Tax Preparer* disk. Double click the icon for that drive to see the contents of the disk. For the *Tax Preparer* 1040 software, you will see just three files on the disk:

> **AutoRun.inf**
> **FED.ICO**
> **InstallFed_xnnnn.nn.exe**

where xnnnn.nn indicates the release to be installed (such as p2015.01 for the Premium Level version of release 2015.01). To start the installation, right -click the last file (InstallFed_p2015.01.exe for our example) and choose *Open* from the resulting drop-down menu. (If the computer is set up as a multi-user computer, you may have to choose *Run as administrator* or *Run as... [a particular user]* in order to be allowed to install this program on the computer. from the drop-down menu.)

> **Step 2 – Read the Welcome screen.** Once the installation starts, you should see the *Setup* window shown in Figure 1-1. To avert potential problems, be sure to follow the recommendation that appears there to close all other applications. We also recommend that you temporarily turn off all file protection that your anti-virus software may provide. After you have done so, click *Next*.
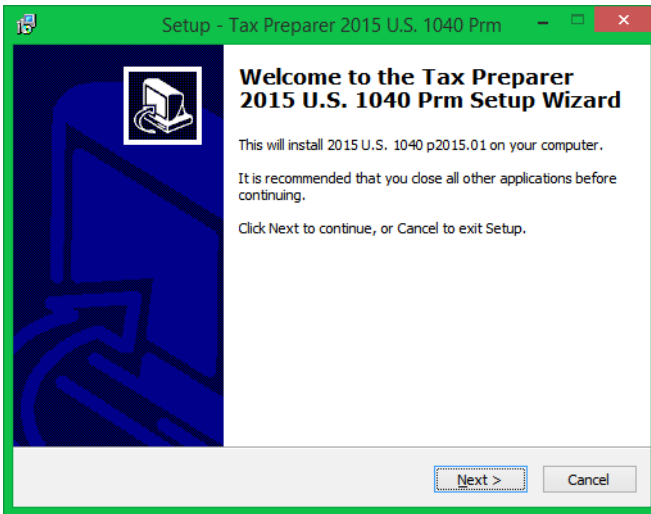
Figure 1-1. The Welcome Screen

Step 3 – Read the License Agreement. The license for the use of Howard-Soft products (and third-party products, if applicable) appears next, Figure 1-2. This license is also accessible from the *HowardSoft Tax Preparer* program group once installation is complete. To continue with the installation, click the circle for "I accept the agreement" then click *Next*.
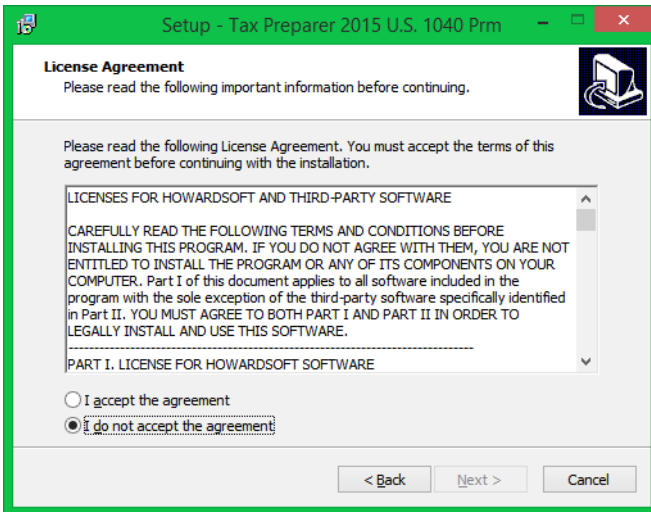
Figure 1-2. License Agreement

Step 4 – Select Destination Location. The default location for the program appears next (Figure 1-3). We recommend that you do not change this location because it follows accepted standards for Windows and simplifies customer service should you need help. The default location is a subfolder *HowardSoft Tax Preparer* within the standard Windows program folder. If you accept the displayed location, click *Next*.
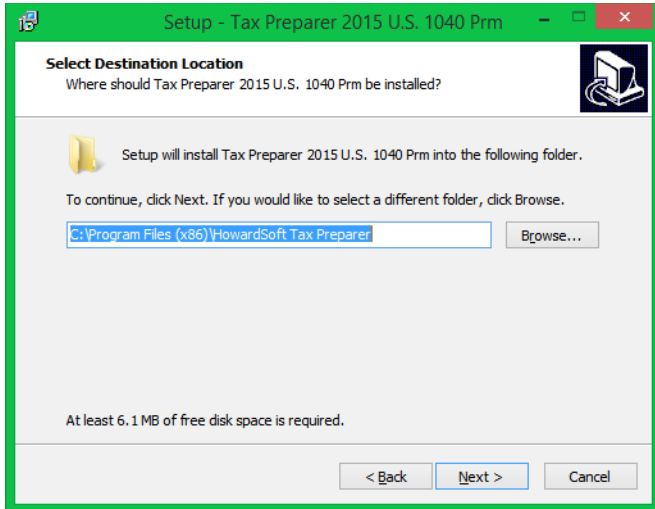
Figure 1-3. Program Folder Location

Step 5 – Select Components to Install. We recommend that you always install all available components for the most complete experience with *Tax Preparer*, including the best on-screen help at your fingertips. The *Program Files* component is always chosen for you, but you can choose to not install any of the available documents if your disk space is severely limited. The disk space required for each component is shown on the screen (Figure 1-4). You can either uncheck the components you don't want or choose *Compact installation* instead of *Full installation* to omit only IRS documents. Once you accept the chosen components, click *Next* to continue.
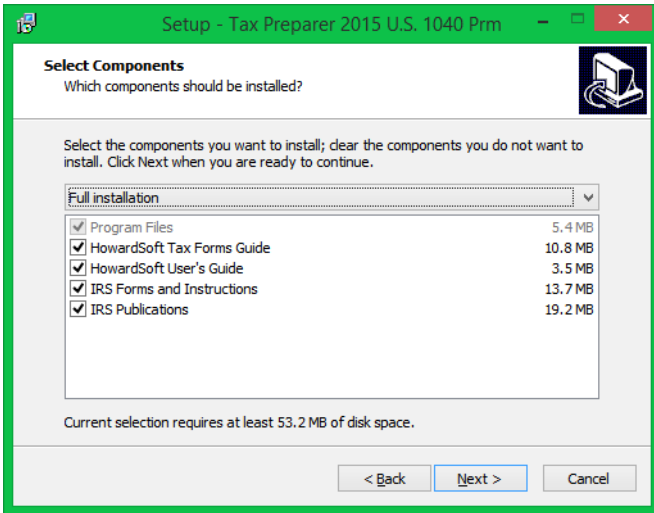
Figure 1-4. Program Components

Step 6 – Select Start Menu Folder. The program group where your pro-
gram will appear in the Classic Start Menu or list of Apps appears
next (Figure 1-5). We recommend accepting the defau*lt, HowardSoft
Tax Preparer*, within which all *Tax Preparer* programs for all years
and versions (1040, 1065, and 540) will appear. Once you accept
the folder name displayed, click *Next* to continue.
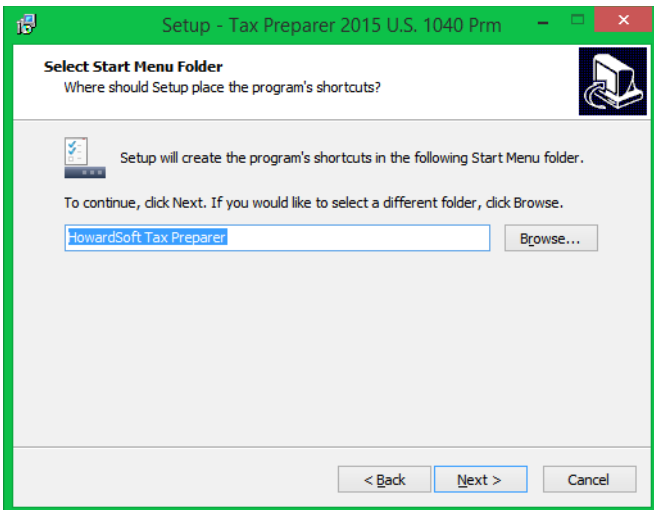
Figure 1-5. Start Menu Folder

Step 7 — Create Desktop Icon. The installation program can create a desktop icon for the program so that you can easily start it without accessing the *HowardSoft Tax Preparer* program group. Separate identifying icons are provided for the Form 1040, Form 1065, and Form 540 programs. If you do not want a desktop icon to be created, uncheck the box for *Create a desktop icon* (Figure 1-6). Once you are satisfied with your choice, click *Next* to continue.
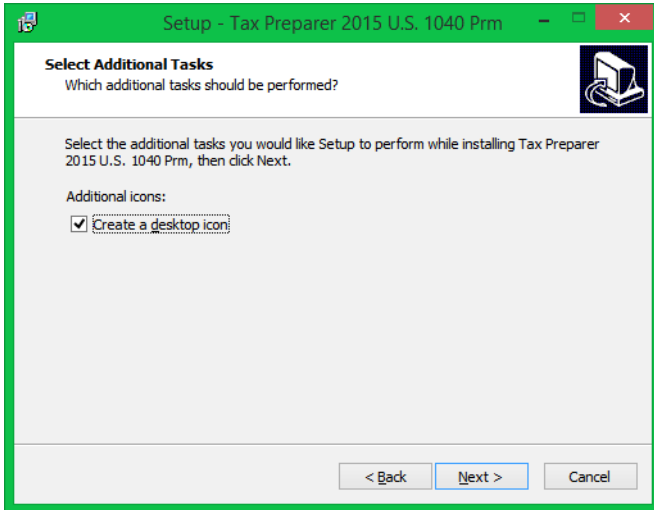
Figure 1-6. Create Desktop Icon

Step 8 – Confirm Installation. Your installation is now ready to be performed. A summary of your choices appears next (Figure 1-7). If you approve the choices, click Install to complete the installation.
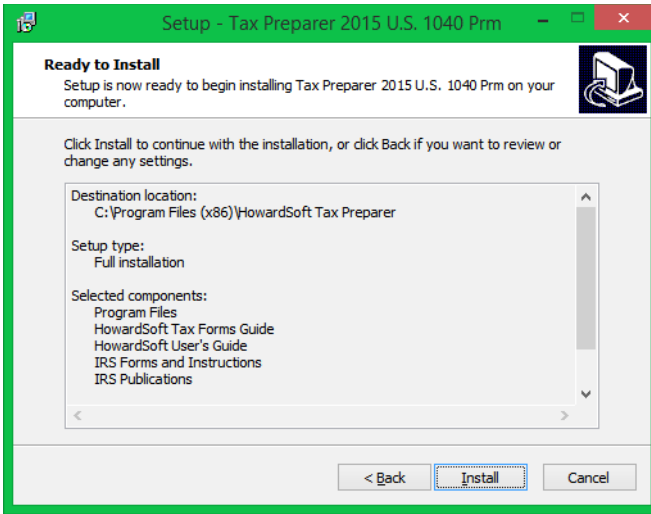
Figure 1-7. Confirm Installation

Step 9 – Complete Installation. After all files are successfully installed, the completion screen in Figure 1-8 appears. Click *Finish* to exit the installation.
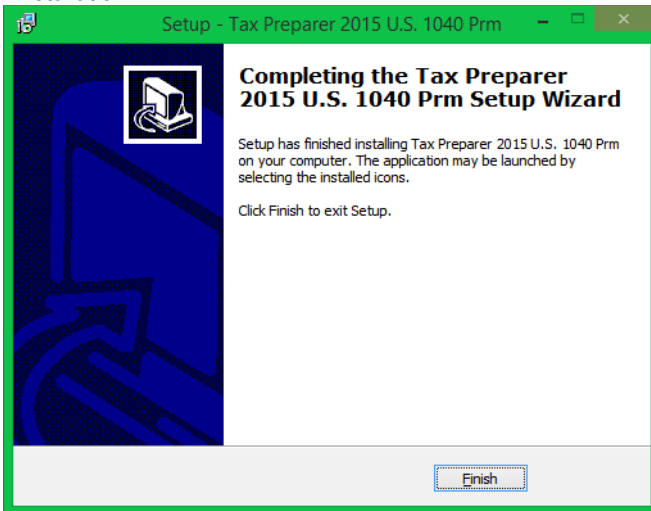
Figure 1-8. Complete Installation

Once you finish, an icon for the program appears on your desktop (unless you chose not to create it). The title of the icon will be *Tax Preparer* followed by and identifier for the edition year and version (such as *2015 - 1040*, *2015 - 1065*, or *2015 - 540*). You can now remove the HowardSoft program disk from your drive.

Installation of e-file transmission software. *(Standard and Premium Levels only)* If you plan to e-file returns for your clients, you must install 3rd-party software for transmitting the e-file output generated by *Tax Preparer* to the IRS. You can download the installation software from our *Check for Updates* website (which you can access from the floating Tax Preparer Control Panel), on the *e-file Alerts* page of that website. However, to activate the software you must purchase the e-file transmission software for the year from HowardSoft and have an active IRS-issued Electronic Filing Identification Number (EFIN). Once you purchase the software, you will set up an e-file account with HowardSoft, which requires you to make arrangements for paying the periodic transmission files that may apply to your use of the software, using a VISA, Master Card, Discover Card, or American Express. You can then activate the software using your personal credentials provided to you by HowardSoft. Detailed steps are shown at the bottom of our *e-file Alerts* web page.

> **CAUTION: New location for e-file output!** Your e-file data is always stored in a the subfolder *E-FILE* within the folder where you installed *Tax Preparer*. You must enter the complete path to this folder in the setup of your transmission software. Prior to 2015, the default path would generally be *C:\TAX\E-FILE* because *Tax Preparer* was installed in the folder *C:\TAX*. However, starting with 2015, *Tax Preparer* is installed within the standard Windows folder for programs. As a result, for 2015 and later editions, the default path would generally be *C:\Program Files (x86)\HowardSoft Tax Preparer\E-FILE* for a 64-bit computer (and the same for a 32-bit computer but without the "(x86)").

Installation of Adobe Reader. In order to use the on-screen documentation for *Tax Preparer* (both HowardSoft's and the IRS's) you must have Adobe Reader (or a similar program that can read files in the PDF format) installed on your computer. If you have no such program installed, you can download it FREE on the internet from **get.adobe.com/reader**. Once you download Adobe's file, just run the file and the installation program will guide you through the rest.

Initial Start-up

Read the Introduction first. If you haven't yet read the Introduction, you have missed a basic overview of the software. *Introduction A is required reading for newcomers* to this software. Even if you successfully installed and started the software without reading it, we still recommend that you read Introduction A for an overview that will make it easier to understand this tutorial.

What to expect. To start *Tax Preparer*, you must click an icon in the *HowardSoft Tax Preparer* program group or an icon (shortcut) added to your desktop by the installation program. However you start *Tax Preparer*, you should see

two windows: a narrow, floating, *Tax Preparer Control Panel* and a large *Main Window*. Both windows are illustrated in Figure 1-9. We'll be concentrating on the *Main Window* in this chapter, but you should be aware of one feature of the *Tax Preparer Control Panel* now. Click <u>Help</u> on the right side of the Control Panel and you'll see two menu items:

About Tax Preparer identifies the version of Control Panel and Main Window you are running. These version numbers will be useful if you ever call HowardSoft Customer Service because they help us pinpoint the precise production runs you are using.

User's Guide provides instant access to the on-screen version of this User's Guide as long as you performed a Full installation or included Manuals in your Custom installation.
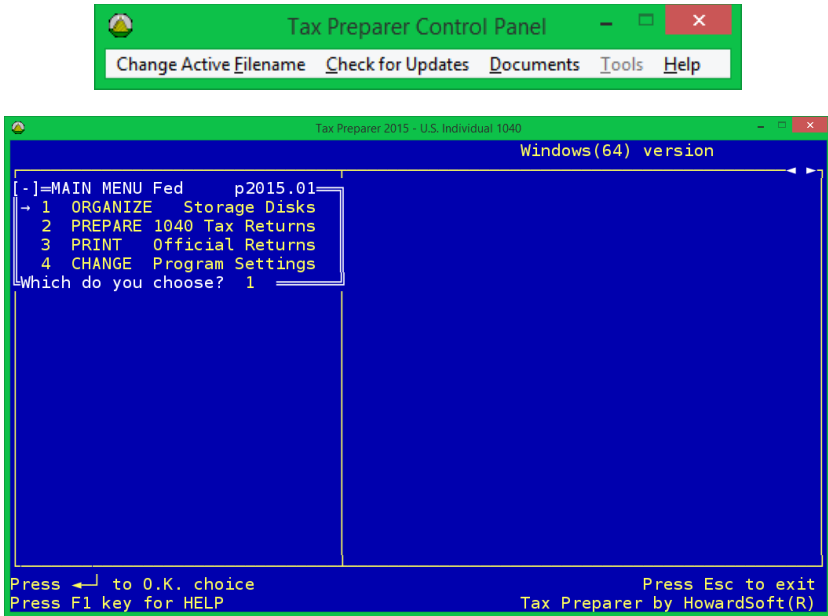
Figure 1-9. The Two Windows of Tax Preparer

Note that the version also appears in the Main Window when the Main Menu is visible, as it is at startup. The number p2015.01 indicates the first regular release of the Premium Level of 2015 U.S. Individual 1040 software.

General Operation

Tax Preparer Control Panel. Before starting with the main functions of *Tax Preparer*, you should get familiar with the floating *Tax Preparer Control Panel* because it provides valuable support while you are using the software. As seen in Figure 1-9, it is a floating menu bar with just 5 selections:

Change Active Filename. *(Standard and Premium Level ONLY.)* Clicking this item is the fastest way to get to a previously started return, especially if you have a large number of returns. A window appears that lists *all* returns that reside in the folder where you store data, irrespective of the tax volume in which they reside. (Remember from Introduction A that returns are organized into tax volumes of no more than 15 returns each.) That is, you have access to as many as 1,485 returns in one long list. Click this menu choice now, and you'll see the window in Figure 1-10 (assuming you performed a Full installation, or included *Sample Return Files* with a Custom installation):
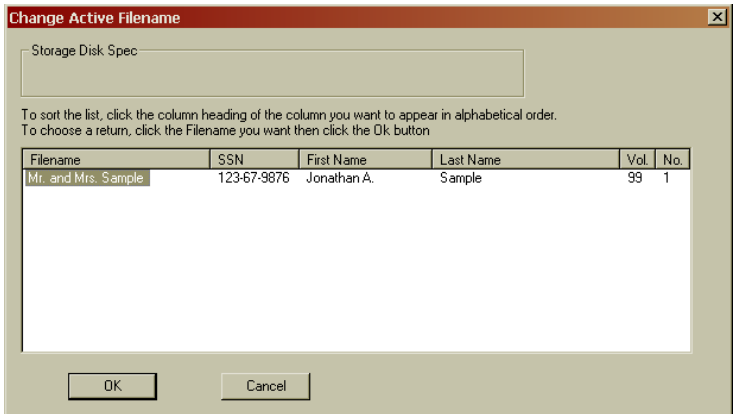
Figure 1-10. Choosing returns from the Control Panel

This window is not very exciting yet because there is only one return for the current edition year – the pre-stored Sample Return. But when you have more than one return, clicking on a column heading sorts the list by the alphabetical order for that column. Accordingly, <u>you can easily see the returns in order of Last Name, SSN, or any other order defined by the shown column headings</u>. That makes it very ***easy to find a return using the organization you choose***, rather than the organization into tax volumes. Once you've found the return you want, just double-click the filename for that return and it is automatically selected as the Active Return for the *Main Window* with the menu for preparing the return already shown. (You won't see that menu until Chapter 2, so you can see how much this feature bypasses to get you started with an old return quickly. This feature is not available in Economy Level software because that software is limited to only one tax volume.)

Check for Updates. Clicking this item takes you immediately to our support page on the web where you'll find alerts and bulletins throughout the tax season and downloads for mid-season changes in the software. We recommend that you visit this website frequently so that you are always using the latest revision of the software and manuals, and are aware of any problems and how to avert them.

(This feature requires that you are connected to the internet, so if you use a dial-up connection, you must make the connection before choosing this menu item.)

Documents. Clicking this item gives you access to HowardSoft and IRS documents – new and old – so that you can have the help you need on the screen at the same time as you are preparing returns with *Tax Preparer*. Click it now and you'll see a menu of documents available to you: this User's Guide, HowardSoft Tax Forms Guides for all edition years installed, and IRS Forms and Publications for all tax years installed. Click on any document and you'll see that document in a separate Adobe Reader window that you can resize and place anywhere on your desktop.

Tools. This choice is not yet available, but provides a slot for future expansion.

Help. Clicking this choice gives you a menu with just two choices. Click *About Tax Preparer* and you'll see the versions of *Tax Preparer Control Panel* and the main program that you are using (useful for customer service). Click *User's Guide* and you'll see this guide in an Adobe Reader window (just another quick way to access this guide).

Meaning of the Main Menu. The *Main Menu* (Figure 1-11) in the left side of the split-screen *Main Window* (Figure 1-9) is your main door to the software. Here's an overview of your four options, which we'll guide you through later:

1 ORGANIZE Storage Disks is used to prepare disks for a new return, and to organize your returns in an orderly fashion. Returns are organized by tax volumes. Each tax volume holds up to 15 tax returns,

```
[-] MAIN MENU Fed      p2015.01
 →  1   ORGANIZE   Storage Disks
    2   PREPARE 1040 Tax Returns
    3   PRINT   Official Returns
    4   CHANGE  Program Settings
 Which do you choose?   1
```
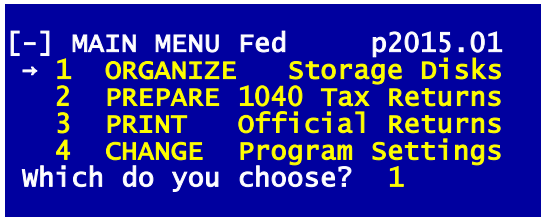
Figure 1-11. Main Menu

and you can put as many as 99 separate tax volumes in a single Windows folder. The Sample Return included in a Full installation resides in a pre-stored volume 99. You would use this menu choice to add up to 98 more volumes. However, if you chose not to install the Sample Return, or you prefer to store your tax data in another folder or external storage media (such as CD, flash drive, memory stick, etc.), *you MUST add a tax volume to the new folder or blank media* using this menu choice. Other functions of this menu choice include organizational tasks like listing forms prepared for clients, printing mailing labels for all clients, listing clients by tax volume, renaming files, removing forms or entire returns, copying, and transferring prior-year data to current-year returns by means of an intelligent translator. (Full details on this file manager are found in Chapter 9.)

2 PREPARE 1040 Tax Returns is used for the main task of supplying data and controlling the automatic calculation of returns. It gives you a

number of options for the method of preparing returns, from fully in-
teractive page-oriented methods to simple line-by-line batch methods,
so that you can choose the method with which you are most com-
fortable. It also lets you print drafts of returns for use as data entry
input sheets or client organizers. Full operating details on preparing
returns are found in Chapters 10 and 13, and tax details are found in
the separate *Tax Forms Guide* for the current edition year. (Note that
the "1040" in the menu title for this selection is replaced by "1065"
for the Partnership Edition and "540 for the California Supplement.)

3 PRINT Official Returns is used to produce an official printout that com-
plies with IRS rules for computer-generated returns. An on-screen
printout preview is also provided here, and, for tax professionals,
client instruction and billing letters are also printed here. You also
generate e-file output here for later transmission to the IRS. Up to 15
returns can be printed at a time. Full details on official printouts are
found in Chapter 11.

4 CHANGE Program Settings is used to change the way the software
operates to suit your preferences or hardware differences. You must
change the Storage Disk specifications here when you want to
change the location where you want to store your tax data, whether
it be another folder on your hard disk or a folder in some external me-
dia (such as a flash drive or rewriteable CD). You can also change
the settings for display size, auto-calc operation, and rounding rules
(pennies vs. dollars). And you can change the printer setup for spe-
cial printers and customize the client letters with your name and ad-
dress. However, you should not change any of the settings until you
have completed Chapter 2 because the factory default settings are
appropriate for viewing the pre-stored Sample Return and printing
with most Windows printers. (Full details on program settings are
found in Chapter 12.)

The logic of menus. The flow of the software is controlled by menus (like the
one in Figure 1-11) and data entry pages. When you make a choice from a
menu, a preprogrammed sequence of events follows. If you change your mind
in the middle of a sequence, however, you can usually back up by pressing the
Escape Key (usually labeled Esc). After you make a choice from one menu you
are typically presented with another menu. The second menu is subordinate to
the first and is used to refine your selection. When the action you select from
the second menu is completed you are usually returned to that same menu to
make another choice. When there are no more choices that you want to make
from this menu, press Esc and you are returned to the previous menu. In sum-
mary, a numeric keypress takes you to a new action or a subordinate menu,
while the Escape Key brings you back to a prior menu.

Keyboard controls. Although you can perform most functions with a mouse (or
equivalent touchpad) alone, several keys have special meaning with this soft-
ware to make it easier to operate the software. However, some compact key-
boards do not have all keys we suggest, so you may have to use alternative
keys listed in Chapter 7.

Enter (or Rtn or Return) is the O.K. Key. It acknowledges the entry that appears on the line at the rectangular cursor. (The Enter Key is sometimes labeled with just a left arrow with an upward tail.) With a mouse, you approve your current entry merely by clicking into another entry, and you acknowledge prompts by clicking [Yes] or [OK].

Esc is the Escape Key. It escapes the currently displayed page and reverts back to the menu or page from which the current menu or page was entered. If calculations must be updated or data must be stored before leaving, these operations are performed automatically. This key can be used to suspend some functions in the middle of their operation as well, such as printing, calculating, or translating. If you prefer to use the mouse, you can escape a menu by clicking the [-] symbol to the left of the menu's title, and you can escape a data entry page on the right side of the Main Window by clicking the menu on the left side of the Main Window.

F1 or ? is the Help Key. Brief keyboard and menu help appears two lines at a time at the bottom of the *Main Window.* To highlight these lines so that you can cycle through all available keyboard help, you can either press a Help Key or click in the bottom two lines with your mouse.

> **Use the Control Panel for other help.** The Help Key is intended for help with the keyboard and primary menus *only*. If you want help with other operation of the software or tax forms, you should click the *Documents* choice on the *Tax Preparer Control Panel*, which gives you access to on-screen versions of this User's Guide, Tax Forms Guides, and IRS documents. These on-screen documents open in a separate window so that you can resize and move them while you are using the *Main Window* of *Tax Preparer*. See Chapter 8 for details.

The main Help Key is the function key labeled F1. However, because this key requires two keypresses on some compact keyboards, some people prefer to use the alternate Help Key: the question mark. Whichever way you choose, once the help lines are highlighted you can press the Space Key or nearly any other key to cycle through successive 2-line messages. And you can press the Up Arrow Key or the Left Arrow Key to back up. When you are done, press the Escape Key to return to normal operation.

Menus. When a menu of selections appears on the screen, you can make a selection with your mouse by clicking the line you want or you can make a selection by typing the selection number followed by the Enter Key. You can also use the Arrow Keys to move up and down the menu, then use the Enter Key to give your final O.K. to a highlighted selection. The Page Down key (or > which is shift-period) moves you directly to the first menu selection; the Page Up key (or < which is shift-comma) moves you directly to the last one. The Escape Key exits you from the menu altogether and prevents any of the menu selections from being executed.

Cursor control. To change an entry, you must first move the rectangular cursor to the line containing the entry. You can use the mouse (or

equivalent touchpad) to move the cursor by clicking where you want the cursor to lay. Or you can move up and down one line at a time with the Up Arrow and Down Arrow Keys, and move to the top and bottom lines on the screen with the Home Key and End Key. To move forward and back among successive screens, you can use the mouse to click the arrowheads in the upper-right corner of the *Main Window*, or use the Page Down Key (or > which is shift-period) to advance to the next page, and the Page Up Key (or < which is shift-comma) to back up to the previous page. To return to the original menu, you can use the mouse to click anywhere on the menu or use the Escape Key. (The > and < keys must be used as the paging keys on keyboards that do not have keys labeled PgDn and PgUp. Note that > is a shifted period and < is a shifted comma.)

Questions. When a question appears on the screen in a prompt, it is answered by

<div align="center">

Y, y, or Enter Key for YES
N, n, or Space Bar for NO

</div>

All other keypresses are ignored except for the special cursor or paging keys described above. Data entry lines that are questions operate the same way.

Numbers. When numeric data are required, non-numeric keypresses are ignored, except for signs, decimals, and the letter L. The letter L is interpreted as the numeral 1, owing to its common use by typists as the numeral one.

Text. All printable characters are recognized except for the quote mark, which is converted to an apostrophe.

Editing. The editing of entries works like a word processor. The Insert Key (ctl-I or the key labeled Ins or Insert) starts and ends an insert. The Delete Key (ctrl-D or the key labeled Del or Delete) removes the character that lies under the cursor. The Restore Key (ctrl-X or the function key F2) copies the prior entry into the editor so that you can create a new entry by modifying the old one. The Enter Key terminates the editing action and approves the current entry.

See Chapter 7 for full descriptions and alternate keypresses.

Error handling. When your best-laid plans fail, either because of a hardware malfunction or an error in operation, the program warns you of a problem through error messages. The most obvious errors include failure to close the door of your disk drive, insertion of the wrong disk, requesting a filename not contained on the disk, or failing to turn on your printer. See Chapter 15 for help with these and the more obscure hardware errors than can arise.

Special caution on swapping disks. One additional caution is worth mentioning before we proceed. If you use external media (memory stick, rewriteable CD, etc.) for storing tax data, *NEVER remove the media while operating this software except when so prompted by the software, when the main menu is displayed, or when you choose "SWITCH Tax Volumes" from a menu*. Failure to heed this warning can cause loss of data!

Chapter 2

Reviewing the Sample Return

Starting On-Screen Preparation

Accessing the prestored Sample Return. With a Full installation (or a Custom installation with Sample Return Files included), a relatively simple tax return is already stored on your hard disk to help you learn the software. (Only the 1040 software contains a Sample Return. 1065 and 540 software have no sample nor prestored volume.) Start the Form 1040 software as described in Chapter 1 then, when you reach the Main Menu (Figure 2-1), choose 2 for preparing returns. If this is the first use of your software, "Mr. and Mrs. Sample" is already the Active Filename, so the Prepare Returns Menu (Figure 2-2) appears with the filename "Mr. and Mrs. Sample" appearing at the top of the screen along with the tax volume number (99).

```
[-] MAIN MENU Fed     p2015.01
    1  ORGANIZE    Storage Disks
 → 2  PREPARE 1040 Tax Returns
    3  PRINT    Official Returns
    4  CHANGE   Program Settings
 Which do you choose?   2
```

Figure 2-1. Main Menu

Recheck program settings if you have trouble. If you get an error message or the wrong filename in Figure 2-2, it may be because you modified our prestored program settings. If so, you must escape back to the Main Menu, choose 4 (CHANGE Program Settings), then 1 (GENERAL Information), and restore the program setting for Storage Disk specification to its original blank setting so that the software looks for the data in the folder where the program was installed. If you successfully reach Figure 2-2 but the name is not "Mr. and Mrs. Sample," you must either (1) choose 1 (CHANGE Active Filename) from the Prepare Returns Menu and select the proper name from the directory of names for the prestored volume 99, or (2) Choose *Change Active Filename* from the Control Panel and select "Mr. and Mrs. Sample" as was shown in Figure 1-10.

How the Road Map can minimize your work. The Prepare Returns Menu in Figure 2-2 is your door to tax return preparation. Choice 2 lets you prepare returns by the Road Map method without ever deciding what forms to prepare. For now, this is the only choice you need to use. Everything is automatic with choice 2, and you are guided along the way by the built-in Road Map. The Road Map guides you through the forms and schedules in the logical IRS sequence and minimizes the amount of recalculation of other forms after new entries are made. Nevertheless, full accuracy and self-consistency are always assured when you exit a return irrespective of the order you follow.

```
Filename (from vol 99): Mr. and Mrs. Sample


[-] PREPARE 1040 Tax Returns
 → 1  CHANGE Active Filename
    2  ENTER  1040 Road Map
    3  ENTER  Forms/Schedules
    4  RECALC Tax Returns
    5  PRINT  Data Organizers
 Which do you choose?  1
```

Figure 2-2. Prepare Returns Menu

Your other options. In this tutorial we illustrate only the Road Map method, but

there are other options available. Choice 3 lets you directly enter a form of your choice, rather than forcing you to follow the Road Map, and gives you the option of the high-volume data entry techniques described in Chapter 10. _HINT: You can always access forms directly through choice 3, irrespective of whether you originally prepared the return using the Road Map method or not_. Choice 4 lets you complete calculations for returns not yet complete, which is rare when you use the Road Map, and can be performed on as many as 15 returns at a time. Choice 5 lets you print draft returns and data input sheets for high-volume data entry, including the _pro formas_ that we call _Prior Data Input Sheets_, which can be used as client organizers.

An overview of the Road Map. A new return always starts with Form 1040. You start at the top of the form and complete entries line by line as they appear on the screen. Whenever you encounter a line that requires a result from another form, you itemize to the supporting form or schedule by pressing the Itemize Key (I or F10). You follow the same procedure for each form you encounter. Once you have reached the end of a form, you press the Escape Key (Esc) to return to the form from which you itemized and complete that form. After you follow this procedure to its conclusion, you eventually end up at the end of Form 1040. You then escape from Form 1040 and the calculations for the return are completed and the return is automatically stored on your hard disk.

A word about special keys. _We introduced you to the special keys in Intro A, but you can consult Chapter 7 for a complete list of special keys and their uses_, because the tutorial typically refers to only our generic names, such as "Itemize Key," for these special keys. The generic names refer to the function being performed rather than the specific keys you can use, since your choice of keys can vary depending on your keyboard, your habits, and the context in which you use the keys. For example, although the I key functions as the Itemize Key when pressed at a numerical entry, you must use the function key F10 or the 2-key combination ctrl-Y to itemize a text entry. In addition, some special keys can be executed with the mouse instead of a keypress. For example, clicking a [-] symbol at a menu performs the same action as pressing Esc, as does clicking a menu on the left side of the split screen when the right side is currently active.

Preparing Form 1040 and Schedules

The menu for an IRS form. With the filename for the sample at the top of the screen, _enter the Road Map by choosing 2 from the Prepare Returns Menu_. The text and calculations for the main form, Form 1040, are now read from your hard disk as well as the prestored data for Mr. and Mrs. Sample. The menu for Form 1040 then appears (Figure 2-3). This menu is typical of the opening menu for an IRS form or schedule. The name of the form appears as the heading for the menu. The menu itself is actually a table of contents for the form. It lists the separate screens that comprise the form. (Figure 2-3 shows twelve screens for Form 1040 page 1, but the number of screens may vary from year to year. Other details for Form 1040 may vary as well, but the

principles illustrated here apply for years to come. You should therefore not be concerned if your sample does not match the one illustrated here in every de-tail.) To use the built-in Road Map, merely start with screen 1 of Form 1040 page 1, and step through the form in order, diverting from Form 1040 to other forms only when you see an "r" or "i" beside the line on which the cursor lies. (We'll explain the "r" and "i" symbols in a moment.)

```
[-] Form 1040  Main Form, pg 1
 →  1   Taxpayer Info
    2   Spoouse Info
    3   Address
    4   Filing Status & Exemptions
    5   Your Wages, Salaries, Tips
    6   Spouse Wages,Salaries,Tips
    7   Total wages & other for 7
    8   Other Income       (8a-17)
    9     ''     ''        (18-21)
   10     ''  (21-22) & Nontaxable
   11   Adjustmnt to Income(23-31)
   12     ''    ''    '' (32-37)
 Which do you choose?   1
```
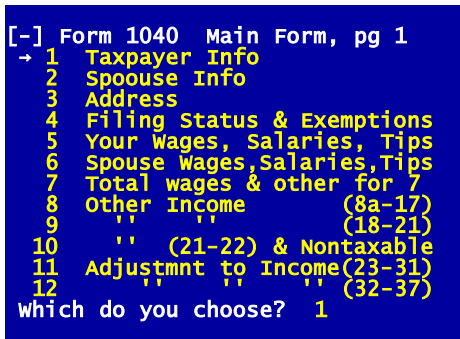
Figure 2-3. Menu for Form 1040

Use Control Form to control au-tomation. Before we explain data entry, let's briefly tell you about the Control Form, which controls the first data entry line on Form 1040. *Press the Enter Key when 1 appears as the choice in Figure 2-3 (or click line 1 with your mouse), and you are taken to the first screen of Form 1040 page 1, shown in Figure 2-4.* The first entry at the top of the screen is Tax Year. Beside it you see an "i."

Throughout the software, *an "i" beside an entry indicates that the line is sup-ported by more data, which can be in the form of another form, a special worksheet, or a general itemized list*, as detailed later in this chapter. In this example, it's another form: the Control Form. This form controls the built-in au-tomation. The tax year that you see on the first screen of Form 1040 comes from this form. When you change the entry for "tax year" on the Control Form, not only is the entry you see on Form 1040 changed, but also the tax regula-tions for all forms and schedules are automatically shifted to those for the new tax year. Each year's software always has the laws for the current and the next year built in. As a result, when you change the entry for tax year to the next year, a subsequent recalculation of the return is performed using the tax tables, exemptions, and limitations for the new year. When rules for years be-yond the next year are already known before the software is released, they are generally built in as well. For example, depreciation calculations are known many years in advance and are therefore built into the software. (The annual physical redesign of the forms by the IRS is not known in advance, however, so the printouts that result for years after the current year are not official and are not acceptable for filing with the IRS.) The Control Form also lets you block the automatic creation of a form that would otherwise take place based on the entries on the return when your final recalculation is performed. It also lets you change for a particular return the rounding rule used for the return, the inflation rate used for tax planning, the prior-year tax amounts that will be used on Form 2210, state estimated tax amounts that will be used on Schedule A, and special entries and modifications to the cover and billing letters.

```
→Tax year[Control Form access]:      2014     i
SPECIAL HANDLING INDICATOR
  to be printed above taxpayer's
  name. If e-file, see instrns.
      Disaster (name)
      Out-of-country ext'n stmnt          0
      Other statement
INFORMATION ON TAXPAYER
  Your 1st name & initJonathan A.
  Your last name .....Sample
  Your soc sec no. (SSN)........123-67-9876
  Your occupation...............Civil Engr
  You want $3 to go to cmp fund.? No
  Your age at end of tax year...        61.
  You 65 or older at year-end?  ▓ No
  You blind at end of tax year..? No
  You dependent on other return.? No
  You EIC-qlfd. child of another? No
  You student 5 months or more..? No
  You non-resident 6 mos.or more? No
  If deceased, date (mm-dd-yyyy)
```

Figure 2-4. Initial Screen of Form 1040

Moving within a page. We are now ready to illustrate the details of data entry. When you start a new return, most entries are blank. For the sample, however, the blanks have already been filled. The rectangular cursor flags the line that is changed when you start typing normal letters or numbers. When you type a new entry without using any of the special editing keys, the old entry is re-placed. To move to other entries you need merely move the cursor with one of the keys that control cursor movement. If you want to use the keyboard rather than your mouse, you accomplish this by pressing:

Enter Key to approve an entry
Up Arrow Key to approve and move up
Down Arrow Key to approve and move down
Home Key to move to the top line on the page
End Key to move to the bottom line of the page

With a mouse, you accomplish ALL of the above functions merely by clicking into the entry field for the line you want to go to. (Keyboards differ among ma-chines, however, so you may have to consult Chapter 7 for more help. *Be es-pecially conscious of the Num Lock Key, if your keyboard has one*. *When Num Lock is on, cursor keys on a numbered keypad are turned into number keys and cannot be used to move the cursor*.)

Enter vs. Down Arrow. The Enter Key and the Down Arrow Key are both used to approve an entry. The Down Arrow Key advances to the next line uncondi-tionally, and can be used for the high-speed typing of a list of entries on a form. The Enter Key operates the same way as the Down Arrow Key most of the time, advancing to the next line after you change an entry. But when you use the built-in calculator, a "static cursor" action takes place instead. The Down Arrow Key advances you to the next line unconditionally, but the Enter Key does not, as described next.

The "static cursor" for the built-in calculator. You invoke the calculator mode by starting an entry with an arithmetic symbol (+, −, *, or / for adding, subtracting, multiplying, or dividing into the number already appearing for the line). *After you enter a number starting with an arithmetic symbol, your first press of the Enter Key returns the cursor to the same line as the modified number*, rather than advancing to the next line. If you need to perform more arithmetic on the number, the cursor is now exactly where you need it, similar to the action of many popular spreadsheet programs. The Enter Key does, however, move the cursor to the next line when you press it a *second* time without changing the entry, like an O.K. key. This static cursor makes it particularly easy to enter a long list of numbers that go into a line, or to easily see the effect of various additions to or subtractions from an entry without the cursor moving to the next line.

Beware the keyboard buffer. If you press too long on a key, so that it repeats, the computer may not respond to every key immediately. Instead, a keyboard buffer records the repeated keypresses, and the computer executes the actions when keypresses are eventually read from the keyboard buffer. (See Chapter 6, Computer Glossary, if our language is new to you.) This buffer prevents keypresses from being lost, but it can be a problem if you make a mistake. For example, you could press the Page Down quickly four times in a row to page forward by four pages, but if you accidently press five times you may have to wait for the keyboard buffer to empty itself before you can correct the action.

Editing text entries. Returning to the form, the entries in Figure 2-4 can be used to show you everything there is to know about text entries. Most text entries do not affect calculations. A word processor is built into the software for editing these entries. To illustrate, move the cursor (with the Enter Key or the Down Arrow Key) to the line labeled "Your last name." Start typing and you will notice that the old entry, Sample, immediately disappears as you type a new entry. Press the special Restore Key before pressing the Enter Key, and the old entry reappears. (Again, Chapter 7 helps you identify the special keys on YOUR machine.) Now move over the entry with the Right Arrow Key and stop in the middle of the word. Press the Delete Key and the entry is deleted one letter at a time. Press the Erase End Key and the end of the entry is erased, starting with the letter under the cursor. Press the Erase All Key and the entire entry is erased, not just the end. Press the Restore Key and the original entry again reappears. Next press the Insert Key and the insert mode is turned on so that subsequently typed letters are inserted in the word. Once you press the Enter Key, however, the entry appearing on the screen at that line registers, and the original entry is lost. In summary, the most important editing and cursor keys are

> **Left Arrow Key** to backspace over the entry
> **Right Arrow Key** to forward space over the entry
> **Restore Key** to restore the entry to its original entry
> **Erase End Key** to erase the end of the entry
> **Erase All Key** to erase the whole entry
> **Delete Key** to delete a letter
> **Insert Key** to turn insert mode on and off

In addition, the Home and End Keys have special meanings:

>**Home Key** to move the cursor to the first letter of the entry
>**End Key** to move the cursor to the last letter of the entry

Once you press the Enter Key, however, the last two keys revert back to their original meanings (top of page for the Home Key, and bottom of page for the End Key).

Press the Help Key if you forget the special keys. Whenever you need a reminder of what special keys are available, press the Help Key and brief reminders on the meanings of the keys are highlighted on the screen. As you press the space bar or Arrow Keys, more reminders are displayed. Press the Escape Key and you are returned to normal operation. But for more complete details on the keys, consult Chapter 7.

Use the Tax Preparer Control Panel for _other_ help. The Help Key in the Main Menu is intended for help with the keyboard and primary menus _only_. If you want help with other operation of the software or tax forms, you should click the _Documents_ choice on the _Tax Preparer Control Panel_, which gives you access to on-screen versions of this User's Guide, Tax Forms Guides, and IRS documents. These on-screen documents open in a separate window so that you can resize and move them while you are using the _Main Window_ of _Tax Preparer_. See Chapter 8 for details.

Cursor skips past computed lines. _Now proceed to the fourth screen of Form 1040 by pressing the Page Down Key 3 times_. Filing Status is answered here and MUST be completed for a valid return. (See Figure 2-5.) Numerous exclusions and limitations in the tax law are based on this entry. On this screen, line 6b is answered based on this entry, and is automatically Yes when you enter 2 for filing status. The line is inaccessible to the cursor, as you can see when you move the cursor up and down you, because it is automatically calculated. There is even

```
FILING STATUS
→FS1=Sgl,2=MFJ,3=MFS,4=HoH,5=QW          2
 MFS:Spouse lived APART ALL yr.? No
 MFS:Spouse full name
 HoH:If qlfg child not dep,SSN:
        and name.....
 QW:  Enter year spouse died ..
EXEMPTIONS
 6a Exemption claimed: YOURSELF  Yes
  b  '',   '',   :  SPOUSE  Yes
    No. of exemptions on 6a&b:        2
  c Children who:  lived w/you        1    i
    not w/you due to divrc/sepn       0
    Dependents on 6c not above.       1
    No.qlfd for child tax cred.       0
    No.qlfd for earned inc cred       0
  d Number of exemptions claimd       4
 > INVALID F/S OR MISSING DATA?  No
Special dependent claims:
    2120 if multiple supporters.      0    r
    8332 if not custodial parent      0    r
```

Figure 2-5. Filing Status Page of Form 1040

a block at the line where the cursor would normally lie to reemphasize that the cursor can't stop there. You can gain access to such lines only by invoking the special Manual Override feature, described in Chapter 7. _We recommend using the Override feature only under very rare and unusual circumstances because_

*we have taken great care to handle even extreme subtleties of the law auto-
matically*. (Consult the separate *Tax Forms Guide* whenever you have ques-
tions about calculated lines and the original intentions of the automatic calcula-
tions.)

Changing entries restarts calculations. If you change the entry for filing sta-
tus you will notice that a CALC message replaces the AUTO message in the
upper right corner of the screen (as long as "auto-calc" is on). The CALC mes-
sage indicates that calculations for Form 1040 have been restarted because a
change in an entry has been made. The change is automatically propagated
throughout the form while the message is displayed. Even though calculations
are being performed when the CALC message appears, *you need not wait for
calculations to be completed before making another entry*. As soon as you
start typing a new entry, any ongoing calculations are suspended until your
new entry is complete. Then calculations are resumed, restarting at the page
of your new entry if the calculations had gone further before being suspended.
(Chapter 10 describes alternate ways to use the software in which all calcula-
tions are deferred to one final calculation of the entire return after all data en-
try is complete. This alternative speeds the process of moving among forms on
a slow machine because it does not require that the new form reflect the recal-
culation of the entire return.)

Answering questions. To see how Yes/No entries operate, move the cursor to
a question entry like the line labeled "MFS: Spouse lived APART ALL yr?" Un-
like text and numeric entries, Yes/No entries are registered with a single key-
stroke. Merely press

<div align="center">

Y or y to answer YES

N, n, or Space Bar to answer NO

</div>

and your response is immediately registered and displayed; the Enter Key is not
needed to register the entry.

Numeric entries. Now proceed to a numeric entry like line 6c. The editing of
numeric entries is similar to the editing of text entries. Retyping the number
temporarily eliminates the old number, but pressing the Restore Key before
pressing the Enter Key restores the old number. The Erase All Key zeroes the
number, and the Erase End Key erases only the part of the number under and
to the right of the cursor. Similarly, the Left Arrow, Right Arrow, Insert, and
Delete Keys work just like they do for text. The "i" to the right of the numbers
indicates that support exists for the line, in this case a worksheet that provides
the details about each dependent that the IRS wants to see. However, we will
defer the explanation of such worksheets until a later line.

Built-in calculator illustrated. Numeric entries can be further manipulated by
the built-in four-function calculator. Let us proceed to the next page (via the
Page Down Key) to illustrate this feature. (See Figure 2-6.) Let us change the
wages that appear on line 7a to demonstrate the calculator. *To invoke the
built-in four-function calculator an arithmetic symbol* (+, −, *, /) *must be the
first character of a newly typed entry*. The number that follows the symbol is
used in the calculation. For example, to add $2 to the wages entry, make sure

the cursor lies on line 7a then type +2. Once you register the entry by press-ing the Enter Key, the computer adds $2 to the old entry and displays the new result. Type −2, and $2 is subtracted out of the entry. (Type space followed by −2 and the entry is taken literally, resulting in minus 2 as the entry because the first character is a space, not a minus. Note, however, that the automatic calculations prevent lines like those in Figure 2-6 from being negative in the fi-nal return, in order to conform with IRS rules.) Type /2 and the old entry is halved. Type ∗2 and the old entry is doubled. In summary, when the first char-acter of an entry is an arithmetic symbol, the symbol causes a calculation:

> **Plus (+)** adds the subsequent number to the original entry.
> **Minus (−)** subtracts the subsequent number from the original entry.
> **Asterisk (∗)** multiplies the original entry by the subsequent number.
> **Slash (/)** divides the subsequent number into the original entry.
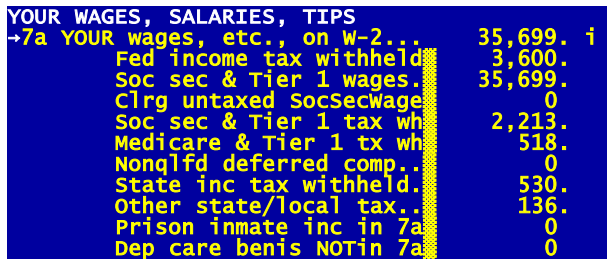
HINT: When performing a multiple calculation involving division, always per-form the division last to avert rounding errors, especially if the return is set to round to the nearest dollar.

Itemizing Illustrated

Itemizing supports an entry. As you flip through the screen pages of Form 1040 you can see all types of entries: text, integer, monetary, and questions. What may not be obvious, however, is that a grand structure lies underneath many of these lines. This grand structure surfaces when you press the Itemize Key (I or its alternate key) at a line, indicating that you want to itemize (pro-vide supporting detail for) that line. Virtually any line of any form or schedule can be itemized, including lines for text and question entries as well as lines for numeric entries. To itemize a line for a text entry, however, you cannot use the I key, because I is a valid text character; an alternate key listed in Chapter 7 must be used instead. (Even automatically calculated lines can be itemized, by invoking the Manual Override feature. You are warned against it, though, because Manual Override can easily result in an invalid return when used care-lessly.) In any case, when you press the Itemize Key at a particular line, you access one of three possible substructures:

> **1:** a special IRS-style worksheet,
> **2:** another IRS form or schedule,

```
YOUR WAGES, SALARIES, TIPS
→7a YOUR wages, etc., on W-2...    35,699. i
         Fed income tax withheld    3,600.
         Soc sec & Tier 1 wages.   35,699.
         Clrg untaxed SocSecWage         0
         Soc sec & Tier 1 tax wh    2,213.
         Medicare & Tier 1 tx wh      518.
         Nonqlfd deferred comp..         0
         State inc tax withheld.      530.
         Other state/local tax..      136.
         Prison inmate inc in 7a         0
         Dep care benis NOTin 7a         0
```

Figure 2-6. Wages Page of Form 1040

3: a general itemized list.

An explanation of each of these substructures follows.

Special worksheets support some lines (flagged by w). Dozens of special worksheets are customized to support special IRS lines. We will use the W-2 Worksheet that has been prestored for the sample return to illustrate this feature. To access a worksheet you must press the Itemize Key at a line that is supported by the worksheet. These lines are listed near the end of the separate *Tax Forms Guide* for easy reference. When a worksheet is available to support a line, a w appears to the right of the main entry to that worksheet; _once you prepare at least one worksheet for the line the w becomes an i to indicate that the line is supported_ with more detail. To access the prestored sample worksheet, press the Itemize Key at line 7a (Figure 2-6).

You are immediately taken to screen 1 of the 5-screen prestored supporting W-2 Worksheet. Press the Page Down key and you are taken to screen 2, shown in Figure 2-7. (If more than one W-2 Worksheet had been prestored, you would have been prompted to select which page to view first through our special "worksheet menu." Each page contains data from a separate Form W-2 from each separate employer. The software allows you to create as many separate pages as you want, without

```
 FORM W-2 (Screen 2 of 6)
→1 Wages, tips, etc.........(*)    35,699.
       Box 3 & 5 same as 1..(*) Yes
       Prison inmate inc in1(*)        0
  2 Fed tax withheld.........(*)    3,600.
  3 Soc security wages.......(*)   35,699.
    Clergy soc sec NOT in 3..(*)        0
  4 Soc sec tax w/h..........(*)    2,213.34
       Soc.sec.tax w/h allowed.        0
       Excess DUE FROM EMPLOYER        0
  5 Medicare wage&tips.......(*)   35,699.
  6 Medicare tax w/h.........(*)     517.64
       Medicare tax w/h allowed        0
       Excess DUE FROM EMPLOYER        0
  7 Soc security tips........(*)        0
  8 Allocated tips...........(*)        0
       Adjust to 8 for 1040.(*)        0
  9 Reserved.................(*)        0
 10 Dependent care beni.....(*)        0
       Part NOT included in 1..        0
```

Figure 2-7. Screen 2 of W-2 Worksheet

limits except for an eventual disk space limitation that depends solely on your equipment.) If you try changing entries you will see that the editor operates just like it did before. To create new pages press the Page Down Key, or Escape to the worksheet menu and select another page. Then to end the session with the worksheet press the Escape Key. You are returned to a worksheet menu, Figure 2-8, that lets you choose another page or escape to return to the IRSform. We'll press the Escape Key to return to line 7a of Form 1040. If you had changed any entries on the worksheet, or created new worksheets, line 7a would reflect the new total of ALL W-2 worksheets completed, and calculations would

```
    Stmt #020095
    for 7a YOUR wages, etc., on W-
    Page count: 1. 2=NEW page.
    Which do you choose?    1
```

Figure 2-8. Menu for a Worksheet

restart automatically so that the change in 7a propagates throughout Form 1040 and all related forms and schedules. (All worksheets built into the software are fully explained in the separate *Tax Forms Guide* as a part of the descriptions for the lines they support, and are tabulated in tables at the end of the guide for quick reference.)

```
[-] Schedule B Interest & Divs
 → 1   Interest
   2   Dividends
   3   Foreign Tax Paid
   4   Foreign Accounts
Which do you choose?   1
```

Figure 2-9. Menu for Schedule B

IRS forms and schedules support some other lines (flagged by r). Amounts on many lines of the Form 1040 are actually computed on other IRS forms and schedules and then transferred to the main form. For a tax return to be filed you should complete as many of the built-in IRS forms and schedules as you need. (For tax planning purposes you may choose to enter the numbers yourself directly on Form 1040, rather than completing the supporting forms and schedules.) Once a form is completed, the relevant calculated amounts from that form are automatically transferred back to Form 1040 and any other affected forms. When an IRS form is available to support a line, an r appears to the right of the entry for that line; *once you prepare the IRS form the r becomes an i to indicate that the line is supported* with more detail. Calculations for any changed forms are also flagged so that when you complete all data entry and exit from the return all needed recalculations are performed. Most forms and schedules can be accessed directly from Form 1040 by pressing the Itemize Key at a road map line of Form 1040. (Road map lines are flagged with an r before the supporting form exists, and an i once the form does exist to indicate that the line is supported with more detail. Only a few forms are not accessible directly from Form 1040: Form 6252 is accessible only from Schedule D or Form 4797, Form 1040X (amended returns) is accessible only from the Forms Menu, and the depreciation schedule, Form 4562, is accessible only from the forms that it directly supports--Schedules A, C, E, and F.) The return for Mr. and Mrs. Sample illustrates the feature as follows. *Press the Page Down Key and you will see lines 8a through 16b of Form 1040* with the cursor lying on line 8a. *Now press the Itemize Key*. During the next few moments, any new transfers from Form 1040 to other forms are executed, then the text and mathematics of Schedule B are read. *The menu for Schedule B soon appears* (Figure 2-9). You can now either choose 1 or press the Page Down Key to see the first screen page of Schedule B (Figure 2-10). Note that most lines on this screen are blocked (auto-calc) lines. The main line for this screen, labeled "Interest subtotal," is supported by the 1099-INT worksheet. It is a specialized worksheet just like the W-2 worksheet was, customized to the line it supports. You can itemize the line and complete the worksheet if you want to, or just page through the rest of Schedule B to see its structure. At any time you can return to the Schedule B menu and Form 1040 via the Escape Key, without viewing all pages of the schedule.

Returning to Form 1040. *Press the Escape Key to return to the Schedule B menu (Figure 2-9), then once again to return to Form 1040*. If you supplied

any data on Schedule B or its worksheets, several lines on Form 1040 would reflect this when you return to Form 1040:

Taxable interest (line 4 of Schedule B) is posted to line 8a of Form 1040.

Tax-exempt interest is posted to line 8b of Form 1040.

Penalty on early withdrawal is posted to line 30 of Form 1040.

Dividend income (line 5 of Schedule B) is posted to line 9a of Form 1040.

Qualified dividend income is posted to line 9b of Form 1040.

Capital gain distribution is posted to Schedule D and thereby flows through to line 13 of Form 1040.

Investment expenses on 1099-INT and 1099-DIV are posted to Schedule A as one of the many itemized expenses.

Withholdings on 1099-INT and 1099-DIV are posted to line 64 of Form 1040 along with other withholding.

All lines above refer to the tax year 2014 versions of Form 1040 and Schedule B. This amount of posting is typical of the software and is an indication of the amount of automation that is built-in. When Form 1040 reappears the cursor is placed on line 8a, which was the line you itemized to get to Schedule B. You may now flip past the next page of Form 1040 (via the Page Down Key) until you reach the end of the "Income" section of Form 1040.

A general itemized list supports all other lines. When neither a special work-sheet nor an IRS form is available to support a line, that line is supported by a *general itemized list*. It not only provides supporting details for the IRS but also can be used for convenient year-round record-keeping. Such a list is commonly created for lines on IRS forms labeled "Other" or where the word "list" appears, or any other line that requires some explanation to the IRS but is not supported by another IRS form or worksheet. An example is provided by the "Other income" line, line 21 of Form 1040. This line is split into several lines including other earned and unearned income for you and spouse. An example of the use of one of unearned income lines is to report the value of prizes you receive during the year. *If you press the Itemize Key at the line (above the line 21 total) labeled "You: Other (un-*

```
PART I  INTEREST INCOME
→    Seller-financed mortgage..        0    w
     Other interest (itemize)..        0    w
 1   Interest subtotal.........        0
     ACCRUED MARKET DISCOUNT...        0
        NOMINEE DISTRIBUTION..         0
        ACCRUED INTEREST......         0
        OID ADJUSTMENT........         0
        ABP ADJUSTMENT........         0
 2  Add the amounts on line 1..       0
        US savings bonds, etc.        0
 3  Excludable interest on 8815       0    r
 4  Subtract line 3 from line 2       0
        Penalty-early withdrwl        0
        Fed withhld on1099-INT        0
        Invest exp on 1099-INT        0
        Frgn tax pd on1099-INT        0
        Tax-exempt interest...        0
        OTHER for 1040 LINE 8b        0
        Taxable ONLY by state.        0
        AMT pref for 6251,ln12        0
```

Figure 2-10. Page 1 of Schedule B

earned)," the format for a general itemized list appears, as shown in Figure 2-11.

General itemized list illustrated. The number of the current page and the total number of pages already created are shown in the upper right corner of the screen (in this case Page 1 of 1). The list is structured with a description column on the left and a number column on the right. Any text up to 30 characters long can be

Figure 2-11. Example of a General Itemized List

typed in the description column, even monetary amounts, but only entries made in the right (number) column are included in the numeric total for the list, which is displayed at the bottom of the list and carried back to the line you itemized along with the totals from any other lists supporting the line. All the usual editing features are available here, including insert, delete, and the built-in calculator. And additional pages can be created by pressing the paging key. Note that *penny amounts are retained, as required by the IRS for components of a line entry even when rounding is used on the supported form*. When you are done viewing the screen in Figure 2-11, press the Escape Key and the menu in Figure 2-12 appears. The total for all itemized pages together is shown on this screen. Press the Escape Key again and the total is posted to the line you itemized above line 21 of From 1040. Note that the total is rounded to the nearest dollar here, in accordance with the setting for rounding on Form 1040. Also note that an i also appears next to the number to indicate that support accessible by itemizing exists for the line, and the amount is reflected in the total for line 21.

Record-keeping with itemized files. The use of special worksheets and general itemized lists is not limited to producing supporting statements for the IRS. They can be used as the core for a system of personal record-keeping as well. By

Figure 2-12. Menu for General Itemized File

entering tax-related data each month you can minimize the time spent at tax

time in preparing the return. To make the itemized feature practical for record-keeping there are many built-in features: deleting obsolete pages, changing the order of pages, and temporarily detaching entire supporting statements from the return so that they are not printed for the IRS. For more details consult Chapter 7 for the keyboard controls (noting the special Detach, Move, and Re-move Keys), and Chapter 13 for operating instructions on working with item-ized files.

```
TAXES (*See IRS ln 44 w/s)
     Foreign w/s line 2*(2555)        0
     Foreign w/s line 3*......    7,899.
   Taxes computed via:
     Tax Table...............        788.
     Tax Computation Worksheet        0
 (Next line updated when
 you exit or press ctrl-B)
     Qlfd.Div./Cap.Gain/Sch. D        0
→    Schedule J..............        0    r
         Form 8615, line 18          0    r
     Form 8615 tax as adjusted        0
     RESULTING TAX FOR LINE 44      788.
   a Add'l tax from Form 8814        0    r
   b Add'l tax from Form 4972        0    r
   c Add'l tax from sec 962el.       0
     Education Cred. Recap ECR       0
44 TAX.......................        788.
45 ALTERNATE MINIMUM TAX(6251)        0.
46 Excess adv.prem.cred.(8962)        0.
47 Add lines 44, 45, and 46...      788.
```

Figure 2-13. Tax Computation Page of Form 1040

Tax computations illustrated. Now skip a couple of pages again and you will see that any changes in Schedule B or the numbers on prior lines in Form 1040 are reflected in the adjusted gross income on line 38 and the taxable in-come on line 43 of Form 1040. Proceed to the next screen (TAX-ES) and you will find that a tax is already calculated at line 44 of Form 1040 (Figure 2-13). The computation of this tax is fully automatic. The tax is computed from the Tax Tables, Tax Rate Schedules, Schedule D, Schedule J, or Form 8615, depending on the type and level of income on the return. Any additional tax from certain other sources is also included in line 44. *The software automatically gives you the lowest al-lowable tax among all legal methods*. You do not choose the method yourself. *You may now flip to the last page of Form 1040 to see the net amount due after prior payments*. If you were finished with the return and wanted to end the session, go to another return, or produce a printout for the IRS, you would press the Escape Key now and exit. But first we have another convenience feature to illustrate with the sample return.

Personal memo lines for "private" notes. Most forms and schedules have a spe-cial line labeled *Extra line for personal memos* that is not a part of the IRS form. On Form 1040 it is the last line of the form, at the bottom of the last screen for Form 1040, page 2. This line has no effect on the return; it is pro-vided merely as an extra line that you can itemize to access a general itemized list on which you can record special reminders or private notes for you or your client. It is NOT printed with the official return but rather only when you specifically request its printing by choosing a menu selection to print "PERSON-AL & Other Support," as will be clear when you read Chapter 4.

Using Quick Print

Quick Print defined. Before showing you the final step in preparing the return, we want to introduce you to the handy Quick Print feature. Quick Print lets you quickly print a detailed copy of your entries for the form currently on the screen along with all calculated lines that appear on the screen. They are never acceptable for filing, but are intended only as rough drafts for checking entries and preliminary results, and include many lines that are not a part of the corresponding IRS form. The only printouts that are acceptable for filing with the IRS are those described in Chapters 4 and 11. (For Quick Print, the computer uses the printer settings that you define for DRAFT printouts in your Program Settings. However, your settings are not critical for Quick Print, since they do not need to follow any particular standards.)

Press the RECALC Key first. If the form you want to print is affected by results from other forms, you may need to press the RECALC Key (shift-F8 or ctrl-B) before attempting a Quick Print to ensure that your Quick Print reflects the final recalculation of the return. The RECALC Key forces the calculation of all forms in the return, when necessary, not just the form being viewed, and thereby corrects for any aberrations caused by deviating from the Road Map or tax law subtleties involving other forms.

Quick Print illustrated. A Quick Print of a form is invoked by pressing the Quick Print Key (F6 or ctrl-P) while any data entry screen of the form is displayed. If the screen still shows any part of Form 1040 and you press the Quick Print Key, you should soon see a detailed record of your data on the Form 1040 data entry screens.

Quick Print of itemized files. When you press the Quick Print Key while a supporting (itemized) statement appears on the screen, only the page being displayed is printed, not the entire itemized file for that line nor the supported form. To print another page of the itemized file you must access the new page so that it is displayed on the screen before you can produce a Quick Print copy of it.

Tax planning use. The software can be used for tax planning with Form 1040 alone in many cases. Entries that would normally be pulled from other forms and schedules can be made directly by retyping the entry rather than itemizing the line. In this way you can see the effect on ordinary income of deferring income or expenses from one year to the next. For these purposes the Quick Print feature provides a convenient means for seeing the results on paper without producing a formal printout in IRS format.

Wrap-Up

Normal escape from forms preparation. The final step is to return to the Main Menu. The normal way to do this is to press the Escape Key (Esc) to step back from the data entry pages and form menus when you are done. With auto-calc on (the default setting), any calculations still necessary for the return are completed automatically when you do this, including the creation and completion of additional forms when appropriate. The completed return is then automatically stored on disk. However, when you are deep into the Road Map because you have itemized to a form from Form 1040, then another form from that form, etc., you may find repeated presses of the Escape Key tedious. *The Main Menu Key (F5 or ctrl-G) is a convenient one-key alternative* to exiting the return through repeated presses of the Escape Key. It performs the same function as repeated presses of the Escape Key.

Fast escape without saving data. Since we're anxious to show you other functions, and we know you don't really need to store any changes you made to the sample return, you may press the Quick Exit Key (shift-F5 or ctrl-F) for the fastest return to the Main Menu. *With this method of exiting, any changes you have made in the current session with the software will be lost forever*, so you should not use this key recklessly. That's why "Are You Sure(Y/N)?" is asked whenever you press the key. However, it allows an instant return to the Main Menu by bypassing all calculations and data storage. *TIP: A safer use of this key is to store all data before escaping by pressing the Quick Save Key (shift-F6 or or ctrl-S) BEFORE pressing the Quick Exit Key so that your changes are saved but calculations are bypassed*.

What's next. We'll guide you through the preparation of your own return in the next chapter. Then we'll guide you through printing an official return, so you can immediately print the official return for the sample.

Chapter 3
Preparing Your Own Return

Getting Ready for Your Own Data

Preliminary steps. Now that you have become familiar with the software through your review of the sample return, you are ready to prepare your own returns. Before proceeding, however, you may have to tailor the program to your needs and prepare a new disk for data storage.

<u>Step 1: Change program settings:</u>

The program settings optimize the software for use with your hardware and reflect your personal preferences for how you want the software to operate. We'll summarize here only the changes you may need to make to continue with this tutorial, but we give full details on program settings in Chapter 12. To change program settings, choose 4 from the Main Menu. The current program settings are read from disk, then the Program Settings Menu (Figure 3-1) appears. Choices 2 through 5 on this menu relate to printing, so their use is deferred to Chapter 4. Choice 1, however, includes settings for your computer and operating preferences. Choose 1 from the menu and the data entry screen in Figure 3-2 appears.

```
[-] CHANGE   Program Settings
 → 1   GENERAL Information
   2   GRAPHIC    Printouts
   3   DRAFT      Printouts
   4   COVER LETTERS & LABELS
   5   FORM 1040 Tabs
Which do you choose?   1
```
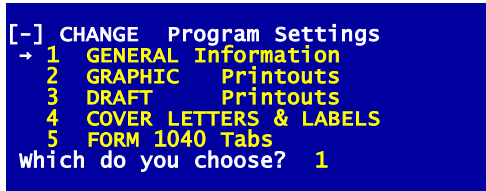
Figure 3-1. Program Settings Menu

What the information means. The computer information in Figure 3-2 relates to the disk drives and the video screen:

    Storage Disk spec. *(Default: <u>blank</u>)* If you choose to store your tax data in the same folder as your program, <u>as we recommend</u>, you should leave this entry blank. But if you choose to store your data in a separate folder, you must identify here the location for storing your tax data.

```
GENERAL INFORMATION
 Storage Disk spec.............:
 →
 Single-drive prompting needed.? No
 Display in 80-column format...? Yes
 Round to the nearest dollar...? Yes
 Auto-calc during data entry...? Yes
 Print letterhead on cover ltrs? Yes
 Is paid preparer self-employed? No
 Preparer's PTIN (PXX-XX-XXXX).
 Name of firm........
 Preparing firm EIN(XX-XXXXXXX)
 Address of firm.....
 City................
 State (2-letter code).........
 ZIP code (00000-0000).........
 Telephone number..............
```

Figure 3-2. General Specifications

<u>CAUTION</u>: If you choose <u>not</u> to accept our default location for your data (which is your current-year program folder), <u>you must follow strict guidelines in naming your custom folders</u> and entering them in a *Storage Disk spec.* <u>See Chapter 12 for details</u>. A failure to follow these guidelines can lead to an inability for *Tax Preparer* to access your tax data.

3-1

Single-drive prompting needed. *(Default: No; a Yes answer is rarely appropriate)* You will rarely answer Yes because the program is now designed to be installed only on a hard disk. A Yes answer is appropriate only when the program and data are stored on separate external media using the same drive, which is a very rare situation and contrary to our recommendation. For example, if you install the program on a CD instead of a hard disk, and you store the data on a separate CD, but you have only one CD drive, you must answer Yes here so that the computer will prompt you when to insert the Program Disk and when to insert the Storage Disk. However, the program is now so complex that the number of disk swaps would be very tiring.

Display in 80-column format. *(Default: Yes for 32-bit Windows; Yes required for 64-bit Windows)* The *Main Window* is intended to be displayed as an 80-character wide window with a split screen in which a menus appear in the narrow left portion of the window and data entry screens appear in the wider right portion of the window. This is the 80-column format, so a Yes answer here is the only recommended setting. The 40-character option (40-column format) exists only for systems that can double the size of the characters for easier reading for either (1) sight-impaired users or (2) on screens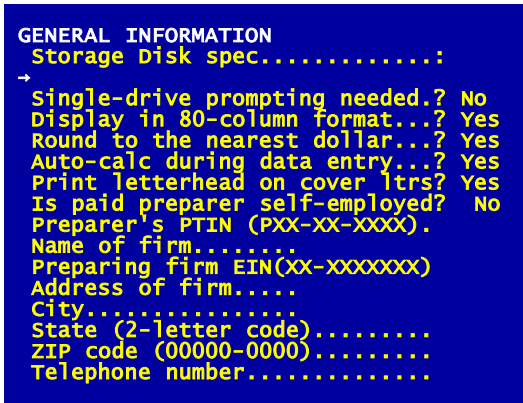 with very poor resolution (such as older analog TV screens). It is incapable of displaying menu screens and data entry screens at the same time, and cannot display Road Map symbols, does not support the mouse, and cannot display forms menus for more than 60 forms. Furthermore, it functions properly only in Full Screen mode for most computers. *(A No answer is ignored under 64-bit Windows because a 40-column format is not supported for 64-bit Windows.)*

Round to the nearest dollar. *(Default: Yes; Yes required for IRS e-file and all California returns)* With the original Yes setting any new return you create is set to round monetary amounts on IRS forms to the nearest dollar. The software enforces the IRS requirement that you apply the rounding consistently throughout the return, but NOT round the separate amounts in a supporting statement. *Rounding is preferred by the IRS and state tax agencies, and is REQUIRED for e-file and ALL California returns*. It is also recommended for any return that contains any large amounts to avoid precision problems in the pennies column. *CAUTION: This setting affects ONLY new returns, and NOT returns already in progress nor translated returns (which use the prior-year setting for the return).*

Auto-calc during data entry. *(Default: Yes; No is reasonable only for very slow computers, not recent generations of computers)* When you choose the Normal (Full-Window) or Road Map method of data entry, calculations are generally restarted whenever you change an entry. By changing this setting to No, however, you can bypass calculations to speed the movement among IRS forms on older, slower computers. When you do so, however, the results on the screen are no longer updated as you enter data, and the return is not complete and ready to print when you exit. *TIP: You can force a recalculation*

> *of the entire return even when auto-calc is set to No by pressing the*
> *RECALC Key (shift-F8 or ctrl-B) during data entry or using one of the*
> *special menu choices that are detailed later*.

> **Paid preparer information.** The remaining entries are designed for tax
> practitioners. These entries are used to complete the "Paid Preparer"
> section at the end of Form 1040, as required by the IRS, and the let-
> terhead on cover and billing letters. See Chapter 12 for details.

You can make your custom changes now, then return to the Program Setting
Menu by pressing the Escape Key. Press the Escape Key once again and the
new settings are automatically stored for future use.

Step 2: Prepare the disk for storage:

You must always prepare a disk for storage with this software by creating a
"tax volume" to hold your data. When you do so, you create a volume of 15
names and assign a volume number. Up to 99 volumes can be placed in one
disk folder for our Standard and Premium Level software. If you installed our
Sample Return with your program, you will already have a volume 99. Al-
though you can use that volume to preparer up to 15 tax returns, we recom-
mend that you create your own volumes for the Standard and Premium Level
software if you prepare returns for others. *(Only one volume is allowed for
Economy Level software.)* However, you needn't be concerned about keeping
track of volumes as long as you create them all in the same folder on your hard
disk because the *Tax Preparer Control Panel* let's you access any return in the
folder identified by the *Storage Disk spec* in your *Program Settings* by SSN or
filename, without regard to volume numbers.

Adding a tax volume. A tax volume is unique to the edition of *Tax Preparer*
with which you are currently working, and does not conflict with tax volumes
for other editions (such as prior-year editions, Partnership Editions, or California
Supplements). When you choose 1 from the File Manager Menu (Figure 3-3),
you are given a chance to change the Storage Disk specification through the
prompt

Verify Storage Disk spec:

For hard disk storage in which you store the data in the same folder as the pro-
gram, as we recommend, the Storage Disk specification should be left blank.
After you approve the spec, if any tax volumes already exist at the specified
location, you are shown a list of volume numbers already taken, and you must
choose a number that is NOT in that list. If no tax volumes reside on the disk,
the message

Enter volume #: 1

appears and you must enter a number from 1 to 99. *(For the Economy Level,
the step of choosing a volume number is skipped if a volume already exists be-
cause you are only allowed one volume for the Economy Level software.)*
These numbers are used to keep track of your library of tax files and protect
against accidentally overwriting data. If you enter a volume number that has al-
ready been used for the disk or folder corresponding to your Strorage Disk
Spec, you are told that the volume already exists and are prompted to enter a

different number. (Up to 99 volumes of 15 files each can be placed in the same Windows folder, for a total of 1,485 tax returns!) Once you have entered a valid new volume number, you must supply a name for the first of the 15 files in the volume. When

<div align="center">**Enter FIRST filename:**</div>

appears, type any identifying text up to 26 characters long, such as the tax-payer's name or social security number. You needn't be concerned about the name you use now since you can always modify it at a later time. Once you approve the new filename with the Enter Key, the tax volume is placed on the disk.

Entering additional names. The remaining fourteen names are initially called "Unused." You can prepare a new return only after you enter a name for it in the volume. You can put all names in the volume now, using the File Manager as detailed in Chapter 9, or you can wait until you prepare each return and enter a name when forced to do so if you choose "Unused" as the next return to prepare.

Other features of the File Manager. In addition to preparing Storage Disks for their first use, the File Manager is also used for maintaining the disks in an orderly fashion. For example, it allows you to alphabetize names, remove a form or schedule from a return, review a list of forms and schedules prepared for each return, copy returns to the same disk or another disk, translate prior-year files into current-year format. It also provides a listing of names, addresses, phone numbers, SSN's, and occupations for all tax returns on a disk, and prints mailing labels for all clients on a disk. These functions make it easy for you to reorganize files and clean out obsolete files. They are especially useful if you have many clients or you create numerous returns for tax planning purposes. (See Chapter 9 for details.)

Road Map Method

Selecting the return to prepare. We'll illustrate the Road Map in a different way from Chapter 2 here, but first you must select the desired filename. Return to the Main Menu (by means of the Escape Key) and choose 2 (PREPARE 1040 Tax Returns). The Prepare Returns Menu appears, and the active file-name appears on the top line of the screen, as seen in Figure 3-4. If you had already prepared a return with the Storage Disk, this filename would be the name of the last return you prepared. Since we haven't prepared a return with the new Storage Disk, however, the name will be the last name you supplied when you added the tax volume to the disk. If the displayed name is _not_ the name under which you want to prepare the next return, you must select 1 from the Prepare Returns Menu and pick a different filename, as follows:

Step 1. Select 1 from Figure 3-4, and the directory of names appears (Figure 3-5).

Step 2. If you find that the tax volume displayed is not the one you want, select 16 (SWITCH Tax Volumes) to select a different volume.

```
Filename (from vol 01): Farnsworth, James

Return Path to Main Menu:
[-] PREPARE 1040 Tax Returns
 → 1   CHANGE Active Filename
   2   ENTER  1040 Road Map
   3   ENTER  Forms/Schedules
   4   RECALC Tax Returns
   5   PRINT  Data Organizers
Which do you choose?  1
```

Figure 3-4. Prepare Returns Menu

Step 3. Once you have the proper volume, select a name by entering a number from 1 to 15 (or click the corresponding row with your mouse). If you choose "Unused," you are prompted to name the file before you proceed. Otherwise, the name you selected will be taken immediately as the new active filename.

Once you make your selection, you are returned to the Prepare Returns Menu in Figure 3-4.

```
[-] Filenames in volume    v01
 → 1   Doe, John
   2   Smith, Harry Jr.
   3   Jones, Mary
   4   Farnsworth, James
   5   Unused
   6   Unused
   7   Unused
   8   Unused
   9   Unused
  10   Unused
  11   Unused
  12   Unused
  13   Unused
  14   Unused
  15   Unused
  16   SWITCH Tax Volumes
Which do you choose?  1
```

Figure 3-5. Selecting the Return to Prepare

TIP: Use Tax Preparer Control Panel for quickest access to ALL volumes. Once you have more than one tax volume, you will find it easier to select a return using the floating *Tax Preparer Control Panel* instead of the above method. When you click *Change Active Filename* in the control panel, a list of all returns in the disk folder specified in your Program Settings is
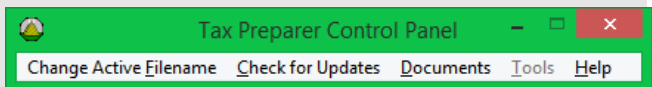
shown, not just one volume. The list can be sorted by the contents of any of the 6 columns, such as Last Name or SSN, just by clicking the heading for that column. Double-click the one you want and you are taken to the menu in Figure 3-4 with the Filename for the selected return shown at the top of the window. See Chapter 8 for details.

Two ways to enter the Road Map.
The most straightforward way to
start is to choose 2 (ENTER 1040
Road Map) from the menu in Fig-
ure 3-4, as we illustrated in Chap-
ter 2. This time, however, we'll
start a different way so that you
can get an idea of what else is


```
[-] SELECT Data Entry Method
 →  1   NORMAL      (Full-Window)
    2   PRE-FORMAT (Semi-Full)
    3   TRUE BATCH (Line-by-Line)
Which do you choose?  1
```

Figure 3-6. Data Entry Options

available in the software. This time choose 3 (ENTER Forms/Schedules) from
the menu, and you are presented with three data entry options (Figure 3-6).
Options 2 and 3 are designed for high-volume data entry, with reference num-
bers to identify lines on the forms for clerical personnel, and are not supported
by the Road Map. But we'll choose 1 (NORMAL) to enter the Road Map. Un-
like our illustration in Chapter 2, however, you are not immediately taken to
Form 1040. Instead you are presented with a Forms Menu (Figure 3-7) that
let's you enter any form you want. This flexibility is particularly useful when
you want to correct an entry on a single form. We will choose Form 1040 this
time because we are starting a new return. (The Forms Menu that you see
may be slightly different from the one shown in Figure 3-7 depending on the
edition of the software you use and your screen settings. The figure illustrates
the menu for the 2015 Edition of the Premium Level software for 1040 re-
turns, using the normal screen settings.)


```
[-] SELECT Form to Prepare
 →  1 CONTROL    16 1310    31 4255    46 6252    61 8812    76 8910
    2 1040pg1   17 2106    32 4562    47 6478    62 8814    77 8917
    3 1040pg2   18 2120    33 4684    48 6765    63 8815    78 8936
    4 Sch A     19 2210    34 4797    49 6781    64 8822    79 8941
    5 Sch B     20 2210-AI 35 4835    50 8283    65 8824    80 8948
    6 Sch C     21 2350    36 4868    51 8332    66 8828    81 8949
    7 Sch D     22 2441    37 4952    52 8379    67 8829    82 8959
    8 Sch E     23 2555    38 4970    53 8396    68 8839    83 8960
    9 Sch EIC   24 2848    39 4972    54 8582    69 8846    84 8962
   10 Sch F     25 3468    40 5329    55 8586    70 8853    85 8965
   11 Sch H     26 3800    41 5405    56 8594    71 8862    -- ----
   12 Sch J     27 3800p3  42 5695    57 8606    72 8863    87 Sch D Tax
   13 Sch R     28 3903    43 5884    58 8611    73 8867    88 1040-ES
   14 Sch SE    29 4136    44 6198    59 8615    74 8880    89 1040X
   15 1116      30 4137    45 6251    60 8801    75 8889    90 e-file
Which do you choose?   1
```

Figure 3-7. Forms Menu

Starting with Form 1040. Whenever you start a new return, you should start
with Form 1040 and supply the taxpayer's name, social security number, and
filing status. This information is needed before several of the other forms and
schedules can be properly completed. The taxpayer's name and social security
number are important because they are used in all printouts to identify the re-
turn. The filing status is important because it affects numerous limitations and
credit amounts on several forms. In addition, taxpayer ages are important for
automating special rules that apply to children and the aged, and other filing
status questions are important for special exemptions and credits. _To supply
these entries choose 2 (Form 1040) from the Forms Menu, then, when the
Form 1040 menu appears, select menu choice 1_. The Taxpayer Information
screen appears with all entries blank except for the tax year (Figure 3-8). The

```
→Tax year[Control Form access]:     2014     i
 SPECIAL HANDLING INDICATOR
  to be printed above taxpayer's
  name. If e-file, see instrns.
     Disaster (name)
     Out-of-country ext'n stmnt          0
     Other statement
 INFORMATION ON TAXPAYER
  Your 1st name & initJonathan A.
  Your last name .....Sample
  Your soc sec no. (SSN)........SSN REQ'D
  Your occupation...............
  You want $3 to go to cmp fund.? No
  Your age at end of tax year...          0
  You 65 or older at year-end? ▓ No
  You blind at end of tax year..? No
  You dependent on other return.? No
  You EIC-qlfd. child of another? No
  You student 5 months or more..? No
  You non-resident 6 mos.or more? No
  If deceased, date (mm-dd-yyyy)
```

Figure 3-8. Taxpayer Information for a New Return

tax year is auto-matically the cur-rent tax year for a new return, al-though you can change it through the Control Form that supports the line on Form 1040. (The r be-side this line indi-cates that it is supported by a form through the Road Map, in this case the Control Form. Once you access the Con-trol Form, or the final recalculation of the return is performed, the r turns into an i, as it was for the sample return illustrated in Chapter 2, indicating that the Control Form exists for the return.)

After completing the entries on this screen, proceed to the filing status section of Form 1040 (screen 4) by using the Page Down key. Notice that the filing sta-tus is automatical-ly 1 (for Single) until you change the entry. (See Figure 3-9.) A per-sonal exemption for you is also au-tomatically given, and one for a spouse as well if
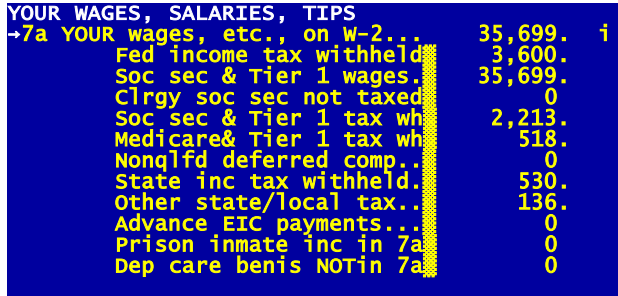
```
 FILING STATUS
→FS1=Sgl,2=MFJ,3=MFS,4=HoH,5=QW          1
  MFS:Spouse lived APART ALL yr.? No
  MFS:Spouse full name
  HoH:If qlfg child not dep,SSN:
         and name.....
  QW:  Enter year spouse died ..
 EXEMPTIONS
  6a Exemption claimed: YOURSELF▓ Yes
   b   ''    ''    ''  : SPOUSE ▓ Yes
     No. of exemptions on 6a&b:        0
   c Children who:  lived w/you         0    w
     not w/you due to divrc/sepn        0
     Dependents on 6c not above.        0
     No.qlfd for child tax cred.        0
     No.qlfd for earned inc cred        0
   d Number of exemptions claimd▓       0
   > INVALID F/S OR MISSING DATA?▓ No
 Special dependent claims:
     2120 if multiple supporters.       0    r
     8332 if not custodial parent       0    r
```

Figure 3-9. Filing Status Page for a New Return

you change the filing status to 2 (Married Filing Jointly).

Use Form 1040 as a Road Map. Proceeding to the next page (by means of the Page Down Key) you see that zero dollar entries exist for all income items. (See Figure 3-10.) The common first step in preparing a return is to enter the data that appears on the W-2 Form from the taxpayer's employer into lines 7a and 7b. As we illustrated for the sample, a special W-2 Worksheet is accessi-ble by pressing the Itemize Key at either line. You must enter wages on the

worksheet (rather than just entering the totals on lines 7a and 7b) in order for such amounts as tax withholding and social security payments to be automatically transferred to other parts of the return. You may

```
YOUR WAGES, SALARIES, TIPS
→7a YOUR wages, etc., on W-2...     35,699.   i
         Fed income tax withheld     3,600.
         Soc sec & Tier 1 wages.    35,699.
         Clrgy soc sec not taxed         0
         Soc sec & Tier 1 tax wh     2,213.
         Medicare& Tier 1 tax wh       518.
         Nonqlfd deferred comp..         0
         State inc tax withheld.       530.
         Other state/local tax..       136.
         Advance EIC payments...         0
         Prison inmate inc in 7a         0
         Dep care benis NOTin 7a         0
```

Figure 3-10. Your Wages Page for a New Return

now proceed with the preparation of other forms and schedules. You can use the Itemize Key to pass to other forms following the order on Form 1040: completing forms reporting income first, then adjustments to income, then itemized deductions, then special tax credits and additional taxes. Thus, you can proceed to line 8a, 8b, or 9 and press the Itemize Key to prepare a Schedule B to support these lines. After returning from Schedule B you can press the Itemize Key at line 12 to start preparing schedule C, etc. By following the order on Form 1040 in this way you are following the built-in Road Map. This does not mean that you are confined to the Road Map; you can skip around to your heart's desire and the computer will straighten out all the computations upon your final exit. By following the Road Map, however, you minimize the recalculation at the end, and ensure that the numbers needed from other forms are available for viewing on the form you are preparing at any particular time. For example, when you press the Itemize Key at line 8, you are transferred to Schedule B. After you complete Schedule B and escape back to Form 1040, the result from Schedule B is already posted to lines 8a, 8b, and 9 of Form 1040 and calculations using that result are restarted. Now, when you go to Schedule D by pressing the Itemize Key at line 13, you find that an entry for capital gain distributions has already been made on schedule D (line 13 on the 2014 Schedule D) if you had made an entry for capital gain distributions on Schedule B.

Use the Tax Forms Guide for help with the tax forms. The separate, annually-updated *Tax Forms Guide* should be your constant companion as you prepare a return. This guide includes complete details on the preferred order of forms preparation as implied by the built-in Road Map. It also contains line-by-line detail for every form and schedule provided by the software, including all the special worksheets as well as the IRS forms. In addition, the complete text for selected lines that had to be severely abbreviated to fit on the screen is given. The guide also provides complete tables of automatic data transfer among forms, transfers from worksheets to forms, special support (worksheets and IRS forms) available at certain lines in the form, and explanations of certain calculated lines. In sum, it reveals the intricacies of the entire built-in Road Map, so you can plan your path ahead of time.

Use the User's Guide for help with the controls. The Operating Guide of this *User's Guide* (Chapters 7 through 15) details all special keypresses and how they are used. If you don't know what key to press next, or you need help in operating your hardware with this software, you should consult the Operating Guide. In addition to keyboard help, the guide has separate chapters on the error messages and prompts, the itemizing feature (both special worksheets and general itemized lists), and a separate chapter on each of the five main operating modes.

Completing the return. When you want to end your session with a particular return you have several options. The special keys used in each option are identified in Chapter 7. In order to decide which to use, however, you should understand the consequences of each method:

> **Option 1: Exit one screen at a time with the Escape Key until you reach the Main Menu.** This approach allows you to step back through the Road Map, one form at a time. When you finally exit the first form from which you entered the Road Map, your entire return is checked for consistency, and a final recalculation is performed if necessary. (The delay before you reach the Main Menu could be appreciable on a slower machine.)

> **Option 2: Exit with a single press of the Main Menu Key.** When pressed while preparing returns by the Normal (Full-Window) or Road Map Method with auto-calc on, the Main Menu Key ensures that all calculations needed to complete the return are performed, yet does not require the repeated pressing of the Escape Key to exit. (You can suspend the process with the Escape Key if you change your mind.)

> **Option 3: Store data with the Quick Save Key, then exit with the Quick Exit Key.** With this method you first store all data in its current state, whether or not calculations for the return are complete. No information will be lost; the data will just not yet be arithmetically correct and self-consistent, so the printout of an official return will not yet be possible. Once all data are safely stored you can then immediately pass to the Main Menu. To store the data, press the special Quick Save Key. Next, to quickly go to the Main Menu, press the special Quick Exit Key.

> **Option 4: Cancel the session by exiting with the Quick Exit Key without storing data.** By pressing the Quick Exit Key you return to the Main Menu WITHOUT storing the changes you made to the return in the current session. Although this is the fastest way to exit, be aware that any information that you entered since the last time you stored data is lost.

Note that when you store a return that is not fully calculated, as with methods 3 and 4 above, the return must still be recalculated before official printouts can be produced. Recomputing is easy to perform at a later time, however, by selecting 4 (RECALC Tax Returns) from the menu in Figure 3-4.

High Volume Methods

What are they? Other methods of data entry are available for those who do not need to see results as they go or use clerical personnel to enter raw data into the computer. With these methods calculations are NOT ongoing as you enter data (whether or not auto-calc on) and you do NOT get to see complete facsimiles of the forms on the screen. Instead, all information is entered without extensive calculations being performed in the background. Calculations are invoked in a separate step after ALL data are entered. In fact, you can enter data for up to 15 returns (a complete tax volume) and set the computer to perform calculations for all returns in the volume (during a coffee break, for example). After all returns are calculated you can print the completed returns for all 15 taxpayers in one session, again unattended. Thus data entry, processing, and printing can each be performed "in batch" (all together, at once).

Who are they for? The high-volume methods are intended for those with a high volume of data to enter, such as tax practitioners who have clerical help for entering data and do not need to see intermediate results. You choose the data entry method from the menu in Figure 3-6 after having chosen 3 (ENTER Forms/Schedules) from the menu in Figure 3-6. The first choice on the menu is NORMAL (Full-Window), which uses a very complete page-oriented format in which all lines of the form are displayed and is supported by the Road Map. The other two choices are the high-volume methods:

> **PRE-FORMAT (Semi-Full).** This format is page-oriented just like the Full-Window format. The screen pages are similar to the Full-Window pages except that all lines that will be overridden by later calculations or transfers from other forms are omitted from the screen, and virtually no calculations are performed during data entry (except for the calculations that are built into the special worksheets and general itemized lists). In addition, a special reference number appears on each line to uniquely identify the line to clerical personnel.

> **TRUE BATCH (Line-by-Line).** This format is line-oriented, like the data entry techniques used by the large computerized tax service bureaus, in which data are entered one line at a time by reference number and its associated amount from previously completed data input sheets. It is the fastest method for entering data once input sheets have been prepared for a typist.

People who are accustomed to the Full-Window format may find the Preformat Method similar enough to be a convenient alternative, especially when using a slow computer for which slow speed is a problem during data entry. But the True Batch Method is a totally different method, intended for the professional who completes input sheets and turns them over to a clerical assistant for entry into the computer, and is supported by hash totals to ensure the accurate transcription of numbers. Both methods display reference numbers to make data entry easy for those who care not to refer to the text of the IRS forms. These numbers are also printed on the blank data input sheets and prior-year pro formas (sometimes called data or client organizers) that can be printed prior to entering data as an aid to the data entry process.

Overview of operation. Details of this method are given in Chapter 10 of the Operating Guide. Our intention here is merely to introduce the concept and explain some special features that you may want to use even though you normally use the Full-Window Road Map Method for most of the preparation process. After you select 2 (PREPARE 1040 Tax Returns) from the Main Menu, the Prepare Returns Menu (Figure 3-4) appears and you are ready to start. Unlike the Road Map method where everything can be accomplished with one menu choice, there is a preferred procedure for using the high-volume methods:

> **Check filename.** If the filename at the top of the screen is not the one for which you want to supply data next, choose 1 from the menu in Figure 3-4 and select a different filename.

> **Print data organizers.** Choose 5 from the menu in Figure 3-4 to print data input sheets, which include reference numbers for data entry and, if you so choose, prior data stored for the selected filename. _It is virtually impossible to use the line-by-line format of the True Batch Method without data input sheets._ It is also sometimes difficult to use the Preformat Method without input sheets because many familiar lines are omitted from the screen. With the True Batch Method a reference number must be typed along with the entry. With the Preformat Method, the same reference numbers help guide you through the screens, but only the entry is actually typed. The _input sheets are available in two formats: blank input sheets and prior-data pro formas_. The blank input sheets are similar to Quick Print printouts of the forms and schedules (and their associated worksheets), but data entry reference numbers and a blank line for new data are printed as well. (See Chapter 10 for examples.) The pro forma input sheets are similar to the blank ones, but they have two columns printed for each line: one with the data currently in the file for the active filename and the other left blank for new data. Pro forma input sheets are useful for noting changes to previously-entered data, including both current-year files and prior-year files. If you have a number of returns to prepare you would normally print prior-data pro formas for all filenames and note changes on the input sheets before entering any new data into the computer.

> **Enter data.** When you are ready to enter raw data into the computer, choose 3 from the menu in Figure 3-4. You are then given a choice of data entry methods (Figure 3-6). Choose 2 for the Preformat (semi-full window) Method or 3 for the True Batch (line-by-line) Method. With the Preformat method, facsimiles appear on the screen like the Full-Window method, but the automatically computed lines are omitted. You enter data by moving the cursor to the desired line and typing the entry only. With the True Batch method, only one line is shown on the screen at any one time, prompted by your entry for reference number. (See Chapter 10 for illustrations.) When you complete a form using the True Batch method, you press the Escape Key and a hash total is presented for cross-checking. (You can go back and correct entries if the automatically-computed hash totals don't agree with your manually-computed hash totals.) After you choose

Use the Road Map method for previews and tax planning. When you want to see the results of the changes as you enter them, you must use the Road Map method, whether or not you started the return by this method. For example, to add a dividend to Schedule B and see the impact on the bottom line tax bite, you would enter the Road Map by selecting 2 from the Prepare Returns Menu (Figure 3-4). Page down to the income page that contains line 8a, and itemize line 8a to Schedule B. Add the new dividend entry as before, then escape back to Form 1040. You can now page forward to the tax computation screen of Form 1040 (choice 7 on the Form 1040 menu) and see the tax before credits and payments, or page to the last screen page of Form 1040 and see the bottom line for the return. (For some returns you may have to press the RECALC Key first to ensure that the entire return is complete and self-consistent. The final check is not otherwise performed until you escape Form 1040.)

Beware of insufficient disk space. Before starting a return, you should check that you have enough space on your Storage Disk, because a single return cannot be split among multiple disks, and _an entire return could be lost if you encounter a Disk Full error before ever storing any of the data_. Disk space is rarely a problem for hard disk systems, but can be a major restriction for older floppy disk systems. A disk full percentage frequently appears at the bottom of the left portion of the split screen when running under 32-bit Windows to guide you in your consumption of disk space. Note that _the % full number relates to the entire disk_, not just the Windows folder in which you are operating. A typical return will consume less that 10,000 bytes of space for the IRS tax forms. If you make liberal use of itemized files, however, whether they be special worksheets or general itemized lists, considerably more disk space can be consumed. Itemized files can consume as much as 1,000 bytes per itemized page, so a return that is heavily supported by itemized lists can conceivably fill a floppy disk. (Note that the itemized files not only consume disk space but also slow the printing of the final return. See Chapter 9 for further guidelines on the usage of disk space. Also note that if you run out of disk space, you can use the built-in File Manager described in Chapter 9 to copy the return to another disk that has more space available.)

Remove unneeded forms. If you accidentally create a form, worksheet, or itemized list by pressing the Itemize Key at the wrong line, the new form or itemized file will be unavoidably stored on your Storage Disk. If the support for the line is a special worksheet or general itemized list, you can regain the used disk space ONLY by removing the page IMMEDIATELY after the new page first appears (using the special Remove Key detailed in Chapter 7). Although you can remove the worksheets or lists later, you cannot regain the disk space used unless you remove them when they are first created. When an IRS form is accidentally created you can remove the form ONLY by returning to the File Manager (Chapter 9) and using the built-in facility to "REMOVE Selected Forms." Accidentally created forms not only waste space and paper, they also may be unavoidably recalculated when you change an entry on a related form. So you should take care to eliminate all unwanted forms.

Use the Quick Save Key for extra protection. Accidents can happen under the best of circumstances. A "Disk Full" error is somewhat predictable and under

your control, but a power blackout is not. Whenever you enter data for a long period of time without storing it on disk, you run the risk of losing all the newly entered data. When you leave one of the preparation modes in the normal way, all changed data are automatically stored on disk. However, *to minimize the inconveniences of power loss, disk damage, or insufficient disk space, you should use the special Quick Save Key periodically, especially when you have a long session of data entry*. With a liberal use of the Quick Save Key, you can recover from a fatal interruption merely by reentering only the data entered since the last press of the Quick Save Key. (See Chapter 7 for more details on its use.)

Deviate from the Road Map, but beware of side effects. The built-in Road Map not only minimizes the calculation time but also ensures that the results you see on the screen are nearly always up-to-date. When you deviate from the Road Map, such as by preparing a form out of order or changing an entry after the return has been prepared, you risk the chance of viewing incomplete inter-mediate results. For example, if you add an income item to Form 1040 under the Full-Window format and auto-calc is on, the form is instantly recalculated, but supporting forms like Schedule A are not, at least not yet. In the end, the return will be properly recalculated before an official printout can be made, but the on-screen preview may not be complete. *If you want to check the final re-sult with the Full-Window format after having violated the Road Map, press the RECALC Key first*. Any remaining calculations that are needed to keep the return self-consistent are then made, and the updated results are reflected on the screen.

Disk damage causes errors, but correction often possible. With any personal computer there is always the possibility of damage to storage device. Power fluctuations, dust and dirt, defective disks, and hardware malfunctions are common causes. Evidence of a problem includes mysterious halting of the pro-gram during calculations, printing, or disk accesses, or an error message on the screen that indicates invalid data or a disk malfunction. Sometimes numbers can even mysteriously appear on the wrong form or in the wrong itemized file if the disk hardware malfunctions in the midst of storing data. These occur-rences are rare because of the safety checks that are built into the software. If a file nevertheless becomes damaged, you may still be able to recover the file by removing the affected form with the File Manager, or deleting the affected itemized list with the Remove Key, and then reentering the anew. If this hap-pens, you should have your hardware checked!

Chapter 4

The Final Step / Official Printouts

Getting Ready for Printing

Formal printouts for completed returns. We've already reviewed Quick Print printouts and data input sheets, both of which are used *during* the preparation of returns. When you're all done with a return, however, a more formal print-out capability is used to produce the returns required by clients and the IRS. Three types of printouts are associated with completed returns:

1 **GRAPHIC printouts.** Graphic printouts have the look and feel of IRS forms, emulating the IRS layout, shading, lines, and symbols with mi-nor differences to accommodate longer entries and the broadest vari-ety of computer printers. A quality graphic printout can be achieved with virtually any Windows printer. All supported forms can be print-ed this way for the Standard and Premium Level software, but only the main signature form (such as Form 100) is printed this way for the Economy Level. However, Windows printing is sometimes slow when computer memory is limited or your equipment is old, especially for large returns. As a result, many people use this type of printout only for the final copy for the IRS. *(For a 32-bit installation, you have another option for graphic printing: HP laser printing. If you have a laser printer that emulates an HP Laser printer, supports HP's PCL4 printing language, can print in a non-Windows mode, and accepts tax fonts, you can achieve much greater speed than Windows print-ing by using our special HP Laser mode, as detailed in Chapter 12. For a 64-bit installation you can only produce a disk file for HP Laser printing, which you can only use on a separate 32-bit machine.)*

2 **DRAFT printouts.** Draft printouts have the general layout of IRS forms, but are text-based facsimiles of the IRS forms without the shading, lines, and symbols of the graphic forms. They are used for their speed, not their beauty, because they require very little computer or printer memory. As a result, their main use is for drafts of a return to use before printing a graphic version for clients or the IRS. However, for the Economy Level software, they are the only option for forms other than Form 1040 unless you are willing to overlay the graphic-less printouts with transparent copies of the official forms. (The IRS has traditionally accepted these draft printouts since the early 80's, but they no longer officially approve of the use of these text-based forms. It therefore appears that their days are numbered for filing with the IRS. California's FTB already forbids them for filing, so we print DO NOT FILE at the top of all draft forms for our California Form 540 software.)

3 **COVER and BILLING letters.** These letters are used by tax profession-als as a finishing touch to the completed returns that are submitted to their clients. Many professionals use high-quality color-toned paper for these printouts.

The software allows you to use different program settings for each of the three types of printouts for maximum flexibility. You can even use a separate printer for each so that you can easily use different paper for each type.

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Change program settings to accommodate special needs. The software is originally supplied with printer settings that are appropriate for the most common setup. If you are using a single Windows printer connected through a USB interface or a network, you may not have to change any settings at all. But if you are a paid preparer or have special hardware requirements you may want to change the settings

1 to print your company name, address, and phone number at the top of cover and billing letters,

2 to print paid preparer's information at the bottom of Form 1040,

3 to change Form 1040 tabs to conform to a preprinted Form 1040 that is *not* an exact photocopy of the IRS version,

4 to use separate printers for the three separate types of printouts.

How to change program settings. To change program settings, select 4 (CHANGE Program Settings) from the Main Menu. The current settings are read from the hard drive, then the Program Settings Menu in Figure 4-1 appears. Full details on all settings are provided in Chapter 12, but here's an overview of the entries:

Paid preparer information. When you choose 1 (GENERAL Information) from the Program Settings Menu (Figure 4-1) you are presented with a data entry screen for a paid preparer's name and address. This information is printed at the

Figure 4-1. Program Settings Menu

bottom of every Official Form 1040 that you generate, as required by the IRS for professionally prepared returns. It is also used on client cover and billing letters as a substitute for a preprinted letterhead, if you so choose

Printer control for the three printout types. A separate set of controls is provided for each type of printout. When you select 2, 3, or 4 from the Program Settings Menu (Figure 4-1) you are shown a screen like the one shown in Figure 4-2, on which you may make changes SEPARATELY for each of the three types of printouts. For example, you could make client letters print in italics or script, or you could print them on a separate printer that is always loaded with parchment-like paper, while your tax forms are printed on plain paper.

Form 1040 tab settings. When you select 5 from the Program Settings Menu (Figure 4-1) you are shown the tabs currently stored for a Form 1040. *You should NEVER CHANGE these settings if you will use graphic printing for the main form, which is built into all levels of Tax Preparer*. The factory defaults are the only appropriate settings for our graphic forms. You should change the settings *ONLY* if you have problems printing graphic Form 1040 and want to print onto a pre-printed paper form instead, such as the IRS-printed Form 1040, for which minor adjustments may be necessary. See the separate, annually-updated *Tax Forms Guide* for details.

```
DRAFT PRINTOUT SPECS
 Printout device specification.:
→         Windows Printer
 Special (1=HP(FILE),2=Windows)          2
 Initial setup characters......:

 Underlining ON................:

 Underlining OFF...............:

 Stop at end of each page......? No
 No. line feeds needed per line          1
 Use form feed code when paging? Yes
 No. of spaces for left margin.          4
 No. of lines fed by auto-skip.          0
 No. characters per 8-inch line         80
 Use alt character for vert bar? No
```

Figure 4-2. Program Settings for Printouts

```
[-] Filenames for volume       v01
→  1   Doe, John
   2   Smith, Harry Jr.
   3   Jones, Mary
   4   Farnsworth, James
   5   Unused
   6   Unused
   7   Unused
   8   Unused
   9   Unused
  10   Unused
  11   Unused
  12   Unused
  13   Unused
  14   Unused
  15   Unused
  16   SWITCH Tax Volumes
  17   ALL files
 Which do you choose?   1
```

Figure 4-3. Selecting File(s) to Print

Cautions on printer operation. For graphic printing, your printouts must match the size of the graphics on official IRS forms. Therefore, your printer should not be set to "fit to page" or "reduce to fit." Also, when you start a new *Tax Preparer* session with some older printers, you may have to initialize the printer so that printing starts properly at the top of the first page. Some printers have a button to manually feed a blank page to ensure this, while others require you to turn the power to the printer off momentarily to reset their "top-of-form" memory. Once you actually start printing, however, you should never turn the printer off until you exit the print mode altogether, or else the printer may lose its memory for top-of-form, typeface, and any characters remaining in the printer's buffer.

Selecting PRINT mode. Once you are ready to print a return, select 3 (PRINT Official Returns) from the Main Menu. You are then given three choices:

1 **CHANGE FILENAME to Print.** Lets you choose a single filename to print (if the filename at the top of the screen is not the one you want to print), or instruct the computer to print every return completed in the current tax directory. The choice is made through the menu illustrated in Figure 4-3.

2 **PREVIEW on Screen.** Lets you see a draft printout on the screen so that you can check the printed results without using paper. The return is displayed 1/3rd of a page at a time (22 lines), advancing to the next screen upon the press of any key.

3 **PRINT on Printer or Disk.** Prints the return on the device specified in your program settings, such as a printer or a disk. The default set-

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ting for the device is
Windows   Printer,
which is appropriate
for most systems.

Introducing the Printout Menu.
When you select 3 (PRINT on
Printer or Disk) from the above
menu, the Printout Menu in Fig-
ure 4-4 appears:

```
[-] PRINT Official Returns
 → 1  COMPLETE  Tax Returns
   2  GRAPHIC    Printouts Only
   3  DRAFT      Printouts Only
   4  COVER/BILLING Letters Only
Which do you choose?  1
```

Figure 4-4. Printout Menu

1 **COMPLETE Tax Returns.** Starts the printing of ALL of three types of
printouts, in the proper order for submission to clients and the IRS.
With this selection (for one filename or all) the computer prints in the
order: cover letter, billing letter, Official Form 1040, all other forms
and schedules in IRS collating sequence, then all supporting state-
ments intended for the IRS, all automatically cross-referenced to
meet IRS requirements. When you start this choice you are also giv-
en the option to bypass the cover and billing letters, bypass the print-
ing of the taxpayer's name and address onto Form 1040, or bypass
the printing of a payment voucher. *(For the Economy Level software,
all forms other than Forms 1040 and 1040-V are printed as text-
based draft printouts rather than graphic forms.)*

2 **GRAPHIC Printouts Only.** Starts the printing of graphic forms followed
by non-graphic supporting statements. Single forms, schedules, or
supporting statements can be selected individually for printing, or
printouts for an entire return, collated in IRS-preferred order, can be
made. The printouts can be made for one filename or all. *(For the
Economy Level, this choice produces graphic forms only for Forms
1040 and 1040-V. All other forms the data are printed onto blank
paper with the intent of being photocopied under transparencies of
preprinted graphic forms.)*

3 **DRAFT Printouts Only.** Starts the printing of forms, schedules, and/or
supporting statements in a non-graphic, text-based facsimile format.
Although the forms have the general layout of an official tax form,
they use only a single non-proportional Courier typeface throughout,
with no lines, symbols, and shading, so they do not have the look
and feel of IRS forms. Operationally, however, this printing mode op-
erates just like the graphic printing mode, with the same choices for
what to print.

4 **COVER/BILLING Letters Only.** Starts the printing of cover or billing let-
ters, or both, for one client or all for which returns have been com-
pleted.

With each of the printing choices you may specify the number of copies to
print, and the additional copies are printed only after the first copies are com-
plete. While you may have a need to use only selection 1, we shall review the
individual types of printouts separately so that you can gain a better under-
standing of the entire process. *Remember, however, that printouts cannot be
produced here for any file for which computations are not yet complete*. (Unof-

ficial copies of incomplete returns can be printed with the Quick Print or Data Organizer features.)

Printing Graphic Forms

Windows printing ensures proper graphics. The software is delivered with the printout specifications set for a *Windows Printer*. Our graphic forms are designed to work properly with virtually any printer designed for use on a Windows computer without any custom settings required. This is therefore the recommended setting. (For faster printing, you may prefer other settings described later when you have a non-Windows laser printer capable of high-quality graphic printing with HP's PCL 4 printing language and the appropriate tax fonts.)

Three options for printouts. To see how graphic forms are printed, select 4 (GRAPHIC Printouts Only) from the Printout Menu in Figure 4-4. You are then presented with three options for printing, as shown in Figure 4-5. You can print forms and schedules without their supporting statements, forms and schedules with the supporting statements intended for the IRS, or supporting statements alone, including detached support and personal memos.

```
[-] GRAPHIC   Printouts Only
 → 1  Official FORMS & SUPPORT
   2  Official FORMS ONLY
   3  Official SUPPORT ONLY
   4  PERSONAL & Other Support
   5  BLANK Forms Only
Which do you choose?  1
```
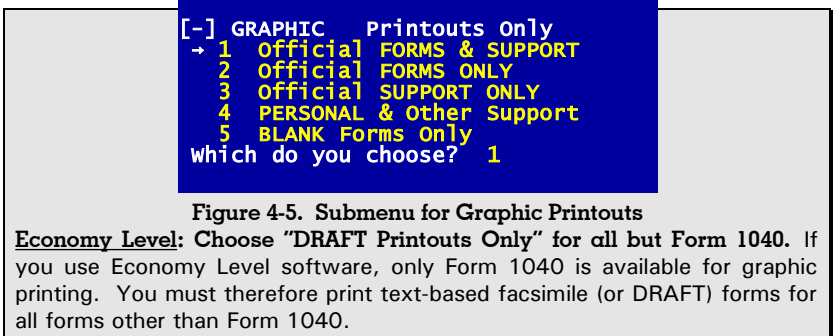
Figure 4-5. Submenu for Graphic Printouts

<u>Economy Level</u>**: Choose "DRAFT Printouts Only" for all but Form 1040.** If you use Economy Level software, only Form 1040 is available for graphic printing. You must therefore print text-based facsimile (or DRAFT) forms for all forms other than Form 1040.

Selecting the forms to print. After you select one of the three options from Figure 4-5, you are presented with the Forms Menu for Printouts in Figure 4-6. If you select 1 (ALL forms) from this menu, you are asked

Including Form 1040?

```
[-] SELECT Form to Print
→  1 ALL form   16 1310    31 4255    46 6252    61 8812    76 8910
   2 1040pg1    17 2106    32 4562    47 6478    62 8814    77 8917
   3 1040pg2    18 2120    33 4684    48 6765    63 8815    78 8936
   4 Sch A      19 2210    34 4797    49 6781    64 8822    79 8941
   5 Sch B      20 2210-AI 35 4835    50 8283    65 8824    80 8948
   6 Sch C      21 2350    36 4868    51 8332    66 8828    81 8949
   7 Sch D      22 2441    37 4952    52 8379    67 8829    82 8959
   8 Sch E      23 2555    38 4970    53 8396    68 8839    83 8960
   9 Sch EIC    24 2848    39 4972    54 8582    69 8846    84 8962
  10 Sch F      25 3468    40 5329    55 8586    70 8853    85 8965
  11 Sch H      26 3800    41 5405    56 8594    71 8862    -- ----
  12 Sch J      27 3800p3  42 5695    57 8606    72 8863    87 Sch D Tax
  13 Sch R      28 3903    43 5884    58 8611    73 8867    88 1040-ES
  14 Sch SE     29 4136    44 6198    59 8615    74 8880    89 1040X
  15 1116       30 4137    45 6251    60 8801    75 8889    90 e-file
 Which do you choose?   1
```

Figure 4-6. Forms Menu for Printouts

You will normally answer Yes, but if you use the Economy Level software you may answer No if you print the Form 1040 separately. If you answer Yes, you are asked two more questions:

Print taxpayer's address?

Answer Yes (or press the Enter Key) and the taxpayer's name and address are printed by computer into the address label block of Form 1040. Answer No and the printing of the name and address is bypassed so that you can affix the IRS-supplied address label instead (albeit the social security number for the tax-payer is still printed to ensure proper identification of a return). You are next asked

Print 1040-V if owe tax?

Form 1040-V is a payment voucher to be sent with a check to the IRS for pay-ment due on Form 1040. You will therefore generally need to print this form only when you are printing the final return for filing with the IRS. You can therefore answer No if you are printing an interim copy of the return or an ex-tra copy not intended for the IRS.

Starting the printout. Once you have made your choices and answered all questions, you are presented with the standard Print window for Windows Printers shown in Figure 4-7. This window lets you change printer's settings for use with *Tax Preparer* if they are different from what you use for other Windows programs. The first time you print with *Tax Preparer*, the printer set by Windows as your default printer is assumed, with the settings you have al-ready defined for it. *If the default printer and settings are acceptable for Tax Preparer, you can click the Print button on this window and you are on your way*. If printing is unacceptably slow, you can experiment with different print drivers or Preferences and they will be remembered the next time you print with *Tax Preparer* without affecting printing with your other Windows pro-grams. For example, *you may find that the lowest-quality setting for your printer is best for Tax Preparer because it speeds up printing substantially with-out significantly affecting the quality of a tax form*, which does not require high resolution for a good-looking printout. (If you experience very slow print-ing, or printing never starts, we recommend that you first make sure that you

have the latest print driver for your printer. If a new driver doesn't solve the problem, be sure to call HowardSoft Customer Service for other suggestions.)
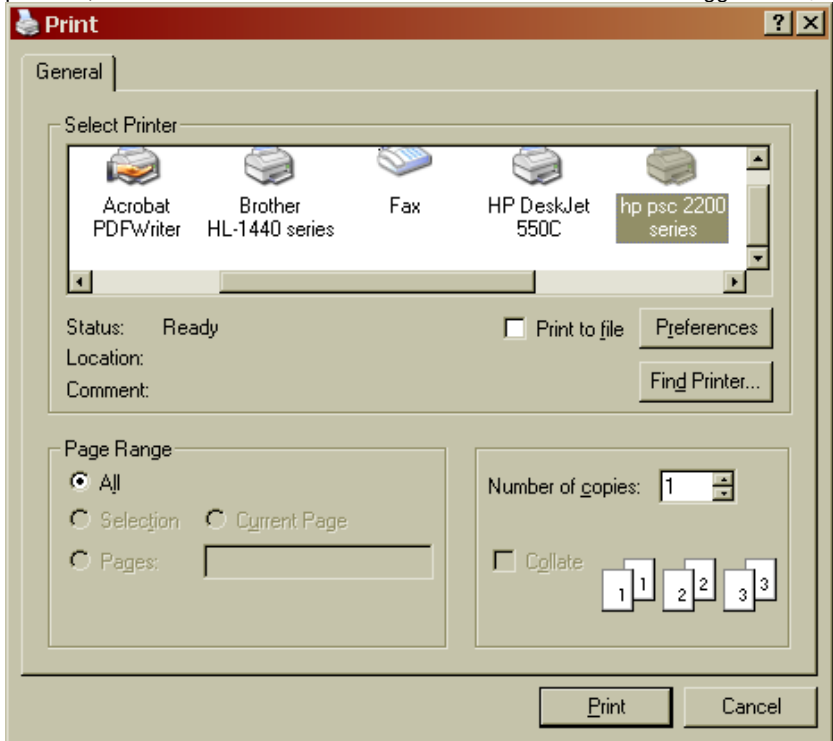
Figure 4-7. The Print Window for Windows Printers

When supporting statements are not printed. When you print a complete official return, or you choose 2 (Forms & Official Support) from the menu in Figure 4-5, only supporting statements intended for the IRS are printed. This means that support for information lines that are not part of the official form, as well as support that has been "detached," is bypassed. (A supporting statement is detached by using the Detach Key, identified in Chapter 7, or by retyping the entry for a line so that it disagrees with its supporting statement.) The bypassed statements are printed only when you specifically select 4 (PERSONAL & Other Support) from the menu in Figure 4-5. They are purposely NOT printed automatically with the official return.

Printouts for tax planning. If you prepare a return using a tax year entry greater than the current tax year on the Control Form, the computer will process the return for the later year and even produce printouts that look official. But the printouts that you produce for a later year cannot be submitted to the IRS because the IRS form designs for subsequent tax years are not known ahead of time. The draft versions of these printouts are easily identified as "tax planning" printouts in their upper right corner (such as "2015 PLAN"), and the

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official IRS sequence numbers and OMB approval numbers are omitted. By contrast, the graphic forms built into the software will always show the current year only and so may lead to confusion when you prepare a return for tax planning. Therefore, _we recommend printing only draft versions of returns created for future years_.

Printing Client Letters

What is printed. The last option on the Printout Menu (Figure 4-4) produces a professional cover letter (Figure 4-8) and billing letter (Figure 4-9). Summary information on tax liability is gathered from Form 1040 for the selected filename, and a list of the specific forms and schedules prepared by computer is gathered from the tax directory. The name and address for the addressee of the letters is taken from your entries on Form 1040 for the taxpayer's name and address, the tax preparation fee is taken from your entry on Form 1040 for that taxpayer, and the name and address for the sender is taken from the program settings for the Paid Preparer's Information. (The tax summary that appears on the cover letter can be seen on the Control Form for the client. The list of forms that will appear on the billing letter can be seen using the REVIEW selection in the File Manager, which is entered through choice 1 on the Main Menu.)

```
                    C. P. A.'s International
                    1234 Tax Business Road
                    Anytown, CA 90011
                    (619) 455-5678

                    March 15, 2015



Jonathan A. & Marilyn M. Sample
8822 Imaginary Rd
Anytown, CA 99650


Dear Jonathan A. & Marilyn M. Sample

Enclosed please find your tax return completed for tax year 2014.
The Federal return (Form 1040) shows your tax status as:

              INCOME:
                  Total Income........$   28,699.
                      less adjustments
                  Adjusted Gross Income    28,699.
                      less deductions      16,150.
                  Taxable Income......     12,549.
              TAXES:
                  Regular Tax.........      1,879.
                      less credits....
                      plus other taxes
                  Total 2014 Tax......      1,879.
                      less payments...      3,600.
                  Amount Overpaid.....      1,721.

              TOTAL REFUND available..$      1,721.

You must sign and date Form 1040, and mail it to the IRS with
all supporting forms and schedules by the filing deadline date.
(Remember that BOTH of you must sign because you file jointly.)




Sincerely,


C. P. A.'s International
```

Figure 4-8. Client Cover Letter

Customizing the letters. The letters to the client can be customized through the Control Form for that client. The date to appear on the letters, and the fee to be printed on the billing letter are entered on the Control Form. In addition, optional lines that are automatically printed depending on the filing status and tax due status, can be bypassed if desired. And additional lines can be added at the end of each letter for each client, to report additional services rendered

or to provide additional instructions. (Line-by-line details for the Control Form appear in the separate, annually-updated *Tax Forms Guide*.)

```
                    C. P. A.'s International
                    1234 Tax Business Road
                    Anytown, CA 90011
                    (619) 455-5678

                    March 15, 2015




  Jonathan A. & Marilyn M. Sample
  8822 Imaginary Rd
  Anytown, CA 99650


  Dear Jonathan A. & Marilyn M. Sample

  Professional services rendered include the preparation of the
  following forms for your 2014 Federal Income Tax Return:

                    FORM 1040      (MAIN FORM)
```

```
  Fee for services rendered is $  149.95


  Sincerely,


  C. P. A.'s International
```

Figure 4-9. Client Billing Letter

How it operates. The letters are generated either for a single selected filename or all files on the disk, depending on your choice from the directory in Figure 4-3. When you select 5 from the Printout Menu (Figure 4-4) you are given the choice to print ONLY the cover letter, ONLY the billing letter, or BOTH letters.

When you select to print both, and you have requested ALL files on the disk, the pairs of letters are printed in sequence for all files that contain completely calculated returns.

Closing Hints

How to print with the least interaction. Choice 2 on the Printout Menu (Figure 4-4) is used to generate printouts with the greatest ease, albeit with the least flexibility. With this choice you start the printing of all three types of printouts for the final returns. Everything is printed in IRS order for direct filing, and every file on the disk is used if so requested.

Interrupting the printouts. If you run into trouble in the middle of a printout you need not wait for all printing to cease before correcting the problem. How you do this depends on how your printer is set up on your computer:

  Scenario 1: If your computer uses a print buffer or spooler to quickly accept data sent to the printer and hold it while the printer catches up (which is the usual default for modern computers), you can pause printing by clicking the print buffer icon on your task bar (the bottom line of your screen).

  Scenario 2: If all print data is sent directly to your printer and not held by a buffer, you can press the Space Bar to freeze *Tax Preparer* so as to adjust paper or review the printouts; you can then press the Enter Key to continue after your self-imposed delay.

To interrupt a printout without bad side effects you MUST use these procedures. Above all, do NOT turn the printer off in the middle of a printout or else the computer and the printer may become out of step. If you want to abort the printout rather than just suspend it, you can either make that choice in the print buffer program for Scenario 1 or press the Escape Key to halt the printing and return to the Printout Menu (Figure 4-4) for Scenario 2.

If you have trouble. Because printing involves equipment that is often manufactured by a different company than your computer, the proper operation of the printer often involves special procedures. The trouble-shooting hints in Chapters 11 and 15 can help you pinpoint the source of any problems. (The details in Chapter 12 show you how to enter any special setup codes that may be needed for an older, non-Windows printer on a 32-bit machine.)

Chapter 5

Getting Ready for Next Year

Record Keeping

Year-round tax management. The current edition of *Tax Preparer*® by HowardSoft® is designed not only for the preparation of income tax returns to be filed in the current year but also for year-round record keeping and tax planning throughout the year in preparation for the next tax season. The on-screen calculations and "static cursor" make it possible to play the "what-if" game with your tax situation in order to plan your year-end transactions for maximum tax benefit. Tax-related information can be entered as income is received or anticipated, as deductible expenses are incurred or paid, as capital gain transactions are concluded, and as any other transactions that have tax consequences are enacted. You may find it convenient to enter information monthly, perhaps when you reconcile your checking account. You'll be less likely to forget items, and your periodic review of the information will assure greater accuracy. The April 15th filing deadline will seem much less ominous with the knowledge that your tax information is already on file. You will then be able to prepare your tax return quickly and accurately.

Itemizing feature aids record keeping. The itemizing feature allows you to build separate lists for each type of income or expense. Once a list has been started, it can be accessed at any time during the year to enter additional information or adjust estimated amounts once the actual information becomes available. Any individual pages of the itemized lists that are not required as supporting statements on your return can be temporarily detached with the Detach Key, and permanently removed with the Remove Key. The Detach Key is safest because the itemized file is still available for viewing when the line it supports is again itemized, even though the file will not be printed as a supporting statement when official printouts are requested. Merely go to the line in the preparation mode and press the Detach Key, and the supporting statements will be "detached" from printouts. To reattach, just reaccess the support by itemizing the line again. The Remove Key is less safe because it permanently removes the supporting pages. This key is invoked separately on EACH page of the supporting statement, so you must separately access each supporting page you want and eliminate each one at a time by pressing the Remove Key when each appears on the screen. (See Chapter 7 for more information on these special keys.)

Examples of itemized lists. Examples of how itemized lists can be used for record keeping include

   Contributions. If you make periodic contributions to a charitable organization, set up a line item for that organization on your itemized list for contributions. As additional amounts are contributed during the year, use the calculator function (detailed in Chapter 7) to add to the amount previously recorded. If you require more detailed information, set up a separate list for each organization. Record each transaction as a separate line item by entering the date, check number, and amount.

   Reminders. You may wish to write yourself a reminder to ask your tax advisor about deductibility or inclusion of a particular item. You can

use a separate page within a list to record the message. When the matter has been taken care of, simply delete that page.

Note also that a "personal memo" line is provided at the end of most forms to allow you to make notes to yourself in supporting statements that will not be printed as a part of the official return. You can also suppress the printing of any supporting statement by invoking the Detach Support Key (Chapter 7).

Tax Planning

Play "What If" with your taxes. The interactive design of the Road Map method allows you to quickly determine the tax consequences of specific transactions. Amounts for several "what if" scenarios can be entered, and the calculated results will soon appear on the screen. There is no need to wait for processing or printing when you use the on-screen method. Moreover, the cursor will remain on the line being altered as long as you want, so that you can play the "what if" game incessantly with a single line. _CAUTION: Make a copy of your return as detailed in Chapter 9 before playing "what if."_ Once you change entries, the old entries are lost forever. But if you work with a copy you can always return to the original, unmodified return.

Tax laws for next year already built-in. While any edition is written based on the official tax forms for its tax year, changes already legislated and scheduled for subsequent years are already built into the software, including inflationary adjustments (indexing) of numerous IRS tables. You invoke any new laws that are built into the software by changing the entry for tax year on our Control Form. Subsequently viewed forms and schedules are then recalculated under the projected new tables and regulations for a more realistic view of the future than is possible with other tax software.

Examples of tax planning. Typical applications of tax planning include:

Business Income. Self-employed, cash basis taxpayers can sometimes defer or accelerate the receipt of income. If your income for the current year is relatively high, you may be able to defer receipt of some income into the next tax year. You can estimate the effect through Schedule C, and let the software help you with your business decisions. You should keep in mind, however, that tax rate schedules are a favorite target of political football, so changes in tax rates may counteract shifts in income.

IRAs. You can determine the net effect of establishing an IRA or withdrawing distributions from an IRA by entering trial amounts on Form 1040.

Itemized Deductions. You can estimate whether or not your itemized deductions will exceed your standard deduction amount through Schedule A. If you don't have enough deductions to itemize in the current year, you may find it advantageous to postpone the payment of some deductible expenses until after year-end. You would then be increasing your deductions for the next year and thus improving the chances of being able to itemize in that year.

Capital Gain Transactions. You can estimate your gain or loss position through Schedule D. If you have a short-term capital gain, you may want to analyze the net effect of selling property on which you will realize a long-term loss and thereby offset the ordinary income of the short-term gain.

Estimated Tax Payments. You can estimate your tax liability for the next year through Form 1040. On the basis of the results you may decide to adjust your estimated tax payments or your withholding.

Supplying Data for Next Year

Enter data monthly. To get ready for next year's taxes you can use *Tax Preparer* to record all tax-related transactions as they arise. Most taxpayers find it most convenient to plan a regular monthly session with the computer. You can enter the month's transactions by appending existing itemized lists or by merely using the built-in calculator to add to existing entries. Either way you may find that filing your returns next year will be much easier if you plan ahead.

A "head start" on the next tax season. You can also change the tax year on the Control Form to the next tax year, so that the new and projected tax changes are invoked. The forms will still follow the physical format of the prior-year forms, but the "translate" feature that you invoke with the update you receive next year will convert the data you enter throughout the year into the format of the new IRS forms for the new year. But there is one important tradeoff to keep in mind before you proceed, as follows.

> **The tradeoff: tax planning vs. translate.** If your return involves no depreciation or carryovers from prior years, it may be practical to enter data for next year through the tax-planning feature in which you change the tax year on the Control Form to the next tax year. But if your return includes a Form 8582 with disallowed ("suspended") losses, or losses on sales on Schedule D or Form 4797 that were not fully allowed in the current year, or other carryovers from other forms, you would have to handle all carryovers manually because you would be altering the prior-year return. *If you do not understand how to handle ALL of these shifts carryovers, you should defer the entry of new data until the next edition of the software arrives, letting the software's "translate" feature perform all carryovers for you*. But if you choose to enter data throughout the year, you must do what next year's "translate" would have done had you not changed the entry for tax year. You must remove all worksheets for Schedule D and Form 4797 that relate to prior sales, enter any carryovers from the prior year onto the appropriate lines of Schedule D, add all disallowed losses from Form 8582 to the "prior disallowed loss" lines of all the relevant forms and worksheets, and remove all depreciation worksheets for new property and reenter them for the prior property lines.

Quick Print can help you keep track. Since most of the information on disallowed losses is visible only on the screen and on Quick Print (or Quick Copy) type printouts, not on official printouts for the IRS, it is a good idea to print a Quick Copy of the entire return for the prior year *before* proceeding with your

new return. (And be sure to keep an unmodified copy on disk of the return you filed. You can use our file management COPY feature to do this.)

Purchase the update for automatic transfer to the new forms. You can enter data for next year's tax return NOW; then at year-end you can purchase the annual update from HowardSoft. The update, which brings your package up to the capabilities of the newest edition, will have a "translate" capability built into the new File Manager. The "translate" function in the new edition will transfer data from the format of the prior edition into the format of the new edition. Thereafter you will use the translated Storage Disk as if you had entered the data anew.

Save all editions of the software. When you receive an update don't be hasty and destroy the prior edition. You may need it if you later have to file an amended return, because you cannot use a new edition to prepare tax returns for earlier years. You must use a prior edition to make the calculations required for an amended return (Form 1040X).

What Next

Get familiar with the manual. You've completed the formal part of the tutorial. The rest is up to you. If you're still uncertain about some of the computer terms we use, scan the next chapter for a glossary of "computerese." If you're uncertain on how to operate the software in some modes of operation, or just want to make sure you know where everything is in case you have questions later, skim through the Operating Guide (Chapters 7 through 15). And whether you're a tax whiz or not you should look through the separate *Tax Forms Guide* for guidance on the support provided by the software. So dig right in and feel free to give us as much feedback as you care to provide. We're here to make sure that you will always view this software as one of your best investments!

Chapter 6

Computer Glossary

Preface

Why a glossary? We have attempted to avoid most of the "computerese" found in other manuals, but there remain some words that have a special meaning in the language of computers and this software. Therefore, this glossary for the newcomer to computers is provided as the wrap-up to the Tutorial Guide.

How you can help. If you are a newcomer to computers and you encounter in this manual any unknown technical words that are not defined in this glossary, please let us know. We expand this glossary with each new edition as we learn what definitions our customers need.

Definitions

active filename - the filename that will automatically be accessed when a form or schedule is selected for preparation. The last filename used in the *Prepare Returns* mode is always taken as the currently active filename by default.

Assembly language - a programming language used to develop programs that operate directly in the machine language of the computer, thereby obviating the need for a separate interpreter and achieving maximum speed. Parts of HowardSoft programs that have critical speed requirements are written in Assembly or machine language.

backup copy - a duplicate of data files intended to minimize the risk of losing data because of damage to the files. You can use the COPY feature in our file manager for making backup copies of your tax data, as detailed in Chapter 9.

batch - performing at one time or in one session, without requiring constant supervision.

batch data entry - the mass entry of data into the computer for subsequent batch processing. Data entry is performed this way with a high-volume method (Pre-format or True Batch), with no on-screen calculations.

batch printing - the printout of all forms and schedules for all clients in a tax directory in a single run, and without supervision. Official printouts can be produced this way.

batch processing - the calculation of all returns at once for all previously-entered data, in a single run and without supervision. Calculations are performed this way after you enter data with a high-volume method (Pre-format or True Batch).

baud - the speed at which data flows between a computer and an external device, such as a modem or a serial printer. When a modem is set for 9600 baud it can send and receive signals from the computer at a 9600 character/second rate. Most printers are USB or parallel rather than serial, but for serial printers you must usually specify the baud rate in the printer settings in order for the printer to operate properly with this software. See also "modem" and "serial interface."

bit - a 0 or 1 numeral of a binary number. All information is represented in computers as a collection of bits. See also "byte."

boot - common computer parlance for starting the computer from a power-off state with a disk that contains the operating system. The word "boot" comes from "bootstrap," which is a technical term for the way the disk starts the computer by using one internal function to control another.

buffer - a holding area in memory where information is temporarily stored while data are being transferred from one device to another, such as disk to computer, keyboard to computer, or computer to printer. A buffer accommodates variations in speed between the input device and the output device so that no data are lost. A buffer that is always filled quickly and emptied slowly is often called a spooler, such as a print spooler that fills quickly and frees the computer while the printer draws out the data at its own slow pace. See also "keyboard buffer" and "print spooler."

byte - a collection of 8 bits, which can be used to represent 256 different symbols. The memory capacity of most personal computers is measured as the number of bytes of memory. Thus 1K memory is 1,024 bytes. Numbers are held in computers using from 2 to 5 bytes rather than the numeral digits 0 through 9. Text characters are held as one byte each.

CD – a metallic disk of approximately 4-3/4" diameter which stores data magnetically or optically and can be read by CD and DVD drives that are common in today's computers. Technically, CD stands for Compact Disk. The data capacity of a standard CD is 700 megabytes. See also "DVD" and "CD-ROM."

CD-ROM – a CD with pre-stored data that can be erased or modified. Program disks are most commonly supplied on CD-ROM because of their non-destructive nature. See also "DVD" and "CD."

character - any symbol typed from the keyboard. Character is a generic word meant to include the entire alphabet, all numbers, and any other single symbol that appears on the screen or keyboard. A character is usually represented in the computer by a 1-byte code.

computerese - the special vocabulary of the computer world that often makes computer language unintelligible to the newcomer to computers.

computer-generated form - a tax form that is entirely printed by computer, including not only entries but also the text and design of the form. Laser-graphic and Windows-graphic forms are computer-generated forms that faithfully duplicate the graphics of the IRS forms. Draft forms are computer-generated forms that have the general look of the IRS forms (facsimiles of the forms), but are restricted to a standard pica typeface and so cannot match the graphics.

computer-prepared form - a tax form that is filled in by computer, but using a form that is preprinted.

configuration - the way in which the parts of the particular computer system are interconnected, including the number of drives, storage capacity of the computer and the drives, the type of printer cabling, etc.

cursor - a rectangle or line that appears on the screen to indicate for which item the computer is requesting approval or will accept a change. The cursor can be moved to other items on a menu or data entry screen using the cursor control keys (or control-key equivalents). The default cursor is a solid rectangle the size of a single character, but it's shape can be changed by the *Custom Settings* program in the *HowardSoft Tax Preparer* program group, as described in Chapter 14. (The cursor is usually flashing for the 32-bit Windows version of *Tax Preparer*, but is bright and solid for the 64-bit version.)

data - any information supplied by the operator to the computer, including numerical and text entries. (Data is the plural form of datum.)

data organizer - a printed form on which to record data before actual data entry into the computer.

defaults - the built-in settings that are used when no other specifications are given. Factory settings for the program are alternately identified as default settings. This word is also used to refer to data that are assumed when no other data are explicitly supplied. See also "program settings."

directory - a catalog of contents. See also "tax directory" and "folder."

disk - a magnetic storage device used by computers for the semi-permanent storage of information. Information is recorded on a disk in a coded form of magnetized spots on the spinning surface of a disk, much like music is recorded on magnetic tape. Technically, a disk is the flat circular media on which the recording is made, but the word is often (incorrectly) used interchangeably with "disk srive," which is the entire mechanism that holds the disk. See also fixed disk, microfloppy disk, hard disk, program disk, storage disk, and system disk. See also flash drive.

diskette - See "floppy disk."

DOS (Disk Operating System) - the software that controls the operation of your disk units and their communication with your computer. Although the name itself sounds generic, it is now commonly meant to refer to computers that used a text-based interface only, which is emulated on Windows computers by the Command Prompt program in the Windows Accessories folder. Common versions of DOS included:

> **IBM-DOS,** a form distributed by IBM with its IBM-PC computers, which is generally the same as MS-DOS.
>
> **MS-DOS,** a form developed by Microsoft which is used by IBM-compatible computers.
>
> **ProDOS,** a form distributed by Apple for its IIgs, IIc and IIe computers, and which was built into HowardSoft's Apple versions before HowardSoft stopped producing an Apple version.

Windows operating systems generallly have the capability to return to DOS temporarily to use DOS-based programs, using a "shell." In the history of personal computers, DOS systems have been 16-bit, 32-bit, and 64-bit operating systems. Although higher levels are typically backward compatible, Microsoft dropped support for 16-bit systems in their 64-bit operating systems.

download - formerly used to refer to the copying of a program or data from computer memory to a disk or other external device, now more commonly used to refer to the copying of a program or data from a website on the internet to your computer's hard disk.

draft form - a computer-generated substitute form that matches the general look of official forms but is restricted to a standard pica typeface. Most such forms have been traditionally accepted by the IRS with the exception of signature forms like Form 1040. However, draft forms in Standard and Premium Level software are intended only for a quick draft printout, since all forms can be printed graphically for these levels.

drive - formerly used only to refer to the hardware unit into which disks are inserted, which it reads magnetic disks much like a tape recorder, it is now used to refer to complete units with integral memory built in, such as flash drives and solid state drives.

drive specs - specifications that describe how the disk drives you are using are connected to your computer. The software is preset for a computer with a hard disk that holds the program and tax data in the same folder on the same disk. You must change the drive specs (Chapter 12) to use a separate drive or folder for data storage.

DVD – a metallic disk of approximately 4-3/4" diameter which stores data magnetically or optically and can be read by DVD drives that are common in today's computers. Technically, DVD stands for Digital Video Disk, but is often used for non-video data storage because of its high capacity. The data capacity of a standard DVD is 4.7 gigabytes. See also "CD" and "CD-ROM."

edit mode - keyboard mode in which a line is highlighted and a past entry can be easily modified without complete retyping. The edit mode is automatically entered when you start typing an entry or press the Restore Key.

entry - data or text that is entered into the computer in answer to a question or label. An entry can fall into any one of several classes:

> **prompts,** where a single keypress is used to acknowledge the message on the screen, such as a Y or N answer to a question or a Enter Key or Escape Key response to a message.
>
> **text,** where any series of numbers or letters may be typed but the number of characters accepted is limited by the particular line.
>
> **date,** where anything can be entered, like the text type, but the result is interpreted as a date in the month/day/year format.
>
> **integer number,** where only a numeric entry without a fractional part is allowed. A non-integer entry is automatically rounded to the nearest whole number.
>
> **ordinary number,** where only a numeric entry can be made but is allowed to have a decimal part. When the "program settings" are set to "Round to the Nearest Dollar," the entry is automatically rounded to the nearest whole number. Otherwise, the number is rounded to the nearest penny.

error messages - short phrases that appear on the screen when a malfunction or other problem has been encountered. See Chapter 15 for the proper corrective action after an error message appears.

execute - to perform an operation, function, or program in accordance with a predefined set of instructions. See "run."

facsimile form - a computer-generated substitute form that matches the general look of official forms but is restricted to a standard pica typeface. Most such forms have been traditionally accepted by the IRS with the exception of signature forms like Form 1040. However, there is no need to file these forms with the IRS for the Stanard and Premium Levels, where computer-generated graphic forms are printed for all forms. (Alternatively called "draft" forms in this software.)

file - a tax file is a group of disk files that contain all tax data for a single return.

filename - the name that identifies the file, which can be any label up to 26 characters long, such as abbreviated name or federal identifying number, possibly appended with the date of preparation.

file manager - a function of the software that maintains the disk filing system like a librarian would maintain books in a library; such library tasks as starting a new volume, reviewing existing volumes, removing old files, and copying files from one disk or folder to another are all included.

fixed disk - a disk that is not removable from the disk drive that controls reading and writing to the disk. Although not technically correct, this term is often used interchangeably with "hard disk." The hard disk that is installed within the computer is a fixed disk. See also "hard disk."

flash drive - a high-capacity solid state memory stick for a USB slot that rivals the capacity of many hard disks but is portable and much smaller. Common capacities are 1, 2, 4, 8, 16, 32, and 64 gigabytes. It is often referred to as a "thumb drive" because it is typically no larger than a human thimb. See also "disk."

floppy disk – a disk made of flexible Mylar and coated with a material that can be magnetized to store data, generally 3-1/2" or 5-1/4" in diameter. Now considered obsolete, these disks had storage capacities that were extremely small by today's standards, ranging from 160 kilbytes to 2.88 megabytes, which are in sharp contrast with a standard CD capacity of 700 megabytes, a standard DVD capacity of 4.7 gigabytes, and external hard disks with capacities of 80 gigabytes to 3 terabytes. See also "microfloppy disk."

folder – a filing location on a disk other than the main ("root") directory. HowardSoft program and data must be installed in a folder of a hard disk (such as *C:\Program Files\HowardSoft Tax Preparer*), not the main directory (C:\), in order to avert fundamental limitations on the number of files that can be held in the root directory. (The word "folder" is used in place of "directory" or "subdirectory" in modern parlance because of the prominence of Windows Operating Systems.)

font - a typeface, usually associated with a laser or Windows printer. See also "tax font."

format - an operation that prepares a totally blank disk to receive data. Formatting magnetically marks the disk so that subsequently stored data are written within a predefined organization. Hard disks built into a computer are already formatted before you use them. External media is almost always pre-formatted as well for use in a non-Apple computer as well. If you have to format the media yourself, which is rare, the manufacturer will supply the formatting software or give you instructions on how to use the formatting functions provided by Windows.

general itemized list - a detailed list of descriptions and dollar amounts to support a line on a tax form or schedule.

gigabyte (GB) - 1,000,000,000 bytes.

hard disk - a disk made of a rigid material, such as aluminum, and coated with a magnetic material. This disk can hold many times more than a floppy disk, typically ranging from 10 million to 1 billion bytes, but is usually not removable from the disk drive.

hardware - the physical parts of a computer system, in contrast with the software.

hash total - a numeric total used to check the accuracy of data entry in the True Batch method of high-volume data entry. Reference numbers and data entries are separately summed to help check for typographical errors. (The word "hash" implies a temporary subtotal.)

initialize - See "format."

interface - the connection between the computer and an external device such as a printer, screen, or disk drive.

itemized - See "general itemized list" and "worksheet."

keyboard buffer - a special holding place for characters that are typed faster than the software can respond. A keyboard buffer mitigates against losing keypresses because of rapid typing.

kilobyte (KB) - 1,000 bytes.

label - the text that describes a data entry line, usually an abbreviated version of the IRS wording on a form for the corresponding line. Most labels are fixed and beyond your control. The labels for general itemized lists, however, can be changed to fit your own application.

link - the software built into HowardSoft's e-file that converts HowardSoft data files into files that can be used by e-file transmission software.

main menu - the first menu of choices that appears after the software is started. See also "mode."

megabyte (MB) - 1,000,000 bytes.

memory - see "random access memory," "read only memory."

menu - not a pamphlet of food selections, but a screen-displayed list of all available options for the next operation; when you decide not to exercise any of the options you must press the Escape Key to escape the menu.

menu program - a program that displays a menu of all your application pro-grams and allows you to start each of them by a menu choice rather than a Run command.

message - a phrase that appears on the screen to advise you of the current action being performed by the computer, or the current problem being encoun-tered. Error messages are intended to guide you toward the proper corrective action. (See Chapter 15).

microfloppy disk - a floppy disk of 3-1/2 inch diameter enclosed in a rigid case, which was a step up from the 5-1/4 inch floppy disk used in the earliest PCs. Now considered obsolete, these disks had storage capacities ranging from 720 kilobytes to 2.88 megabytes (compared with a standard CD capacity of 700 megabytes and a standard DVD capacity of 4.7 gigabytes). See also "floppy disk."

mode - a predefined procedure, controlled by the computer, for performing a specific task. The four modes listed in the main menu are (1) management of storage disk files, (2) preparation of tax returns, (3) printout of official returns, and (4) changing of program settings.

modem - a hardware device for connecting a computer to a telephone line or cable line so that computers can communicate with each other.

monitor - the computer screen that displays information to the operator.

MS-DOS - See "DOS."

operating system - See "DOS" or "Windows."

override - to replace an automatically calculated value with a manual entry.

page - the section of data entry that is displayed on the screen at one time. Most tax forms are divided into several screen pages, because not all lines of the form can fit on the screen at one time. The division also provides easy, di-rect access to any section of a form.

parallel interface - the type of connection in which a number of signals are transmitted at the same time over multiple wires. In the early days of personal computers, most printers were connected to the computer through a parallel port and identified in a Printout Device spec as LPT1:, LPT2:, or LPT3:. How-ever, modern Windows printers are now almost exclusively connected to the computer through a USB port or an ethernet network (wired or wireless). *Par-allel ports are not supported for priinting with 64-bit Windows and are support-ed only for DOS printing with 32-bit Windows.*

print spooler - a buffer between a computer and a printer fills quickly and frees the computer while the printer draws out the data at its own slow pace. See also "buffer."

ProDOS - See "DOS."

pro forma - a printed form with a column showing prior data and a column of blanks on which to record data before actual data entry into the computer.

program - often used interchangeably with the word "software," a program is strictly a subset of the software that performs a particular task with a single self-contained set of instructions. Most software, however, is delivered with a number of distinct but interconnecting programs.

program disk - the disk that contains the software that makes your computer perform a particular function.

program settings - a set of specifications that define how the computer will communicate with you and the equipment that surrounds it. Your software is installed with the default program settings that are recommended for most sys-tems. However, you can change program settings for custom installations as detailed in Chapters 12 and 14.

prompt - messages that require an action by the operator, followed by an ac-knowledgment that the action has been performed. For example, when the computer requires that you insert a different disk, it instructs you to change disks and waits for your keypress to acknowledge that you have made the change.

random access memory (RAM) - high-speed computer memory in which any byte can be read or written directly, without the need to start at the beginning of memory and proceed sequentially to the desired byte. This type of memory is used by most computers for temporarily storing data and programs once they are read from disk.

RAM disk - a high-speed memory device configured to emulate a disk unit, but using RAM memory rather than a spinning disk to store the information. The software operates with a RAM disk much the same way it operates with a hard disk, and therefore requires special procedures for its proper use.

read only memory (ROM) - a type of computer memory that can be read like a RAM but cannot be written or altered in any way. A ROM is prepared by the computer manufacturer to perform operations in a preset, unalterable way.

reference number - a unique number assigned by the software to each line of a tax form to identify the line. The reference numbers are printed on blank and pro forma input sheets for use when entering data by the High-volume Method.

registration - the filing with HowardSoft of the Registration Card contained in your original Disk Packet. You only need register once, but be sure to let us know of any change of address. Remember, you _must_ register in order to quali-fy for our free customer service and low-cost updates. _NEW for preparers: The IRS now requires paid preparers to register with them annually and issues a preparer ID number (PTIN) to keep track of them_.

root directory - the top-level filing location on a disk below which all folders (or directories) reside. For example, the root directory of the computer's main (in-ternal) hard disk is the one that contains folders with names like *Windows*, *Program Files*, and *Program Files (x86)*. In the nomenclature of the Windows Command Prompt, this location is identified as C:\ whereas the Windows fold-

er within it is identified as <u>C:\Windows</u>. The root directory of floppy disks (now considered obsolete) is severly limited in the number of files and folders it can hold. But the root directory of hard disks and flash drives have few practical limitations. See also "folder."

run - to perform operations in accordance with a prewritten program; that is, to execute a program. See "execute."

serial interface - the type of connection in which signals are transmitted over a single wire in sequence at a specified rate. The USB interface is a type of serial interface (<u>U</u>niversal <u>S</u>erial <u>B</u>us) as is the interface used for the now obsolete serial ports. In the early days of personal computers, some printers and most modems were connected to the computer through a serial port and identified in a Storage Disk spec as COM1:, COM2:, or COM3:. However, modern Windows printers modems are now almost exclusively connected to the computer through a USB port or an ethernet network (wired or wireless). *Serial ports are not supported for printing with 64-bit Windows and are supported only for DOS printing with 32-bit Windows*.

software - the set of instructions stored on disk that control the operation of the computer and allow it to perform a particular task. Software and disks control the performance of computers like music and cassette tapes control the performance of stereo systems.

special worksheet - See "worksheet."

storage disk - the disk on which you store data that you want to save.

supporting statement - an itemized list (either a general itemized list or a special worksheet) that details the components of the total dollar entry for a line of a form or schedule. Although it is generally used to support an entry with details that the IRS requires, it is also used for more extensive record keeping. See also "worksheet."

system disk - the disk that contains the operating system for your computer.

tax directory - a catalog of disk contents. Not to be confused with your computer's folders (which were called directories before Windows became prominent), the tax directories created by this software are tables, identified by volume numbers, that list the names you have assigned to each return, and keep track of the forms and schedules prepared for each name.

tax volume - an organizational unit for keeping track of a large number of tax returns. Volume numbers from 1 to 99 are used to separately identify a group of up to 15 tax returns, which are themselves individually identified by the names in the tax directory for the volume. Up to 15 filenames can be placed in each volume. (Volumes created for different editions of this software do not interfere with each other. For example, you can have separate volumes for Federal individual returns, California individual returns, and Federal partnership returns, all on the same disk. You can also have volumes for other tax years on the same disk.)

tax font - a special typeface design that includes the typefaces and graphic elements needed to produce a graphic tax form that looks similar to the official

IRS forms. The fonts required for Windows-graphic printing (available since 2001 in HowardSoft products) are supplied with all HowardSoft products and are automatically installed each time *Tax Preparer* is started. The fonts required for Laser-graphic printing (which requires 32-bit Windows and a printer that supports HP's PCL printer language, interfaced through a parallel port) must be purchased separately, and can exist either in cartridge form (where a cartridge is plugged into a laser printer) or soft font form (where the fonts are copied from a disk to the printer's memory).

terabyte (TB) - 1,000,000,000,000 bytes.

Univeral Serial Bus (USB) - a type of serial interface that has become the modern standard for connecting a broad range of devices to a personal computer, including disk drives, flash drives, printers, keyboards, and mice. Windows printers are connected to the computer though a USB port or a network (ethernet, wired or wireless). Both are supported by all windows versions of *Tax Preparer* through the specification of *Windows Printer* as the *Printout device specification* and 2 as the setting for *Special (1 = HP, 2 = Windows)*. USB ports are also supported by *Tax Preparer* for external storage devices, such as flash drives, CD/DVD drives, and hard disk drives through the specification of the drive letter and path to the storage folder as the *Storage Disk spec*.

upload - to copy a program or data from a disk or other external device into computer memory.

volume - See "tax volume."

Windows - an operating system designed to replace the traditional DOS system with a graphical approach to the same functions. When the first Windows system was introduced in the 1980s, it was considered much easier to use than DOS by most computer novices. It is now the dominant operating system for personal computers, even though a DOS capability still exists on modern computers for use by computer technicians. The first Windows versions of *Tax Preparer* operated under Windows 3.1 and progressed over the years to compatibility with Windows 95, then Windows 98, then Windows XP. The current versions of *Tax Preparer* are all compatible with Windows XP(SP 3) through Windows 8.1 (the latest Windows release when this revision of the manual was published), including both 32-bit and 64-bit versions.

worksheet - a form used to support an entry which includes text and numeric entries; it is customized to the line being itemized. It is similar to a general itemized list in its ability to report numerous unrelated items, but is more complex in that each item is described by subsidiary entries in a format customized to the supported line. The list is similar to a very short form, like Schedule B, but is repeated for each separate item listed.

OPERATING GUIDE

Chapter 7

Keyboard Controls

Keyboard Cross References

Key questions. This chapter details the special keypresses that control special functions of this software, summarized in the charts in Figure 7-1. Because keyboards differ among computer models, however, every special function can be controlled by at least two different keypresses. You therefore always have an alternative when _your_ keyboard does not contain or does not respond properly to all the keys we mention.

> **Some special keys are an alternative to the mouse, not a substitute.** Although we provide great detail on the use of the keyboard for all functions of _Tax Preparer_, this should be viewed as an alternative, not a recommendation. Many people find it more convenient to use the mouse (or equivalent touchpad) for many of the functions described here. Cursor, editing, and paging keys can all be executed with the mouse like any other Windows program, so you are encouraged to use the mouse whenever it's convenient. No special instruction is provided for the use of the mouse because it is intuitive for those who are accustomed to Windows software. With _Tax Preparer_, as with any Windows program, you select an item from a menu by clicking (or double-clicking) on it, and you select a line to edit by clicking in its data entry field. Only one action is unique to _Tax Preparer_: you can close a menu by clicking the [-] symbol at the top-left of the menu, which is equivalent to pressing the Esc key (or clicking the Close symbol in a window), and can answer prompts by click on the [Yes], [No], or [OK] buttons provided.

Cursor and editing keys. The cursor and editing keys include arrow keys, paging keys, Insert, Delete, Home, and End. Such a wide variety of keyboards exists that these keys can be above, below, right of, or left of the main keyboard, or may be missing altogether. On some computer models they are built into the number pad on the right side of the keyboard, arranged as illustrated in Figure 7-1, and a Number Lock Key (labeled Num Lock) controls whether the number pad keys are interpreted as numbers or the special functions labeled on the keys. On other models only the Shift Key turns the number pad into a cursor pad.

Function keys. The function keys are special keys labeled F1, F2, F3, etc. They reside on the top row of most modern keyboards, but are found as a block on the left side of early IBM-PC models. The beauty of these keys is that a function can be controlled by a single keypress, F1 through F10. To expand the number of functions controlled, however, we also use Shift Function Keys to provide some operations. There are no universal standards for the use of the Function Key, but there is one de facto standard, to which we conform: F1 is the Help Key. (With _Tax Preparer_, this Help Key is used to provide help with the keyboard and primary menus only. Other help is accessed from the _Documents_ and _Help_ choices on the _Tax Preparer Control Panel_.) Note that some compact keyboards either have no function keys or require you to press two keys to execute them. We therefore provide alternative keypresses for compact keybopards in the form of Control Keys.

7-1

Control keys. A key labeled Ctrl or Control exists on ALL computer keyboards. It is used like a Shift Key in conjunction with the letter keys, and presents unique codes to the computer. Although the primary keypresses that we define are function and cursor keys, not control keys, the control keys are often easier to remember because they use an intuitive letter: ctrl-I means insert, ctrl-P means print, ctrl-S means save, etc. And if you have a compact keyboard with cumbersome or no function keys, the control keys may be your only choice.

How to find keys. Figure 7-1 (on the next page) provides a single-page chart that summarizes the special keys supported by *Tax Preparer*. Tables 7-1, 7-2, and 7-3 (at the end of this chapter) are the master locators for keys. All available functions are listed in alphabetical order of function in Table 7-1, with all valid keypresses shown for each of the functions. They are listed in order of the key itself in Tables 7-2 and 7-3.

Entry and Exit Controls

Escape Key - ESCAPE current operation. *(Esc or Escape)* Cancels the current operation and returns to a prior screen. It is used to exit a form, menu, or mode when done, or to intentionally interrupt and escape from a disk, printing, calculating, or translating operation.

Main Menu Key - EXIT TO MAIN MENU. *(F5 or ctrl-G)* Escapes all the way back to the Main Menu, completing calculations and storing data along the way as needed. It operates like repeated presses of the Escape Key, but does not require the supervision of the keyboard operator. (HINT: Think of G in ctrl-G as *G*o to Main Menu.)

Quick Exit - QUICK EXIT without storing data. *(shift F5 or ctrl-F)* Exits all the way back to the Main Menu, bypassing all calculations and storage functions in order to escape most quickly. Recently entered *data may be permanently lost unless they have been stored using the Quick Save Key before using the Quick Exit* Key. (HINT: Think of F in ctrl-F as *F*ast Escape.)

Enter Key - O.K. Key. *(Enter or Rtn or Return)* Approves an entry or acknowledges a prompt. If pressed while editing an entry in the calculator mode (that is, the first character of the entry is +, −, *, or /), it registers the entry in the computer and returns the cursor to the same line. In all other cases it acknowledges the entry or prompt and moves on to the next logical line or action. (This key may be labeled as a left arrow with an upward tail, Enter, Return, or Rtn.)

Esc			Remove page	Erase all	Quick-ex-it	Quick-save	Detach override	Recalcu-late	Detach support	
	F1	**F2**	**F3**	**F4**	**F5**	**F6**	**F7**	**F8**	**F9**	**F10**
To prior menu	Help	Restore	Move page	Erase end	To Main Menu	Quick-print	Hilight override	Access override	Hilight support	Itemize

Win-Ctrl-V	**Win-Ctrl-LeftMouse**		**Win-F11**	**Win-F12**
Paste from clipboad *	Copy to clipboard *		Shrink window*	Enlarge window*

↵ (Enter or Return)
O.K. key

Home	**↑**	**PgUp**
Beginning of page or line	Cursor up	To PRIOR page
←		**→**
Cursor left		Cursor right
End	**↓**	**PgDn**
End of page or line	Cursor down	To NEXT page

* Functions that use the Win key are supported only for 64-bit versions of Windows. Win refers to the Windows key between the left Ctrl and Alt keys.

Equivalent Alternate Keys	

IN/OUT KEYS:

Esc	to prior menu
Enter	O.K. key
<	to prior page
>	to main menu
ctrl-F	Quick-exit
ctrl-G	to main menu

SPECIAL KEYS:

? or ctrl-A	Help
ctrl-B	Recalculate
ctrl-P	Quick-print
ctrl-S	Quick-save

OVERRIDE KEYS:

ctrl-O	Override access
ctrl-Q	Detach override
ctrl-V	highlight overridden lines

EDIT KEYS:

ctrl-C	erase all of entry
ctrl-D or	
Delete	delete character
ctrl-E	erase end of entry
Insert	insert mode on/off
ctrl-X	restore

CURSOR KEYS:

← left	↑ up		
→ right	↓ down		
^	to begin of page or line		
ctrl-L	to end of page or line		

ITEMIZE KEYS:

I or ctrl-Y	Itemize
ctrl-N	move supporting page
ctrl-R	remove supporting page(s)
ctrl-T	detach supporting pages
ctrl-W	highlight supporting pages

Figure 7-1. Keyboard Reference Charts

Page Up Key - PRIOR PAGE displayed. *(PgUp or <)* Escapes the currently displayed page and displays the next logical lower-numbered page for approval or editing. A keypress during the Help mode reverse-scrolls the Help messages. (Note that the < key is the shifted comma on most keyboards.)

Page Down Key - NEXT PAGE displayed. *(PgDn or >)* Erases the currently displayed page and displays the next logical higher-numbered page for approval or editing. (Note that the > key is the shifted period on most keyboards.)

Special Controls

Help Key - HELP message display. *(F1 or ? or ctrl-A)* Displays a series of highlighted messages on the bottom two lines of the screen *only for help with the keyboard and primary menus*. *(Help with other operations or tax forms is provided by clicking Documents on the Tax Preparer Control Panel. See Chapter 8.)* Movement among these lines is provided by the usual control keys:

> **Escape Key** returns the screen to the state that existed when the Help Key was pressed.
>
> **Page Up and Up Arrow Keys** scroll the Help messages backward.
>
> **Page Down Key** and almost any other key scrolls the Help messages forward.

HINT: When requesting help at a text data entry line, you cannot use ?, since ? is a valid text character. You must instead use F1 or the alternate, ctrl-A.

Quick Print Key - QUICK PRINT current form. *(F6 or ctrl-P)* This key generates a printout in the midst of preparing a return. When a page or menu of an IRS form is displayed on the screen, this key causes the entire form to be printed, using the draft printing specs as the printer settings. When a page of an itemized file is displayed, however, this key causes that page alone to be printed. Quick Print can be suspended with the Space Bar and terminated with the Escape Key. (These printouts are intended as a rough draft of the return, and can be produced even when calculations are not complete. They are in the format of the screen displays and NOT in a format acceptable for submission to the IRS. HINT: Think of P in ctrl-P as *P*rint.)

Quick Save Key - QUICK SAVE current data. *(shift F6 or ctrl-S)* This key is active only while you edit data for a return. It is not required to store data on disk under normal circumstances because the data for a return is automatically stored whenever you exit the preparation mode in any way other than pressing the Quick Exit Key. The Quick Save Key, however, is useful during extra-long sessions with the computer because it minimizes the risk of losing hours of data entry due to power failures or hardware malfunctions. It causes the data to be stored on command, rather than waiting for the exit. It is also useful in conjunction with the Quick Exit Key, above, for ensuring that all recently typed entries are stored before a quick escape. (HINT: Think of S in ctrl-S as *S*ave.)

Recalc Key - RECALCULATE active return. *(shift F8 or ctrl-B)* This key is active while you are editing data for a return (except for the True Batch method of data entry). After you press this key, the entire return is checked for self-consistency and recalculated if necessary, then, if you are editing using the normal

(Full-Window) method, the tax window showing the overpayment or balance due is displayed. Any resulting changes are reflected in the lines currently being displayed as well.

Cursor Controls

Home Key - BEGINNING of page or line. *(Home or ^)* If pressed while *not* editing an entry, this key moves the cursor to the top entry on the screen. Otherwise, it moves the cursor to the first character of the entry for further editing. (The cursor will not stop on a line that is automatically calculated unless the override feature, described later, is turned on for the page. Note that the ^ key is the shifted 6 on most keyboards.)

End Key - END of page or line. *(End or ctrl-L)* If pressed while *not* editing an entry, this key moves the cursor to the last entry on the screen. Otherwise, it moves the cursor to the right of the last character of the current entry.

Up Arrow Key - UP one line. *(↑ or ctrl-K)* If used at a menu, this key lowers the number of the choice by one. If pressed while in the HELP mode, it scrolls the HELP screen backwards. If used on a data entry while *not* editing an entry, it approves the old entry and moves up one line. Otherwise, it registers the new entry in the computer then moves the cursor up one line.

Down Arrow Key - DOWN one line. *(↓ or ctrl-J)* If used at a menu, this key raises the number of the choice by one. If used on a data entry page while *not* editing an entry, it approves the old entry and moves down to the next entry. Otherwise, it registers the new entry in the computer then moves the cursor down one line. (This key operates identically to the Tab Key described for Edit Controls.)

Left Arrow Key - BACKSPACE over current entry. *(← or ctrl-H)* This key acts like a typewriter backspace key. If pressed while *not* editing an entry, it puts you into the edit mode and displays the current entry with the cursor at the left edge of the editing field. Otherwise, it moves the cursor back one space at a time without erasing the characters passed.

Right Arrow Key - FORWARDSPACE over entry. *(→ or ctrl-U)* If pressed while *not* editing an entry, this key puts you into the edit mode and displays the current entry with the cursor on the second character of the editing field. Otherwise, it moves the cursor forward one space across the current entry, without affecting the current entry.

Number Lock Key - NUMBER LOCK on/off. *(Num Lock)* This key switches the function of the numeric keypad between use as a number pad (for period and 0 through 9) and use as a cursor pad (for Home, End, PgUp, PgDn, Ins, Del, and the left, right, up, and down arrows). When the lock is on, numbers are activated and cursor functions are deactivated, but the Shift Key reverses the action. (Note that this key is not necessary and does not exist on keyboards that do not have numeric keypads that double as cursor and paging keypads.)

Edit Controls

Insert Key - INSERT mode on/off. *(Ins)* This key switches the character insert feature on and off. When insert is on, all subsequent keypresses are inserted in the original entry at the current cursor position, moving the remainder of the original entry to the right to make room. Insert is turned off by pressing any other editing key or by pressing the Insert Key once again. If the Insert Key is pressed before entering the edit mode, the edit mode is entered with the cursor positioned at the left edge of the editing field with the current entry displayed, ready for new characters to be inserted at the beginning of the entry.

Delete Key - DELETE character. *(Del or Delete)* This key deletes the character under the cursor. If pressed before entering the edit mode, this key puts you into the edit mode with the current entry displayed, but with the first character deleted if the entry is a text entry.

Restore Key - RESTORE original entry. *(F2 or ctrl-X)* If pressed before entering the edit mode, this key starts the edit mode with the cursor placed on the first character of the existing entry. If pressed while editing an entry, it causes the entry that existed prior to entering the edit mode to reappear, with the cursor at the left edge of the editing field ready for editing of the original entry.

Erase End Key - ERASE TO END of line. *(F4 or ctrl-E)* This key erases the part of the current entry from the character under the cursor to the end of the entry. If pressed before entering the edit mode, this key erases the entire entry and positions the cursor at the first space, ready for editing. (HINT: Think of E in ctrl-E as *E*rase.)

Erase Key - ERASE ALL of entry. *(shift F4 or ctrl-C)* This key erases the current entry totally. If pressed before entering the edit mode, it starts the edit mode after erasing the entry.

Tab Key - Tab to next entry. *(Tab)* If used at a menu, this key raises the number of the choice by one. If used on a data entry page while *not* editing an entry, it approves the old entry and moves down to the next entry. If pressed while in the midst of editing an entry, it registers the entry in the computer then moves the cursor down one line. Within *Tax Preparer* this key operates identically to the Down Arrow Key described for Cursor Controls. But outside *Tax Preparer* it allows Windows programs to create itemized lists that can be read into *Tax Preparer* via the Windows clipboard.

Itemize Controls

Move Key - MOVE supporting page. *(F3 or ctrl-N)* This key operates only while viewing a page of an itemized file. It allows you to move the itemized page currently on the screen to a different order among the pages stored. When you press the key you are asked to specify the new page number you want for the displayed page. The pages are then reordered accordingly. (Only pages within the same 50-page group can be moved. Thus, page 60 cannot be moved to page 40, but it can be moved to any position from 51 to 100. Ctrl-N is an alternate key for this function.)

Remove Key - REMOVE supporting page. _(shift F3 or ctrl-R)_ This key is intend-ed _only for removing a supporting page_, and _NOT_ for removing an entire IRS form. (To remove an IRS form or schedule you must use the File Manager function described in Chapter 9.) If pressed while a single supporting page is displayed on the screen, it _permanently deletes the displayed page_ ONLY, and reorders any remaining pages to fill the space thus created. (If the page to be removed is the only page for that itemized file, the file itself is eliminated and the line being itemized is zeroed. If there are more than 50 pages to the file, and the page to be removed does not lie in the last group of 50, the entries on the page will be blanked but the page will still be counted in the page count and the page can be used again.) You can also use this key to remove ALL support_ing_ pages for a line by pressing the key while the cursor lies on the support_ed_ line (a line with an i beside it). (HINT: Think of R in ctrl-R as _R_emove to Main Menu.)

Highlight Support Key - HIGHLIGHT itemized lines. _(F9 or ctrl-W)_ This key is _useful for finding support for text entries_ because there is no room to flag sup-port with an i for text entries. All lines of the currently displayed data entry page that have some kind of support are highlighted, including those supported by IRS forms as well as those supported by itemized lists or worksheets. _(32-bit Windows only: This key is also useful when using a 40-column display be-cause there is no room on a 40-column display to flag support with an i.)_

Detach Support Key - DETACH itemized file. _(shift F9 or ctrl-T)_ This key allows you to temporarily remove all supporting pages that back a particular line of an IRS form _so that they do not appear as a part of an official printout to be filed with the IRS_. This control is faster and safer than the Remove Key. It operates only when the cursor lies on the affected line of the IRS form - not when view-ing a supporting page of the itemized file. A "d" flag appears to the right of the entry for lines that have support which has been detached. The supporting pages are automatically reattached (and the "i" flag reappears) when you press the Itemize Key at the affected line. (Note that you can also detach the sup-porting pages by entering an amount for the supported line that is different from the amount provided by the total of the supporting pages. This automatic feature ensures that any supporting pages that are printed for the IRS do in-deed support the amount that appears on the return.) When translating a re-turn prepared with our prior-year software (as described in Chapter 9), _de-tached support on a prior-year return is NOT translated to the new return_. You can therefore selectively block the translation of supporting statements by pressing the Detach Key at lines for which you want no support translated. _Detached support cannot be printed with the official return, but it can be print-ed separately from the return_ by choosing to print draft (choice 4 of the menu in Figure 4-3), then choosing "Personal & Other Support" (choice 3 of the menu in Figure 4-5). This choice produces a printout of all supporting state-ments INCLUDING the detached support and the support for non-IRS personal memo lines. _(32-bit Windows only: The "d" flag does not appear for the 40-column format.)_

Itemize Key - ITEMIZE this line. _(F10 or I or ctrl-Y)_ This key allows you to build a supporting statement for the line that lies under the cursor. When the IRS

form clearly indicates that an IRS form must be used to support the entry, and that supporting form is built into the software, control reverts to the indicated supporting form, and an "i" appears to the right of the supported entry thereafter. When the software contains an IRS-type worksheet for the line being itemized, as flagged by a "w" beside the line, control reverts to that worksheet and an unlimited number of worksheets can be completed to support the line. In all other cases a generic itemized list is accessed, providing an unlimited number of supporting pages with room for 20 descriptions and amounts on each page. When the itemize mode is exited (by means of the Escape Key) the screen is returned to the page that contains the itemized line, with the cursor lying on that line, and the result of the itemized file or supporting form already entered on that line (with an "i" flag to the right of the entry). *TIP: The Itemize Key is not operable on lines of a special worksheet or general itemized page, because these lines are already part of the most detailed supporting statement available. Also, F10 or ctrl-Y must be used to itemize text lines, because I is a valid text character. (32-bit Windows only: The "w" and "i" flags do not appear for the 40-column format, so you must use the Highlight Support Key to find itemized lines if you change the default 80-column display to a 40-column display.)*

Override Controls

Highlight Override Key - HIGHLIGHT overridden lines. *(F7 or ctrl-V)* This key highlights all of the lines on display for which a manual entry overrides the calculated number. The numbers are highlighted by black-on-white characters. The Detach Override Key, below, must be used to release any of these numbers from the overriding entry.

Override Access Key - OVERRIDE feature on. *(F8 or ctrl-O)* This key temporarily disables the protection against the cursor stopping on an automatically calculated line of a form or schedule (but not a worksheet). Whenever you type a new entry for such a line after having pressed the Override Access Key, you automatically override the calculation for that line, and the newly typed entry becomes the entry for that line (until you detach the override by means of the Detach Override Key, below). The override access automatically terminates whenever you make such an entry or change pages. The overridden line, however, remains overridden and accessible thereafter. Certain limitations on this Manual Override feature are purposely designed into the feature:

> **No more than 20 overrides allowed per return.** We have taken great care to include as much of the tax code as we can, including many unusual tax situations. The need to use the override key is therefore extremely rare. We therefore recommend against using the override feature. *If you think you need to override more than 20 lines, you are most likely misinterpreting the tax laws*!

> **Only lines with a cursor block can be overridden.** Some lines are not blocked from cursor access, yet have a calculation in support of them. By design, it is not possible to override those lines directly. For

example, you cannot enter a negative number on some lines; your negative entry is either zeroed or made positive.

Road Map lines cannot be overridden. Road Map lines are lines that get their entry from another form or schedule. In order to ensure that a return is always self-consistent, we do not allow such lines to be overridden. You can change the entry temporarily for tax planning, but the numbers from the supporting form or schedule will automatically return when the final calculations for the return are performed. *If you need a permanent override to a Road Map line you must override the results on the supporting form itself, not the supported line.* (Note that some road map lines are blocked from access. Even though you may use the override key to access these lines, they cannot be permanently overridden.)

Lines on supporting worksheets cannot be overridden. Instead, supporting worksheets have alternate means of altering results for special situations. For example, answering Yes to "Bypass date checking" allows you to enter dates that would otherwise be flagged as illegal and zero the result of the worksheet. As another example, entering a depreciation method not recognized by the software allows you to enter your own percentages on depreciation worksheets.

Once a number has been changed on a line that is accessible only with the Override Key, an "o" flag appears to the right of the entry. *(32-bit Windows only: The "o" flag does not appear for the 40-column format, so you must use the Highlight Override Key to find overrides if you change the default 80-column display to a 40-column display.)*

Detach Override Key - DETACH overridden line. *(shift F7 or ctrl-Q)* This key releases the line on which the cursor lies from any override that may have previously been entered for that line. It restores the line to an automatically calculated line and restarts calculations to effect the change, and the "o" that flags overridden lines disappears.

Calculator Controls

Plus - ADD to prior entry. *(+)* When this key is typed as the first character of a numerical entry the number entered following the plus sign is added to the *prior* entry to form a new entry. When it is *NOT* the first character it is ignored and the number entered following the plus sign is taken as the new entry.

Minus - SUBTRACT from prior entry. *(–)* When this key is typed as the first character of a numerical entry the number entered following the minus sign is subtracted from the *prior* entry to form the new entry. When it is *NOT* the first character it negates the number entered after the sign and takes this negative number as the new entry.

Asterisk - MULTIPLY by prior entry. *(*)* When this key is typed as the first character of a numerical entry the number entered following the asterisk is multiplied by the *prior* entry to form the new entry. When it is *NOT* the first character all numbers to the right of the asterisk are ignored, and the number to the left of the asterisk is taken as the new entry.

Slash - DIVIDE into prior entry. *(/)* When this key is typed as the first character of a numerical entry the *prior* entry is divided by the number to the right of the slash to form the new entry. When it is *NOT* the first character all numbers to the right of the slash are ignored, and the number to the left of the slash is taken as the new entry. *CAUTION: When performing arithmetic involving more than division alone, be sure to perform the division LAST to avert potential rounding errors, especially when the return is set to round to the nearest dollar.*

Space Bar - BLANK space. When a new number with a plus or minus sign must be entered, the space bar must be typed as the first character so that the entry will not be added to or subtracted from the prior entry.

L - ALTERNATE ONE. When L or l is typed in a numerical entry the keypress is interpreted as the numerical 1, in recognition of the typing habits of many professional typists.

Window Controls*

Win-F11 - SHRINK window. When this key combination is pressed, the size of the Main Window is reduced by one step. Repeated presses result in progressively smaller window sizes until the minimum allowable size is reached.**

Win-F12 - ENLARGE window. When this key combination is pressed, the size of the Main Window is increased by one step. Repeated presses result in progressively larger window sizes until the maximum allowable size is reached.**

Win-Ctrl-V - PASTE from clipboard. If you copy an itemized list from another application into the Windows clipboard, you can paste it into a general itemized in *Tax Preparer*. *This can be a useful feature if you keep detailed records with another application*, especially for itemized deductions on Schedule A. The only requirement is that the application separates descriptions and numbers with tabs or line feeds.

Win-Ctrl-LeftMouse - COPY to clipboard. With this keyboard/mouse combination you can copy to the Windows clipboard anything that appears in the Main Window. Just press Win-Ctrl and the left mouse button while moving the mouse over the area to copy to highlight it, then release the mouse button and the highlighted area is copied to the clipboard. *This can be a useful feature for moving an itemized list to another line or form*.

* These controls are available only for 64-bit versions of Windows. Win refers to the Windows key between the left Ctrl and Alt keys on most keyboards.

** The new size of the Main Window is remembered by the software so that your next session with *Tax Preparer* starts with the same size.

Table 7-1. Functions Controlled by Keypresses

FUNCTION	MAIN KEYPRESS	ALTERNATE KEYPRESSES	TYPE	PAGE
ADD to prior entry	+		Calc	7-9
BACKSPACE	←	ctrl-H	Cursor	7-5
BEG'G of page or line	Home	^ or ctrl-^	Cursor	7-5
COPY to clipboard	Win-Ctrl-LeftMouse		Window	7-10
DELETE character	Del	Delete or ctrl-D	Edit	7-6
DETACH OVERRIDE	shift-F7	ctrl-Q	Override	7-9
DETACH SUPPORT	shift-F9	ctrl-T	Itemize	7-7
DIVIDE into prior entry	/		Calc	7-9
DOWN one line	↓	ctrl-J	Cursor	7-5
END of page or line	End	ctrl-L	Cursor	7-5
ENLARGE window*	Win-F12		Window	7-10
ERASE ENTIRE entry	shift-F4	ctrl-C	Edit	7-6
ERASE TO END of line	F4	ctrl-E	Edit	7-6
ESCAPE to prior operation	Esc	Escape or ctrl-[	In/Out	7-2
EXIT TO MAIN MENU	F5	ctrl-G	In/Out	7-2
FORWARDSPACE	→	ctrl-U	Cursor	7-5
HELP screen display	F1	? or ctrl-A	Special	7-4
HIGHLIGHT SUPPORT	F9	ctrl-W	Itemize	7-7
HIGHLIGHT OVERRIDES	F7	ctrl-V	Override	7-8
INSERT MODE ON/OFF	Ins		Edit	7-6
ITEMIZE this line	F10	I or ctrl-Y	Itemize	7-7
MOVE supporting page	F3	ctrl-N	Itemize	7-7
MULTIPLY by prior entry	*		Calc	7-9
NUMBER LOCK ON/OFF	Num Lock		Cursor	7-5
NULL or ZERO	Space		Calc	7-10
O.K. Key	Enter	ctrl-M	In/Out	7-2
OVERRIDE access on	F8	ctrl-O	Override	7-8
PAGE TO NEXT PAGE	PgDn	PageDown or >	In/Out	7-4
PAGE TO PREVIOUS PAGE	PgUp	PageUp or <	In/Out	7-4
PASTE from clipboard	Win-Ctrl-V		Window	7-10
QUICK EXIT (w/o store)	shift-F5	ctrl-F	In/Out	7-2
QUICK PRINT current form	F6	ctrl-P	Special	7-4
QUICK SAVE to store data	shift-F6	ctrl-S	Special	7-4
RECALCULATE active return	shift-F8	ctrl-B	Special	7-4
REMOVE supporting page	shift-F3	ctrl-R	Itemize	7-6
RESTORE original entry	F2	ctrl-X	Edit	7-6
SHRINK window*	Win-F11		Window	7-10
SUBTRACT from prior entry	-		Calc	7-9
TAB to next entry	Tab	ctrl-I	Edit	7-6
UP one line	↑	ctrl-K	Cursor	7-5

* Win-F11 and Win-F12 are supported only for 64-bit versions of Windows. Win refers to the Windows key between the left Ctrl and Alt keys on most keyboards.

Table 7-2. Main Keypresses in Alphabetical Order

```
KEYPRESS FUNCTION                        EQUIV.    TYPE      PAGE

F1       HELP                        ?, ctrl-A  Special   7-4
F2       RESTORE                        ctrl-X  Edit      7-6
F3       MOVE                           ctrl-N  Itemize   7-6
F4       ERASE TO END                   ctrl-E  Edit      7-6
F5       EXIT TO MAIN MENU              ctrl-G  In/Out    7-2
F6       QUICK PRINT                    ctrl-P  Special   7-4
F7       HIGHLIGHT OVERRIDES            ctrl-V  Override  7-8
F8       OVERRIDE access on             ctrl-O  Override  7-8
F9       HIGHLIGHT SUPPORT              ctrl-W  Itemize   7-7
F10      ITEMIZE                     I, ctrl-Y  Itemize   7-7
shift-F3 REMOVE                         ctrl-R  Itemize   7-7
shift-F4 ERASE ENTIRELY                 ctrl-C  Edit      7-6
shift-F5 QUICK EXIT (w/o store)         ctrl-F  In/Out    7-2
shift-F6 QUICK SAVE                     ctrl-S  Special   7-4
shift-F7 DETACH OVERRIDES               ctrl-Q  Override  7-9
shift-F8 RECALCULATE                    ctrl-B  Special   7-4
shift-F9 DETACH SUPPORT                 ctrl-T  Itemize   7-7
Win-F11  SHRINK window*                         Window    7-10
Win-F12  ENLARGE window*                        Window    7-10
Win-Ctrl-V  PASTE from clipboard                Window    7-10
Win-Ctrl-LeftMouse  COPY to clipboard           Window    7-10
Home     BEG'G of page or line       ^, ctrl-^  Cursor    7-5
End      END of page or line            ctrl-L  Cursor    7-5
PgUp     PRIOR PAGE                     <        In/Out    7-4
PgDn     NEXT PAGE                      >        In/Out    7-4
↑        UP 1 LINE                      ctrl-K  Cursor    7-5
↓        DOWN 1 LINE                    ctrl-J  Cursor    7-5
←        BACKSPACE                      ctrl-H  Cursor    7-5
→        FORWARDSPACE                   ctrl-U  Cursor    7-5
Tab      TAB to next entry              ctrl-I  Edit      7-6
Ins      INSERT ON/OFF                          Edit      7-6
Del      DELETE character               ctrl-D  Edit      7-6
Break    CLEAR keyboard                 ScrLock Special   7-4
Enter    O.K. Key                       ctrl-M  In/Out    7-2
Esc      ESCAPE to prior operation      ctrl-[  In/Out    7-2
Num Lock NUMBER LOCK ON/OFF                     Cursor    7-5
Space    NULL                                   Calc      7-10
+        ADD to prior entry                     Calc      7-9
*        MULTIPLY by prior entry                Calc      7-9
−        SUBTRACT from prior entry              Calc      7-9
/        DIVIDE into prior entry                Calc      7-9

* Win-F11, Win-F12, Win-Ctrl-V, and Win-Ctrl-LeftMouse are sup-
  ported only for 64-bit versions of Windows. Win refers to the
  Windows key between the left Ctrl and Alt keys.
```

Table 7-3. Alternate Keypresses in Alphabetical Order

KEYPRESS	FUNCTION	EQUIV.	TYPE	PAGE
?	HELP	ctrl-A	Special	7-4
Delete	DELETE character	ctrl-D	Edit	7-6
Tab	INSERT ON/OFF	ctrl-I	Edit	7-6
←	BACKSPACE	ctrl-H	Cursor	7-5
↓	DOWN 1 LINE	ctrl-J	Cursor	7-5
↑	UP 1 LINE	ctrl-K	Cursor	7-5
→	FORWARDSPACE	ctrl-U	Cursor	7-5
I	ITEMIZE	ctrl-Y	Itemize	7-7
ctrl B	RECALCULATE		Special	7-4
ctrl C	ERASE ENTIRELY		Edit	7-6
ctrl E	ERASE TO END		Edit	7-6
ctrl F	FAST EXIT (w/o store)		In/Out	7-2
ctrl G	EXIT TO MAIN MENU		In/Out	7-2
ctrl L	END of page or line		Cursor	7-5
ctrl N	MOVE		Itemize	7-7
ctrl O	OVERRIDE access on		Override	7-8
ctrl P	QUICK PRINT		Special	7-4
ctrl Q	DETACH OVERRIDES		Override	7-9
ctrl R	REMOVE		Itemize	7-7
ctrl S	QUICK SAVE		Special	7-4
ctrl T	DETACH SUPPORT		Itemize	7-7
ctrl V	HIGHLIGHT OVERRIDES		Override	7-8
ctrl W	HIGHLIGHT SUPPORT		Itemize	7-7
ctrl X	RESTORE		Edit	7-6
ctrl Z	CLEAR keyboard		Special	7-4
^	BEG'G of page or line	ctrl-^	Cursor	7-5
<	PRIOR PAGE		In/Out	7-4
>	NEXT PAGE		In/Out	7-4
Enter	O.K. Key	ctrl-M	In/Out	7-2
Esc	ESCAPE to prior operation	ctrl-[	In/Out	7-2
space	NULL		Calc	7-10
+	ADD to prior entry		Calc	7-9
*	MULTIPLY by prior entry		Calc	7-9
−	SUBTRACT from prior entry		Calc	7-9
/	DIVIDE into prior entry		Calc	7-9

Chapter 8

Tax Preparer Control Panel

Overview

The two windows of Tax Preparer. When you start *Tax Preparer* by clicking (or double-clicking) the icon for the edition you want to run (such as *2015 U.S. Individual 1040* for the examples illustrated here), two windows soon appear: a narrow, floating, *Tax Preparer Control Panel* (Figure 8-1) and a large *Main Window* (Figure 8-2).
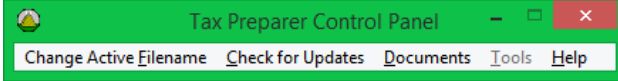
Figure 8-1. Tax Preparer Control Panel
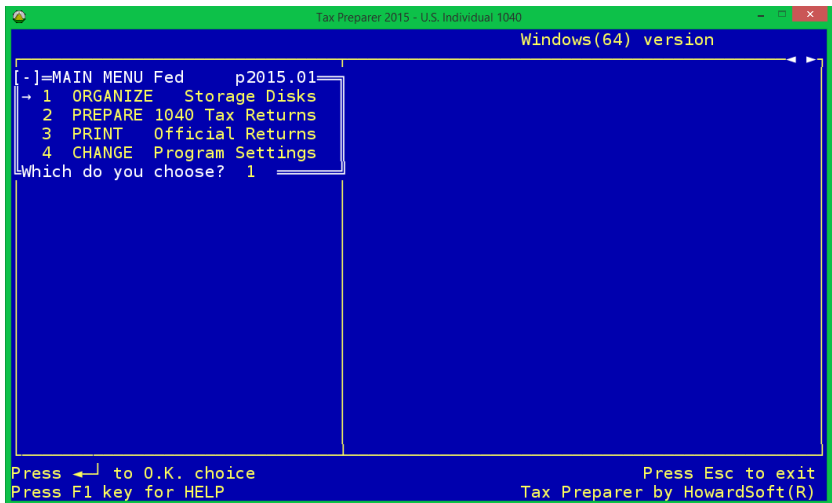
Figure 8-2. Main Window of Tax Preparer

The *Tax Preparer Control Panel* provides support functions, but it is the first window you will normally use because it is your window to on-line updates (and we always recommend that you check for updates before your first use of the software). It is also your window to our on-screen manuals and IRS instructions, which we recommend you keep on the screen while using *Tax Preparer*. By contrast, the *Main Window* is the kernel of the software, providing all major functions of the software, including file management, data entry, calculations, and printing. We provide details on the four main functions in the Main Window in the next four chapters, and provide details on the *Tax Preparer Control Panel* here.

Floating menu bar. The *Tax Preparer Control Panel* is really just a floating menu bar that gives you access to useful support for *Tax Preparer*:

> **Change Active Filename.** *(Standard and Premium Level ONLY.)* Designed for tax professionals with more than 15 returns stored on disk, this choice provides you with instant access to a return by allowing you

to sort returns by taxpayer name, SSN, or filename and then choose the return with which you want to work without concern for which tax volume holds it or where it appears in the tax volume's directory.

Check for Updates. This choice sends you to our support website on the internet, where you have access to timely bulletins and mid-season downloads (software updates, updated manuals, and updated IRS documents).

Documents. This choice gives you access to HowardSoft and IRS on-screen documents that reside on your computer, so that you can have them on the screen while using *Tax Preparer*.

Tools. This choice is not functional, but is provided for future expansion.

Help. This choice identifies the software versions you are using and gives you instant access to the on-screen *User's Guide*.

Change Active Filename

Designed for the tax professional. *(Standard and Premium Level ONLY.)* The choice of *Change Active Filename* is designed for those who have a large number of returns and want an easy way to find a particular return without knowing the tax volume or client number for the return. It lists all returns that reside in the folder identified by the Storage Disk spec in your Program Settings, and lets you sort that list in the way that is most convenient for you to find a particular return. When you first click *Change Active Filename* after installing the software, you are presented with a list of one – the return for Mr. and Mrs. Sample alone – as shown in Chapter 1 (Figure 1-10). But after you have prepared a few returns, you are presented with the list of filenames in order of volume number and client number, as illustrated in Figure 8-3. (In this example there are two volumes, 3 and 99, with 3 clients in volume 3 and 11 clients in volume 99.)
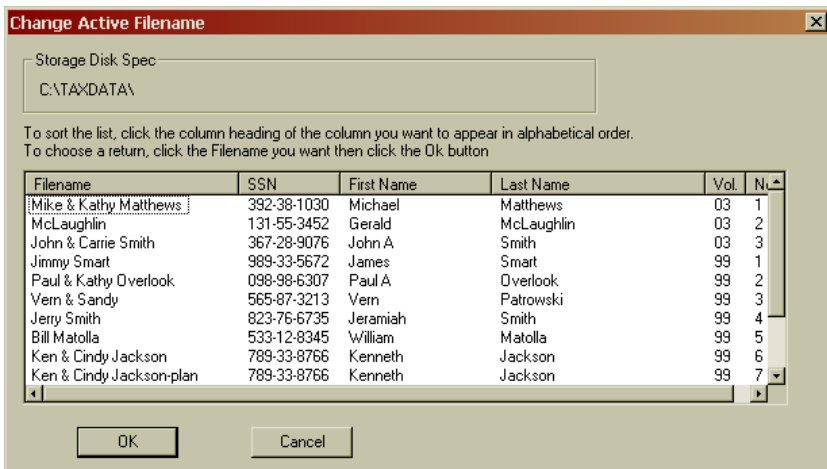
Figure 8-3. Initial list of returns prepared

What's displayed in the window. The window displays only the data that reside in the folder identified by the Storage Disk spec in your Program Settings. To make this clear, *the top section of the window shows your current setting for Storage Disk spec*. When you first install the software, the Storage Disk spec is blank, meaning that all data are stored in the same folder as the program (usually *C:\Program Files (x86)\HowardSoft Tax Preparer*). Accordingly, there will be nothing shown in the window for Storage Disk spec if you retain the default settings, as we recommend. However, for the example illustrated in Figure 8-3, the data are stored in a folder named TAXDATA on drive C:, so the Storage Disk spec in the example is C:\TAXDATA\. *The rest of the window displays a 6-column table of returns stored in this folder*. Filename is the name you gave to the return when you first created it, and could be the names of the taxpayers and shown in Figure 8-3 or could be any other name that helps you identify the return. SSN is the social security number of the taxpayer (the taxpayer listed first if married filing jointly). First Name is the first name and initial of the taxpayer and Last Name is the last name of the taxpayer. Vol. is the tax volume in which the return resides, from 1 rto 99, created as detailed in Chapter 9 to hold up to 15 returns. No. is the client number within the volume, from 1 to 15.

Change Active Filename

Storage Disk Spec

C:\TAXDATA\

To sort the list, click the column heading of the column you want to appear in alphabetical order.
To choose a return, click the Filename you want then click the Ok button

Filename	SSN	First Name	Last Name	Vol.	N...
Amanda Berry	555-23-4567	Amanda	Berry	99	11
Ken & Cindy Jackson	789-33-8766	Kenneth	Jackson	99	6
Ken & Cindy Jackson-plan	789-33-8766	Kenneth	Jackson	99	7
Holly Johnson	656-27-8201	Holly	Johnson	99	10
Kathy Margolis	987-65-4321	Katharine	Margolis	99	9
Bill Matolla	533-12-8345	William	Matolla	99	5
Mike & Kathy Matthews	392-38-1030	Michael	Matthews	03	1
McLaughlin	131-55-3452	Gerald	McLaughlin	03	2
Paul & Kathy Overlook	098-98-6307	Paul A	Overlook	99	2
Vern & Sandy	565-87-3213	Vern	Patrowski	99	3

OK   Cancel

Figure 8-4. Returns sorted by last name

Sorting the list of returns. Although the list of returns is presented to you initially in order of tax volume and client number, as seen in Figure 8-3, you can alphabetically or numerically sort the list based on any of the 6 columns. For example, if you want the returns listed in order of the Last Name, click the title of the column ("Last Name") and the list is reordered, as illustrated in Figure 8-4. You can then scroll down the list to find the return with which you want to work next.

Selecting the return for the Main Window. To select a return from the sorted list, merely click the Filename for that return so that it is highlighted, then click the OK button. (Alternatively, you could double-click the Filename to avoid having to click the OK button.) The return you were last viewing in the Main Window is then automatically exited (recalculated and saved, if necessary), the *PREPARE Tax Returns Menu* is displayed, and the active filename is changed to the one you just selected. For example, if we chose Kathy Margolis from the list in Figure 8-4, the Main Windows changes to the one illustrated in Figure 8-5. You can now work with that return (edit, print, etc.) without ever having to know its volume and client number.
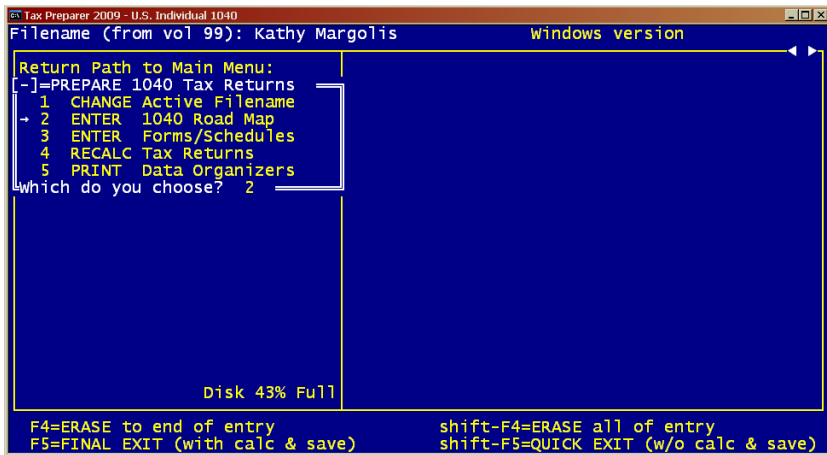
Figure 8-5. Main Window with new active filename

Check for Updates

Instant access to critical bulletins and updates. The choice of *Check for Updates* gives you instant access to our bulletins and downloads as long as you are connected to the internet. Click *Check for Updates* now and your computer's internet browser is opened, with the home page of our CHECK WEB FOR UPDATES website displayed, the heading of which is shown in Figure 8-6 for the 2015 Editions of *Tax Preparer*. Here you will find timely bulletins on IRS changes and software issues, as well as frequently updated downloads that keep your software and documentation up-to-date throughout the tax season.

Home Page. The *Home* page is your window to all contents of the website, and is therefore identified on the site's menu bar as *Contents*. It includes special alerts near the top of the page, links to updates in the middle of the page, and a record of *Important News* in chronological order to advise you of new information from the IRS. We recommend that you check this page frequently throughout the tax season because critical IRS changes throughout the tax season are common in recent years, as the IRS tries to catch up with frequent legislative changes in the tax laws.
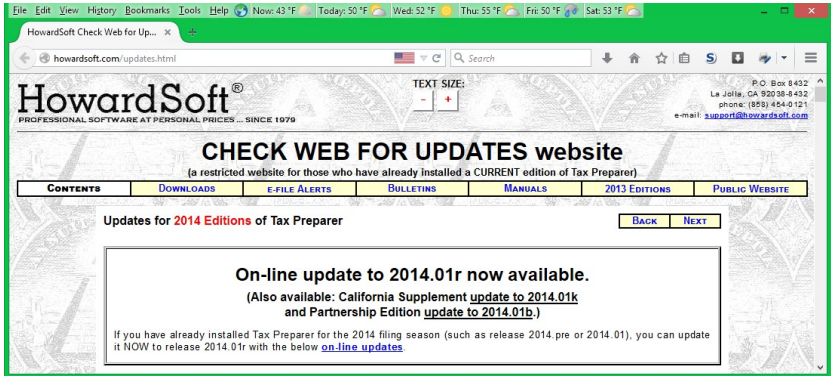
Figure 8-6. CHECK WEB FOR UPDATES website

Downloads. The *Downloads* page is your link to mid-season updates of the software and manuals. While the first installation of the tax season must be from the disk we send you, all subsequent updates to the current edition are available free on the downloads pages. There are three separate Downloads pages, with separate downloads on each page for each level of the software (Economy, Standard, and Premium):

Main Downloads. This is the page for updating your *Tax Preparer (Form 1040)* software. You access it from the *Downloads* button on the site's menu bar or the link to *Tax Preparer (Form 1040)* on the *Home Page*. The download for your level (Economy, Standard, or Premium) includes not only updates to the software and graphic forms but also revisions to the main *Tax Forms Guide* for the current edition year, which provides line-by-line details for Form 1040 returns. Full details on the changes follow the downloads in chronological order.

Partnership Downloads. This is the page for updating your *Partnership Edition (Form 1065)* software. You can access it from the link to *Partnership Edition (Form 1065)* on the *Home Page* or from the *Partnership Downloads* link near the top of the *Main Downloads* page. The download for your level (Economy, Standard, or Premium) includes not only updates to the software and graphic forms but also revisions to the *Partnership Tax Forms Guide* for the current edition year, which provides line-by-line details for Form 1065 returns. Full details on the changes follow the downloads in chronological order.

California Downloads. This is the page for updating your *California Supplement (Form 540)* software. You can access it from the link to *California Supplement (Form 540)* on the *Home Page* or from the *California Downloads* link near the top of the *Main Downloads* page. The download for your level (Economy, Standard, or Premium) includes not only updates to the software and graphic forms but also revisions to the *California Tax Forms Guide* for the current edition year, which provides line-by-line details for Form 540 returns. Full details on the changes follow the downloads in chronological order. The *California Downloads* page also provides special supplemental instructions near

the bottom of the page, including *Important Instructions on the use of Schedule W-2 CG* and *Common California e-file errors and how to avoid them*.

CAUTION: Before updating your software with these downloads, you must exit Tax Preparer to avert potential problems caused by changing the software on your hard disk while it resides in your computer's memory. Failure to do so could result in unpredictable behavior until you exit, since the software in your computer's memory is not updated and becomes inconsistent with the software stored on the hard disk. When you click a download, you can either (1) Run it to update your software as soon as the download is complete, or (2) Save it to your disk or desktop to Run manually after the download is complete. If you run into trouble with method (1), try method (2) because it is less prone to errors caused by excessive security measures. With either method, when you Run the update your prior installation is checked to make sure you already have the selected level (Economy, Standard, or Premium) for the current tax year installed, and the updating will not proceed if you do not.

e-file Alerts. The *e-file Alerts* page alerts you to recent changes and special instructions. The box *Important Information on e-file for the current filing season* provides you with information on software updates or IRS changes in procedure. It is followed by alerts to unintuitive data entry required by the IRS to avert the rejection of certain e-file returns, including *special instructions for relationship entries on the Dependent Worksheet, IRS Control Name entries for e-file, and special entries for decedent returns*.

Bulletins. The *Bulletins* page provides special memos. *Technical Change Notices* provide details on problems averted by software updates, including workarounds whenever possible. *Customer Service Memos* provide help with custom set-ups or problems not caused by the software, giving you tips on such topics as slow printing and custom installations.

Manuals. The *Manuals* page provides downloads of the latest revisions of all HowardSoft manuals and a link to the lastest IRS forms and publications. The latest revisions of the *Tax Forms Guides* are built into the software downloads already described, but you can download them separately here as well. In addition, the latest revision of the *User's Guide* is also available for download here. (The most recent major revisions of the User's Guide were in 2015, 2009, and 2001.) You should save all downloaded manuals to the folder where you installed *Tax Preparer* (usually folder TAX in drive C:) so that you can access them from the *Tax Preparer Control Panel* for on-screen viewing while preparing a return with *Tax Preparer*.

Prior Editions. This button gives you access to the CHECK WEB FOR UPDATES website for the prior edition year, in case you need to update a prior edition of your software.

Public Website. This button gives you access to the main HowardSoft website, where you can get off-season news and on-screen copies of our periodic newsletter, *HowardNews*, as well as information on other products and downloads.

Documents

Access to on-screen HowardSoft and IRS documents. The choice of *Documents* on the *Tax Preparer Control Panel* gives you instant access to all HowardSoft manuals and IRS forms and publications (and FTB forms and publications for California). All documents are provided in Adobe's pdf format for easy on-screen viewing and printing to a Windows printer. (Adobe Reader software is included on the *Tax Preparer* CD-ROM you receive from us each year, in case your computer does not have this free reader installed.) When you click *Documents*, five categories of documents appear, but a category will be dimmed if you have no documents installed for that category:

Tax Forms Guides. The *Tax Forms Guides* for the current edition year are accessed here. When you move the cursor so that this category is highlighted, you see the current-year guides that are installed. For example, if 2015 is the current edition year and you have the manuals for Form 1040, Form 540, and Form 1065 software installed, you will see:

Tax Forms Guide 2015 Edition
California Tax Forms Guide 2015 Edition
Partnership Tax Forms Guide 2015 Edition

When you click any of the displayed titles, Adobe Reader is automatically started and the manual appears on the screen. You can see a table of contents by clicking the *Boomarks* tab on the left edge of the document, and access any section in the contents by clicking its title. *We recommend that you keep the relevant manual on the screen while you use Tax Preparer in order to get instant help with entries as you prepare a return*. (Note that a manual must be stored in the same folder as the software, as a full installation of the software ensures, in order to get instant access through the *Tax Preparer Control Panel*.)

Forms and Publications. The IRS forms and publications *relevant to the current edition ONLY* are accessed here. When you click Forms and Publications, you see a list of all IRS documents (and FTB documents, if applicable) stored for the current edition. Accordingly, if the 2015 Edition is the current edition, the forms and publications listed would apply to tax year 2014. The list shows the IRS filenames for the forms and publications, with filenames for forms starting with the letter f, filenames for instructions starting with the letter i, and filenames for publications starting with the letter p. When you click any of the listed documents, Adobe Reader is automatically started and the document appears on the screen. If you need more information than our *Tax Forms Guides* provide, you should consult these IRS documents. Note that the *Tax Preparer* CD-ROM you receive from us each year can contain only those forms and publications that have been released by the IRS by the time the CD-ROM was produced. It is therefore important that you download other forms and publications you need as they are released by the IRS and save them to the folder for the relevant edition. For example, if you installed the 2015

Edition of *Tax Preparer* in folder TAX of drive C:, as we recommend, you should save all downloaded IRS forms and publications to the folder DOC2015 that resides withing the folder TAX of drive C:. (If you do not store the IRS documents in the proper folder, you will not get instant access to it through the *Tax Preparer Control Panel*. You can find a link to the IRS documents you need by clicking *Check for Updates* on the *Tax Preparer Control Panel* then clicking *Manuals* and scrolling to the section for IRS Resources.)

User's Guide. The *User's Guide* for *Tax Preparer* is accessible here. This guide provides general instructions not tied to the tax year or edition year, and is revised only as needed because of major changes in the operation of the software or the industry on which it relies. When you click this title, Adobe Reader is automatically started and the manual appears on the screen. You can see a table of contents by clicking the *Boomarks* tab on the left edge of the document, and access any section in the contents by clicking its title.

Prior Year Forms and Publications. The IRS forms and publications *relevant to prior editions ONLY* are accessed here. When you move the cursor so that this category is highlighted, you see the edition years for which IRS forms and publications are stored in the proper folder within the folder where the current-year edition of *Tax Preparer* is installed. Click any of those years and you see the list of filenames for IRS forms and publications available for that year. When you click any of the listed documents, Adobe Reader is automatically started and the document appears on the screen.

Prior Year Tax Forms Guides. The HowardSoft manuals *relevant to prior editions ONLY* are accessed here. When you move the cursor so that this category is highlighted, you see the edition years for which *Tax Forms Guides* are stored in the same folder as the current-year edition of *Tax Preparer* is installed. When you click any of the listed documents, Adobe Reader is automatically started and the document appears on the screen.

Tools and Help

Tools. This choice is reserved for potential future use. It currently has no function (as of January 2015).

Help. Clicking this choice gives you a menu with just two choices. Click *About Tax Preparer* and you'll see the versions of *Tax Preparer Control Panel* and the main program that you are using (useful for customer service). Click *User's Guide* and you'll see this guide in an Adobe Reader window (just another quick way to access this guide).

About Tax Preparer identifies the version of the Control Panel, such as 15.01. This version number will be useful for HowardSoft Customer Service because they help us pinpoint the precise production runs you are using. *(For the 32-bit version, the version of the Main Window is shown as well. For the 64-bit version, the version of the Main Window is available from the "About Tax Preparer" choice on the*

> *drop-down menu that appears when you click the icon in the up-*
> *per-left corner of the window.)*
> **User's Guide** provides instant access to the on-screen version of this
> User's Guide as long as you performed a Full installation or included it
> in your Custom installation.

Note that the version also appears in the Main Window when the Main Menu is visible, as it is at startup. The version number reveals the level, type, edition year, and release variation. For example, the number p2015.01 indicates the first regular release of the Premium Level of 2015 U.S. Individual 1040 soft-ware.

Exiting Tax Preparer

Another way to exit. While you can always exit *Tax Preparer* from the *Main Window* by pressing Esc once you reach the *Main Menu* (Figure 8-7), you can also exit by closing the *Tax Preparer Control Panel*. If you click the Windows close box (marked by an X) in the upper right corner of the *Tax Preparer Control Panel*, you are greeted with the prompt

> **Both Tax Preparer windows will close**
> **(Control Panel and Main Window).**
>
> **IS THIS OK?**

If you answer Yes, both the *Tax Preparer Control Panel* and Tax Preparer's *Main Window* will close, completely exiting you from *Tax Preparer*.

Emergency exit. If you encounter a problem that causes *Tax Preparer* to freeze, you may have to perform an emergency exit in order to stop *Tax Pre-parer* and free your computer. You can do that using the Windows Task Man-ager that is built into your system. To start the Windows Task Manager, press Alt-Ctrl-Del (the three keys together). (Alternatively, you could right click an empty space on the status bar at the bottom of your screen and choose Task Manager from the resulting menu.) In the Windows Task Manager window, click the *Applications* tab. Two HowardSoft programs may be listed: *Tax Pre-parer Control Panel* and the version of *Tax Preparer* you are using, such as *Tax Preparer 2015 – U.S. Individual 1040*. To exit these programs when the nor-mal exit procedure does not work, click the program in the *Applications* tab window, then click the End Task button at the bottom of the window. The program will then be closed and released from memory.

Preview of the Main Menu

Meaning of the Main Menu. The *Main Menu* (Figure 8-7) in the left side of the split-screen *Main Window* (Figure 8-2) is your main door to the software. Here's an overview of your four options, for which we provide details in the next four chapters:

1 ORGANIZE Storage Disks is used to prepare disks for a new return, and to orga-
nize your re-
turns in an or-
derly fashion.
Returns are or-
ganized by tax
volumes. Each
tax volume
holds up to 15
tax returns,
and you can

```
[-] MAIN MENU Fed     p2015.01
→ 1   ORGANIZE   Storage Disks
  2   PREPARE 1040 Tax Returns
  3   PRINT   Official Returns
  4   CHANGE   Program Settings
Which do you choose?  1
```
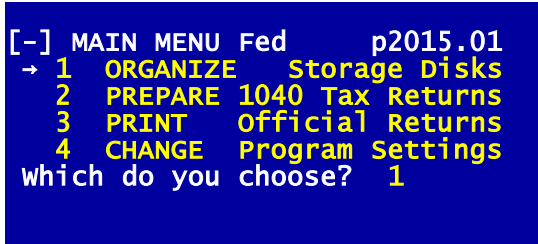
Figure 8-7. Main Menu

put as many as 99 separate tax volumes in a single Windows folder.
The Sample Return included in a Full installation resides in a pre-
stored volume 99. You would use this menu choice to add up to 98
more volumes. However, if you chose not to install the Sample Re-
turn, or you prefer to store your tax data in another forlder or exter-
nal storage media (such as CD, flash drive, memory stick, etc.), _you
MUST add a tax volume to the new folder or blank media_ using this
menu choice. Other functions of this menu choice include organiza-
tional tasks like listing forms prepared for clients, printing mailing la-
bels for all clients, listing clients by tax volume, renaming files, re-
moving forms or entire returns, copying, and transferring prior-year
data to current-year returns by means of an intelligent translator. Full
details on this file manager are found in Chapter 9.

2 PREPARE 1040 Tax Returns is used for the main task of supplying data
and controlling the automatic calculation of returns. It gives you a
number of options for the method of preparing returns, from fully in-
teractive page-oriented methods to simple line-by-line batch methods,
so that you can choose the method with which you are most com-
fortable. It also lets you print drafts of returns for use as data entry
input sheets or client organizers. Full operating details on preparing
returns are found in Chapters 10 and 13, and tax details are found in
the separate _Tax Forms Guide_ for the current edition year. (Note that
the "1040" in the menu title for this selection is replaced by "1065"
for the Partnership Edition and "540 for the California Supplement.)

3 PRINT Official Returns is used to produce an official printout that com-
plies with IRS rules for computer-generated returns. An on-screen
printout preview is also provided here, and, for tax professionals,
client instruction and billing letters are also printed here. You also
generate e-file output here for later transmission to the IRS. Up to 15
returns can be printed at a time. Full details on official printouts are
found in Chapter 11.

4 CHANGE Program Settings is used to change the way the software
operates to suit your preferences or hardware differences. You must
change the Storage Disk specifications here when you want to
change the location where you want to store your tax data, whether
it be another folder on your hard disk or a folder in some external me-

dia (such as a flash drive or rewriteable CD). You can also change the settings for display size, auto-calc operation, and rounding rules (pennies vs. dollars). And you can change the printer setup for special printers and customize the client letters with your name and address. However, you should not change any of the settings until you have completed Chapter 2 because the factory default settings are appropriate for viewing the pre-stored Sample Return and printing with most Windows printers. Full details on program settings are found in Chapter 12.

These four choices are detailed in the next four chapters of this document.

Chapter 9

ORGANIZE Storages Disks

Overview of File Management

What is a File Manager? The data created by *Tax Preparer* must be stored in a preset format, with a special TAX VOLUME to keep track of the data. The volume is updated each time new data are stored. The File Manager is used to alter the contents of the volume so that disk space is not wasted on obsolete files and the volumes are logically organized. Returns are started, copied, translated, and deleted with the File Manager, and file contents are displayed or printed to show forms prepared or taxpayer information for each return. A tax volume holds the names for 15 returns. The number of volumes you can put on a disk is normally limited only by the storage capacity of the disk. However, the main (root) directory of a disk is limited in the number of filenames it can hold. As a result, if you are using a high-capacity disk for storing your returns, and you want to store more than one volume of returns on the same disk, you MUST store the data in subdirectories, not the root directory.

```
[-] ORGANIZE Storage Disks
  → 1   START NEW Tax Volume
    2   REVIEW    Tax Volumes
    3   MODIFY(Rename/Remove/Copy)
    4   TRANSLATE Prior-yr Return
    5   CLIENT    List/Labels
    6   SWITCH    Tax Volumes
 Which do you choose?  1
```

Figure 9-1. File Management Menu

Functions of the File Manager. The File Manager provides a framework for storing the data files for a return, and manipulates the data files without actually changing any data or performing any calculations. To see the options available with the File Manager, choose 1 (ORGANIZE Storage Disks) from the Main Menu. The File Management Menu, Figure 9-1, then appears, with these options:

1 START NEW Tax Volume. Adds the mandatory tax volume to a new disk, or an additional volume to an old disk. *CAUTION: You MUST add a current-year tax volume to a disk, even though it may already have a prior-year tax volume, in order to store current-year data on the disk.* (Tax volumes from different edition years are independent and will not interfere with each other. Similarly, volumes from the *Tax Preparer 1040 Edition*, *Partnership Edition*, and *California Supplement* are independent of each other. The latter three types of volumes are distinguished in the software as Fed Volumes for the software for Form 1040 returns, Par Volumes for the Partnership Edition for Form 1065 returns, and Cal Volumes for the California Supplement for Form 540 returns.)

2 REVIEW Tax Volumes. Displays or prints the directory of names in a tax volume and a list of forms prepared for each.

3 MODIFY(Rename/Remove/Copy). Performs the house-cleaning functions of adding, changing, removing, or alphabetizing names in a tax volume, and provides for the copying of a return or volume from one volume to another (on the same or a separate disk), and provides for the removal of entire volumes, entire returns, or selected forms from a return.

4 **TRANSLATE Prior-yr Return.** Copies files created with the prior-year edition of *Tax Preparer* to a disk with a current-year tax volume, with the format changed to make the data ready for use as a starting point in preparing the current-year tax returns.

5 **CLIENT List/Labels.** Prints a client list, volume-by-volume, to help you keep your returns organized, and prints mailing labels for all volumes in the folder where you store your tax data.

6 **SWITCH Tax Volumes.** Lets you access a different tax volume in the same or a different disk folder. Up to 99 tax volumes (1 through 99) can be placed effortlessly in a single disk folder, and even more is possible with a little effort.

We'll cover these functions in order, but first a few words about disk space and disk care.

Cautions on swapping media (disks, flash drives, etc.). A special caution is warranted for swapping disks in a drive when you store your data on separate removable media. The software MUST know what media is inserted at all times in order for the software to operate properly. As a result you MUST NEVER swap media at a time that might confuse the software. The safest time to swap disks is when *Tax Preparer* is not running, especially when operating under 64-bit Windows, so *we recommend that you exit Tax Preparer before swapping disks and then restart Tax Preparer only once the new disk is recognized by the computer*. However, if you swap disks frequently and operate under 32-bit Windows, you can safely swap disks when the Main Menu is being displayed, or when "Verify Storage Disk spec" is being displayed. The choice "SWITCH Tax Volumes" appears in various file management menus to allow you to switch volumes by displaying

<div align="center">

Verify Storage Disk spec

</div>

and allowing you to change the entry. HINT: You cannot change the Storage Disk spec to one that does not already contain at least one tax volume, except when starting a new tax volume.

How disk files are named. *(You can skip this entire shaded section if you aren't interested in technical details. You do NOT need this information to use the software.)* The information provided here is intended for computer-literate users of the software who have prepared numerous returns and want to back up and clean up their disk more quickly than is possible with our File Manager, or who need to recover files accidently erased (and have a utility for recovering the files). *We strongly recommend that you use the COPY and REMOVE functions that are built into the file manager of each year's program, rather than COPY and DELETE commands from your Windows or other utilities*, in order to avert the possibility of accidentally erasing valuable data or leaving the disk with inconsistent data. But for those who are knowledgeable enough to take caution in using the following information, we provide the details that you need to decide what to remove or copy. Disk filenames follow a standard format (used by *Tax Preparer* since 1992):

<div align="center">

TPnnxxxx is for Program files

TSnnxxxx.xnn for Storage files

</div>

The individual characters signify the following:

1. **ALL filenames start with the letter T.** If you accidentally erase all files in your *Tax Preparer* folder, and you use a file recovery utility that requires a knowledge of the first letter of the filename, that letter is always T.
2. **The 2nd character is P or S.** P is for program files, S is for storage (data) files.
3. **The 3rd and 4th characters indicate edition year.** Thus 14 indicates the 2014 Edition (for 2013 tax returns filed during 2014), and 15 indicates 2015 Edition (for 2014 tax returns filed during year 2015).
4. **The 5th character is I, P, or A.** I signifies files for Individual returns (for the regular *Tax Preparer* and its California Supplement), P signifies files for Partnership returns (for the Partnership Edition), and A signifies files that apply to All editions
5. **For files that apply to all editions, all remaining letters indicate the function of the file.** For example, CUS.COM signifies the Custom Setting program, DFN signifies text entries in your Program Settings, DFL signifies non-text entries (numeric entries and Y/N answers) in your Program Settings.
6. **For edition-specific files, the 6th and 7th character are US or CA.** US indicates federal returns, CA signifies California State returns.
7. **The 8th character indicates file type.** For example, for storage files V is for the catalog of volumes used (for the entire folder in which the file resides), R is for the directory of a specific volume (and includes all filenames in that volume), D is for disk addresses and other summary information, N is for text data, L is for numerical data, M is for supporting statement addresses, and I is for the supporting statements themselves. Program files use a number of other letters of little meaning to the user of the software.
8. **The remaining characters, starting with a period, identify type of program or a specific return.** For program files (starting with TP), the remaining characters identify the type of program (such as EXE, COM, DLL, VBS, BAT). For storage files, the 1st character after the period indicates the particular return (client) within a volume to which the file applies. A through O indicate the fifteen filenames in the volume, but the client filenames numbered 1 through 15 on the screen can appear in a different order from these letters if you ever use the alphabetize feature in our File Manager. Z signifies a file that applies to ALL volumes, such as the catalog of volumes created. The 2nd and 3rd characters indicate the volume: 00 for a file that applies to ALL volumes, and 01 through 99 for the 99 volumes of 15 returns each that are allowable in one Windows folder.

It is essential that NO selected files be missing unless erased by *Tax Preparer* itself, or else inconsistencies in the data are possible. But if you want to remove ALL data files for a selected tax year, you can do so with Windows commands, Command Prompt commands, or your system utilities. For example, to use Command Prompt commands *to remove ALL data files produced by the*

2014 edition from folder where the data resides (usually the folder C:\TAX prior to the 2015 Edition), you would type

<div align="center">ERASE C:\TAX\TS14*.*</div>

(You can use the same procedure to remove program files for editions prior to 2015 using the same procedure. But for the 2015 Edition and later, you should use the Uninstall program that appears in your *HowardSoft Tax Preparer* program group.) Command Prompt commands *to copy ALL storage files for the 2014 edition* from the tax folder to an external disk in drive E, you would type

<div align="center">COPY C:\TAX\TS14*.* E:</div>

if your disk has enough capacity to hold them all. (This copy procedure will not work for program files. To use on another computer or from other media, you must install the program using our program disk then update on the web.)

How disk space is used. Before using the File Manager you should be aware of the limitations of your disk system. The capacity of your disk system is measured in bytes. Capacities typically range from at least 150,000 bytes for a single-sided floppy disk *(now very rarely used)* to more than 1,000,000,000,000 bytes (1 TB) for many hard disk units. While fifteen separate filenames can be carried by one tax volume, the actual number of returns that can be stored on one disk depends on the disk capacity, the forms prepared, and the amount of itemizing that is done on each return. In deciding how many returns to attempt to store on one disk, keep these facts in mind:

>   **Numerical data on IRS forms takes little space.** Numerical data for a single IRS form or schedule consumes from 200 to 900 bytes of disk space, exclusive of itemized files. A complete return that uses one copy of ALL available forms and schedules consumes about 10,000 bytes.
>
>   **Text data takes more space.** The text entries for a return consume one byte per character typed. Although the average amount for a complete return is about 200 bytes, exclusive of itemized files, the total can run as high as 2,000 bytes when the text entries for Form 1040, all five Schedules C, and all five Schedules F are full.
>
>   **Special worksheets take even more.** Itemizing consumes disk space. A single page of a special worksheet, such as the W-2 Worksheet, can consume 200 to 900 bytes depending on the worksheet.
>
>   **General itemized lists take the most.** Each page of a general itemized list consumes at least 700 bytes, whether or not the page is full of entries.
>
>   **Each separate itemized line adds more.** Whenever an itemized file for a line is created, whether a general file or a special worksheet, over 100 bytes are used for the directory for the file.

Guarding against disk full. It is clear from the above information that the amount of itemizing has the greatest effect on the amount of disk space used. However, *the small sizes show that the amount of disk space for a typical return is miniscule by comparison with the capacity of the hard disks that are built into most modern computers*. *We therefore strongly recommend that you use your computer's built-in hard disk for storing your tax data, which is the default location for Tax Preparer, so that you will almost always have ade-*

quate space for your data. By contrast, storage on floppy disks, which are now very rarely used, is extremely limited. Fifteen complete returns can be handled by a floppy disk when no itemized files are created. But a single return with numerous itemized files can easily fill a floppy disk. _Since data can be lost when a disk full error is encountered, you should keep an eye on the "disk full" percentage_ which is periodically displayed on the screen when running under 32-bit Windows. But note that _THE PERCENTAGE RELATES TO THE ENTIRE DISK, not just the folder you are currently using_, so an appreciable amount of space may remain even when the "disk full" percentage is high if you are using a high-capacity disk, such as a hard disk. To determine the amount of space remaining, multiply the "disk full" percentage by the total capacity of the disk, and subtract the result from the total capacity of the disk. For example, if the percentage is 98% and the disk capacity is 720K, the space remaining is 14.4K. _Whenever the percentage full reaches 99% on a hard disk or 95% on a floppy disk, you should copy the return to a new disk or remove files from the old disk_ so that you can safely continue with the return. _(Note that the "disk full" reading applies only to external disks with low storage capacity. It may give false readings for high-capacity disks such as hard disks and flash drives.)_

Guarding against too many files (ER 67 or ER 75). A different kind of disk full can arise when too many disk files exist in the root directory of a disk. _The error is impossible when your data is stored on hard disk in a folder such as \TAX, which is the default location for our normal installation_. But when you use a floppy disk or other external media for data storage, the limit can be reached if you attempt to use more than one tax volume in the top folder (root directory) of the disk. The limit for a standard blank disk is 112 files, which corresponds to 27 tax returns, such as 15 returns in one tax volume and 12 in another. (The limit for a high-density disk is twice to four times this amount.) The second tax volume could be another current-year volume, a prior-year volume, or even a California Supplement volume. In any of these cases the error, which is indicated on the screen as ER 67/LN xxxxx, may be reached once you exceed 27 returns. And if the program is installed on the same disk, the limit is reached even sooner. _To avert the error, you must either use a separate removable disk for each separate tax volume or store all data within a folder on the disk_. To use a folder you must first add the folder to the data disk using Windows Explorer or Command Prompt. For example, if Drive B holds the data disk, with Command Prompt you would type

b:

md\data

each followed by the Enter Key. Then restart our software and change the program settings for Storage Disk spec (Chapter 12) to

b:\data

Thereafter there will be no limit to the number of filenames that can be stored on the disk, but only the usual limit on disk space capacity.

Periodic cleanup. If you are using a hard disk for storage, we recommend that you *periodically reorganize your hard disk with a disk optimizer that eliminates fragmented data, because fragmented data greatly slows disk access*. (Data becomes fragmented on the disk through high use when file sizes rise and fall frequently, especially when operated near full capacity. For IBM-compatible computers, Norton Utilities' Speed Disk function eliminates this fragmentation.)

Starting a New Tax Volume

Preparing storage disks. A new Storage Disk must be specially prepared for use with this software before it can be used to store tax data, whether for working storage or for a backup copy generated by *Tax Preparer*. You must create a "tax volume" to hold the data for up to 15 tax returns for the same *Tax Preparer* edition. You can create up to 99 tax volumes in the same folder of your disk, giving you the ability to store 1,485 returns in the same folder per edition. While the organization by volumes seems unnatural to you, you can use the *Tax Preparer Control Panel* to select the return you want to make active (for editing or printing) without regard for the tax volumes, instead organizing the returns by the primary taxpayer's SSN or the filename you assign to the return. (For the Form 1040 version of *Tax Preparer*, Volume 99 is already created for you in the program's folder as long as you performed a Full installation of *Tax Preparer* or included Sample Return Files in your Custom installation. That volume contains the Sample Return described in the Tutorial section of this manual.)

Adding a tax volume. A tax volume for the current edition of the software MUST be placed on any disk you want to use for storing current tax returns. Separate volumes are used for each edition year (2014, 2015, etc.) and each version (*Tax Preparer*, *Partnership Edition*, or *California Supplement* for preparing Form 1040, Form 1065, and Form 540 tax returns). And built-in protections prevent you from adding conflicting tax volumes to the same folder on your disk. To add a tax volume, choose 1 (START NEW Tax Volume) from the File Manager Menu (Figure 9-1). After making this choice, your current setting for Storage Disk specification is displayed via the message

<div align="center">

Verify Storage Disk spec:

</div>

The spec will properly be blank if you store all data in the same folder as your *Tax Preparer* program, but you can change the spec if you want to create a tax volume in a different folder or even a different disk. Once you approve the spec (via the Enter Key), the specified folder is first inspected to see whether any tax volumes already exist on the disk. If there are any volumes, they are listed on the screen in a menu entitled

<div align="center">

Fed Volumes in Drive

</div>

and you must choose a volume NOT already contained in the list. (The menu title will use Par for the Partnership Edition and Cal for the California Supplement in place of Fed.) If no tax volumes already exist, you are asked to supply a volume identifier via

Enter volume #:

where any number from 1 to 99 can be entered. *(Exception for Economy Level: Economy Level software is restricted to a single tax volume of 15 returns. You cannot create additional tax volumes with the Economy Level.)* Once you have entered a valid new volume number, you must supply a name for the first of the 15 files in the volume. When

Enter FIRST filename:

appears, type any identifying text up to 26 characters long, such as the taxpayer's name or social security number. You needn't be concerned about the name you use now since you can always modify it at a later time. Once you approve the new filename with the Enter Key, the tax volume is placed on the disk.

Storing data in custom folders. The software provides complete organization for up to 1,485 returns (99 volumes of 15 returns each) per *Tax Preparer* edition without you ever having to create a new folder or provide any other organization yourself. *We strongly recommend that you accept our default organization for the easiest access to your returns*. The recommended organization allows the *Tax Preparer Control Panel* to easily access any one of the 1,485 returns by SSN or filename without regard to the tax volume that contains it. However, there are a few reasons why you might prefer to separate some of your data into separate folders:

    1) You want to keep years or volumes separate for easy erasing and copying with your own utilities instead of the utilities built into *Tax Preparer*.

    2) You use an external disk for storage that is limited to 112 filenames (27 returns) in its root directory. *Creating a folder on the disk and storing data within that folder eliminates this limitation*.

    3) Your hard disk becomes slow when the number of files approaches 300 (60 returns). *This is rarely the case with modern computers*.

The important things to remember if you decide to use folders are: 1) you must create the folder (using, for example, Windows Explorer) BEFORE attempting to add a tax volume to it, and 2) you must properly identify the path of the folder by changing your program settings in *Tax Preparer* for the Storage Disk specification. See Chapter 12 for more information.

Entering additional names. Space is reserved for fifteen filenames when a volume is first created. The first name is the one entered above. The remaining fourteen names are initially called "Unused." You can prepare a new return only after you enter a name for it in the volume. You can put all names in the volume ahead of time, using the File Manager as described in a subsequent section titled "Modifying Contents of Volume," or you can wait until you prepare each return and enter each new name when you start the return.

Reviewing Tax Volumes

Selecting the disk to review. Once you have created a tax return with the current software, you can review a list of such returns and the forms they contain by means of the second selection (2, REVIEW Tax Volumes) on the File Man-

agement Menu (Figure 9-1). When you choose 2, the software attempts to read a tax volume on the current Storage Disk. If it finds no such volume for the current Storage Disk spec, it greets you with the message

Fed Volume Not Found!

Verify Storage Disk spec:

followed by the current Storage Disk spec. If you have never changed the Storage Disk spec in your Program Settings (Chapter 12), this entry is blank, just like the original settings we deliver; otherwise, the entry to which you last changed the Storage Disk spec is shown. (Remember that a blank spec is proper for a hard disk or other high-capacity disk for which data and program files are in the same folder of the same disk.) But the appearance of the above message means that no current-year data for the edition you are currently using is found in the disk and folder specified. You must therefore either change to the proper disk (one that already has current tax data on it), or retype the proper Storage Disk spec here to identify the disk and folder that has tax data to review. After you approve your new entry with the Enter Key, the disk is checked again. If your new specification does not correspond to any valid folder on the disk you are greeted with

INVALID Spec or Filename!

Verify Storage Disk spec:

and required to respecify the disk. If the specification is valid but no tax volume is found for the new spec, you are again greeted with

Fed Volume Not Found!

Verify Storage Disk spec:

and are once again required to respecify the disk. Once you finally enter a valid specification of a folder that contains a current-year tax volume, you will be able to choose a tax volume from among the volumes that already exist on that disk.

HINT on Storage Disk specs. Examples of valid entries for Storage Disk spec are given in Chapter 12, where the changing of Program Settings is detailed. Note that _the Storage Disk spec you enter in response to the above messages is temporary, while the Storage Disk spec you enter in the Program Settings is permanent_ in the sense that it is used whenever you restart the software. In fact, as long as you do not encounter any error messages like the above ones, and do not choose a menu selection like "SWITCH Tax Volumes," the entry in the Program Settings is used throughout your session with the software. But as soon as you change the Storage Disk spec through one of the above messages or a choice to "SWITCH Tax Volumes," your new entry becomes your Storage Disk spec for the rest of the session (until you change it again). However, once you exit the software your new entry is forgotten, and the next time you restart the software your setting entered in the Program Settings comes back. Therefore, if you want a change to be permanent, you must enter it in the Program Settings, not just in response to the above messages or a choice to switch tax volumes.

```
[-] REVIEW Tax Volumes
 → 1  DISPLAY On Screen
   2  PRINT   On Printer
   3  SWITCH  Tax Volumes
Which do you choose?  1
```

Figure 9-2. Menu for Reviewing Returns

Selecting screen or printer. Once the software finds a tax volume, it displays a menu as shown in Figure 9-2. Choose 1 if you want to have the contents of the disk displayed on the screen, 2 if you want them printed on your line printer, or 3 if you want to change your mind and view a different tax volume from the one just selected. When you choose to print the contents, the printer settings for the cover and billing letters are used in determining what printer to use and how the printout should appear.

```
[-] Filenames in volume     v02
 → 1   Doe, John
   2   Smith, Harry Jr.
   3   Jones, Mary
   4   Farnsworth, James
   5   Unused
   6   Unused
   7   Unused
   8   Unused
   9   Unused
  10   Unused
  11   Unused
  12   Unused
  13   Unused
  14   Unused
  15   Unused
  16   SWITCH Tax Volumes
  17   ALL files
 Which do you choose?  4
```

Figure 9-3. Selecting Files to Review

Selecting the filename(s) to review. Whether you choose 1 or 2 the directory of filenames appears on the screen next, and you must select the filename for which you want to display or print the contents. (See Figure 9-3.) The displayed directory has an extra (seventeenth) entry for you to choose ALL files. If you choose 17, the list of forms and schedules prepared for every file in the selected tax volume is displayed or printed. Otherwise, only the list for the selected file (1 through 15) is displayed or printed.

File review illustrated. The format for the display or printout of contents is illustrated in Figure 9-4. Each form prepared for a filename is listed, with the number of copies of that form prepared in parentheses. (The number of copies can never be more than one for most forms, but there will be a separate copy for each separate business for forms like Schedule C.) When the calculations for a return have not been completed, and an official printout therefore cannot be generated, the notice

Calc'ns NOT complete

appears at the bottom of the list. And if no forms have been created for the filename, only the notice

None prepared

```
   Farnsworth, James        v02
  1040pg1  MAIN FORM
  1040pg2
  Sch A     Itemized Ded
  Sch B     Interest&Div
  Sch C     Business Inc-2
  Sch SE    Self-emplTax
  4562      Depreciation-2
 Press any key to continue
```

Figure 9-4. Display of Contents of Return
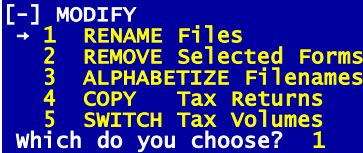
appears. After you have displayed or printed all contents of interest, you may return to the File Management Menu by means of the Escape Key.

Modifying Directory Contents

What can be altered. The tax directory summarizes the files stored on disk, so alterations to the directory can change how the software uses the stored data. The changes that can be made are evident from the menu in Figure 9-5, which appears when 3 is chosen from the File Management Menu of Figure 9-1:

1 **RENAME Files.** Lets you add names to the directory or change existing names, without affecting the returns stored under the names.

```
[-] MODIFY
→ 1   RENAME Files
  2   REMOVE Selected Forms
  3   ALPHABETIZE Filenames
  4   COPY   Tax Returns
  5   SWITCH Tax Volumes
Which do you choose?  1
```

Figure 9-5. Menu for Altering Tax Directory

2 **REMOVE Selected Forms.** Lets you delete selected forms from the return or remove a return or tax volume. *CAUTION: When a form is deleted it is only the form itself that is being removed, not the results it has already posted to other forms*. If you want to zero amounts posted to other forms you must access those other forms using the Road-Map or normal on-screen method of data entry and change the entries as desired.

3 **ALPHABETIZE Filenames.** Changes the order of names in the directory to be the current alphabetical order, without affecting the returns associated with each name.

4 **COPY Tax Returns.** Duplicates an entire return to a different filename in the same volume or another volume, or copies an entire volume to another volume.

5 **SWITCH Tax Volumes.** Allows you to select a different tax directory to modify.

WARNING: You cannot access this menu nor any of its choices until you have a current-year tax volume on the disk. Even the copy facility requires that you already have a current-year tax volume on the disk defined by your current program setting for Storage Disk spec.

Naming and alphabetizing files. When you first add a tax volume to a disk you name only the first of the fifteen available files. The remaining fourteen files start with the name "Unused." while you could defer naming files until you start preparing the return, supplying the name only when you choose to change filenames while you "Prepare 1040 Tax Returns," the file manager makes it easy to organize your tax directory ahead of time.

Supplying new filenames. To change a name or name an "Unused" file, choose 1 (RENAME Files) from the menu in Figure 9-5. The volume currently stored on the inserted disk appears (Figure 9-3). If you now select a number from 1 to 15 from this list, you are prompted

Enter NEW name:

This name can be any identifying text up to 26 characters long. After you approve the new name with an extra press of the Enter Key, the directory for the volume is redisplayed with the new name inserted and the prompt

Is this O.K.?

appearing at the bottom of the directory. Answer No and you can change your mind or change additional names in the directory. Answer Yes when all names appear as you want them, and the newly modified directory is stored on the disk.

Alphabetizing filenames. The names you have supplied are easily alphabetized at any time by choosing 3 (ALPHABETIZE Filenames) from the menu in Figure 9-5. After you make this choice the newly alphabetized directory is displayed, and you are asked to approve the new list. If you answer Yes the new tax directory is stored on disk. If you answer No the directory remains in its original order. (_CAUTION: Once you alphabetize a directory, the filenames you see on the disk using your own utilities will not appear in the same order as the directory of names you see when you use Tax Preparer's File Manager_. You must therefore be especially wary of using Windows utilities to manipulate your tax data once you have used the alphabetizing feature.)

Removing selected forms or complete returns. This feature is intended for removing the detail provided by the presence of a form, NOT for eliminating the results of the removed form. As a result, _if you want to zero an entry that originated from a removed form, you must zero the entry directly on the supported form yourself_, using the Normal (Full-Window) or Road Map method of data entry. Although forms and schedules may take an appreciable time to prepare when a great deal of data is supplied, _they are easily erased here; so be careful!_ To proceed, choose 2 (REMOVE Selected Forms) from the menu in Figure 9-5. You are first presented with the current directory of filenames, as in Figure 9-3. You can now choose a single filename from which to remove forms, or you can choose to remove all files.

Removing an entire volume. If you choose 17 (ALL files) from the menu in Figure 9-3, all forms for all filenames in the current volume can be removed. But first you have one chance to change your mind, through the warning

O.K. to remove ALL files?

If you answer Yes, the complete returns for all filenames in the volume will be removed, along with the filenames themselves. You are next asked

O.K. to remove Volume nn?

where nn is the number of the volume you just removed. If you answer Yes, the volume itself is removed and will no longer appear in any list of volumes created. If you answer No, the volume remains, albeit it is empty, so that you can use it to hold other filenames.

Removing a selected form. If you choose a filename from 1 to 15 for which a return exists, the forms prepared for that file are displayed in

a menu, as illustrated in Figure 9-6. The forms are numbered in order for you to select which to remove. These numbers are NOT the same as form numbers that appear in the ubiquitous Forms Menu. Instead, if there are 4 forms prepared for the return, as

```
[-] Smith, Harry              v02
 → 1   CONTROL  Control Form
   2   1040pg1  MAIN FORM
   3   1040pg2
   4   Sch D     Capital Gain
   5   Sch F     Farm Income
   6   Sch SE    Self-emplTax
   7   ALL  Forms  and  Schedules
 Which do you choose? 1
```

Figure 9-6. Selecting Forms to Remove

there are for the example in Figure 9-6, the forms are numbered 1 through 4, and an additional selection is provided for deleting ALL forms. When you choose to remove just one form at a time, each form chosen is deleted but the associated disk space is NOT generally freed. If you choose a form for which only one copy can exist, such as Schedule D, you are prompted to verify your choice through the question

O.K. to remove Schd D?

If you answer Yes (or press the Enter Key), the selected form is deleted from the return. If you choose a form for which more than one copy exists, however, such as Schedule F, you are asked which copy you want to delete through a menu like the one in Figure 9-7. You must then select the single copy you want to delete, or select the last menu item to remove them all. (Your removal of a copy does not affect the copy numbers for the remaining copies. They remain uniquely associated with the copy numbers you selected when you created them.)

Removing the entire return. If you choose to delete ALL forms (choice 5 for

```
[-] Smith, Harry              v02
 → 1   Copy 1   of Sch F
   2   Copy 2   of Sch F
   3   ALL 2
 Which do you choose?  1
```

Figure 9-7. Selecting Copy to Remove

the example in Figure 9-6), the ENTIRE return for the selected filename is removed from the disk, freeing the disk space used by that return. In addition, the original filename is removed and the file is renamed "Unused," unless it is the only filename left in the volume.

Copying returns. Even though we've told you our method of naming data files in the beginning of this chapter, so you could conceivably copy them with your Windows utilities, _we strongly recommend using the built-in copy facility described here for making backup copies of your data because it ensures against common errors and omissions in making copies of the files_. Choice 4 (COPY Tax Returns) in Figure 9-5 provides a convenient means of copying returns for tax planning or backup purposes. But there are a few facts you should know first:

1. This copy feature is intended only for copying current-year files to other current-year tax volumes for the same type of return (identified in the software as Fed for 1040 returns, Par for 1065 edition, and Cal

for California Supplement); to copy a prior-year return to a current-year volume you must instead use the Translate feature, described later.

2. Although you may copy onto the same disk or a different disk, BOTH disks must already have a current-year tax volume in order for the copying to proceed. Your program settings must therefore specify a Storage Disk drive that contains a disk with a current-year tax volume or else you will be greeted with

Fed Volume Not Found!

and not be able to proceed with copying; you must then either specify a new disk or return to the File Management Menu (Figure 9-1) and choose 1 (START NEW Tax Volume) to add a current-year tax volume to the disk, as detailed in "Starting a New Tax Volume," starting on page 9-8.

3. You cannot copy a return to a separate disk if you have only one drive because single-drive prompting is not provided with this copy facility. (If you attempt to use a single drive to copy onto a separate disk, swapping disks when error messages arise, the copy of the data will be invalid and unusable.)

Although the copying is self-prompting, the use of two different tax volumes can be confusing, so step-by-step instructions follow:

Step 1 - Select ORIGINAL (source) volume. Choose 4 (COPY Tax Returns) from the menu in Figure 9-5 and you are first prompted

For ORIGINAL Storage Disk
Verify Storage Disk spec:

The spec will normally be blank if you store all data on a hard disk, but you can change the spec if you want to access a different disk. If you are accessing a removable disk, make sure that the disk you have specified is indeed inserted before you press the Enter Key to approve the spec. If you are greeted with

Fed Volume Not Found!

it means that there is no current-year tax volume on the disk identified by the Storage Disk spec you verified above. You must then reenter the proper spec or insert the proper disk before you can continue. Once a valid tax volume is found, you are shown a menu entitled

Fed Volumes in Drive

where the tax volumes stored on the selected Storage Disk are listed. Select from this list the tax volume # that contains the return you want to copy.

Step 2 - Select filename(s) to copy. The tax directory for the selected volume is displayed next, as in Figure 9-3. Select from the displayed list the filename you want to copy, or choose 17 (ALL files) to copy the entire volume to another volume.

Step 3 - Select DUPLICATE (destination) volume. After you have chosen the file to copy and necessary data are read from the ORIGINAL, you are prompted

For DUPLICATE Storage Disk

Verify Storage Disk spec:

Once again the spec will normally be blank for a hard disk, but you can change the spec if you want to access a different disk. If you are accessing a removable disk, make sure that the disk you have specified is indeed inserted before you press the Enter Key to approve the spec. If you are greeted with

Fed Volume Not Found!

it means that there is no current-year tax volume on the disk identified by the Storage Disk spec you verified above. You must then reenter the proper spec or insert the proper disk before you can continue. Once a valid tax volume is found, you are shown a menu entitled

Fed Volumes in Drive

where the tax volumes stored on the selected Storage Disk are listed. Select from this list the tax volume # to which you want to copy your return. *If you want to copy a return or volume to a NEW volume that does not yet exist, you must return to the File Management Menu (Figure 9-1) and choose 1 (START NEW Tax Volume) to add a tax volume to the disk*, as detailed in "Starting a New Tax Volume," starting on page 9-8.

Step 4 - Select DUPLICATE (destination) filename. If you chose a filename in Step 2, the tax directory for the selected volume is displayed next. Select from the displayed list the filename you want to hold the copy. If you choose a filename that is "Unused," you are given a chance to name the file. If you choose a filename that is not empty you must first give your O.K. to erase the contents of the file, and can then rename it.

Step 5 - Confirm your choices. Once the volumes (and filenames, if copying only one file) for the original and copy have been selected, you are shown your choices for one final check, as illustrated in Figure 9-8. After you approve the displayed choices, the copying commences.

```
ORIGINAL:
v02-Smith, Harry
DUPLICATE:
v02-Smith, Harry - Plan 2
Is this O.K.?
```

Figure 9-8. Approval of Filenames for Copying

The speed of copying depends critically on your hardware. As a file is copied its data are read from the original to computer memory, then written to the copy in a separate step. Additional memory allows more to be held in the computer at one time, and thereby speeds copying by minimizing the number of read/write cycles that have to be performed. *WARNING: Never interrupt the copying once it has started* or the disk that holds the copy could be permanently damaged.

Switching tax volumes. Choice 5 in Figure 9-5 lets you access a different tax volume on the same or another disk. This selection operates just like the similar selection on the File Management Menu (Figure 9-1), and all the same restric-

tions apply. The selection is provided here only for extra convenience in manipulating tax volumes.

Translating Prior-Year Returns

What is translate? Tax data that were stored on disk using the PRIOR-YEAR edition of *Tax Preparer* must be translated into the format of the CURRENT-YEAR edition before they can be used as a starting point for a new return. The Translate choice from the File Management Menu performs this function. The Translate function is quite similar to the Copy function described above. It copies a return from a prior-year tax volume into a current-year tax volume, changing the format along the way as required by changes in the tax forms. Like copying, translating requires that the DESTINATION disk contain a current-year tax volume before the process can even be started. Also like copying, you can use the same disk for the original and the translated files, or, if you have two drives or a high-capacity disk, two different disks or volumes.

Read Intro B for important hints on translating. While the operating procedure for translating returns is detailed here, important information about the effect of tax year and tax law changes is detailed in Intro B. The information detailed there cannot be overlooked before you start translating. For example, the *tax year entered on the prior-year return is critical*. While the translation is intelligent enough to handle year shifts in many cases, YOU control whether a shift is made by your entry for tax year on the prior-year return. You MUST understand this effect to ensure that depreciation and loss carryovers are properly translated to the new return. If in doubt, *we recommend that you keep your prior-year return set for the PRIOR tax year, rather than changing it to the NEXT tax year, and let the software perform all the shifts for you. By allowing the software to perform the shifts for you, you ensure that prior depreciation and various loss carryovers, including the ever-complex suspended passive losses, are reported on the proper lines* of the new return.

CAUTION: Extra steps needed ensure full automation of the passive loss rules. The proper implementation of the IRS passive loss rules requires a precise knowledge of property-by-property unallowed losses carried over from the previous year. However, the worksheets that carry the property-by-property detail cannot have the final amounts until the return is complete. As a result, *if you did not already do so last year before printing your final return, you must (with the tax year entry remaining at the prior year) view each worksheet that may have passive amounts for each and every form and schedule before you translate the return from the prior year*. This will ensure that the proper unallowed losses for the prior year are properly allocated among the individual worksheets before translation, so that these amounts are individually recognized as prior unallowed losses for the new year and the worksheets will have the proper amounts shifted to the lines for prior unallowed losses. This is relevant to the Schedule D, E, and Form 4797 worksheets. *Once the return is translated and completed, and final calculations are complete, you must view each worksheet involving passive losses one final time* so that any necessary reallocations of unallowed losses among the worksheets are performed.

Options for translating. Once you are sure that your prior-year return is ready to be translated, you can proceed with these instructions. Before you start translating, make sure that the DESTINATION for the translated files contains a current-year tax volume and enough room for a complete duplicate of the old return. Even if you want the translated files on the same disk as the original files, *you MUST add a current-year tax volume to the disk; having a PRI-OR-YEAR tax volume is not enough.* (The prior-year and current-year volumes will not interfere with each other.) If no current-year tax volume exists on the DESTINATION disk, add one now or you won't be able to translate a prior-year return. *(See "Starting a New Tax Volume," starting on page 9-8.)*

CAUTIONS for translating from one disk to another. Special care must be taken in the starting procedures when you attempt to translate a return from one removal disk to another removable disk. Our recommendations for translating are:

> **For a system with <u>two</u> removable drives:** With a 2-drive system, always use one drive for the prior-year data and a separate drive for the current-year data. *DO NOT try to use the same drive for BOTH storage disks when using separate disks, or else the frequent need to swap disks will counteract the advantage of using two drives*.

> **For a system with <u>one</u> removable drive:** In order for the computer to properly prompt you when to swap disks, the computer needs a hint that you need single-drive prompting. Therefore, *you must enter IDENTICAL disk specifications for both the prior-year and current-year disks, then answer Yes* when the question
> > **Single-drive prompting needed?**
> appears when setting up the translation. If you attempt to translate to separate disks without prompting, the resulting new data may be invalid and unusable. (While this setup will work with care in swapping disks when directed, it is a tedious procedure. A better alternative would be to copy all prior-year data to the folder where your program resides and perform all translation between prior-year and current year data in the program folder of your hard disk. You can thereby eliminate the need for disk swaps during translation, which are time-consuming and subject to human error. You can later copy the translated files to a removable disk with *Tax Preparer*'s File Manager.)

Step-by-step instructions. Although the translating is self-prompting, the use of two different volumes can be confusing. Step-by-step instructions are therefore provided here. But remember that BEFORE you start you MUST have already set up a current-year tax volume to hold the translated data, as detailed in the prior section of this chapter titled "Starting a New Tax Volume." Once you have done this the steps for translating a prior-year return into the current-year format are:

> **Step 1 - Define level of data transfer.** Using the current-year edition of the software, choose 4 (TRANSLATE Prior-yr Return) from the File Management Menu, Figure 9-1. You are first asked
> > **Transfer all prior $ amounts?**

If you answer Yes, as we recommend, ALL entries on the forms will be transferred, even though many of the numbers will have to be changed for the new year. If you answer No, only the general information at the top of each form, such as names, filing status, i. d. numbers, descriptions, etc., will be transferred from the prior-year return to the current-year return. Answering Yes provides you with a good starting point for the new return, even though many of the numbers may be outdated, because it retains a great deal of relevant information and reminders of numbers to enter. You should answer No ONLY when practically all of the prior data is irrelevant to the current-year return. *CAUTION: If you answer No to "Transfer all prior $ amounts?" you must take extra care to reenter the loss carryovers for passive losses on all forms for which they are relevant, especially including Schedule D, Schedule E, and Form 4797*. Next you are asked

Transfer supp'g statements?

If you answer No, neither general itemized lists nor special worksheets are transferred to the new return. *If you answer Yes, as we recommend, the worksheets and itemized lists are transferred whenever possible in light of the current-year format*, with monetary amounts zeroed if you answered No to "Transfer all prior $ amounts?" (*CAUTION: Any supporting statement that has been "detached," will NOT be transferred.* You can therefore selectively control the translation of itemized files by detaching lines in the prior-year return. Supporting statements are detached by entering a numerical value, on the line of the parent form to which the support is attached, that is different from the value posted to that line by the supporting statement, or by using the Detach Key described in Chapter 7.)

Step 2 - Select prior-year (source) volume. You are next prompted for the disk you want to translate from:

For PRIOR-YEAR Storage Disk
Verify Storage Disk spec:

The spec will normally be blank if you store all data on a hard disk, but you can change the spec if you want to access a different disk. Once you press the Enter Key in approval, you are prompted

Insert PRIOR-YEAR Storage Disk

This message can be ignored when the Storage Disk is a hard disk. But if it is a removable disk you MUST insert the prior-year Storage Disk in the specified drive NOW, or else you will be greeted with

Fed Volume Not Found!

and be required to reverify the disk spec. REMINDER: The ORIGINAL (prior-year) disk is the one you are specifying here. CAUTION: if you are greeted with the message

Single-drive prompting needed?

it means that the software has concluded that you may be using the same drive for the prior-year Storage Disk and the current-year Program Disk (a rare situation in current times, and against our recom-

mendations). If so, and the disks are separate disks, answer Yes here so that the proper prompting is performed to tell you when to swap disks. Otherwise the translation may result in invalid data. Once a valid prior-year tax volume is found, you are greeted with a menu titled

Fed Volumes in Drive

which shows the tax volumes stored on the selected Storage Disk. Select from this list the tax volume # that contains the return you want to translate.

Step 3 - Select filename(s) to translate. The tax directory for the selected volume is now read from the prior-year disk and displayed on the screen, as in Figure 9-3. If you choose 17 (ALL files) from this menu, all files in the volume will be translated. If you choose a filename (1 through 15) from this menu, only the selected file will be translated. However, if the filename you choose has no returns prepared, you are given the message

File empty!

and the tax directory is redisplayed for another choice.

Step 4 - Select current-year (destination) volume. After you have chosen the file to translate and necessary data are read from the prior-year file, you are prompted

For CURRENT-YR Storage Disk
Verify Storage Disk spec:

Once again the spec will normally be blank if you store all data on a hard disk, but you can change the spec if you want the translated file to be stored on a different disk. Once you press the Enter Key in approval, you are prompted

Insert CURRENT-YR Storage Disk

This message can be ignored when the Storage Disk is a hard disk. But if it is a removable disk you MUST insert the current-year Storage Disk in the specified drive NOW, or else you will be greeted with

Fed Volume Not Found!

and be required to reverify the disk spec. *You will also get this message if you have not yet added a CURRENT-year tax volume to the Storage Disk*. (See "Starting a New Tax Volume," starting on page 9-8.) If you are greeted with the message

Single-drive prompting needed?
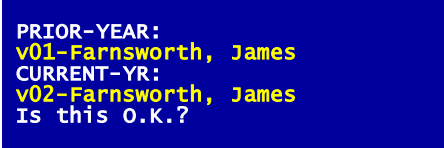
it means that the software has concluded that you may be using the same drive for the current-year Storage Disk and the Program Disk or prior-year Storage Disk (a rare situation in current times, and against our recommendations). If this is so, and these are separate disks, answer Yes here so that the proper prompting is performed to tell you when to swap disks. Otherwise the translation may result in invalid data. Once a valid current-year tax volume is found, you are greeted with a menu titled

Fed Volumes in Drive

which shows the tax volumes stored on the selected Storage Disk. Select from this list the tax volume # in which you want to store the translated return that you are about to create.

Step 5 - Select current-year (destination) filename. If you chose a single file in Step 3, the tax directory for the selected volume is displayed next. Select from the displayed list the filename you want to hold the new file. If you choose a filename that is "Unused," you are given a chance to name the file. If you choose a filename that is not empty you must first give your O.K. to erase the contents of the file, and can then rename it.

Step 6 - Confirm your choices. Once the filenames for the prior year and current year have been selected, you are shown your choices for one final check, as illustrated in Figure 9-9. After you approve the displayed choices, the translation commences.

```
PRIOR-YEAR:
v01-Farnsworth, James
CURRENT-YR:
v02-Farnsworth, James
Is this O.K.?
```

Figure 9-9. Approval of Filenames for Translating

CAUTION: Never interrupt the translating once it has started, and _never swap storage disks except when you are prompted to do so_, or one or more of the storage disks could be permanently damaged.

Translation in progress. Translation involves several reads from the prior-year disk and writes to the current-year disk. It may take just a minute or two or several minutes depending on the options you have chosen and the size of the return. Once the translation is complete you are asked

Done! Want to translate more?

Answer Yes and the entire process is repeated, starting at Step 1. Answer No and you are returned to the File Management Menu.

Completing the conversion of prior-year files. After performing a translation of prior year files YOU DO NOT YET HAVE A COMPLETED TAX RETURN for the new year because the conversion is a three-phase process:

Phase 1: Translation. The prior-year data are translated into the format of the current-year software and tax forms, but no calculations are yet performed.

Phase 2: Adjustment. The translated data are edited with new data, and all supporting worksheets are viewed to ensure proper recalculation based on the latest information on the new laws. This step is _absolutely necessary for all depreciation worksheets_, and often necessary for others.

Phase 3: Calculation. All IRS forms and schedules are recalculated from beginning to end under the new format and the new tax laws.

ALL THREE PHASES MUST BE PERFORMED to ensure an accurate return for the new tax year.

Let pro-forma printouts help you. If you have to make a number of adjustments to a return, whether it be to the worksheets or the IRS forms and schedules themselves, you may find it helpful to print prior-data pro-forma input sheets for the translated files. The pro-forma input sheets show the translated data with blank lines alongside for noting changes to be made. You can generate these printouts immediately after translating before making any adjustments at all. See Chapter 10 for details.

Don't bypass the Adjustment Phase! If the data you entered using the prior edition already reflect the numbers for the the new filing season, you may think you can bypass the Adjustment Phase. By preparing the prior-year return with the tax year entered on Form 1040 as the new year instead of the prior year, you ensured that a number of date-sensitive calculations were performed properly for the new return. However, two important facts dictate that you MUST review all translated supporting worksheets with the current-year software:

> 1 **Formats for worksheets change from year to year.** In keeping with our constant improvements to the software from year to year, the formats for supporting worksheets often change. Even when the look of the worksheet is the same, the internal workings may be different enough to require a recalculation of the translated worksheet.
>
> 2 **Subtle tax law changes may affect the worksheets.** While the prior-year software contains tax laws for the future, subtle changes in the law occur every year. The only way you can be assured that these changes are reflected in your supporting worksheets is to make sure that they are recalculated with the new software.

We therefore recommend that *your first step for a newly translated return is to access all supporting worksheets* (by pressing the Itemize Key, F10 or I, at the line on the IRS form to which they are attached) *and view them on the screen to force their recalculation, even if you do not change any entries yourself*. This step is *absolutely necessary for all depreciation worksheets*, and often necessary for others as noted in Intro B.

View ALL worksheets for a line. When you first view the translated supporting worksheets their sums are added anew to produce the total for the lines they support. If you view some but not all of the worksheets for a particular line, the new total for that line may reflect the viewed worksheets ONLY. This peculiarity exists only for worksheets whose internal format has changed from last year, and only the first time you access the translated worksheets. Nevertheless, *we recommend you view ALL translated worksheets for extra assurance*. (This peculiarity does not apply to worksheets created anew with the new edition, nor to general itemized lists.)

Beware major changes in format. Certain areas of the software have been changed so much, either to incorporate new improvements or to accommodate new IRS formats, that special effort is required on your part to ensure that the new return contains everything you expect from the old return. We recommend that you generate pro-forma printouts immediately after translation and review them to make sure all the required data is there. Furthermore, all redesigned worksheets must be viewed after translation in order for their data to be recal-

culated in the new formats. At press time no such redesigned worksheets had been identified, but *we recommend that you view ALL translated worksheets*, due not only to the possibility of these format changes but also to ensure that the translated amounts are still relevant for the new tax year. In most cases you will not have to change any entries, but you do have to access the work-sheets (by pressing the Itemize Key, F10 or I, at the line on the IRS form to which they are attached) so that they appear on the screen, which will force their proper recalculation. For example, if you skipped entering a social security number for a dependent child last year because that child was under age 1, when you view the translated Dependent Worksheet you will find that your blank entry for SSN for that child is changed to "SSN req'd!" once you view the worksheet, and you must enter the required social security number.

The FINAL PHASE: Final Recalculation. The calculations for the return must be completed before you can produce an official printout. If you allowed the cal-culations to carry to completion when you exited from the Adjustment Phase, the return should already be ready for printing. Otherwise you must choose the item on the Prepare Returns Menu to recalculate the return.

Client Lists and Mailing Labels

Printing client lists. Client lists provide an easy way to keep track of returns for clients by providing the name and other identifying information for all clients in a tax volume. The printout specifications for cover and billing letters are used in determining left margin, automatic paging, and typeface. You have the option to print these lists as soon as you choose 5 (CLIENT List/Filenames) from the File Management Menu. *You are immediately asked "Print as mailing labels?" If you answer No*, you are asked to align your paper and then *the printing of client lists proceeds for ALL volumes in the current Windows folder*. The lists are printed on a separate page for each tax volume, with the names of the clients left justified (including spouse names when spouse names are present), last name first. All other information is indented so that last names are easily spotted. The information printed includes the complete address and phone number of the client, and the social security number and occupation for each spouse, as illustrated in Figure 9-10. Each client uses four lines of a page, and the volume heading uses two, so a complete printout for a full volume will use 62 lines, which can be printed on one page by most printers.

Printing mailing labels. The mailing label facility also uses the printout specifi-cations for cover and billing letters. Label printing number, width, separation, and height of labels are entered in the printout settings, as detailed in Chapter 12. For conventional pin-fed labels, this is all you need to set. Once you choose 5 (CLIENT List/Filenames) from the File Management Menu, you are asked

Print as mailing labels?

If you answer Yes, you are next asked to align your paper, and the printing of the labels begins, with labels printed across as you specified in the program settings. The printing continues until labels are printed for all clients in all vol-

umes in the current Windows folder for the Storage Disk. (See Chapter 12 for more detail on printout settings.)

```
                                           Clients in Volume 01
Barbour, Bruce and Cynthia
        9876 Avery Street, No. 12        999-88-7777 and 111-22-3333
        Las Barcos, CA 91101             Manager
        (313) 112-3322                   Salesperson                   =
Amoro, Ronald and Kathleen
        1222 Everyman Road               998-22-2211 and 887-11-9922
        Hollywood, CA 90011              Actor
        (213) 887-8899                   Actress                       =
Thomas, Abner A. and Sherry Lynne
        887 Ambarcare Road               333-66-2211 and 666-11-4321
        Anatown, CA 90691                Real Estate Agent
        (765) 121-1222                   Assemblywoman                 =
PARSONS, Steven
        987 Friars Road                  098-87-5552
        La Canada, CA 90112              Actor
        (818) 881-1234                                                 =
WILFORD, WILLIAM Q. and MELANIE
        7744 Bonfire Road                444-66-9999 and 555-66-8888
        Compton, CA 91002                IRS AGENT
        (313) 333-2222                   RURAL MAIL CARRIER            =
FONG, Terrance
        9876 Hollyman Street             111-00-2222
        Los Angeles, CA 90012            Electrician
        (213) 887-2345                                                 =
Jonathan, Jerry and Mary
        8765 Linda Vista Road            122-66-9888 and 566-44-6543
        Las Palmas, CA 90110             Electrical Engineer
        (818) 333-2132                   Chemist                       =
Sample, Jonathan A. and Mary M.
        8822 Imaginery Rd                123-67-9876 and 565-45-6789
        Anytown, CA 99650                Civil Engineer
        (213) 999-2345                                                 =
Vare, Zachariah and Amy
        987 Venice Boulevard             221-33-2211 and 221-44-3311
        Los Angeles, CA 90015            Mail Carrier
        (213) 876-5432                   Sales Clerk                   =
```

Figure 9-10. Client List for a Tax Volume

Chapter 10

PREPARE Tax Returns

Overview

Three types of data entry. The software provides three types of data entry: the Road Map Method and two High-Volume Methods. The Road Map method is recommend for all but clerical personel who are entering data for tax professionls. The Road Map method is an interactive method in which calculations are performed as you enter the data so that you get instant feedback on your entries. It also provides a guide to the logical order for completing forms required for the return. By contrast, the High-Volume methods are static in that no calculations are performed as you enter data, but are designed for easy data entry from input sheets provided by the preparer. We detailed the Road Map method in Chapters 2 and 3 of the Tutorial section of this manaul, so we will only briefly review that method here. However, we will fully detail the High-Volume methods in the remainder of this chapter.

Starting a Return for the Road Map Method

Getting started. To start the Road Map method, first enter the preparation mode by choosing 2 from the Main Menu. The Prepare Returns Menu then appears with the currently active filename displayed in the upper left corner of the screen (Figure 10-1). If you don't get this far, but instead get a message that no tax volume was found, you must either change your Storage Disk specification in the program settings (Chapter 12) to a disk that already contains a current-year tax volume, change Storage Disks, or add a tax volume to the inserted disk, as detailed in Chapter 9. (Note that the individual federal, the individual California, and the partnership editions of the software each have

their own tax volumes, so you must create a new one for each new edition.)

Filename (from vol 01): Farnsworth, James

```
Return Path to Main Menu:
[-] PREPARE 1040 Tax Returns
→ 1  CHANGE Active Filename
  2  ENTER  1040 Road Map
  3  ENTER  Forms/Schedules
  4  RECALC Tax Returns
  5  PRINT  Data Organizers
Which do you choose?  1
```

Figure 10-1. Prepare Returns Menu

Select active filename. If you get to the menu in Figure 10-1 but the filename that appears is not the name of the return you want to prepare, choose 1 (CHANGE Active Filename) from the menu and select a different name from the directory or switch to another tax volume. (See Figure 10-2.) If you choose from the directory a name labeled "Unused," you are prompted to name the file before you can proceed. After you enter a name or select a previously named file the directory is redisplayed with the prompt

Is this O.K.?

at the bottom of the screen. If you make a mistake in your selection or mistype a new name, you can answer No to this prompt and you'll get another chance to make the proper selection. Once you are satisfied with your selection answer Yes, and the newly selected active filename is stored on your Storage Disk. You are then returned to the menu in Figure 10-1, and any other action you select from this menu will be performed for the new active filename.

Do you want auto-calc to remain active? When auto-calc is active,

```
[-] Filenames in volume    v01
→  1   Doe, John
   2   Smith, Harry Jr.
   3   Jones, Mary
   4   Farnsworth, James
   5   Unused
   6   Unused
   7   Unused
   8   Unused
   9   Unused
  10   Unused
  11   Unused
  12   Unused
  13   Unused
  14   Unused
  15   Unused
  16   SWITCH Tax Volumes
Which do you choose?  1
```

Figure 10-2. Directory for Selecting Active Name

the word AUTO appears in the upper right corner of the screen during data entry, and any time you change an entry calculations are restarted in the background to reflect the change and the word AUTO changes to the word CALC. As soon as you start another entry, those calculations are suspended until you make the new entry, then calculations are resumed taking the new entry into account. The background calculations only affect the form for which you are currently entering data. As soon as you exit from that form, however, the results are posted to other forms. Then, when you access any other form through the Road Map, calculations are resumed for other forms in the return if necessary to make valid the numbers that appear on the form you are accessing. The delays associated with these calculations are minimal if you always follow the natural order of the Road Map. If you tend to jump in and out of the natural order, however, you may prefer to turn auto-calc off to avert the delays. To do so, you must return to the Main Menu, choose 4 (CHANGE Program Settings) from the Main Menu, then 1 (GENERAL Information) from the Program Settings Menu, then change the answer for "Auto-calc during data entry" to No. The new setting is then stored on disk when you escape. When you return to prepare returns, calculations will no longer be performed in the background, but rather only upon your command, either through the RECALC Key (described in Chapter 7), choice 4 (RECALC Tax Returns) from the menu in Figure 10-1, or by answering Yes to "Recalculate Return" when you exit from data entry.

Enter Road Map to start the return. To enter the Road Map in the most direct way, choose 2 (ENTER 1040 Road Map) from the menu in Figure 10-1. Form 1040 is automatically created if it doesn't yet exist, and you are taken to the Form 1040 Menu (Figure 10-3) to start your data

```
[-] Form 1040  Main Form, pg 1
→  1   Taxpayer Info
   2   Spoouse Info
   3   Address
   4   Filing Status & Exemptions
   5   Your Wages, Salaries, Tips
   6   Spouse Wages,Salaries,Tips
   7   Total wages & other for 7
   8   Other Income      (8a-17)
   9     ''      ''      (18-21)
  10     ''   (21-22) & Nontaxable
  11   Adjustmnt  to Income(23-31)
  12     ''      ''      (32-37)
Which do you choose?  1
```

Figure 10-3. Form 1040 Menu

entry process. Press Return to accept 1 (Taxpayer Info) as your selection, and the first screen of Form 1040 appears. The top line shows the tax year for the return (which automatically starts as the tax year for the current edition). This entry is used to determine the length of time elapsed since a dated transaction (like the acquisition or sale of an asset), and to determine which of the built-in multi-year regulations to use in the calculations. For a new return you will also see an "r" on the screen to the right of the entry. This "r" signifies that the entry is supported through the Road Map by another form. Road Map lines are flagged by an "r" before you create the supporting form, but by an "i" once you create the supporting form, to indicate that the entry for the line comes from somewhere else. You can access that supporting form by pressing "i" for "itemize" (or the F10 key) while the cursor lies on the line. When you are done with the supporting form, you press Esc (Escape) to return to the supported form and the "r" changes into an "i." *(CAUTION: If you want to change an entry on a Road Map line you must do so on the supporting form, not the supported form. Any change you make on the supported form is only temporary and is overwritten by the supporting form during the final recalculation of the return.)* In this case the supporting form is the Control Form, which controls the tax year, auto-creation of forms, customizing of client letters, and other technical options. You can access the Control Form now by pressing the Itemize Key, F10 or I, while the cursor lies on the line. You needn't make any entries now, but you can see the current tax year setting here. You cannot reduce the year below the tax year for which the edition you are using is designed, but you can increase the tax year for tax planning purposes (in which various tax tables and calculations are indexed with inflation at the rate shown on the same screen, which is preset for the proper estimated taxes for the next year). Except for estimated tax payments, the Control Form contains specialized entries that you may never have reason to change. Once you are done viewing the Control Form, press the Esc (Escape) key to return to Form 1040 (the supported form). You will see required entries for name, social security number (SSN), and other taxpayer information. The ages are used in many age-related calculations, including IRA deduction limitations on Form 1040 and calculations on Schedules EIC and R, and Forms 5329, 6251, 8606, and 8615. Next press the Page Down Key until you reach the page for Filing Status. Enter a filing status number (from 1 to 5 as indicated on the screen) and any additional exemptions to which you are entitled. Filing status is used to determine IRS imposed limits on entries for most forms and schedules. Note that the personal and age exemptions for you and spouse are posted automatically based on your filing status and ages.

Preparing a Return by the Road Map Method

Look elsewhere for details. Because *the Road Map method is thoroughly reviewed in the Tutorial Guide*, only a brief outline of its operation is repeated here. If you need more guidance, please refer to Chapters 2 and 3 of this manual.

Following the Road Map. The built-in Road Map ensures that you complete all forms required by the IRS, and in the order for the most efficient calculation of your return. If you deviate from the Road Map the completed return will still be accurate and self-consistent when you are done, but the numbers that appear on the screen may not be the final numbers and the time required to recalculate the entire return before producing official printouts may be increased. To follow the Road Map just continue in order through Form 1040. Press the Page Down Key to proceed to the Other Income section (Figure 10-4) and you notice that several of the lines refer to a related form or schedule, such as Schedule B, Form 4797, etc. These lines are flagged by an "r" or an "i" to the right of their entries and are therefore Road Map lines as described previously for the Control Form. Another flag, "w," appears to the right of lines that can be supported by built-in worksheets rather than IRS forms, such as line 16a in Figure 10-4. This flag also changes into an "i" once the supporting worksheet is used (as illustrated in Figure 2-6 in Chapter 2 of the Tutorial Guide for the beginning of the Wages section of Form 1040). When you press the Itemize Key at one of the Road Map lines, control is automatically transferred to that form or schedule. Once you complete the form and press the Escape Key, you are returned to Form 1040 and the line at which you pressed the Itemize Key. By proceeding in order through each form, pressing the Itemize Key at lines supported by forms you need to use, you are assured of following the Road Map.

Preparing forms out of sequence. If you need to edit a form to adjust an entry, or merely want to complete selected forms for which you have the data ready, you may access any form directly. To do so without having to wind through the Road Map, choose 3 (ENTER Forms/Schedules) from the Prepare Returns Menu (Figure 10-1), choose the normal (Full-Window) format from the next menu if you want to still have access to the Road Map, then choose from the Forms Menu the number of the form you want to edit, and control is passed to that form. Once within the form you can still access other selected forms noted on the lines of the form, following the Road Map provided for that form. When you finally escape the original form with which you started, you are returned to the Forms Menu, and you can make another selection.

Completing the return. The final step after you

```
OTHER INCOME
→8a TAXABLE interest(Sch B)....        0    r
 8b TAX-EXEMPT interest........       0    r
 9a Ordinary dividends(Sch B)..       0    r
 9b Qualified dividends........       0    r
 10 Taxable refunds,etc.,of tax       0
 11 Alimony received..........        0
        SPOUSE part of line 11        0
 12 Business incme/loss(C,C-EZ)    7,930.   i
 13 Capital gain/loss. (Sch D)     4,547.   i
        Sch. D can be omitted?▦ No
 14 Other gains or losses(4797)       0    r
15aTot IRA distributions......       0
        SPOUSE part of line15a        0
 15b Taxable amt..............        0    r
        SPOUSE part of line15b        0    r
16aTot pens/annuities.........       0    w
        SPOUSE part of line16a        0
 16b Taxable amt..............        0
        SPOUSE part of line16b        0
 17 Rental,partnrshp,etc(Sch E)   -1,000.   i
```

Figure 10-4. Income Section of Form 1040

have entered all data is to escape from data entry and complete calculations. If you entered the Road Map through choice 2 of the Prepare Returns Menu (Figure 10-1), the final step occurs when you press the Escape Key at the Form 1040 Menu. If you entered through choice 3 instead, the final step occurs when you press the Escape Key at the Forms Menu. Either way, the exit will be relatively fast if you followed the Road Map in preparing the return, with most of the time spent to store the data on disk rather than to recalculate it to straighten out the return. If you did NOT follow the Road Map or you edited a single form, the computer must recheck the entire return and recalculate where necessary to ensure an accurate and self-consistent return. One way or another, calculations must be completed before official IRS-accepted printouts can be generated.

Use Quick Copy for a record of all entries for the return. If you don't yet need an official copy of the return but you want a printout to review, you can take a short-cut by printing a Quick Copy version of the return. A Quick Copy is a draft that is printed in an input sheet format yet includes calculated lines as well as data entry lines. It shows not only data that is printed on the official printouts for the IRS, but also all data entries used to produce the return. To produce a Quick Copy printout, choose 5 (PRINT Data Organizers) from the menu in Figure 10-1, then 1 (QUICK COPY Forms) from the next menu. You can then print the entire return or selected forms, with or without supporting statements.

Overview of High Volume Methods

Caution. This chapter describes methods of preparing tax returns that allow rapid data entry but forgo interactive operation in the interest of speed. The Road Map method is interactive when auto-calc is On because the computer reacts as you enter data. With the methods described here, on the other hand, calculations are deferred until you have supplied ALL data. These methods are designed for use by a high-volume tax practice. Although they could be used by individuals, they are generally NOT guided by a built-in Road Map and therefore require a prior knowledge of tax return preparation. The auto-calc Road Map method is much better suited for the novice because the entire form is shown on the screen, complete with calculated lines, results appear as they are calculated, and access to other forms is available through a built-in Road Map without requiring you to know ahead of time what forms you need to complete. By contrast, the high volume methods have little educational value for the novice to taxes and does not provide the interactive features that make tax planning easy, but they allow high-speed data entry by clerical assistants. *Nevertheless, some individuals may find it advantageous to use one or more of the techniques outlined here when they have a single correction to make in a form, or they want an unofficial draft of a return to help them pinpoint changes to be made*.

What is batch processing? Computer professionals would label some of our high-volume methods as batch processing. Such methods are used by computerized tax service bureaus to produce a high volume of returns without the

constant supervision of tax experts. Data entry is separated from computing. Raw data is written on preprinted input data sheets, and information from the input data sheets for any number of tax returns is entered into the computer (in a "batch") without waiting for complex computations to be performed. After all of the data for the batch have been entered, the computer takes over. Without operator assistance, the computer performs the calculation of all forms and schedules for the entire batch. This software is designed to process a batch of 15 returns at a time without human interaction.

For the professional. Batch processing allows the tax professional to devote time to tax considerations and still receive the benefits of computer accuracy in preparing returns. The professional records the tax data on familiar forms, creates control "hash totals" and, with confidence, hands the forms to clerical personnel for efficient data entry and computer processing. The "hash total" controls assure that accurate information is entered into the computer. Automatic processing by the computer then assures accurate computation regardless of the sequence in which the information was entered. Volumes of returns can therefore be processed without the professional using valuable time entering data into the computer and visually checking the results himself or herself.

What is available? The high volume methods are accessed through the same menu as is used to enter the Road Map (Figure 10-5). This menu is displayed when you choose 2 (PREPARE 1040 Tax Returns) from the Main Menu:

```
Filename (from vol 99): Mr. and Mrs. Sample

Return Path to Main Menu:
[-] PREPARE 1040 Tax Returns
 →  1   CHANGE  Active Filename
    2   ENTER  1040 Road Map
    3   ENTER  Forms/Schedules
    4   RECALC Tax Returns
    5   PRINT  Data Organizers
Which do you choose?  1
```

Figure 10-5. Prepare Returns Menu

1 **CHANGE Active Filename** lets you change the active filename displayed at the top of the screen. The active filename identifies the return to be prepared when you choose 2 or 3 from this menu. When you choose 4 or 5 from the menu you get the additional choice of performing the indicated function for *all* filenames in the active tax directory.

2 **ENTER 1040 Road Map** puts you into Form 1040 for the active filename with the Road Map in full force. With auto-calc on, the data entry is fully interactive.

3 **ENTER Forms/Schedules** lets you choose one of three separate methods of data entry. While the normal (Full-Window) method is interactive when auto-calc is on, the other two methods (Pre-format and True Batch) are never interactive. These non-interactive methods let

you supply data for as many returns as you want without ever calculating the returns, and therefore form the basis for batch processing.

4 RECALC Tax Returns lets you complete calculations for one or all returns in the active tax directory. This choice lets you calculate up to 15 returns at once without human supervision, and is therefore a critical part of batch processing.

5 PRINT Data Organizers lets you print blank data input sheets that are generic enough to be used for all clients, _pro forma_ prior-data input sheets that are customized to the client, or quick copy drafts of a return. Blank data input sheets show only data entry lines, with much of the text of the IRS forms and underlined blanks for your data. Any or all forms can be printed as blank data input sheets, irrespective of any returns already prepared. The prior data input sheets also show only data entry lines, including much of the text of the IRS forms, but include a column showing current data in addition to a column of underlined blanks for noting corrections. Quick copy printouts show both calculated and data entry lines, and can therefore be used as draft copies of actual returns. Both quick copy printouts and prior data input sheets can be printed for up to 15 returns at a time.

Choices 1 and 2 from this menu have been fully described in Chapters 2, 3, and 10. We'll concentrate here on the other three selections from the menu.

A typical batch operation. Batch processing generally involves the same sequence of steps for every client. Although the software is flexible enough to let you design your own procedures, a typical sequence follows:

Step 1. Prepare a tax directory of 15 filenames using the File Manager as described in Chapter 9.

Step 2. Print input data sheets on which data for clients will be written by choosing 5 (PRINT Data Organizers) from the menu in Figure 10-5. If prior data have already been stored on computer for the clients (such as data entered with the prior edition of _Tax Preparer_), use the pro forma printouts. Otherwise produce a set of blank data input sheets and make copies as needed for clients.

Step 3. Compile data from all clients and enter the information on the input sheets, including hash totals of reference line numbers and entries if you plan to use the hash total controls.

Step 4. Choose the filename for the next return you want to prepare by choosing 1 (CHANGE Active Filename) from the menu in Figure 10-5.

Step 5. Choose 3 (ENTER Forms/Schedules) from the menu in Figure 10-5, then choose a data entry method from the menu in Figure 10-6. Next enter data one form at a time by selecting each form directly from the Forms Menu that appears. When you finally exit the Forms Menu with the Escape Key, answer No when the prompt

Recalculate Return?

appears.

```
Filename (from vol 99): Mr. and Mrs. Sample


[-] SELECT Data Entry Method
  → 1  NORMAL     (Full-Window)
    2  PRE-FORMAT (Semi-Full)
    3  TRUE BATCH (Line-by-Line)
 Which do you choose?  1
```

Figure 10-6. Data Entry Options

Step 6. Repeat steps 4 and 5 for all clients named in the tax directory.

Step 7. Calculate all returns in the tax directory by choosing 4 (RECALC Tax Returns) from the menu in Figure 10-5, then answer Yes to calculate ALL returns when given the choice.

Step 8. Return to the Main Menu with the Escape Key, then print official returns for all clients by choosing 3 (PRINT Official Returns) from the Main Menu. When the Print Menu appears, change the filename to print from the single name shown to the selection "ALL Files." (See Chapter 11.)

For some clients there may be intermediate editing, Quick Copy draft printouts, and even on-screen interactive tax planning. But for most clients of a high volume business the above procedures are followed without variation. We'll detail steps 2 through 7 in the rest of this chapter. (Step 1 is detailed in Chapter 9 and Step 8 is detailed in Chapter 11.)

Generating Data Input Sheets

Computer-generated input forms. The data input sheets produced by the software are used to record raw data to be entered into the computer. You can print sheets for all IRS forms supported by the software or one at a time. Each sheet follows the general format of an official tax form, with some variations as noted below. When you choose 5 (PRINT Data Organizers) from the menu in Figure 10-5, you are next given a choice of printing format (Figure 10-7):

```
Filename (from vol 99): Mr. and Mrs. Sample


[-] PRINT Data Organizers
  → 1  QUICK COPY Printouts
    2  BLANK DATA Input Sheets
    3  PRIOR DATA Input Sheets
 Which do you choose?  1
```

Figure 10-7. Selecting Printing Format

1 QUICK COPY Printouts produces a printed record of all data entered. (See Figure 10-8.) They can be printed for selected forms or all forms, and for the active filename or all filenames. Like the official printouts described in Chapter 11, calculated lines as well as data input lines are printed. The printouts can therefore give you a quick look at a return before you produce official printouts. Unlike the official printouts, however, they can be produced even when calculations are not complete, and they show all

data entered, not just the results that are printed on IRS forms. These printouts are therefore <u>especially useful for Customer Service when you have questions or encounter problems</u>. *CAUTION: To ensure that calculated lines are correct for the Quick Copy, use choice 4 (RECALC Tax Returns) on the Prepare Returns Menu (Figure 10-5) before generating a Quick Copy printout of the return*.

2 BLANK DATA Input Sheets produces generic data input sheets with blanks for fill-in, complete with the reference numbers for batch data entry, and can be used for any client. (See Figure 10-9.) They can be printed for selected forms or all forms. Note that only data input lines are printed. Lines that are automatically calculated, including amounts taken from supporting forms, are not printed.

3 PRIOR DATA Input Sheets produces data input sheets that are similar to the blank data input sheets but are customized to the client. (See Figure 10-10.) They can be printed for selected forms or all forms, and for the active filename or all filenames. Printouts are produced ONLY for forms previously prepared for that client, showing the prior data as well as providing blank lines for the fill-in of new data. Once you have "translated" prior-year data using the File Manager, you can use these printouts as client organizers that remind the client or preparer of the entries from the prior-year return. Like blank data input sheets, only data input lines are shown, not calculated lines, and the reference number for each data input line is printed beside each entry.

```
Quick Copy(UNOFFICIAL) for Mr. and Mrs. Sample        Form  5    Page  1
Schedule B Interest & Divs (file volume 10)


_____
PART  I   INTEREST_____
    Seller-financed mortgage.....
    Other interest (itemize).....      1,858.  (i)
1   INTEREST SUBTOTAL............1      1,858.
    ACCRUED MARKET DISCOUNT......
        NOMINEE DISTRIBUTION.....
        ACCRUED INTEREST.........
        OID ADJUSTMENT...........
        ABP ADJUSTMENT...........
2  Add the amounts on line 1.....2      1,858.
        US savings bonds, etc....
3  Excludable interest on 8815...3
4  Subtract line 3 from line 2...4      1,858.
Invest exp on 1099-INT...
        Penalty-early withdrwl...
        Fed withhld on1099-INT...
        Invest exp on 1099-INT...
        Frgn tax pd on1099-INT...
        Tax-exempt interest......       788.
        OTHER for 1040 line 8b...
        Taxable ONLY by state....
        AMT pref for 6251,ln12...

_____
PART II ORDINARY DIVIDENDS_____
    Dividends on Form 8814,ln9...
    Other dividends  (itemize)...
5   DIVIDEND SUBTOTAL............5
        NOMINEE DISTRIBUTION...
6  Add the amounts on line 5.....6
        Qlfd divs on worksheets...
        Capital gain distrib'ns...
        Nominee distr in CGD...
        Net taxable CGD........
        Unrec 1250 gn in CGD...
        Sec 1202 gain in CGD...
        Collectibles (28%) gain...
        Nontaxable distribution...
        Fed withhld on 1099-DIV...
        Invest exp. on 1099-DIV...
        Frgn tax pd on 1099-DIV...
    Qualified divs for 1040, 9b...

_____
FOREIGN TAX SHOWN on 1099s_____
    Foreign tax shown on 1099s...
    Foreign tax from Form 8814...
      Tax on excluded income.....
      (per 1116 ln 12 instrns)
    Creditable foreign tax.......
    Elig. to omit 1116 so far....? Yes
      Elect & meet other rqmts...? No
      (per 1040 ln 48 instrns)
    Credit for 1040 line 48......
    Avail. For 1116 or Sch. A....
      Amt to deduct on Sch. A....
    Balance available for 1116...
```

Figure 10-8. Example of a Quick Copy

```
┌─────────────────────────────────────────────────────────────────────┐
│ Blank Data Input Sheet for                        Form  5   Page __   │
│ Schedule B Interest & Divs                                            │
│                                                                       │
│                                Ref#                                   │
│                                                                       │
│ ────────────────────────────────────────────────────────────────────│
│ PART I  INTEREST        __                                            │
│     Seller-financed mortgage.....  8 _____         │
│     Other interest (itemize).....  9 _____         │
│     ACCRUED MARKET DISCOUNT...... 11 _____         │
│         OTHER for 1040 line 8b... 27 _____         │
│                                                                       │
│ ────────────────────────────────────────────────────────────────────│
│ PART II ORDINARY DIVIDENDS_____                                   │
│     Other dividends  (itemize)... 34 _____         │
│                                                                       │
│ ────────────────────────────────────────────────────────────────────│
│ FOREIGN TAX SHOWN ON 1099s_____                                   │
│       Tax on excluded income..... 55 _____         │
│       (per 1116 ln 12 instrns)                                        │
│       Elect & meet other rqmts... 59   Yes ___   No ___               │
│       (per 1040 ln 48 instrns)                                        │
│       Amt to deduct on Sch. A.... 63 _____         │
│                                                                       │
│ ────────────────────────────────────────────────────────────────────│
│ PART III  FOREIGN ACCOUNTS                                           │
│         AND TRUSTS_____                                           │
│ 7a Anytime during 2014,did you                                       │
│  have financial interest in or                                       │
│  signature authority over an                                         │
│  account in a foreign country ... 71   Yes ___   No ___               │
│  If Yes, are you required to                                         │
│  file FinCEN Form 114 to re-                                         │
│  port that interest/authority ... 78   Yes ___   No ___               │
│  See FinCEN 114 & instrn's                                          │
│  for requirements & exceptions                                       │
│  b If req'd to file, name of                                        │
│    foreign country(2-ltr code)... 84 _____         │
│    (Press F10 to list several)                                       │
│ 8  Durng 2014,did you rcv dist                                      │
│  from,or were grantor of,or                                         │
│  transferor to,a foreign trust... 88   Yes ___   No ___               │
│                                                                       │
│ ────────────────────────────────────────────────────────────────────│
│                HASH TOTALS:  ___ _____             │
└─────────────────────────────────────────────────────────────────────┘
```

Figure 10-9. Example of a Blank Data Input Sheet

```
Prior Data Input Sheet for Mr. and Mrs. Sample        Form  5    Page __
Schedule B Interest & Divs (file volume 10)

                                  Prior Data    Ref#    Changed Data
_____
PART I   INTEREST INCOME_____
     Seller-financed mortgage..                 8   _____
     Other interest (itemize)..   1,858.  (i)   9   _____
     ACCRUED MARKET DISCOUNT...                 11  _____
        OTHER for 1040 line 8b                  27  _____
_____
PART II ORDINARY DIVIDENDS_____
     Other dividends  (itemize)                 34  _____
_____
FOREIGN TAX SHOWN ON 1099s_____
       Tax on excluded income..                 55  _____
       (per 1116 ln 12 instrns)
       Elect & meet other rqmts? No             59   Yes ___   No ___
       (per 1040 ln 48 instrns)
       Amt to deduct on Sch. A.                 63  _____
_____
PART III   FOREIGN ACCOUNTS
         AND TRUSTS_____
7a Anytime during 2014,did you
 have financial interest in or
 signature authority over an
 account in a foreign country ? No              71   Yes ___   No ___
 If Yes, are you required to
 file FinCEN Form 114 to re-
 port that interest/authority ? No              78  Yes ___   No ___
 See FinCEN 114 & instrn's
 for requirements & exceptions
 b If req'd to file, name of
   foreign country(2-ltr code)                  84  _____
   (Press F10 to list several)
8  Durng 2014,did you rcv dist
 from,or were grantor of,or
 transferor to,a foreign trust? No              88   Yes ___   No ___
_____
                          HASH TOTALS:   ___  _____
```

Figure 10-10. Example of a Prior Data Input Sheet

Setting up the printer. As with all printing, you must properly set up the print-er, with the proper paper alignment and program settings. You must also have the printer connected to the port identified in your program settings, and must have already supplied any needed setup characters through the Change Pro-gram Settings mode. _HINT: As long as you retain the default settings in the software for Windows Printing, you should not have to make any changes in the setup_. (See Chapter 11 if you have trouble with printing, and Chapter 12 if you have to change any program settings.)

Selecting files to print. When you choose 1 or 3 from the menu in Figure 10-7, a menu like the one in Figure 10-11 appears, requiring you to choose whether you want the printout generated for the active filename only or all returns in the active tax directory. (If you want to generate the printout for a different filename or a different tax directory you must return to the menu in Figure 10-

5, through the Escape Key, and choose 1 to select a different name or directory.)

```
Filename (from vol 99): Mr. and Mrs. Sample


[-] PERFORM Operation for
  → 1   Active Fileoname ONLY
    2   ALL Filenames on Disk
  Which do you choose?   1
```

Figure 10-11. Selecting Files to Print

Selecting forms to print. No matter which printing format you chose, a Forms Menu like the one in Figure 10-12 appears next. When you choose any number other than 1, the selected form ONLY is printed. When you choose 1 (ALL forms), however, all IRS forms and schedules are printed. For blank data input sheets all forms that are built into the software are printed; for quick copy printouts and prior data input sheets only forms already started for the named file are printed. Whether you choose to print one or all, you are next asked

Print supp'g worksheets too?

If you answer no, just the input sheets for the IRS forms are printed. If you answer yes, ALL special worksheets that support each form are printed after each form. (See Table 18-3 in the *Tax Forms Guide* for a list of the available worksheets.) *Note that when you choose to print blank data input sheets and answer Yes to printing worksheets, a separate blank worksheet is printed for each and every line that is supported by a special worksheet, so the packet of printouts can get quite large*.

Printing in progress. After making the forms selection the appropriate text of the forms is read into the computer. Forms like the ones illustrated in Figures 10-8 through 10-10 are produced. Note that calculated lines, including lines that get their amounts from other forms, are not printed on input sheets, so an input sheet can be quite brief for some forms. Once the printout is completed you are returned to the menu for your further direction of the printing. The printing can be suspended with the Space Key and exited with the Escape Key at any time.

```
[-] SELECT Form to Print
  → 1 ALL form   16 1310      31 4255      46 6252      61 8812      76 8910
    2 1040pg1    17 2106      32 4562      47 6478      62 8814      77 8917
    3 1040pg2    18 2120      33 4684      48 6765      63 8815      78 8936
    4 Sch A      19 2210      34 4797      49 6781      64 8822      79 8941
    5 Sch B      20 2210-AI   35 4835      50 8283      65 8824      80 8948
    6 Sch C      21 2350      36 4868      51 8332      66 8828      81 8949
    7 Sch D      22 2441      37 4952      52 8379      67 8829      82 8959
    8 Sch E      23 2555      38 4970      53 8396      68 8839      83 8960
    9 Sch EIC    24 2848      39 4972      54 8582      69 8846      84 8962
   10 Sch F      25 3468      40 5329      55 8586      70 8853      85 8965
   11 Sch H      26 3800      41 5405      56 8594      71 8862      -- ----
   12 Sch J      27 3800p3    42 5695      57 8606      72 8863      87 Sch D Tax
   13 Sch R      28 3903      43 5884      58 8611      73 8867      88 1040-ES
   14 Sch SE     29 4136      44 6198      59 8615      74 8880      89 1040X
   15 1116       30 4137      45 6251      60 8801      75 8889      90 e-file
  Which do you choose?   1
```

Figure 10-12. Forms Menu for Printouts

Recording onto Input Forms

Maintain a file of blank forms. We recommend establishing a folder for each of the blank data input sheets that are common to your tax practice. Your office copier can generally produce multiple copies faster than your computer's printer. Input sheets for forms that are infrequently used may be printed from the computer as needed. We also recommend printing prior data input sheets prior to the client interview for the new tax season for all clients with returns processed by this software in the previous year. The prior data input sheets can be used during any interviews with clients.

Record the tax information. During or after the client interview, record the tax information on the appropriate input sheets. This is the information that will appear on the return. Identify each data input sheet with the filename you will use for the return, which can be any combination of numbers and letters up to 26 characters long.

The hash totals. Hash totals provide a control that assures agreement between the entries in the computer and the information recorded on the input sheets. These hash totals are used only in the True Batch method of data entry detailed later. If you use this method you should calculate hash totals with an adding machine and record them on the input sheets. Two types of hash totals are used:

> **Reference number hash totals.** This is an adding machine total of the reference numbers on all lines with recorded entries, whether the data type is text, number, or question, and whether the entry is made directly or through a supporting statement. These hash totals ensure that all lines of the input sheets that have new entries were indeed entered into the computer.

> **Numeric entry hash totals.** This is an adding machine total of all numeric entries written on the input sheets. Alphabetic entries such as name, address, dates, or social security numbers are NOT included in these totals, nor are amounts that are entered in supporting statements. This hash total ensures that all numeric values were properly typed into the computer.

When completing the input sheets please note that hash total controls are NOT used for supplying data for supporting statements. Moreover, _the numeric hash total for a form specifically excludes_ amounts for lines that get their entry automatically from a supporting statement. (On the other hand, _the reference number hash total DOES include_ the reference number for a line itemized to provide support.)

Why use hash totals? Although the use of hash totals is optional, we strongly recommend their use when data are entered by people other than tax professionals because they mitigate nearly all typing errors that can be made by the data entry personnel. An accurately calculated return is entirely dependent upon complete and correct information being entered. There is no substitute for the hash totals to assure complete and accurate data entry by clerical personnel who have no knowledge of taxes.

Entering Data into Computer

Selecting the method. The high volume data entry formats are accessed from the menu in Figure 10-5 by choosing 3 (ENTER Forms/Schedules). The data entry options then appear in the menu in Figure 10-6. Your options are

1 NORMAL (Full-Window). This page-oriented format is the same as the format used in the familiar Road Map method, except that you can enter a form directly rather than through the Form 1040 Road Map. For high volume use you would normally change program settings (Chapter 12) to turn auto-calc off (that is, answer No to "Auto-calc during data entry?" on the first page of program settings). Since the method is detailed in Chapters 2 and 3, it is not detailed here at all.

2 PRE-FORMAT (Semi-Full). This format is page-oriented like the Full-Window format except that lines that get their entries from calculations or from transfers from other forms are omitted. No calculations are performed on the screen during data entry except for the calculations that are built into supporting statements (special worksheets and general itemized lists). The same reference number that appears on data input sheets appears on the screen by each line to identify the line to clerical personnel. (See Figure 10-13.) Note that since lines that get their entries from transfers are not shown, the Road

```
PART I   INTEREST
 →    Seller-financed mortgag  8         0    w
      Other interest (itemize  9     1,858.   i
      ACCRUED MARKET DISCOUNT 11         0
          OTHER for 1040 line 27         0
```

Figure 10-13. Example of Pre-Format Data Entry

Map is not available to move from form to form. You must access each form from a Forms Menu similar to Figure 10-12. Except for the lack of a Road Map and the inability to view calculated results, however, data entry by the Pre-Format Method is the same as data entry by the Normal Method. Cursor keys place the cursor on the line you want to change, the Itemize Key provides you with general itemized lists or special worksheets to support an entry, and paging keys sequence you through the entire form. This method is therefore not separately detailed here.

3 TRUE BATCH (Line-by-Line). This format is line-oriented, like the data entry techniques used by the large computerized tax service bureaus, in which data are entered one line at a time by reference number and amount from previously completed data input sheets. The reference numbers that you must use are printed on blank data and prior data input sheets. The True Batch Method is totally different from the other two methods, so it is detailed here. It is intended for the professional who completes input sheets and turns them over to a clerical assistant for entry into the computer. *This is the only method that takes advantage of hash total controls*.

True Batch data entry. With this method only one line of a form appears on the screen at one time. When you select a form, the display starts with the first data entry line for

```
Ref No.(from data input sheet)       8
→    Seller-financed mortgage..      0    w


        Press Esc to exit this form
```

Figure 10-14. Initial Screen for Schedule B

that form, with the rectangular cursor next to the reference number. If this is the reference number for a line you want to edit, you can press the Enter Key and the cursor moves to the entry. Otherwise you must type a new reference number. Once you enter a new reference number, the corresponding line description is displayed followed by the prompt for data entry. For example, if, for the sample return, we access Schedule B, the screen in Figure 10-14 appears. However, if we want to make an entry for interest from other than a seller-financed mortgage, we must change the entry for reference number from 8 to 9. Once we change the entry the screen in Figure 10-15 appears. The cursor now lies on the entry, ready for you to edit. If you type a new entry, the prompt returns to the reference number so that you can supply the next reference number and entry.

Entering supporting statements in True Batch. As with the other methods of data entry, True Batch data entry is supported by general itemized lists and

```
Ref No.(from data input sheet)       9
→    Other interest (itemize)..      0    w


        Press Esc to exit this form
```

Figure 10-15. True Batch Editing on Schedule B

special worksheets. You access the line you want to itemize by typing the reference number first, as usual. When the data entry line appears, however, you must press the Itemize Key rather than retyping the entry. You are then transferred to the built-in support in the form of either a general itemized list or special worksheet. For example, if you pressed the Itemize Key at the data entry line in Figure 10-14, you would reach a 1099-INT worksheet designed to support line 1 of Schedule B. Unlike all other parts of the high volume data entry, calculations ARE performed as you enter data in such supporting worksheets or general itemized lists. And you can complete as many worksheets or lists as you want (subject to disk space limitations) to support the line. When you return from the supporting worksheets or itemized lists the results of the calculations are automatically posted to the appropriate lines. _CAUTION: Entries made into itemized lists and worksheets are not added to the hash totals_, so that you do not have to manually sum the results of numerous supporting statements.

When hash totals appear. After ALL entries written on the input sheets are entered in the computer, you must press the Escape Key to indicate that you

are finished with the current form. If you are using the True Batch method, a hash total comparison chart then appears as illustrated in Figure 10-16. You must now enter your manually-computed reference number and data entry

YOUR Ref No. Hash Total			25
Actual Ref No. Hash Total			25
		Error	0
YOUR Numeric Hash Total			3,072.
Actual Numeric Hash Total			3,172.
		Error	100.

Figure 10-16. Hash Total Comparison Chart

hash totals. Your totals are then compared with the hash totals that were tallied by the computer as you entered data, and any differences are displayed to help you pinpoint the error.

How hash totals can disagree. There are a number of reasons why a difference may exist between your totals and the computer's totals:

1 **You incorrectly typed a data entry.** You must generally check all entries to find the mistake.

2 **You incorrectly typed a reference number.** You may have to view the completed form with the Pre Format method to pinpoint the error, since a line you did not intend to complete may now have an entry.

3 **You skipped a line when entering data.** This error is easy to identify because the displayed differences will equal the missing reference number and the missing data entry.

4 **You computed the hash total incorrectly.** You should take great care when computing hash totals for your data input sheets because these are your only controls over clerical errors.

5 **You computed no hash total for the data input sheets.** Although this approach is acceptable to the computer, we do not recommend it if the data are entered by clerical personnel.

When an error is detected you have a chance to correct it because the question

Want to alter any entries?

appears at the bottom of the screen (Figure 10-16):

Yes allows you to correct the previous entries. The data entry mode is reentered and you can retype the erroneous entries. The new entries replace the previous entries and update the computer-generated hash totals for a new comparison chart.

No allows you to leave the form whether or not the hash total indicates an error. The Forms Menu is redisplayed for selection of another form.

Print new Prior Data Input Sheets to pinpoint errors. If you have a hash total error but cannot pinpoint it, generate a new Prior Data Input Sheet for the affected form. You can then compare the new printout with your hand-completed input sheet. To do this you must escape from the return, through the Forms Menu, and return to Figure 10-5. Then choose 5 (PRINT Data Organizers). When Figure 10-7 appears, choose 3 (PRIOR DATA Input Sheets). From the Forms Menu that appears next, choose the form in which you have the error.

(Note that since the results of supporting statements are never included in the hash totals, you need not print them for this purpose.) When the printing is finished you will not only be able to check the entries but you'll also have a new data entry sheet for entering corrections.

Calculating Returns

When to calculate. Complete calculations can be initiated after all data are entered for a tax form, all data are entered for a client's return, or all data are entered for an entire batch of input sheets for all clients on the disk. Unless you need to preview the results of a prepared return, you can defer all calculations until you are finished with all returns.

How to calculate. Calculations are automatically performed for all the forms and schedules of a return in the proper sequence regardless of the sequence in which they were completed. When you use the pre-format method of data entry you are given a chance to calculate a return when you exit from the Forms Menu after having entered new data. If you want to calculate at that time just answer Yes to the prompt

<p align="center">Recalculate return?</p>

If you choose to defer calculations, however, or you use the true-batch method of data entry, you can calculate by choosing 4 (RECALC Tax Returns) from the menu in Figure 10-5. You are then given the choices in Figure 10-17. If you choose 1, only the return for the currently active filename is calculated. If you choose 2, all returns in the currently active tax directory are calculated. With either choice you can leave the machine unattended while the processing of the returns is completed. Once calculations are complete, official printouts of the returns are ready to be generated.

Fully calculated returns are not recalculated. When you try to calculate a return for which calculations are already complete,

```
Filename (from vol 99): Mr. and Mrs. Sample

Return Path to Main Menu:
PREPARE 1040 Tax Returns
[-] PERFORM Operation for
 → 1  Active Filename ONLY
   2  ALL Filenames in Volume
 Which do you choose?  1
```

<p align="center">Figure 10-17. Menu for Calculations</p>

the computer returns you to the menu in Figure 10-5 WITHOUT recalculating the return so that no time is wasted unnecessarily. The software automatically averts recalculation when no data have changed since the last calculation.

Chapter 11

PRINT Official Returns

Overview of Printing

Operating details appear elsewhere. The emphasis for this chapter is how to ensure that your printouts will be accepted by the IRS for filing, including paper and printer requirements. Operating details appear elsewhere:

- Step-by-step operating details are given in Chapter 4 of the Tutorial Guide for the printing of graphic forms, draft forms, and cover and billing letters.

- Program settings for the proper operation of your printer are detailed in Chapter 12. The majority of troubleshooting guidance appears later in this chapter, but additional help is provided in Chapter 15.

Official printouts accessible only from Main Menu. The only printouts that are IRS-accepted are those that are accessed from the Main Menu. Briefly reviewing the information detailed in Chapter 4, when you choose 3 (PRINT Official Returns) from the Main Menu you are presented with the choices:
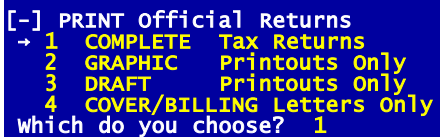
1 CHANGE FILENAME to Print. Make this choice to select a different filename to print from that shown on the top line of the screen. You can choose any of the 15 names in the current volume, switch to a different volume, or choose to print ALL files in the volume.

2 PREVIEW on Screen. Make this choice to see a draft facsimile printout on the screen (to check the printed results without using paper). The return is displayed 1/3rd of a page at a time (22 lines), advancing to the next screen upon the press of any key.

3 PRINT on Printer or Disk. Make this choice to select the printing of a return to the device you specified in your program settings, such as a printer or a disk.

4 ELECTRONIC Filing Output. *(Standard and Premium Levels only.)* Make this choice to create files that can be handled by the e-file transmission software you purchase from us, in order to send returns to the IRS under the *IRS e-file* program.

When you choose 3, above, you are presented with the Printout Menu (Figure 11-1), giving you a number of options for printing:

1 COMPLETE Tax Returns. Make this choice to print returns complete with cover letters and graphic tax forms with the look and feel of IRS forms, with supporting statements intended for the

Figure 11-1. Printout Menu

IRS. *(For the Economy Level, only Form 1040 can be printed as a graphic form. All other forms must be printed as text-based facsimile printouts, which we call "DRAFT printouts.")*

2 GRAPHIC Printouts Only. Make this choice to print all forms and schedules, or selected ones, as graphic printouts with *the look and feel of IRS forms*. As long as you retain our Program Settings for

printers, with *Windows Printer* as the default printer, you should be able to print graphic forms without problem on virtually any ink-jet or laser printer. *(For the Economy Level, only Form 1040 can be printed as a graphic form. All other forms must be printed as text-based facsimile printouts, which we call "DRAFT printouts.")*

3 DRAFT Printouts Only. Make this choice to print forms and schedules, or selected ones, as text-based facsimile printouts. *This is the choice to use for the fastest printouts for a preview of the return*. They are similar to IRS forms in layout, but are restricted to using only the standard non-proportional Courier typeface of fixed size. As a result, labels for lines are abbreviated in order to maintain the IRS layout, and no graphic lines or symbols appear.

4 COVER/BILLING Letters Only. Make this choice to print cover and/or billing letters individually.

Most of you will choose 1 once the return is complete and ready to file. However, choices 2, 3, and 4 give added flexibility not available with choice 1. Choice 1 is preprogrammed to produce a complete return exactly as it will be filed with the IRS, plus cover and billing letters if you so choose. By contrast, choices 2 and 3 let you print single forms, with or without support, support only, and even an expanded version of support that includes personal support not meant for the IRS. And choice 4 lets you print cover letters alone or billing letters alone, rather than making you choose both or none. *HINT: For your protection, official printouts cannot be produced for any file for which computations are not yet complete. If you encounter a "Calculations not complete" message, you must return to the "PREPARE 1040 Tax Returns" menu and choose "RECALC Tax Returns" to attempt anther recalculation*. (Unofficial copies of incomplete returns can be printed with the Quick Print or Data Organizer features in the *"PREPARE 1040 Tax Returns"* mode..)

IRS Rules on Printouts

Printouts must meet IRS standards. An IRS-accepted printed version of any form, schedule, or supporting statement can be generated on virtually any printer through choice 3 (PRINT Official Returns) on the Main Menu. We recommend graphic printouts for returns filed with the IRS. Graphic printouts are available in our Standard Level and Premium Level software for all forms supported by the software. For the Economy Level, graphic printouts are available only for the main signature form (e.g., Form 1040). (Although the IRS has traditionally accepted our text-based "draft" printouts, they no longer officially approve the forms. We therefore recommend our "draft" printouts only for your own use, not for filing with the IRS. California's FTB is strict about this. They do not accept text-based facsimiles at all for filing, so our "draft" printouts always have the phrase "DO NOT FILE" printed at the top of each form. Detailed regulations are found in IRS Publication 1167, Substitute Printed, Computer-Prepared and Computer-Generated Tax Forms and Schedules. HowardSoft's graphic forms are accepted by the IRS under these regulations.)

IRS nomenclature for printouts. Two types of computer printouts are distinguished by the IRS: computer-prepared forms and computer-generated forms.

Computer-prepared forms are preprinted forms that are filled in by computer, with data entries printed by computer into the blanks on the preprinted form. Computer-generated forms are substitute forms that are printed wholly by computer to simulate the official forms that they replace. Although Howard-Soft still supports computer-prepared forms, we recommend only computer-generated forms, which includes both our graphic and draft forms.

Graphic (computer-generated) forms preferred. Graphic forms that follow IRS guidelines for the look and feel of *bona fide* IRS forms are always preferred by the IRS and recommended by us. But there are some guidelines that you must follow when generating the printouts:

> **Paper must meet size requirements.** If you print onto paper other than the standard letter size, you must cut it into 8-1/2 x 11 inch sheets before submission to the IRS.

> **Paper must meet weight requirements.** The weight, quality, and thickness of the paper must generally be as good as the official form it replaces. Minimum thickness is .003 inch. Most common printer and bond paper are therefore acceptable, but especially thin paper is unacceptable.

> **Typeface.** A standard *pica type size is required*. Type size must therefore be 10 characters per inch for all characters (variously called monospaced or fixed). No other type size will preserve the correct position of text and boxes. Furthermore, Courier typeface is preferred, and fancy typefaces, including italics and script, are not allowed. *When you use our default setting (Windows Printer), the proper typeface and type size is ensured*. But even with non-Windows printing (*supported only for 32-bit Windows*), most printers use pica type size and Courier typeface by default when power is turned on, so no special effort is normally required to ensure the proper type size (although we show you in Chapter 12 how to change the typeface for non-Windows printing).

Any new requirements are highlighted in the separate, annually-updated *Tax Forms Guide* for the edition year you are using.

Fill-ins (computer-prepared) preferred by some. Computer-prepared forms (or "fill-in" printing on pre-printed forms) were common in the early days of tax software, but their use has almost totally disappeared because the technology of computer-generated forms has advanced so far, especially for Windows printers. When using fill-in printing, the tax return data were either printed onto *bona fide* IRS forms or printed onto blank paper and photopied under a transparent copy of the IRS form. However, the process of setting up a computer to fill in a preprinted form is extremely tedious, so the use of transparent overlays was always preferred. It is conceivable to use this method with the Economy Level software for forms other than Form 1040, but draft printouts may be accepted by your regional IRS for all but signature forms like Form 1040. (The graphic printing of Form 1040 is supported even at the Economy Level.)

IRS requirements automatically met. The IRS also issues requirements on specific aesthetic details of the printouts and their collation:

Decimals. A decimal point is required on all dollar amounts, even though the cents part may be zero. When the cents is zero, a blank is pre‐ferred over 00.

Zeroes. A blank is preferred over a zero in most cases where the entry is zero or not applicable. (The software prints a zero for those few lines where it is required.)

Number of pages. The number of pages of the form or schedule must match the number of pages of the IRS Official form, with page breaks at the same place as the original, with few exceptions. The only exceptions taken by HowardSoft to this rule are those specifical‐ly cited in IRS Pub. 1167 as being acceptable, such as omitting page 1 or 2 of Schedule E, page 2 of Schedule F, and page 1 or 2 of Schedule SE when the data allows it.

Supporting statements cross-referencing. Details not printed on the IRS form or schedule, but submitted in a separate statement instead, must be cross-referenced with a unique number on both the IRS form and the supporting statement.

Supporting statement pagination. Supporting statements for separate forms and schedules must be printed on separate sheets of paper.

Collation. The return should be submitted with the main form (such as Form 1040 or Form 1065) first, then its supporting forms and sched‐ules in the order of their IRS attachment sequence numbers (NOT the form numbers), then supporting statements in the same order as the forms they support. Attachment sequence numbers appear in the up‐per right corner of each form, such as 27 for Form 4797, which indi‐cate the prferred order of collation. *(Exception: Form 1040 no longer carries an attachment sequence number, but Form 2210, which car‐ries an attachment sequence number of 06, is now preferred to be placed before Form 1040.)*

Rounding. When rounding is used it must be applied consistently throughout the return. The components of a particular line entry, however, must NOT be rounded; only the TOTAL entry for the line should be rounded.

Consistency. No amount on a form can be inconsistent with the form or schedule that supports it. The software ensures this consistency by preventing certain critical lines from being permanently overridden.

The software automatically meets all of the above IRS requirements with its graphic printouts.

Paper Options

Many ways to print. While Windows-graphic printing is by far the easiest way to print high-quality IRS forms, old habits die hard for some people, and some people have older printers that make Windows-graphic printing impractical. In addition, some people have found that printing with their non-Windows laser printer using tax fonts and HP emulation (what we call "laser-graphic printing") can be accomplished must quicker than Windows-graphic printing. Therefore, the software provides additional options, intended for those who use older

equipment operating under 32-bit Windows or use the Economy Level software:

Windows-graphic printing. This is the recommended method if you have the proper equipment. It provides high-quality graphics with virtually any Windows printer, and is the default choice for graphic printing. *This is the only reasonable option for 64-bit computers.*

IRS Form 1040. Using a bona-fide IRS form is possible if you follow the hints provided below.

Pre-printed transparent overlay. The overlay is placed over the printed product (on blank paper) of any printer, then copied by a Xerox or other copier. Professionally produced overlays accurately reproduce the position of lines and boxes so that alignment is easy. (Note that the IRS accepts two separate pages for their forms. Two-sided printing is neither required nor recommended by the IRS.)

Homemade transparent overlay. You can make your own overlay with clear acetate sheets and a copier, but alignment requires special care as detailed in the hints provided below.

Laser-graphic printing. *(32-bit Windows only)* If you have an HP-emulating laser printer with the proper tax fonts, and you connect the printer to a 32-bit computer through a parallel port (typically LPT1), you can use our non-Windows laser option (Special = 1). *(Under 64-bit Windows, the entry Special = 1 results in a disk file that can be used on a 32-bit computer with the proper equipment to produce the proper printout.)* The printouts look nearly identical to those produced by a high-quality Windows Printer, but printing speed is often much higher because the complexities of Windows printing are avoided. To use this method, the printer must recognize HP's PCL4 printing language, must has a tax font installed (often a soft font), and must be connected to the computer through a parallel port rather than a USB plug.

The best choice for you depends on your equipment and the number of returns you prepare.

Using transparent overlays. (*Economy Level only*.) If you use preprinted plastic overlays you can print the data for entire return on plain paper. Then, you can photocopy each printout with a graphic overlay placed on top, thereby producing a copy that is acceptable to the IRS. Complete overlay sets can be made by photocopying graphics forms onto transparencies, but the graphic forms must be HowardSoft's forms to ensure perfect alignment.

Hint on using home-made overlays. (*Economy Level only*.) When you make a transparency with a copy machine, the transparency may be slightly larger or smaller than the original, making good alignment directly with the computer printout impossible. You can often compensate for this distortion, however, by making copies of the computer printouts on the same copy machine as was used to make the transparency; the printout will then be expanded or shrunken by the same amount as the transparency so that good alignment is possible when the transparency is placed over the copy of the computer printout.

Using preprinted paper. (*Economy Level only*.)   The use of preprinted forms eliminates the need for making photocopies, but requires you to reload paper whenever you want to fill in a different preprinted form.

> **Form 1040, pages 1 and 2.** *Although a graphic Form 1040 is supported at the Economy Level, problems with older equipment may force you to abandon its use, in which case these tips may be helpful*. Direct photocopies of the IRS form are acceptable for Form 1040, although better alignment is achieved by copying HowardSoft's graphic Form 1040. The tab adjustments provided for Form 1040 allow the accommodation of differences between IRS and HowardSoft Form 1040, as explained in the separate, annually-updated *Tax Forms Guide*. For proper alignment, the top of page 1 of Form 1040 must be positioned nearly directly in line with the printer head. If your printer is incapable of gripping paper in this position, you should tape a pin-fed blank page leader to the first Form 1040 that you use. This will make aligning the alignment dots easy and avoid wasting a whole page of pre-printed Form 1040 paper.

> **Other forms and schedules.** Tab adjustments are not provided for any forms other than Form 1040, so you MUST use a form that is nearly identical to the HowardSoft's forms. However, we strongly recommend against using pre-printed forms other than Form 1040 because no provision exists for aligning the forms in the printer. Overlays, laser-graphic printing, and Windows-graphic printing are the only practical alternatives.

Hints and Troubleshooting

Operating the printer properly. Step-by-step _details on generating printouts are given in Chapter 4_, but you may have to configure the software for your printer. Because there are so many different brands and types of printers, and many different ways to connect them to your computer, they are a major source of confusion. _If your printer setup is standard, you should be able to generate printouts without having to reset anything_. In many cases, however, the program settings will need to be changed. Even with the proper settings, however, you should follow these rules because some printers are not adaptable to unpredicted behavior:

> 1 Do not turn printer power off while printing is in progress.
> 2 Make sure the external printer switches are properly set for normal operation.
> 3 Make sure the internal printer switches are not switched to nonstandard settings.
> 4 Make sure there is plenty of paper, with no chance for paper jamming or running out of paper before printing is complete.

If you have trouble. If you cannot generate printouts successfully with the original program settings, you may have to reset some of the program settings to work properly with your printer. The procedures for changing program settings are detailed fully in Chapter 12. Factors that may lead to a need to change the settings include

Use of a non-USB printer. The original Program Disk is set to operate off-the-shelf with a standard Windows printer connected to the computer through a USB port. The printout device specification, setup characters, and other parameters may have to be modified for use with an older printer, or for high-speed laser-graphic printing if you have the proper equipment.

Right column 1-inch too far to the left. The original program settings assume a standard pica type (10 characters per inch). When elite type (12 characters per inch) or compressed type (17 characters per inch) is used, the printouts will be too narrow, and your data will not align properly with the Form 1040 graphics. *This problem is virtually impossible with Windows printing*, but is common with older non-Windows printing (Special = 0 or 1). It is possible only when the internal switches of the printer are set at the factory for elite type. To achieve acceptable printouts, you must therefore either change the program settings as detailed in Chapter 12 or change the internal switches in the printer. For example, using *setup characters of (27)N on Imagewriter printers ensures pica type*. The IRS prefers pica type, but if you want to use elite type anyway, you can achieve proper dimensions for the printouts by properly modifying BOTH the setup characters AND the characters per line.

Laser printers and others with automatic paging. This problem is *also virtually impossible with Windows printing*. But with non-Windows printing, printers that provide automatic paging can cause the problem when the auto-skip feature of the printer is turned on. If the auto-skip feature cannot be turned off (through special setup characters or internal printer switches), you must let the computer know through the program settings. Otherwise, the bottom of one form may appear at the top of the next form in error. (Note that when you enter 4 to 6 as "No. of Lines Fed by Auto-skip" for Form 1040 graphic printing, the alignment dots are omitted in order to accommodate the fewer printed lines per page.)

Use of a single-sheet printer. You may have to change the program settings to cause the computer to pause between pages if you are using a typewriter as a printer or are using single-sheet forms. You may also have to add setup characters that defeat the automatic alarm on your printer that detects the end of the page.

Line feed not automatic. *(Non-Windows printers only.)* Some printers do not automatically advance one line upon each carriage return unless specifically instructed to do so. You must either change the program settings or the internal printer switches to solve problems of no line feed or double line feed.

Form feed not recognized. *(Non-Windows printers only.)* Most printers recognize the ASCII code 12 as a form feed command, and will automatically advance to the top of the next page when it is seen. While the use of the form feed command may speed printing somewhat, some older printers are easier to operate without it. Without the form

feed command the computer will issue the necessary number of line feeds individually instead.

Paper cannot be adjusted for proper margins. *(Non-Windows printers only.)* Some printers do not allow the left to right adjustment of paper within the printer. The left margin must therefore be reset in the program settings.

Printer requires special initialization. *(Non-Windows printers only.)* A few non-Windows printers require special characters from the computer before they will start any kind of printout. These characters are entered in the setup characters of the program settings. For example, (27)E is necessary for some laser printers in order to return it to a standard initial state after use by other programs.

Dollar amounts appear at left edge of paper. *(Non-Windows printers only.)* Some printers may introduce an extra carriage return when attempts are made to print a number too close to the right edge of the paper. For such printers, you must never change the program settings to a left margin higher than 5.

Extra blank pages ejected. If your printer setup for page length does not match the setup you have defined in the Printout Specs (Chapter 12), an extra page may be ejected after every form. *Extra pages or page breaks can also be caused by improperly set printers, print buffers, print spoolers, or networks*. Some printers, print buffers, print spoolers, and networks are set to automatically eject a page if no characters are sent to the printer after a certain period of time, or each time a printer file is opened or closed. Since printing of tax forms can involve periodic delays when using slower machines or disk drives, especially when the data to be printed is gathered from supporting statements, the presence of these devices can result in the ejection of a page before printing is complete. To prevent this from happening, the "automatic eject" feature MUST be turned off, or the time delay increased, to prevent page ejection before printing of a page is complete. If the printer itself is the culprit, you can generally turn the feature off either mechanically or by entering the proper characters for "Initial setup characters." But if a print buffer, print spooler, or network is the culprit, their setup must be modified before *Tax Preparer* is used.

Garbled printing of graphics. If you graphics are totally misaligned, such as wrong type sizes, words overwriting each other, lines misplaced, etc., the fonts are most likely culprit. *For Windows-graphic printing, you should call HowardSoft Customer Service for help because such a problem implies a damaged file or system malfunction that we can help you correct*. For Laser-graphic printing, you should check that any tax cartridge is firmly imbedded in its slot. If more than one cartridge is installed, remove all but the T-font cartridge, and try it in all available slots. If the tax font is on disk (that is, a "soft font"), make sure that the font is loaded into the printer before you start *Tax Preparer*, that no other optional fonts are still in the printers memory, and that neither the printer nor the computer is turned off in the in-

terim. To reconfirm whether a tax font is loaded, most printers have front panel controls that let you generate a printout of the fonts currently recognized. *CAUTION: If you use a soft font and you ever have to turn the printer off during a session, you must reload the font into the printer, then restart Tax Preparer before you can print graphically again*.

Form 1040 tab settings. If you are totally successful in producing draft (facsimile) printouts but cannot produce a successful graphic Form 1040 printout, the trouble could be the tab settings. *The tabs are preset to operate without modification with our graphic Form 1040, and should not be changed if you are using Windows-graphic or Laser-graphic printing*. On the other hand, if you must print onto an IRS-printed Form 1040, you will have to reset the tabs for a good compromise to filling in the blanks on the form. *The procedure for changing the tab settings is detailed in the Tax Forms Guide for the corresponding edition and tax year*. Just be sure to be conservative in making changes. Only minor adjustments to the tab settings should be necessary, even for non-standard forms.

Chapter 12

CHANGE Program Settings

Overview

What are program settings? Program settings control the general operation of your software and how it communicates with disks, printers, and screens. *The software is delivered with the recommended settings*, which assume that you use a Windows printer and a high-resolution monitor and that you store your tax data in the same folder as your program. However, you can change the settings to address your special needs, especially when using older equipment.

Additional settings for Paid Preparers. Program settings also collect information about a paid preparer, which is used in the signature block of forms like Form 1040. This information includes the individual preparer's name and PTIN (Preparer's Tax Identification Number), which are required for all paid preparers, in addition to the name and address of the preparer's firm. See the *General Information* section of this chapter for details.

Categories. To see program settings, choose 4 (CHANGE Program Settings) from the Main Menu. The Program Settings Menu (Figure 12-1) then appears:

1 **GENERAL Information.** Identifies where you store your tax data and, if you are a paid preparer, identifies the paid preparer for client letters and the signature block of certain tax forms. (Also controls

```
[-] CHANGE Program Settings
 →  1   GENERAL Information
    2   GRAPHIC   Printouts
    3   DRAFT     Printouts
    4   COVER LETTERS & LABELS
    5   FORM 1040 Tabs
which do you choose?   1
```

Figure 12-1. Program Settings Menu

dollar rounding for new returns, disk prompting for external drives, display for low-resolutionscreens, and auto-calc preference.)
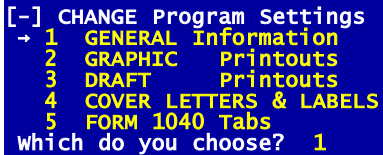
2 **GRAPHIC Printouts.** Controls printing onto computer-generated graphic forms (or the fill-in of preprinted forms for Economy Level forms other than Form 1040).

3 **DRAFT Printouts.** Controls the high-speed printing of forms using standard text characters only, including text-based computer-generated facsimiles of IRS forms, blank and pro forma input sheets, and quick-print copies.

4 **COVER LETTER & LABELS.** Controls the printing of cover and billing letters as well as the printing of tax volume contents, client address lists, and mailing labels.

5 **FORM 1040 Tabs.** Controls the printing onto preprinted or computer-graphic versions of Form 1040. (*Tabs are delivered with optimum settings for HowardSoft computer-generated graphic forms*, which are now provided for all levels of software, including the Economy Level. See Chapter 1 of the separate, annually-updated Tax Forms Guide for information on the most current tab settings.)

When the settings are stored. Your changes are permanently stored when you exit from the Program Settings Menu using the Escape Key or the Main Menu Key. *(TIP: Because the program settings files are program files, you may need*

to add the program folder for HowardSoft Tax Preparer to an exceptions list for your security software so that the program files can be modified by the software. This is an important issue for some network systems and some anti-virus, malware, or security suite software.)

> **Custom settings provide more changes.** Another group of settings, called "custom settings," are also subject to your control. They provide changes in colors for the Main Window and solve some compatibility problems with decades old equipment. If you have trouble reaching the Main Menu at start-up or want to change the look of the display, consult Chapter 14 for details on how to change custom settings.

General Information

When you choose 1 from the Program Settings Menu (Figure 12-1), you reach the General Information screen (Figure 12-2).

Storage Disk spec. *(Default and strong recommendation: _blank_)* The first entry tells the computer where to store your tax return data. *The original blank setting is appropriate for storing data in the same folder as your working copy of the program, which is the preferred location*. But if you prefer to store your tax data in a separate "custom" folder, you must follow specific guidelines in choosing the location and making an entry here for your *Storage Disk spec.*:

1. **Name your custom folders with no more than 8 characters each, without spaces, symbols, or punctuation.** For example, you could name a folder TY2014 or DATA2014 but not TaxYear2014 nor DATA 2014. *TIP: you must create the folder yourself using Windows or Command Prompt; the software will not create it for you*.

2. **If not in** *Tax Preparer*'s **program folder, enter the entire path to the folder in your entry for** *Storage Disk spec.* For example, for folder TY2014 within folder TAX on drive D, enter D:\TAX\TY2014.

```
GENERAL INFORMATION
  Storage Disk spec..............:
→
  Single-drive prompting needed.? No
  Display in 80-column format...? Yes
  Round to the nearest dollar...? Yes
  Auto-calc during data entry...? Yes
  Print letterhead on cover ltrs? Yes
  Is paid preparer self-employed? No
  Preparer's PTIN (PXX-XX-XXXX).
  Name of firm........
  Preparing firm EIN(XX-XXXXXXX)
  Address of firm.....
  City................
  State (2-letter code)........
  ZIP code (00000-0000)........
  Telephone number....
  Name of preparer....
```

Figure 12-2. General Specifications

3. **If within** *Tax Preparer*'s **program folder, omit the path to the program in your entry for** *Storage Disk spec.* For example, for folder TY2014 within the program folder (usually *C:\Program Files (x86)\HowardSoft Tax Preparer\TY2014*), enter only TY2014.

A failure to follow these guidelines can lead to an inability for *Tax Preparer* to access your tax data. See Table 12-1 for examples.

Table 12-1. Examples of valid Storage Disk specifications

Disk Drive	Storage Disk spec	Guidelines
Hard disk (internal)	(blank)	Leave Storage Disk spec blank to store data in same folder as the program, which is the default setting and <u>our strong recommendation</u>.
	DATA2014	To store in a subfolder of your Tax Preparer program folder, enter <u>only</u> the name of the folder. Do not include the drive letter or program folder.
	C:\TAX	To store in a totally separate folder, such as the folder where you stored your prior-year data, enter the complete path to the folder, including the drive. You can also use subfolders, such as C:\TAX\DATA2014. Be sure to include the drive letter (C in the example) followed by :\ before entering the name(s) of the folder(s).
		<u>CAUTION</u>: Always use folder names no longer than 8 characters, with no spaces, symbols, or punctuation. Otherwise, your data may not be accessible by the software.
External media	E:\DATA	To store data on a totally separate drive, such as a flash drive or external hard drive, enter the complete path to the folder. Be sure to include the drive letter (E in the example) followed by :\ before entering the name(s) of the folder(s). You can see the assignment of drive letters for your computer by double-clicking your *My Computer* or *This PC* icon. Drive C is usually reserved for your system's internal drive, and A and B are reserved for floppy drives, which are now rarely used or installed. Your external drive will therefore most likely be assigned D, E, F, or G, which are the most common assignments for CD and DVD drives, flash drives, and external hard drives.
		<u>CAUTION</u>: Be sure to create a folder on the external media for your data (DATA in the example), but also heed the caution to use short names (8 characters). In addition, <u>do not</u> store data in the top level of the media (the "root") because it is limited in the number of files it can hold, irrespective of its storage capacity. If you do not heed this warning, you could encounter an unrecoverable error (ER 67 or ER 75) when when you reach the limit.

Operating preferences. *(Original default settings are _very strongly recommend-ed_ for this group of settings!)* The next four entries in Figure 12-2 should be changed only if you have equipment more than a decade old or you have very special needs*:*

> **Single-drive prompting needed?** *(Default: _No._)* A Yes entry is appropri-ate only if you must install the program on external removable media and your data is on separate removable media that shares the same drive. This situation could reasonably arise only with older equipment for which you do not have enough hard disk space for the program to be installed there. However, this situation would result in so much swapping of media as the program switches between program ac-cess and data access that you would only live with this situation in extreme emergency situations. *A Yes setting is NEVER appropriate when you install the program on your computer's hard disk, as we strongly recommend.*

> **Display in 80-column format.** *(Default: _Yes,_ which is _required_ for 64-bit versions of Windows)* The *Main Window* is designed to be displayed as an 80-character wide window with a split screen in which a menu appears in the narrow left portion of the window and data entry ap-pears in the wider right portion of the window. A Yes setting is therefore the intended setting for all systems. *A No setting is appro-priate ONLY if you are sight impaired or use a screen with very poor resolution* (such as an older TV screen rather than a monitor designed for computers or a high-definition TV screen), and is *supported only for 32-bit versions of Windows*. The 40-character option exists _only_ for computers that can double the size of the characters for easier reading. For most modern computers, this behavior is functional only in a Full Screen mode, not in a Windows mode, and some monitors do not support it at all. (The Alt-Enter key combination toggles the screen between Full Screen and Windows mode on displays that sup-port it.) *TIP: This option does not allow the display of menu and data entry screens at the same time, cannot display Road Map or itemize symbols, does not support the mouse, and cannot display forms menus for more than 60 forms*.

> **Round to the nearest dollar?** *(Default: _Yes_)* This entry determines whether or not monetary entries and calculations on the IRS forms are rounded to the nearest dollar. *The IRS requires Yes for all e-file returns, and California's FTB requires Yes for both paper and e-file returns*. When set to Yes, any _new_ return you create is set to round amounts throughout the return, as preferred by the IRS. Note, how-ever, that individual supporting statements are NOT rounded because the IRS specifically instructs you to round ONLY the amounts to be entered on the IRS forms and schedules, and NOT the components that make up that amount. *CAUTION for e-file: In spite of the pre-ceding statement, for e-file returns the IRS ignores penny entries, so you may have to round entries on some worksheets to avert a round-ing error that could cause a return to be rejeceted for e-file*. TIP: If the return is translated from a prior return, the _prior_ setting for round-

ing for that particular return is used in order to ensure year-to-year consistency. Nevertheless, you can change the rounding rule on a particular return by overriding the entry for rounding that appears on screen 1 of the Control Form for that return, *but we don't recommend it* because annoying inconsistencies could result, and the IRS requires that the rounding be applied consistently throughout the return. *Dollar rounding is especialliy important for returns that involve amounts above $100,000 because accuracy to the penny cannot be guaranteed beyond the 7-th digit of an entry. Use of dollar rounding will ensure that full accuracy is maintained for amounts up to at least $10,000,000*.

Auto-calc during data entry. *(Recommended: Yes)* This entry determines whether or not calculations are performed automatically (interactively) as you enter data. A Yes entry causes calculated amounts on the screen to be updated as you change entries while using the Normal (Full-Window) or Road Map method of data entry. A No entry results in no such instant feedback, eliminating the interactive properties that distinguish the Normal and Road Map methods from the Pre-format and True Batch methods. *A No setting is understandable, but still not recommended, ONLY for very slow machines from the mid 1990's or earlier*. *TIP: When you are entering data on a form, only calculations for that form are recalculated as you enter the data. However, calculations for other forms are recalculated when you leave the form, which may result in an automatic recalculation of the form you are editing as well*.

Paid preparer information. The remaining entries in Figure 12-2 are designed for use by tax practitioners who prepare returns for others. They are *used to complete the signature block of the main form and the letterhead of cover and billing letters:*

Print letterhead on cover letters? If you answer Yes, the firm's name, address, and phone number (supplied below) are printed at the top of the cover and billing letters. If you answer No, nothing is printed at the top of the letters, leaving room for your own preprinted letterhead.

Is paid preparer self-employed? If you answer Yes, the "self-employed" box in the signature block of Form 1040, page 2 is checked.

Preparer's PTIN (PXX-XX-XXXX). *(Mandatory entry)* The paid preparer's PTIN (Preparer's Tax Identification Number) is entered in the format of P00-00-0000. The preparer's SSN is no longer allowed; the IRS now requires that paid preparers register and annually renew their PTIN for use in the signature block of Form 1040, page 2.

Name of firm. The firm's name is entered here in 25 characters or less. *CAUTION for e-file: For an e-file return, you must also enter the name of the individual Electronic Return Originator (ERO), typically the paid preparer, in the corresponding entry on the e-file form, which is the last form in Tax Preparer's Forms Menu*.

Preparing firm EIN (XX-XXXXXXX). The firm's federal employer identification number is entered in the standard 10-character format: 00-

0000000. If you have no EIN because you have no employees, you
must leave the entry blank.

Address of firm. The street address, _not_ including city and state, is en-
tered here in 25 characters or less.

City. The firm's city is entered here in 25 characters or less. This entry
(along with state and ZIP code) is printed below the address on the
printed Form 1040, as allowed by the IRS, even though the IRS does
not provide a separate line for it.

State (2-letter code). The firm's sate is entered in the standard 2-letter
format of the U.S. Postal Service.

ZIP code (00000-0000). The firm's ZIP code is entered in either of the
standard ZIP formats: 00000 or 00000-0000.

Telephone number. The number can be entered in any format up to 15
characters long, such as (000) 000-0000 or 1-000-000-0000. This
entry is used only in the letterhead of the cover and billing letters.

Name of preparer. Enter the name of the individual who signs the Form
1040 tax return as the paid preparer. This entry could be the same
as the name of the firm for a single-person company, and could be
the same as the ERO entered on our e-file form if you are the e-filer
as while as the preparer. Your entry here is printed in the signature
block of Form 1040 to the left of the space for the paid preparer's
signature.

All of the above entries except the telephone number are printed in the signa-
ture block of Form 1040. The name, address, and telephone number are print-
ed as the letterhead for the cover and billing letters as long as your answer to
"Print letterhead on cover/billing letters?" is Yes.

Graphic Printouts

Three separate sets of printout specifications. When you choose 2 from the
Program Settings Menu (Figure 12-1), you reach the screen shown in Figure
12-3, which is detailed here. When you choose 3 or 4, you reach screens with
similar entries, described later, many of which operate the same way as those
in Figure 12-3.

Windows printing. The default setting for all three screens is for a _Windows
Printer_, as seen in Figures 12-3, 12-4, and 12-5. These settings will work
for _virtually any Windows printer_ no matter how it is connected to the com-
puter, whether it be through a USB slot or a parallel port. The Windows set-
tings are fixed by the entry of "2" for the line "Special
(1 = HP(FILE),2 = Windows)" (which is the second line on all three screens,
described later). "Special = 2" is the factory setting for all Windows pro-
grams from HowardSoft, and is the only setting that will work if your printer
is connected to the computer through a USB slot. _You can skip the rest of
this section if 2 is your setting for "Special (1 = HP(FILE),2 = Windows)" for
Graphic Printouts, because the instructions in THIS section do not apply to
you_. In fact, with Special = 2, your changes to other entries on Figure 12-3
are ignored because Windows controls the settings.

DOS printing. (*Supported only for 32-bit versions of Windows*.) If your printer is connected to the computer through a parallel (LPT) or serial (COM) port, and the printer is capable of printing from the Command Prompt, you have the additional option of printing through DOS instead of Windows for greatly improved speed on some computers. "Special = 0" works with any printer that can print from Command Prompt, but provides NO graphic printing. It can produce text-based draft (facsimile) printouts with the greatest speed. "Special = 1" provides graphic printing, but requires that you have a printer that emulates an HP LaserJet printer with the PCL4 printing language *and* that you have the proper tax fonts installed in the printer (either from a cartridge for the printer or soft fonts copied to the printer). In fact, for 32-bit Windows the label *HP(FILE)* in the figures is replaced by the label *HPLaser* to indicate the available functionality for 32-bit computers. It can result in much faster printing because it bypasses the complexities of Windows printing, which can reduce printing speed to a crawl on some older computers. *This is your ONLY option if your printer does not support Windows*.

Printout device specification. The first entry in Figure 12-3 identifies where you want a printout sent. *For Windows printing (Special = 2, described later), this entry is set to Windows Printer and cannot be changed*. For DOS printing, however, you have two options:

Printer. For DOS printing (*32-bit Windows only*), the printer must be connected to the computer through a parallel port or a serial port, not a universal serial bus (USB). You define the port through your entry here. A parallel port is identified here by the entry LPT followed by a port number (1, 2, or 3). ***LPT1 is the proper entry for DOS***

```
GRAPHIC PRINTOUT SPECS
 Printout device specification.:
→        Windows Printer
 Special (1=HP(FILE),2=Windows)        2
 Initial setup characters......:

 Emphasized type ON............:

 Emphasized type OFF...........:

 Stop at end of each page......? No
 No. line feeds needed per line        1
 Use form feed code when paging? No
 No. of spaces for left margin.        4
 No. of lines fed by auto-skip.        0
 No. characters per 8-inch line        80
 Bypass alignment dots for 1040? Yes
 Use graphic 1040 for complete.? Yes
```

Figure 12-3. Graphic Printout Settings

printing with most printers NOT connected through a USB slot. (LPT2 and LPT3 are conceivable, but most computers have only one parallel port, if any.) You can also enter PRN (with no number) for most computers, which represents the default printer for the system. A serial port is identified here by the entry COM followed by a port number and sometimes additional characters that define the interface protocol. An example for an old serial-interfaced Hewlett-Packard LaserJet printer would be COM1:9600,N,8,1R.

Disk file. Instead of printing in real time, you can create a DOS disk file that can be sent to a printer at a later time, on this or another computer. If you use Special = 0, the file can be sent to any printer that is capable of printing from Command Prompt (*which excludes 64-bit computers*). But if you use Special = 1, the printer to which you send the file must meet all the requirements for the Special = 1 setting (HP LaserJet emulation with compatible tax font). *Your entry for filename must be no longer than 8 characters and can consist of only numbers and letters, and no spaces or symbols*. You can precede your filename entry with the path to the folder where you want to store the file. For example, if you enter C:\TEMP\PO, the file PO is stored in the folder TEMP on disk drive C. But if you enter no path, the file will be stored in the same folder as your data (*C:\Program Files\HowardSoft Tax Preparer*) for the normal 32-bit installation). To send the file to a printer (*32-bit Windows only*), you can use Command Prompt with a command like

  TYPE "C:\Program Files\HowardSoft Tax Preparer\PO.TXT" > LPT1:

if you entered only PO.TXT for the Printout device specification. This command sends the file to a printer connected to the computer's main parallel port. You can also use Windows to print the file by dragging it to the icon of a utility program like *PrintFile*. *TIP: Subsequent printouts to the file PO.TXT will append to the original file, so you must erase the file after printing it before using the same filename again*.

Special (1=HP(FILE),2=Windows). *(Recommended: 2)* This setting identifies the type of interface to use. *The factory setting of 2 is appropriate for all Windows systems with a compatible Windows printer*. You should change this setting only if you have a special reason for doing so, such as improving printout speed or circumventing problems with Windows printers. However, *you will not be able to print graphic IRS forms with a setting other than 2 unless you use an HP LaserJet emulating printer with compatible tax fonts*.

  0 = Normal. Enter 0 if you do not use an HP-emulating laser printer. You can print only DRAFT printouts of the return with this setting. No graphic forms can be printed.

  1 = HP(FILE). Enter 1 if you use a printer that emulates a Hewlett-Packard (HP) LaserJet printer with HP's PCL4 printing language and a compatible tax font installed in the printer. For 64-bit Windows, the output for the printer is sent to a disk file that you can use on a 32-bit Windows computer that supports the required printer connected to a DOS printing port (such as parallel port LPT1). *For 32-bit Windows, the label appears as "HPLaser" rather than "HP(FILE)" and the output is sent directly to a printer through a DOS connection (such as LPT1)*. *If you enter 1 here and have the proper equipment, you can print the graphic laser forms that are built into our software (Form 1040 only for Economy Level, but all forms for Standard and Premium Levels)*.

  2 = Windows. *This is the recommended setting for most installations*. Windows-graphic printing is supported on nearly any Windows printer

with this setting. *For 64-bit Windows, this is the only setting that produces live printing from Tax Preparer*.

If you specify a laser or Windows printer by entering 1 or 2 here, the software takes control of several other settings on this screen in spite of your entries; for example, the printer is forced to use form feed when paging, left margin of 4, no auto-skip, 80 characters per line, and no alignment dots.

Initial setup characters. *(Not used for Windows printing.)* Some DOS printers require special control characters to achieve the proper page layout or typeface under DOS printing. Characters you enter here are issued only when you start a printout of the identified printout type. *The original blank setting is proper for most setups*. Most printers require no entry here because they automatically use normal pica type size (10 characters per inch) and a full 66 lines of print-ing, and start printing below the top margin of the page. But if your printer does not start this way, you may need to enter setup characters here. For ex-ample, you must include (27)N in your initial setup characters to ensure pica type size with an old Imagewriter printer, because, unlike most other printers, Imagewriter printers default to elite type (12 characters per inch) rather than pica type (10 characters per inch) when first turned on. See Table 12-3 for other examples.

How to enter printer codes and setup characters. *(For DOS printing under 32-bit Windows only.)* Although your printer's manual may provide the proper set-up or typeface characters, you must enter the characters in a particular way in order for the software to interpret them properly. All characters are assigned a unique number in an industry standard called an ASCII code (Table 12-2). Characters with ASCII values less than 32 cannot be entered in the software directly. However, they can be entered by their ASCII values instead, enclosed in parentheses to let the software know that you are entering an ASCII value. For example, if a printer manual says to use ctrl-R, you would enter (18) as the setup character. If the manual says to use Esc-N, you would enter (27)N, where (27) is the ASCII code for the Esc Key, and N is just the literal letter N. *CAUTION: Spaces are ignored and the four characters ( ) , \ are reserved*. If your printer manual calls for one of these characters as part of the setup string, you must enter them by their ASCII values instead: (32) for space [ ], (40) for open parenthesis [(], (41) for close parenthesis [)], (44) for comma [,], and (92) for back-slash [\]. See Table 12-3 for examples for specific printers.

Emphasized type ON/OFF. *(Not used for Windows printing.)* If the printing of your tax data onto a graphic form appears too light relative to the form, you may be able to darken the printing by entering printer codes for a bolder type-face here. See Table 12-3 for codes of a few common printer choices. Note that these entries control only the data printing onto a graphic form, not the graphic form itself. *CAUTION: If you make an entry for ON, you must also make an entry for OFF so that the changed emphasis is removed after a line is printed.*

Table 12-2. ASCII Codes

NO.	CHARACTER	NO.	CHAR.	NO.	CHAR.	NO.	CHAR.
0	ctrl-@	32	space	64	@	96	`
1	ctrl-A	33	!	65	A	97	a
2	ctrl-B	34	"	66	B	98	b
3	ctrl-C	35	#	67	C	99	c
4	ctrl-D	36	$	68	D	100	d
5	ctrl-E	37	%	69	E	101	e
6	ctrl-F	38	&	70	F	102	f
7	ctrl-G	39	'	71	G	103	g
8	ctrl-H (backspace)	40	(	72	H	104	h
9	ctrl-I	41	)	73	I	105	i
10	ctrl-J (down arrow)	42	*	74	J	106	j
11	ctrl-K (up arrow)	43	+	75	K	107	k
12	ctrl-L	44	,	76	L	108	l
13	ctrl-M (return)	45	-	77	M	109	m
14	ctrl-N	46	.	78	N	110	n
15	ctrl-O	47	/	79	O	111	o
16	ctrl-P	48	0	80	P	112	p
17	ctrl-Q	49	1	81	Q	113	q
18	ctrl-R	50	2	82	R	114	r
19	ctrl-S	51	3	83	S	115	s
20	ctrl-T	52	4	84	T	116	t
21	ctrl-U (forward)	53	5	85	U	117	u
22	ctrl-V	54	6	86	V	118	v
23	ctrl-W	55	7	87	W	119	w
24	ctrl-X	56	8	88	X	120	x
25	ctrl-Y	57	9	89	Y	121	y
26	ctrl-Z	58	:	90	Z	122	z
27	ctrl-[(esc)	59	;	91	[	123	{
28	ctrl-\	60	<	92	\	124	|
29	ctrl-]	61	=	93	]	125	}
30	ctrl-^	62	>	94	^	126	~
31	ctrl-_	63	?	95	_	127	del

Table 12-3. Setup and Typeface Codes for DOS Printers
(for DOS printing *ONLY* with Special = 0 or 1)

PRINTER TYPE	PICA SIZE	UNDERLINE ON	OFF	EMPHASIS ON	OFF
Apple-type	(27)N	(27)X	(27)Y	(27)!	(27)(34)
HP LaserJet & DeskJet	(27)(40)s10H	(27)&dD	(27)&d@	(27)(40)s5B	(27)(40)s0B
IBM-type (PCs)	(18)	(27)-(1)	(27)-(0)	(27)E	(27)F

CAUTION: Be sure to observe case (upper vs. lower).

Page layout. *(For DOS printing under 32-bit Windows only.)* The next six settings appear on *all three screens* like Figure 12-3 and control the layout and physical operation for DOS printer. However, your changes are ignored for a Windows Printer with Special = 2:

Stop at end of each page? A Yes setting causes single-sheet operation, with a pause at the end of each page so that you can feed single sheets of paper into the printer one at a time.

No. line feeds needed per line. A setting of 1 is normal for most printers. This is the proper setting when the printer is set internally to never add a line feed on its own, which is the current standard. Otherwise, you would have to enter 0 here to ensure proper alignment of data on graphic forms. You must enter 2 here only if printing does not advance down the page, but prints all on one line, which is caused by a rare compatibility problem.

Use form feed code when paging? *(Taken as Yes when Special = 1 or 2.)* Answering Yes causes a page eject code to be issued to the printer at the end of a page rather than a series of line feeds based on the line count. This may speed printing on some printers, and averts the need for the proper auto-skip setting, below, but sometimes results in extra blank pages.

No. of spaces for left margin. *(Taken as 4 when Special = 1 or 2.)* It is best to physically readjust the paper when a printout is off centered, but a limited amount of control is provided here when you cannot do so. Settings from 0 to 9 are allowed, but settings above 4 can cause erratic printing on some printers. (HINT: If you need a finer adjustment to center printouts on a laser printer, you must do so through your entry for the initial setup characters.)

No. of lines fed by auto-skip. *(This line is labeled "Auto-skip (vert offset if neg)" for the Cover/Billing Letters screen. See the Mailing Labels section later in this chapter for information on the use of a negative entry here.)* Zero is proper for printers that can print a full 66 lines per page. But many printers have a built-in 6-line auto-skip to advance over perforations or ensure adequate top and bottom margins, resulting in a limit to only 60 lines of printing. If your printer has such an auto-skip feature and you cannot turn it off, enter the number of lines skipped here so that *Tax Preparer* will issue a correspondingly fewer line feeds at the end of each page. (In determining the number to enter here, consider that the printer must be set to print all lines 1/6-th of an inch apart, which is the industry standard and is a requirement for all IRS-approved forms. For printers that can print without top and bottom margins, this setting results in 66 printed lines spread evenly down an 11-inch page. But if the printer skips over the margins, fewer lines can be printed on the page. For example, if the printer automatically provides a 1/2-inch top and bottom margin, the setting for auto-skip must be 6, since the printer skips 3 lines at the top and 3 lines at the bottom of every page. Equivalently, if the printer can print only 60 lines per page, the setting for auto-skip must be 6, since it prints 6 less than the 66 lines that would fully fill a page.)

No. characters per 8-inch line. *(Taken as 80 when Special = 1 or 2.)* The standard setting here is 80, which is the number of characters resulting from the standard 10-character/inch (pica) typeface that is normal with most printers. You can enter 96 for a 12-character/inch (elite) typeface, but keep in mind that the IRS prefers pica type, and alignment can be perfect ONLY with pica type. Moreover, draft printouts depend critically on the pica type size in order to emulate the look of IRS forms. (No less than 79 is allowed for this entry.)

If you still have problems after properly entering all settings, see the end of Chapter 15 for troubleshooting help.

Additional questions for Form 1040. The last two questions in Figure 12-3 are desigend to control Form 1040 printouts when you use DOS printing without graphics (Special = 0):

Bypass alignment dots for 1040? *(Taken as Yes when Special = 1 or 2.)* Answer No if you cannot print the supplied graphic Form 1040 and intend to print directly on a preprinted Form 1040 instead. Alignment dots will then print on the form for comparison with alignment dots on the screen, for the first Form 1040 you print in a printing session. Answer Yes if you intend to photocopy the printout under a transparent Form 1040 overlay.

Use graphic for complete? *(Taken as Yes when Special = 1 or 2.)* When you choose the printing of complete returns from the Printout Menu, cover and billing letters are printed first, then all IRS forms and schedules prepared (and their supporting statements) in the IRS-preferred order. For DOS printing, unless you use the laser-graphic printing (Special = 1), all forms are normally printed as draft forms, but you have a choice for Form 1040. You must answer Yes here for the graphic Form 1040 to print with the "Complete Return" selection rather than the facsimile draft version of Form 1040.

Draft Printouts

> **Windows printing.** *You can skip this section if 2 is your setting for "Special (1 = HP(FILE),2 = Windows)" for Draft Printouts, because the instructions in this section do not apply to you*. In fact, with Special = 2, your changes to other entries on Figure 12-4 are ignored because Windows controls the settings.

First three entries are identical to those for Graphic Printouts. When you choose 3 from the Program Settings Menu (Figure 12-1), you reach the screen in Figure 12-4. The first three lines of Figure 12-4 operate identically to those in Figure 12-3, so you should consult the earlier section titled "Graphic Printouts" for more information on those entries. The rest of the settings on this screen apply only to DOS printing (Special = 0 or 1) and are ignored for Windows printing.

Underlining ON/OFF. *(Not used for Windows printing.)* For most printers, underlining is already achieved for draft printouts without any entry here. However, you may be able to speed up the printing of draft forms by entering printer codes for underlining here, although the aesthetic look may or may not be improved depending on the printer.

```
DRAFT PRINTOUT SPECS
 Printout device specification.:
→        Windows Printer
 Special (1=HP(FILE),2=Windows)        2
 Initial setup characters......:

 Underlining ON................:

 Underlining OFF...............:

 Stop at end of each page......?  No
 No. line feeds needed per line        1
 Use form feed code when paging?  No
 No. of spaces for left margin.        4
 No. of lines fed by auto-skip.        0
 No. characters per 8-inch line       80
 Use alt character for vert bar?  Yes
```

Figure 12-4. Draft Printout Settings

See Table 12-3 for codes for three common types of printers. *CAUTION: If you make an entry for ON, you must also make an entry for OFF so that underlines are used only when appropriate.*

Next six entries are identical to those for Graphic Printouts. As seen by comparing Figure 12-4 with Figure 12-3, the next six entries are identical to those for for graphic printing. You should therefore use the information in the earlier section "Graphic Printouts" if you need help with these entries.

Additional question for DRAFT printouts: Use alt character for vert bar? The text-based facsimile printing of IRS forms relies heavily on the vertical bar for the proper appearance of vertical lines on the form. Most printers provide an acceptable bar with the ASCII character 124, which is used when you answer No to this question. However, some printers produce a better bar using ASCII character 179, which is used when you answer Yes to this question. *TIP: A Yes answer produces a vertical bar only when the printer and computer support the required typeface. The printer must be set to use the "IBM Character Set" or the "Graphic Character Set." Printers that emulate an IBM Proprinter*

X24E require no initial setup characters to ensure the proper character set, but printers that emulate an Epson LQ-860 printer require the codes (27)t(1).

Cover Letters and Mailing Labels

Windows printing. *You can skip to the Mailing Labels paragraphs on the next page if 2 is your setting for "Special (1 = HP(FILE),2 = Windows)" for Cover Letters & Labels, because, except for the left margin, the cover letter settings in Figure 12-5 are not under your control.*

COVER/BILLING LETTER SPECIFICATIONS. *(See Figure 12-5.)* When you choose 4 from the Program Settings Menu (Figure 12-1), you reach the screen in Figure 12-5. The first three lines of Figure 12-5 operate identically to those in Figure 12-3, so you should consult the earlier section titled "Graphic Print-outs" for more information on those entries. The rest of the settings in this section of the screen apply only to DOS printing (Special = 0 or 1) and are ig-nored for Windows printing of cover and billing letters. *Exception: Unlike graphic and draft printouts, changes to "No. of spaces for left margin" are supported for a Windows Printer (Special = 2) so that you can control printing onto your own custom letterhead and can better control alignment for mailing labels, described later*.

```
COVER/BILLING LETTER SPECS
 Printout device specification.:
→        Windows Printer
 Special (1=HP(FILE),2=Windows)       2
 Initial setup characters......:

 Letter typeface ON...........:

 Letter typeface OFF..........:

 Stop at end of each page......? No
 No. line feeds needed per line       1
 Use form feed code when paging? No
 No. of spaces for left margin.       4
 Auto-skip (vert offset if neg)       0
 No. characters per 8-inch line      80
MAILING LABEL SPECS
 Number of labels across.......       1
 Width of each label  (# chars)      30
 Separation of labels (# chars)       5
 Height of labels ... (# lines)       6
```

Figure 12-5. Cover Letters & Labels Settings

Letter typeface ON/OFF. *(Not used for Windows printing.)* You may be able to improve the look of the letters with another typeface, such as script or italic, by entering the corre-sponding printer codes here. For Special = 0, letters are printed in the default typeface of the printerunless you enter another typeface here. *For Special = 1, letters are printed in italic Courier typeface unless you enter another type-face here*. For example, you could change the type from italic to upright for Special = 1 by entering (27)(40)sOS for both the ON and OFF files. *CAUTION: If you make an entry for ON, you must also make an entry for OFF so that the changed typeface is re-moved after a line is printed.*

Next six entries are identical to those for Graphic Printouts with one exception. As seen by comparing Figure 12-5 with Figure 12-3, the next six entries are identical to those for for graphic printing except for the auto-skip entry. You

should therefore use the information in the earlier section "Graphic Printouts" if you need help with these entries. See the next paragraph for information on the special use of the auto-skip entry.

MAILING LABEL SPECIFICATIONS. *(See bottom of Figure 12-5.)* The settings for Cover/Billing Letter Specs are used for mailing labels as well, but four additional settings that apply only to mailing labels appear at the bottom of the screen. They are designed to let you use standard mailing label paper for computer printers in various configurations. We recommend Avery labels designed for ink jet and laser printers because they are sold in standard configurations with product numbers unique to each layout. In the below descriptions, we will use for our examples the popular Avery 5160 or 8160 labels, which are supplied on 8-1/2 by 11 inch sheets with 3 labels across and 10 labels down:

> **Number of labels across.** 1 is the proper entry only for a single column of labels, but you can enter 2, 3, or 4 for labels that are arranged with 2, 3, or 4 labels per row, which is typical for commercial labels for designed for computers. *(Use 3 for Avery 5160 or 8160 labels.)*

> **Width of each label (# chars).** The maximum number of characters that can be printed on the mailing labels is entered here. You should allow for a reasonable margin when entering this number. For example, 35 pica-sized characters could conceivably print on a 3-1/2 inch wide label, but a more reasonable entry would be 30. The name line can be as long as 56 characters wide, but a proper entry here ensures that the name for both joint taxpayers will print, with the first names shortened first, rather than the last names truncated indiscriminately. It also ensures that the city and state entry is shortened rather than the ZIP code when space for the maximum 36 characters does not exist. *(Use 26 for Avery 5160 or 8160 labels.)*

> **Separation of labels (# chars).** This entry is meaningful only if the number of labels across is 2 or more. It defines the number of characters between the last printable character on the right side of one label and the first printable character on the left side of the next label. *HINT: Mailing label width plus label separation should equal the distance between the left edge of one label and the left edge of the label to its right*. *(Use 2 for Avery 5160 or 8160 labels.)*

> **Height of labels (# lines).** Label height refers to the number of lines from the top of one label to the top of the next label. For 1-inch labels with no space between labels, the proper setting would be 6. *(Use 6 for Avery 5160 or 8160 labels.)*

If *all* labels are misaligned in the same way, you will need to change two of the settings Cover/Billing Letter Specs to reposition the entire group of labels up, down, left, or right:

> **No. of spaces for left margin.** If the printing is too far to the left or right for *all* labels in a row, you can adjust the horizontal position through your setting for the left margin. While 4 is the normal setting, you can change the setting to anything from 0 to 9 to move the printing to the left or right.

Auto-skip (vert offset if neg). If the printing is too high on the page for <u>all</u> labels in a column, you can adjust the vertical position through a negative entry for auto-skip. This approach assumes that you are answering Yes to "Use form feed code when paging?" so that the first printed line may be the highest line that the printer can print. *You can lower this starting position by enter the number of lines by which you want to lower the printing <u>as a negative number</u>*. For example, if you enter –3, printing will start 3 lines below the top of the printable space on the page.
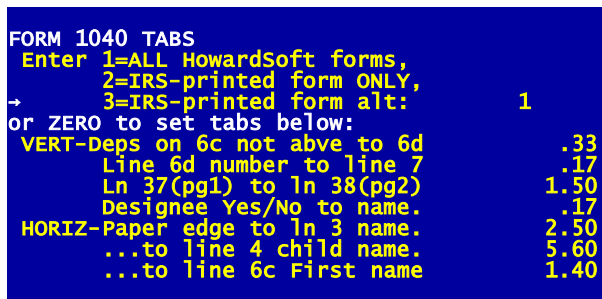
Once you have printed the mailing labels, you should return the preceding two entries to their original settings so the cover and billing letters are properly positioned on a page.

Form 1040 Tabs

Tab settings align data to graphic forms. The software provides for the repositioning of data that are printed onto graphic forms through tab settings, which are reached when you choose 5 from the Program Settings Menu (Figure 12-1). However, now that HowardSoft graphic forms are always supplied for the main signature form for a return (Form 1040 for federal returns for individuals), *it is inappropriate to change the tab settings unless you cannot print the HowardSoft graphic forms*. An example for the 2015 Edition of *Tax Preparer* is shown in Figure 12-6, but *the settings can change from year to year and are therefore detailed in Chapter 1 of the annual Tax Forms Guide for each edition year rather than here*.

Presets make change tabs easy. *(<u>See Figure 12-6</u>.)* The first entry in Figure 12-6 defines a preset that makes it unecessary to change any other entries on the screen. If you enter 1, 2, or 3 here, the other entires are ignored. If you enter 1, tabs are adjusted for the graphic forms that are built into the software (HowardSoft graphic forms), whether you use Windows-graphic (Special = 2) or laser-graphic (Special = 1) printing, and alignment of data on the form is always good. If you enter 2 or 3, tabs are adjusted for IRS-printed forms rather than HowardSoft forms, but alignment is always a compromise because the IRS does not design their forms for fill-in by computer.

Manual entries define position in inches. If you enter 0 for the first entry, your other entries are recognized as measurements in inches. A minimal set of vertical and horizontal adjustments are provided to adjust

```
FORM 1040 TABS
 Enter 1=ALL HowardSoft forms,
       2=IRS-printed form ONLY,
→      3=IRS-printed form alt:        1
or ZERO to set tabs below:
 VERT-Deps on 6c not abve to 6d        .33
      Line 6d number to line 7         .17
      Ln 37(pg1) to ln 38(pg2)        1.50
      Designee Yes/No to name.         .17
 HORIZ-Paper edge to ln 3 name.       2.50
      ...to line 4 child name.        5.60
      ...to line 6c First name.       1.40
```

Figure 12-6. Form 1040 Tabs

for minor deviations from HowardSoft or IRS forms. Since printing is restricted to 6 lines per inch vertically and 10 characters per inch across, vertical adjustments are made in 1/6-th of an inch increments and horizontal adjustments are made in 1/10-th of an inch increments.

Tab settings now have limited utility. Because very few people cannot use HowardSoft graphic forms, there is rarely a need to change tabs. The days of printing onto preprinted IRS forms are long gone now that you can produce high-quality graphic forms with low-cost printers, but we still provide the capability for those who have legacy computers or legacy printers that cannot print our Windows-graphic or laser-graphic forms. Furthermore, we no longer provide tab adjustments for Form 1065 returns, now that Form 1065 is a 5-page form, and our tab adjustments for Form 540 returns apply only to draft forms since the FTB requires that we conform to only one alignment for graphic forms.

Chapter 13
Providing Supporting Detail

Structure of Itemizing Feature

Support for every line. Supporting statements can be created for nearly any line of any form or schedule. These statements are created for a line by pressing the Itemize Key (I or the special key shown on your disk envelope and in Chapter 7) when the rectangular cursor lies on the line. When all supporting statements for a line are completed, the appropriate totals are automatically placed on the proper lines of the supported form. It is even possible to itemize questions, text entries, and calculated lines. (For a calculated line you cannot access the line to itemize it unless you first turn the Override Access On, as described in Chapter 7. After you complete a supporting statement for a calculated line accessed in this way, the entry for the line comes from the statement rather than the usual calculation.)

How the software decides the type. Three types of support are built into the software:

> 1) **an IRS form or schedule**, which is preformatted to follow the official IRS forms,
>
> 2) **a special worksheet**, which is like an IRS form except that it contains data for a single item or asset only and is repeated to support multiple items,
>
> 3) **a general itemized list**, which is preformatted as pages with description and amount columns for up to 20 items per page.

The software determines which type is started in accordance with a preset structure. Note that lines supported by other IRS forms are neither visible nor accessible with the Pre-Format and True Batch methods of data entry. Support by other IRS forms is accessible with the Itemize Key only with the normal (Full-Window) method, with its built-in Road Map. For all three types of support the results of the support are automatically posted to the appropriate lines when control is returned to the line at which the Itemize Key was pressed.

Format for printouts. Supporting statements that can be submitted to the IRS are produced with official printouts of the return (Chapter 11). When the type of support is actually an official IRS form or schedule, the form is printed like any other form or schedule, and the existence of the supporting form is not specifically noted on the form it supports. When the supporting statement is a special worksheet or general itemized list, however, the statement is cross-referenced on the form that it supports, and the statement is clearly identified as support for that form. Note that a printout of a supporting statement is available while you are supplying data for a return by pressing the Quick Print Key while the statement appears on the screen. (This printout is an unofficial draft NOT designed for the IRS.)

Using General Itemized Lists

Format of the lists. General itemized lists are designed for lines that have no special form for reporting supporting detail. The lists are general purpose in nature. Each item in the list is formatted as a 30-character description followed by a 10-digit number, as illustrated in Figure 13-1. The lists are displayed on

the screen 20 items at a time, and stored on disk in the same way. In theory, any number of pages of 20 items each can be stored to support a single line on a form or schedule; but in practice, the number is limited by disk space. When you exit from an itemized page with the Escape Key, the numerical entries for all items on all pages are added, and the sum is posted to the line that was itemized, providing the line normally carries a numerical entry.

Making entries. When you create an itemized list for a line for the first time, a screen with blanks for 20 items is displayed. As you repeatedly press the Enter Key, the cursor first rests on the text entry for the line, then moves

```
Subscriptions:                        0
   Harvard Business Review.....      48.
   Business Week...............      38.50
   Management Reports..........      98.
   California Business.........      33.25
Dues:                                 0
   American Management Assn....     150.
   American Electronics Assn...     900.
 →................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
  ................................      0
                                 1,267.75
```

Figure 13-1. Typical Page of a General Itemized List

to the numerical entry for the line, then the text entry for the next line, the numerical entry for that line, etc. As entries are typed and approved the keyboard behaves much like it does when data are supplied for IRS forms. The same keyboard editing features are available and the cursor is moved up and down the page with the usual cursor keys. The obvious difference, however, is the ability to change the descriptions of the items in addition to the amounts. (Note that a press of the Itemize Key has no effect while an itemized list is being viewed, because you are already within an itemized file.)

Adding more pages. Once you fill a page you can add more items to the list by pressing the Page Down Key (or >). The currently displayed page is stored and a new page of blanks is displayed on the screen. You can keep adding pages without limit, except for an eventual disk capacity limit. You can also flip back to a previously prepared page by pressing the Page Up Key (or <). Whether you flip forward or backward the currently displayed page is stored before the next page is displayed, unless the page had been previously stored and nothing had been changed on the page since that time.

Removing pages. Extra, unneeded supporting pages should always be removed because they waste disk space and lead to extra blank lines in a printout. If you accidentally create more supporting pages than you want, it is easy to remove them by using the Remove Key as described in Chapter 7. If pressed while a supporting page is being displayed on the screen, the Remove Key *permanently deletes the displayed page*, and reorders any remaining pages to fill

the space thus created. If pressed while the cursor lies on the line of the IRS form that is being supported (that is, the line with an i beside it) this key removes ALL supporting pages for the line.

The menu for a general itemized list. When you are done with the lists and you press the Escape Key, you are presented with the menu of supporting pages prepared so far. (See Figure 13-2.) From this menu you can return to any previously prepared page, by number, or once again add a new page by choosing a page number one higher than the number of pages already prepared. Then, when you are ready to return to the form from which you itemized, you can press the Escape Key and control is returned to the original form.

```
Stmt #040136      1,267.75
for Other itemized........
Page count: 1. 2=NEW page.
Which do you choose?    1
```

Figure 13-2. Menu for a General Itemized List

Returning to a previously created list. When you press the Itemize Key at a line that _already_ has an itemized list stored on disk, you are greeted with either the menu in Figure 13-2 (if more than one page of support has already been supplied) or the list itself (if only one page of support has been supplied). When you are viewing a list you can either use the Page Down Key to see successive pages, or press the Escape Key to return to the menu in Figure 13-2 and select another page there. When you press the Page Down Key while viewing the last page already created, or choose a number from the menu higher than the page number of the last page already created, you automatically create a new page and are presented with a blank page to complete. You can then edit the file by going to any page to modify entries, or create new pages as before. After you make changes and return to the menu all of your changes are reflected in the new total, which is destined for the line that you itemized.

Official printout suppresses empty lines. When itemized lists are printed for submission to the IRS their format is slightly different from what appears on the screen. The result is a printout that is compact and aesthetic, with no extraneous printing. The rules that we follow in printing of general itemized lists follow:

Rule 1. When a non-zero numerical entry is printed, it is preceded by leading periods and printed with a decimal point. Trailing cents are also printed when they are non-zero.

Rule 2. When a numerical entry is zero, neither the number nor the leading periods are printed.

Rule 3. When the numerical entry is zero and the text entry is all periods (as it is when you start a new page), the line is skipped altogether when printing.

Rule 4. When more than one page of entries exists, the additional entries are printed in the same list as if all entries were made on one long page.

It is therefore possible to produce aesthetic printouts of your own design, with multi-line descriptions for a single numerical entry or sparsely completed pages to keep items separate, all without causing wasteful printing on multiple pages. You must always keep in mind, however, that each itemized page can consume as much as 800 bytes of disk space whether or not it is full of entries.

Using Built-in Worksheets

Format of worksheets. Worksheets are actually special itemized lists that are customized for the lines that they support. Rather than just one description and one amount per item, these lists are comprised of several entries per item, often involving calculated amounts. For example, the special itemized lists for reporting sales of assets are comprised of worksheets of the form illustrated in Figure 13-3. The illustrated worksheet is used for special itemized files that are created for reporting sales of business property on Form 4797. (A complete list of worksheets and the lines they support is given in the separate, annually-updated *Tax Forms Guide*.) Each worksheet page provides data on just one transaction, such as the sale of a single stock, bond, real estate, or other property. Additional transactions are handled by additional pages. The sums of selected entries for all items are posted to appropriate lines on the form being itemized. It is not at all unusual for sums for _several_ lines on the worksheet to be transferred to several lines on the supported IRS form.

Completing the worksheets. The worksheets are a cross between a general itemized list and an IRS form or schedule. Like general itemized lists, only disk capacity limits the number of items that can be detailed. Since a page is reserved for each item, however, hundreds of bytes can be consumed by _each_ item, so you should use these worksheets sparingly if your disk capacity is severely limited. (Although the full window is devoted to each page, many of the official printouts are compact nonetheless, often requiring just one row per item on the printouts.) Additional pages are created by paging beyond the pages already completed. Once a supporting statement has been stored for a line, the pages are accessed later through a menu similar to Figure 13-2, but without a dollar total showing because no single total tells the whole story for a worksheet. Like an IRS form


```
SEC. 1231 GAIN/LOSS
→a.  Description       TRACTOR
          Material participant..? No
          Significant participnt? No
          Active rental real est? No
          Publicly Traded Prtshp? No
          Entire interest sold..? Yes
          Bypass date checking..? No
 b.   Date  acquired(mm/dd/yy)10/9/87
 c.   Date  sold   (mm/dd/yy)11/8/14
 d.   Gross  sales  price...  12,987.65
 e.   Depr'n allowed since acq    889.66
 f.   Cost  or other basis.... 19,234.54
   NET (your entry if d=e=f=0)  -5,357.23
      Sig par net for Form 8582       0
      PRIOR-year unallowed loss       0
 Net elsewhere for same activty       0
      Unallowed THIS yr on 8582       0
 g.   GAIN or LOSS              5,357.23
```

Figure 13-3. Typical Page of a Worksheet

viewed in the Full-Window format, however, the entries are all preformatted, calculations are ongoing in the background as you enter data, and results of calculations are displayed immediately on the screen. The on-screen format of a worksheet is the normal (Full-Window) format with auto-calc, irrespective of your method of data entry for the form it supports. (Note that a worksheet line cannot be itemized because you are already within the itemized file.) *NOTE: Data on supporting statements are never rounded, even though the return is set for dollar rounding*. Even though the IRS prefers that you round entries on the return, it prefers that supporting statements use the unrounded amounts, with the rounding applied only to the totals that end up on the IRS form itself. *Exception: For e-file, the IRS allows only whole dollar amounts on worksheets as well as forms*.

Printing formats. When the worksheets are printed for filing with the IRS they

```
Form 4797   |        SALES OF BUSINESS PROPERTY        |OMB No.1545-0184
            |                                          |      2014
            |                                          |
            |                                          |    Seg.No. 27
Name(s) shown on return                               |Identifying no.
Jonathan A. & Marilyn M. Sample                       |123-67-9876

1  Sales on 1099-S on 2,10,20...............................1.

PART I  SALES OR EXCHANGES OF PROPERTY HELD MORE THAN 1 YEAR
2   (a)Description |(b)Date|(c)Date |(d)Gross|(e)Deprn|(f)Cost | (g)GAIN
       of property | acq'd | sold   | price  | allowed|or basis| or LOSS

 (Stm340047)       |       |        |        |        |        | 8,549.
                   |       |        |        |        |        |
                   |       |        |        |        |        |
                   |       |        |        |        |        |
3  Gain from Form 4684,line 39..............................3.
4  Sec 1231 gain 6252,26 or 37..............................4.
5  Like-kind exchnge from 8824..............................5.
6  Gain on 32 excpt casu/theft..............................6.
7  Lines 2 thru 6 gain or loss..............................7. 8,549.


   =================================================================



Supporting Statements for Form 4797  Business Propty      2014 - Page 1
Jonathan A. & Marilyn M. Sample                         SSN 123-67-9876


SupportingStatement 340047 (2  Total gain or loss for year..  8,549. )
2  (g) Net for All Others:
        (a)        | (b)  | (c)  |  (d)   |  (e)   | (f)  |  (g)
     Description   | Date | Date | Gross  | Depr'n | Cost | GAIN or
                   |acquir| sold | sales  |allowed |or other| LOSS
Tractor            |12/10/95|1/1/2014 1,512.33| 980.50|1,000. | 1,492.83
Thrasher           |1/10/99|03/10/14 5,000. |3,900. |4,000. | 4,900.
Elevator           |10/10/95|3/2/2014 2,000. | 555.20|1,000. | 1,555.20
Gas mower          |01/10/99|1/1/2014  100. | 300. | 500. |  -100.
Box blade          |10/11/94|1/1/2014 1,000. | 500.50| 800. |  700.50
```

Figure 13-4. Supporting Statement Cross-Referencing

> **If you need more room for explanations.** On some worksheets, like the depreciation and gain/loss worksheets, the space for a text entry to identify the item is limited. Because the worksheets are printed in columnar form for the IRS, however, it is possible to provide longer descriptions by using the description entry for more than one worksheet page to continue a long description from the previous page. If you make numerical entries only on the last page, the printout will be clear, showing a multi-row description followed by a single row of numerical entries.

Managing Itemized Files

Convenience features for maintaining files. Four special keys are available to make life easier when creating and editing itemized files:

  Highlight Support Key highlights itemized lines on the screen.
  Detach Support Key detaches the itemized file from the current line.
  Move Key moves the displayed itemized page to another order.
  Remove Key removes the displayed itemized page altogether.

See page 7-3 for the location of these keys on your keyboard.

How to highlight, detach, and reattach. The Highlight Support Key operates only when a data entry screen of an IRS form or schedule is displayed. If any entry on the currently displayed page is already supported by an itemized file, whether the support is a general itemized list or a special worksheet, the existence of the support is highlighted by means of a contrasting display of the entry. Lines with supporting pages are highlighted whether or not the lines are attached or detached from printouts. The letter d appears to the right of the entry for detached lines, however, so that you know which lines are suppressed from printing. If you decide that one of the highlighted lines should be detached so that it is not printed with the official printouts, merely move the cursor to that line and press the Detach Support Key. (Although you can also detach a line by changing the entry for the line, the Detach Support Key allows you to retain the original entry while still detaching the file from printouts.) To reattach the itemized list to the line, press the Itemize Key at the line; the list will then once again be printed as a part of the official printouts.

How to move and remove pages of the itemized file. The Move Key and Remove Key are provided to help you free unnecessarily used disk space and reorganize the files for easier understanding. They operate *only* when a page of an itemized file is being displayed. When you press the Move Key you are prompted

<div align="center">

NEW page #:

</div>

and you must enter a valid page number within the range of current page numbers for the supporting statement. The computer then reshuffles the remaining pages to adjust. For example, if the upper right hand corner of the screen shows that you are viewing page 2 of 5, you could enter 4 as the new page number and the former pages 3 and 4 would now become pages 2 and 3. When you press the Remove Key, you are first asked

<div align="center">

OK to remove supporting page?

</div>

to reconfirm that you truly want to remove the page. If you answer Yes, the data on the currently displayed page is removed and cannot be recovered. (The number of pages that can be created for an itemized file is limited only by disk space. The pages are organized, however, into 50-page blocks, and the re-ordering of pages can only be performed within each 50-page block of items. Accordingly, page 53 cannot be renumbered to 47, but it can be renumbered to 57.)

Cross-referencing of printed lists. As the IRS requires, the printed lists are uniquely referenced on the forms they support. The cross-reference numbers are unique to this software and are not generally the same as actual IRS line numbers. They are, however, the same numbers that appear on input sheets for high volume data entry. They are useful to the IRS because they are print-ed on both the IRS form and the supporting statements, as illustrated in Figure 13-4, so that the two are clearly tied together. The 6-digit cross-reference number is composed of

> **Form number.** The first character represents the form or schedule, using the number on the software's Forms Menu as a guide. However, forms that are numbered 1 through 32 on the Forms Menu, are num-bered 1 through 9 then A through W for the statement numbers so that their identity will take the space of just one character.

> **Copy number.** The second character is the copy number minus one, and is zero unless multiple copies of a form have been prepared. The same numbering convention as above is used. That is, when the number exceeds 9, letters are used instead, starting with A.

> **Reference number.** The last three characters identify the line reference number on the selected form, using the same unique reference num-bers that are used in high volume data entry.

For example, when an IRS schedule is printed with the phrase "(Stm34047)" as illustrated in Figure 13-4, it means that Form 34 on the Forms Menu (Form 4797 in this case) is itemized at reference line 47 (IRS line 2 in this case).

More on printing. The IRS trend in the past several years has been to require less and less supporting detail to be submitted with the return, preferring in-stead that the taxpayer keep the supporting details with his own records for later reference or auditing purposes alone. For example, on Form 4562 the IRS now requires the supporting details with the return ONLY for property newly placed in service during the current tax year. In addition, most lines with IRS-defined categories do not require support with the return, such as all but the last expense line of Schedule C. (The last expense line of Schedule C is a generic "other" line which requires a supporting statement for the IRS.) _HINT: The software has the flexibility, through the judicious use of the Detach Sup-port Key, to produce printed returns with the sparse support that the IRS re-quires for filing rather than the extensive support that the taxpayer requires for future audits_. Merely press the Detach Support Key (shown on page 7-1) when the cursor lies on the line whose support you don't want printed with the re-turn. The official returns printed for filing will then omit the supporting state-ments for those lines. That is, if you print the return by choosing 2 (COM-PLETE Tax Returns) from the Printout Menu in Figure 4-3, or by choosing any

of the "Official" printout choices in Figure 4-5 for 3 (GRAPHIC Printouts Only) or 4 (DRAFT Printouts Only), the detached support will be bypassed in the printing. Nevertheless, you can generate a complete printout of ALL support, INCLUDING the detached support as well as support for the special "Extra line for personal memos" that appears on all forms, by choosing 4 (PERSONAL & Other Support) from the sub-menu in Figure 4-5.

Chapter 14

Custom Installation

Overview

Read Chapter 1 first! If you read nothing else in this manual you should read Chapter 1. It is the only place you will find detailed installation instructions. <u>This chapter is designed only for those who encounter problems with the installation or want to customize their installation for some other reason</u>. If you could not successfully start the program after a seemingly successful installation or need to change the Main Window to use different colors or larger type, you may have to modify the setup that is delivered with the original Program Disk, change critical settings on your computer, or take additional steps for a successful installation.

What's covered here. Solutions for some of the more common special needs are detailed here, including accessibility for the visually challenged, using external media to store data, and mitigating road blocks to a successful installation:

> **Customizing the Main Window.** The custom file controls communication with the screen, keyboard, and memory. You MUST modify the custom file when you use a machine with a screen, keyboard, disk, sound, or memory not fully compatible with the current industry standard. You MAY modify the custom file if you have display or other preferences not satisfied by the settings originally delivered with the software. If you installed a Windows version of *Tax Preparer*, you can access the custom file merely by clicking the Custom Settings icon in the *HowardSoft Tax Preparer* folder. Otherwise you can access the custom file during the start-up of *Tax Preparer*: press C when the first start-up screen appears, and a custom modification screen then appears. Further details appear later in this chapter.

> **Changing program settings.** The program settings control communication with the Storage Disk and the printer, and give you options for personal preferences in the display and calculations. When your data is stored on the same disk and folder as your working copy of the program (which is our recommendation for hard disk installations), the Storage Disk specification can be left blank. But *<u>when you use external media as a Storage Disk, you must identify its location through the program settings</u>*. Separate printer settings are available for graphic printouts, draft printouts, and cover/billing letters. You can therefore use separate printers for each type of printout. You can also change tab settings to adjust for minor deviations from the standard IRS Form 1040, and can enter your name and address, if you are a tax practitioner, for use in cover/billing letterheads and the signature block of some forms. Further details appear in Chapter 12. *(Paid Preparer information is also entered here for the signature block of some forms and for letterheads on cover and billing letters.)*

Customizing the Main Window

Why modification may be necessary. The main reason for changing the look of the Main Window (Figure 14-1) is to counteract visibility problems, but person-

al preferences can be accommodated as well. There are three independent means of control:

♦ **Window Properties.** You can <u>change the font</u> used for displaying text on the screen, including increasing its size <u>to make the window larger</u>, by changing the Properties for *Tax Preparer* windows by using the facility that is built into Windows.

♦ **Custom Settings.** You can <u>change the colors</u> used in the Main Window, control the look of the cursor, and mitigate certain compatibility problems with old computers by using the Custom Settings program that is supplied with *Tax Preparer* for each edition year.

♦ **Program Settings.** For the visually impaired, you can <u>change the window to display only 40 characters per line</u> instead of 80 by changing the Program Settings built into each edition of *Tax Preparer*.

Each of these contols serve a different purpose, as detailed here. (Note that the look and size of the floating *Tax Preparer Control Window*, the other window that appears when you run *Tax Preparer*, cannot be controlled separately like the Main Window can. Rather, it is controlled by the Display Properties accessed from your *Windows Control Panel*.)
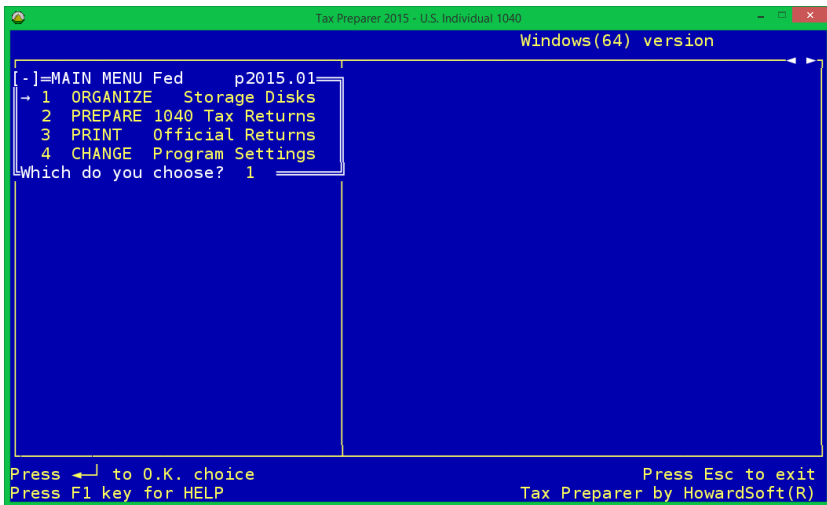
Figure 14-1. Main Window

Window Properties. *(64-bit Windows only)* If the size of the Main Window is too large or small for your needs, or the font of the text is unclear, you can change the properties of the window after starting *Tax Preparer* as follows. You can use a drop-menu or hot keys to control the properties of the winow, as follows:

    Drop-down menu method. To access the drop-down menu, click the small *Tax Preparer* icon at the left end of the title bar of the Main Window. A drop-down menu then appears, as shown in Figure 14-2. This menu includes the functions *Move*, *Shrink Window*, and *Enlarge*

Window, which are the attributes that are totally under your control. To reduce the size of the Main Window (in steps), click *Shrink Window*. Each click reduces the size a small amount until the minimum allowable size for an easily readable display is reached. To increase the size of the Main Window (in steps), click *Enlarge Window*. Each click increases the size a small amount until the maximum allowable size is reached, which nearly fills your entire screen. To move the Main Window, click *Move* then position the resulting double arrows into the title bar (with your mouse) and click to drag the title bar to the position you want.
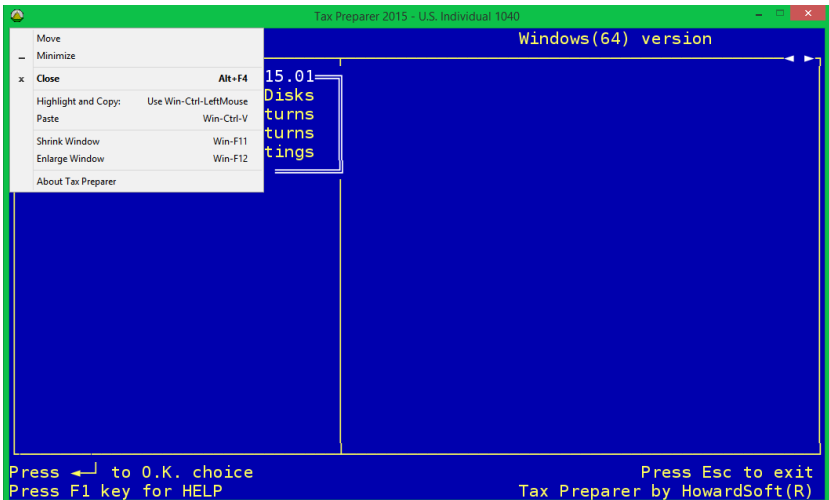
Figure 14-2. Main Window's Drop-Down Menu

Hot key and mouse method. A faster method if you remember the keys is to press Win-F11 to shrink the Main Window or Win-F12 to enlarge the Main Window, where Win is the key with the Windows logo between the left Ctrl and Alt keys. To move the window, just position your mouse's cursor over the title bar the hold down the left button as you drag the window to the position you want.

Whichever method you use, the software remembers your new size and position so that it is automatically used in your next session with *Tax Preparer*.

Very limited control of Window Properties for 32-bit Windows. The flexible resizing of the Main Window is not available under 32-bit Windows. However, you can somewhat alter the size by selecting a different fixed-size font from among the limited available styles. To do this, you must use the Properties choice from the completely different drop-down menu that is available under 32-bit Windows, then choose the Fonts tab to select your font.

Custom Settings. If the colors of the Main Window are not to your liking, or you have trouble seeing the cursor, you can change the settings by running the stand-alone Custom Settings program that is supplied for each edition year. For example, in order to control the look of the 2015 Editions of *Tax Preparer*, go to the *HowardSoft Tax Preparer* group in your *All Programs* folder and click on *2015 Custom Settings*. The screen in Figure 14-3 then appears. The settings shown in the figure are the ones with which the software is delivered, but you are free to experiment with other settings. Data entry on this screen is con-trolled as follows:

Forward arrow (→) increments the entry

Backward arrow (←) decrements the entry

Up arrow (↑) moves the cursor up to preceding entries without changing any entries

Down arrow (↓) moves the cursor down to succeeding entries without changing any entries

Enter Key (Enter or Return) approves the current entry and moves down to the next entry. When you reach the last entry on the screen, a fi-nal press of the Enter Key will send you to a prompt that allows you to accept or reject all settings.
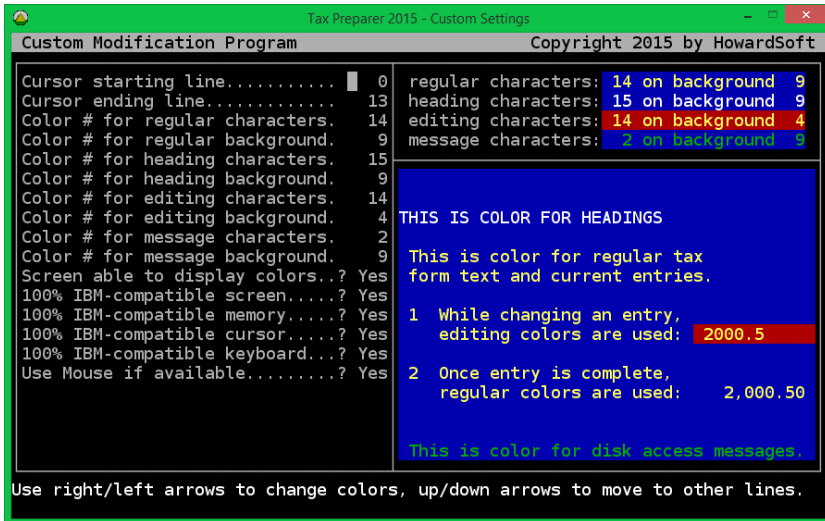
Figure 14-3. Custom Settings (Default)

The right half of the screen gives you instant feedback on how your changes to colors will affect the look of the Main Window. Guidelines on changing the settings follow:

Cursor starting/ending line. These entries control the shape of the cur-sor by defining the positions in a character block where the cursor starts and ends. For most machines, the original values of 0 and 13 result in a cursor that fills the entire character block, and values of 7

and 7 result in a very thin dash. But the effect of the numbers and the range of allowed values varies with the computer model, so you may have to experiment with these numbers if the original setting is not satisfactory. (The cursor on this screen changes as you change the settings, giving you instant feedback on their effect.)

The next few settings control the colors on the screen. While you can change the color numbers at will, you must keep in mind that the _use of the same col- or number for the characters and their background results in invisible charac- ters_. _Table 14-1 provides a guideline to valid color numbers and their effect on the display_. Some unconventional monitors or computers, however, produce different colors than the ones listed in the table. (If you use a color monitor but see no colors on the screen, make sure that the answer to the question "Screen able to display colors" is Yes.)

Table 14-1. Color Numbers for Customizing File

COLOR NUMBER	COLOR SCREEN	B & W SCREEN
0	black	black
1	blue	gray
2	green	gray
3	cyan	gray
4	red	gray
5	magenta	gray
6	brown	white
7	white	white
8	gray	black
9	light blue	light gray
10	light green	gray
11	light cyan	gray
12	light red	white
13	light magenta	white
14	yellow	white
15	bright white	bright white

Color # for regular characters/background. These entries control most parts of the screen displays. The labels for menus and all line items of data entry use these settings.

Color # for heading characters/background. These entries control the headings of menus and data entry sections. You can use underlining or brightness on a black and white screen, or brightness or contrast- ing colors on a color screen, to distinguish the headings from the nor- mal labels. Adding 8 to a normal color number usually makes it stand out like boldface.15 is therefore bright white, while 7 is normal white.

Color # for editing characters/background. These entries control the highlighting used when you edit a particular entry.

Color # for message characters/background. These entries control the STAND BY messages like "Reading Storage Disk."

Screen able to display colors? If you have a color monitor, you should answer Yes. But if you do not have a color monitor, you should an-

swer No to ensure a readable screen. For a monochrome (black and white) screen, we recommend the color settings in Figure 14-4 instead of those in Figure 14-3. On a color screen they produce the brown and yellow on black display as shown. But on a monochrome screen they produce the best contrast between black and white.
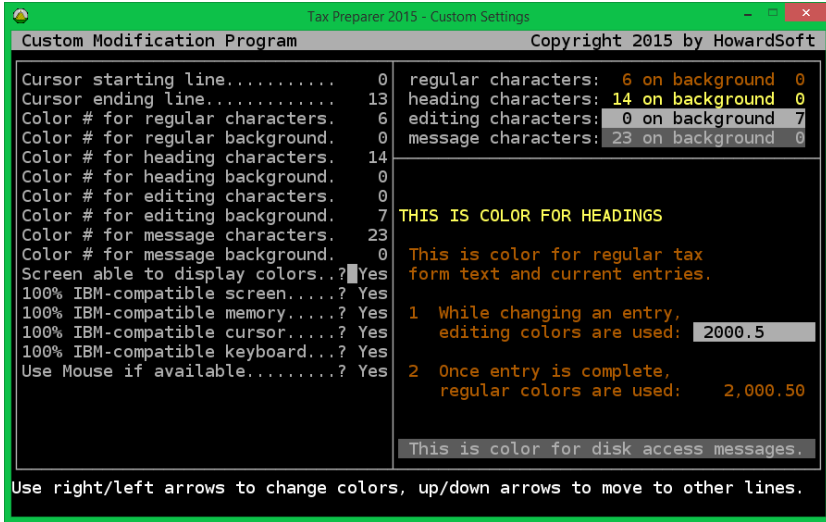

Figure 14-4. Custom Settings (Alternate)

100% IBM-compatible screen? Our software uses high-speed display routines that are incompatible with some very old computers. *You MUST answer No to this question for some very old computers, or you will never reach the Main Menu*. The speed of the display is reduced when you have to answer No, but compatibility is ensured for machines that otherwise would not be able to use this software.

100% IBM-compatible memory? When the setting is Yes the software loads all program files into high-speed memory. In addition, each time a new return is selected, the data for that return are loaded entirely into high-speed memory whenever possible. The process is automatic for most machines. However, some very old machines may falter when the attempt is made so that the Main Menu is never reached. *You must answer No for these older computers.* The software is appreciably slowed when you answer No, so we recommend that you try to reconfigure your computer rather than answering No here if you can, such as by modifying the contents of the start-up files in the root directory of your hard disk (AUTOEXEC.BAT and CONFIG.SYS). However, answering No ensures compatibility for machines that otherwise would not be able to use this software.

100% IBM-compatible cursor? This software uses high-speed cursor control that may be incompatible with some very old computers. Symptoms of an incompatible cursor are a vanishing cursor or a cursor that

is positioned at the beginning of the label for a line rather than the beginning of its entry. The speed of cursor movement and editing is slightly slowed by a No answer.

100% IBM-compatible keyboard? Our software uses high-speed keyboard routines that are incompatible with some very old computers. If you find that some of your keypresses are ignored or the computer freezes, change the custom setting for this question to No.

Use Mouse if available? The mouse is automatically used with no special configuration on most modern computers. However, for some very old computers you may have to install a driver for the mouse through a command in your hard disk's AUTOEXEC.BAT (for drivers named MOUSE.COM) or CONFIG.SYS (for drivers named MOUSE.SYS) file.

Once satisfied with the settings, press the Escape Key and the message

<center>**Ready to save settings on disk?**</center>

appears. Answer No here and the cursor returns to the data entry screen so you can make further changes. Answer Yes and the modified settings are stored on the Program Disk. Press the Escape Key and you can proceed without storing the changes. Finally, you are asked

<center>**Ready to exit custom program?**</center>

Answer No and you are returned to the preceding prompt. Answer Yes and the Custom Settings program is closed.

Program Settings. *(Recommend only for the visually impaired.)* If you cannot make the Main Window large enough to read, even when it is a large percentage of your entire screen through repeated presses of Win-F12, you have a few options to increase the font size:

Option 1: You can change the Main Window to Full Screen mode by pressing Alt-Enter. (Press Alt-Enter again to return to the normal mode.) Although the increase in window size is not much larger than a window resized using the Win-F12 key, it expands the Main Window to its largest possible size, occupying your entire desktop. (For 32-bit Windows, you will not have access to the *Tax Preparer Control Panel* when operating in Full Screen mode.)

Option 2: You can use the *Magnifier* that is built into Windows to magnify any section of the screen. The *Magnifier* is found among your computer's programs under the category *Accessories* or *Windows Ease of Access*. You can select the magnification you want, up to 16 times the original size!

Option 3 (*32-bit Windows only*): You can approximately double the size of the font by reverting to our legacy 40-column format instead of an 80-column format while in Full Screen mode. This choice expands each half of the split-screen Main Window to fill the entire screen, so you can no longer see both halves at the same time. To change to a 40-column format, you must first change to Full Screen mode (Option 1). Next, go to screen 1 of *Program Settings* (Chapter 12) and change the answer for *Display in 80-column format?* from *Yes* to *No*. If your system is compatible with a 40-oolumn format, the display will change from 80 to 40 characters per line and expand to fill the width of the screen when you return from *Program Settings* to the *Main Menu*. The two halves of the split Main Window will then be displayed one at

a time rather than simultaneously. The result is not pretty, but the characters are as large as possible for the computer you are using without resorting to the Windows Magnifier.

Storing Data in its Own Folder

Default location for data is folder where Tax Preparer installed. The software is delivered with the Program Settings configured so that all tax data are stored in the same folder as the program. Therefore, if you installed *Tax Preparer* to the default location, your data will most likely be in the folder on your internal hard drive at *C:\Program Files (x86)\HowardSoft Tax Preparer*. (For 32-bit Windows, (x86) is omitted.) *If you stick with this configuration, you do not have to ever create a folder yourself for the data*, and you don't have to worry about the Storage Disk specification in the Program Settings because a blank entry is valid for this case. Furthermore, you can create up to 99 separate tax volumes of 15 returns each in this folder, which means that *you can handle up to 1,485 tax returns for each edition year without ever creating another folder for the data*. (Tax storage data are recognized by filenames that start with the letters TS followed by the edition year, such as TS15 for data created by the 2015 Editions of the software.)

Why you might want to store data in a separate folder. Some people prefer to keep their data separate from their programs for organizational reasons. Others find that, after years of data storage in the same folder, the speed of access to the data is slowed by the huge number of files in the folder (as many as 15,000 files for ten years of data). In any case, if you want to store data in a different folder, you must create a new folder in Windows to hold that data, and the names you can use for folders and subfolders is restricted.

CAUTION: Restrictions on names for new folders. If you choose <u>not</u> to accept our default location for your data, you must follow certain guidelines in naming your custom folders and entering them in a *Storage Disk spec* (whether in Program Settings, when switching tax volumes, or when specifying the locatiion of prior-year data for translation):

1. **Name your custom folders with no more than 8 characters each, and with no spaces, symbols, or puctuation.** For example, you could name a folder TY2014 or DATA2014 but not TaxYear2014 or DATA 2014. Remember, you must create the folder yourself using Windows or Command Prompt; the software will not create it for you.

2. **If outside of *Tax Preparer*'s program folder, enter the entire path to the folder in your entry for *Storage Disk spec*.** For example, for a folder TY2014 within the folder TAX on drive D, enter D:\TAX\TY2014.

3. **If within *Tax Preparer*'s program folder, enter omit the path to the program in your entry for *Storage Disk spec*.** For example, for a folder TY2014 within the program folder (such as *C:\Program Files (x86)\HowardSoft Tax Preparer\TY2014*), enter only TY2014.

A failure to follow these guidelines can lead to an inability for *Tax Preparer* to access your tax data.

How to create a new folder and prepare it for Tax Preparer. Because of the way *Tax Preparer* handles data, you must follow certain rules when creating a new folder and preparing it for tax data in order to avert possible errors in accessing the data:

> **Step 1, Identify the drive where you will store the data.** First you must identify the drive letter associated with the media on which you want to store your data. (If the media is removable, you must first make sure that it is inserted and connected to the computer.) To identify the drive letter assigned to the media, double-click the *My Computer* or *This PC* icon on your Desktop (or in the Start folder). You should now see a list of hard disk drives and other devices identified with drive letters, including your main internal hard drive, CD drives, and flash drives.

> **Step 2, Create a folder using Tax Preparer rules.** Once you identify the hard disk drive, note the drive letter assigned to it (such as C: or D:), then double-click its icon. You should now see a list of files and folders at the top level of the drive. How you create the new folder(s) depends on whether the folder will be a subfolder of the *Tax Preparer* program folder or a totally separate folder:

> *Example 1: Data stored in a subfolder of Tax Preparer.* Following the rules in the shaded box on the preceding page, suppose you want to store your data in a new folder named TAXDATA that is within the folder where *Tax Preparer* is installed. To do so, double-click *Program Files (x86)* in the right pane, then double-click *HowardSoft Tax Preparer* in the right pane. (Omit *(x86)* for a 32-bit computer.) You'll see *Tax Preparer* program files in the right pane. With your mouse positioned anywhere within the right pane, right-click to see a drop-down menu and choose *New* from that menu, then choose *Folder* from the next menu. You should now see a new folder icon followed by the name *New Folder*. You should now rename (type over) that folder name with your own name (TAXDATA for this example).

> *Example 2: Data stored in a completely separate folder.* Following the rules in the shaded box on the preceding page, suppose you want to store your data in a new folder TY2014 that is within a new folder named TAX on your internal hard disk. You must create two folders, as follows. With the contents of the top level of C: shown in the right pane, position your mouse anywhere in the right pane, right-click to see a drop-down menu and choose *New* from that menu, then choose *Folder* from the next menu. You should now rename (type over) the folder named *New Folder* with your own top-level folder name (TAX for this example). Once you do that and press Enter, double-click the new folder (TAX) to see another drop-down menu and choose *New* from that menu, then choose *Folder* from the next menu. You should now rename (type over) the folder named *New Folder* with your own sub-folder name (TY2014 for this example). Once you press Enter, the folder C:\TAX\TY2014 will have been created on your hard disk.

Step 3, Change Program Settings in Tax Preparer. You must now start *Tax Preparer*, choose *CHANGE Program Settings* from the *Main Menu*, then choose *GENERAL Information* from the *Program Settings Menu*. You must first identify the folder(s) you just created in a new entry for *Storage Disk spec* at the top of the data entry pane. *For Example 1*, you would enter *only*

<div align="center">

TAXDATA

</div>

without any drive letter or backslash (\).   But for Example 2, you would enter the entire path to the new folder as

<div align="center">

C:\TAX\TY2014

</div>

Escape to the Main Menu when you're done, and all subsequent data operations in *Tax Preparer* will be performed on the identified hard disk in the named folder.

Step 4, Create a tax volume in the new folder. You must create a tax volume to hold the first 15 returns for this folder. To do this, from the *Main Menu* choose *ORGANIZE Storage Disks*, then choose *START NEW Tax Volume*.   The Storage Disk spec you entered in Step 3 should now appear, which you should verify by pressing Enter.   You are now prompted to enter a volume number of your choice (from 1 to 99). After entering a valid number, you are prompted to enter a name for your first return (any name, which you can change later).

You are now ready to store tax data in the new folder.   As long as all new folders are named with 8 or less characters with no special symbols or spaces, you should have no problem accessing data in that folder.

Storing Data on External Media

Practical limit on number of tax returns. When you use external media, it is important to store your tax data in a folder because some file systems limit the number of files that can be stored in the top folder of the media (called the "root directory"). This limit is rarely seen with modern media like external hard drives and flash drives, but it is very common in floppy disks and some early compact disks, both of which are rare today. Floppy disks typically use a FAT12 or FAT16 file system, both of which limit the number of entries in the root directory to 512, which falls dramatically as the length of filenames increases, since long filenames are stored using multiple entries in the FAT table. As a result, *it is not uncommon for the practical limit for Tax Preparer data to be just one tax volume of data (15 tax returns) when stored on a floppy disk*. *When that happens, you will see error alerts involving **ER 67** or **ER 75** with Tax Preparer*. By contrast, nearly all hard disks (both internal and external) produced since Windows XP was first released use the NTFS file systen, which has no such special limit on the root directory, allowing millions of files in the root directory. Most flash drives use the NTFS file system as well. CD and DVD disks have there own formats, usually CDFS or UDF file systems, with limits between those of the FAT and NTFS file systems, but rarely cause a problem for *Tax Preparer* data.

Store data in a Windows folder. The key to eliminating any practical limit on the number of returns that can be stored on the media is to always create a

folder on the media for storing the data, since the limitations on number of files in the root directory are unique to the root directory alone. Follow these steps to set up your device for storing tax data:

Step 1, Connect the media or insert the disk. First make sure that your storage media is set up to store computer data. Because most media are formatted for PC common use before you purchase them, this step typically involves merely inserting a disk or connecting a device to a USB port. To confirm that the media is ready, double-click the *My Computer* icon on your Desktop (or in the Start folder). You should now see a list of hard disk drives and other drive-like devices connected to your computer. If properly connected and formatted, your new media should appear in the list among *Devices with Removable Storage* (or among *Hard Disk Drives* if the external media is an external hard disk that is not removable from its drive). Most typically, a CD or DVD drive will be listed first and identified as drive D, and other media will follow, if any.

Step 2, Create a folder using Tax Preparer rules. Once you identify your new media, note the drive designation assigned to it (typically A: or B: for floppy disks, D: for CD or DVD drives, and E: or higher for flash drives, ZIP drives, and external hard drives), then right-click its icon. To create the necessary folder, click *New* on the resulting drop-down menu, then click *Folder* in the next menu. You should now see a folder icon followed by the name *New Folder*. You should rename (type over) that folder name with your own name of 8 characters or less (with no spaces or symbols). For example, you could enter just DATA or TAXDATA as your folder name. Press Enter when you're done and the name is written to your media.

Step 3, Change Program Settings in Tax Preparer. Start *Tax Preparer*, choose *CHANGE Program Settings* from the *Main Menu*, then choose *GENERAL Information* from the *Program Settings Menu*. You must now identify the media and the folder you just created in your entry for *Stroage Disk spec* at the top of the data entry pane. For example, if the device is a flash drive or other memory stick identified as drive E: and you created a folder on it named DATA, you would enter

E:\DATA

Escape to the Main Menu when you're done, and all subsequent data operations in *Tax Preparer* will be done on the identified media in the named folder.

Step 4, Create a tax volume on the media. You must create a tax volume to hold the first 15 returns for this media. To do this, from the *Main Menu* choose *ORGANIZE Storage Disks*, then choose *START NEW Tax Volume*. The Storage Disk spec you entered in Step 3 should now appear, which you should verify by pressing Enter. You are now prompted to enter a volume number of your choice (from 1 to 99). After entering a valid number, you are prompted to enter a name for your first return (any name, which you can change later).

You are now ready to store tax data on the external media without the worry of encountering ER 67 or ER 75 even when using old-style media like floppy disks.

Importing Data from Other Applications

Use Windows clipboard to import data. If you have itemized lists from other software applications that you want to import to *Tax Preparer*, you can do so by making use of the Windows clipboard. However, in order for the import to be successful, the data must be in a 2-column format similar to the general itemized lists of *Tax Preparer*; the first column must hold descriptions and the adjacent column must hold monetary amounts. The data can be in a table or just a list with columns separated by tabs, as long as the two columns are clearly separated by a delimiter (e.g., tabs, commas, carriage returns, line feeds).

Step-by-step procedure. *(64-bit Windows only)* Importing the list to *Tax Preparer* consists of highlighting the 2 columns up to 20 rows at a time, copying the highlighted data to the Windows clipboard, placing the cursor in *Tax Preparer* at the position in an itemized list where you want the copying to start, then pasting the data from the clipboard into *Tax Preparer*'s itemized list, as detailed here:

> **Step 1: Highlight data to be copied.** Go to the application where the table resides and highlight the data you want to import from the table. (If you want to copy the entire table, just click within the table and press ctrl-A. If you want to copy just a portion of the table, click the beginning of the first item, hold down the Shift key, and drag the cursor to the end of the last item.)

> **Step 2: Copy data to clipboard.** Copy the highlighted data into the Windows clipboard by pressing ctrl-C (or clicking Edit then Copy on the application's menu bar).

> **Step 3: Position cursor in itemized list.** Go to *Tax Preparer* and itemize the line that you want supported by the application's data. You must now move the mouse cursor to the first character of the description column for the first row you want to use and left-click once.

> **Step 4: Paste data from clipboard.** There are two ways to Paste the data in the Windows clipboard into your itemized file:

> *Menu Method:* Click the *Tax Preparer* icon in the upper left corner of the Main Window. From the resulting drop-down menu, click Paste. Your data are then entered into your itemized page.

> *Hot Key Method:* Press the 3-key combination Win-Ctrl-V, where Win is the Windows key between the left Ctrl and left Alt keys.

Your data are then entered into your itemized page.

Moving data within Tax Preparer. *(64-bit Windows only)* You can use a similar approach to copy data from one itemized list in *Tax Preparer* to another itemized list in *Tax Preparer*. For example, suppose you have an itemized list for line 28 of Schedule A, but you discover that the data must be reported on line

23 of Schedule A instead. You can use the clipboard to help you move the data, as follows:

Step 1: Find the itemized list you want to copy. Go to *Tax Preparer* and itemize the line supported by the data you want to move elsewhere (such as a line on Schedule A).

Step 2: Copy the desired data to the clipboard. Once the list you want to copy appears on the screen, hold down the *Win* and *Ctrl* keys, position the mouse cursor to the beginning of the first entry you want to copy, then press and hold the left mouse button and move the mouse over the area you want to move or copy to highlight it. When you release the mouse button, the highlighted data are copied to the Windows clipboard. (The *Win* key is the key with the Windows logo to the right of the left *Ctrl* key. If you forget the proper keyboard/mouse combo, you can click the icon in the upper left corner of the Main Window, which has a reminder in its drop-down menu.)

Step 3: Paste the copied data to the new location. Now go to the itemized list into which you want to copy the data, position the mouse cursor to the place where you want to copy the data, and press the 3-key combination *Win-Ctrl-V* (or click the icon in the upper-left corner of the Main Window and click *Paste* on the drop-down menu).

Step 4: Delete entries from the original itemized list. If you want to move the data rather than just copy it, return to the itemized list in Step 1 and delete the entries you just copied.

Moving to a New Computer

Procedures and possibilities depend on your scenario. Because *Tax Preparer* is now natively compatible with 64-bit versions of Windows and was formerly natively compatible only with 32-bit versions of Windows, there are a number of variable factors for moving data depending on the specifics of your old machine, your new machine, and what edition years you want to keep on the new machine. We'll review specific scenarios later, but first here are a few facts that may influence your setup for the new computer:

- *64-bit programs available ONLY for 2014 and later edition years*. For all 2015 and later editions of *Tax Preparer*, the installation program determines the version of Windows you are using and customizes the installation to your computer. As a result, the version compatible with your computer is automatically installed and properly configured for your system. However, prior to the 2015 Edition, *Tax Preparer* was designed only for use under 32-bit Windows and could not be used under 64-bit Windows without using a Virtual Machine like VirtualBox that emulates a 32-bit machine on a 64-bit computer, which could be more awkward, slower, and less reliable than a native installation. Nevertheless, we now have special 64-bit compatible versions of the last releases of the 2014 edition year for those who want the 2014 Edition on their new machine.

- *Tax data are fully compatible across versions*. This means that data produced by a 32-bit version of *Tax Preparer* can be read by a 64-bit ver-

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sion of *Tax Preparer* of the same edition year, and *vice versa*. You can therefore upgrade from a 32-bit computer to a 64-bit computer in the middle of the tax season without fear of losing any current data.

- *A 64-bit version of a 2015 Edition can translate prior-year data produced by a 32-bit version of a 2014 Edition*. You can therefore copy data for tax year 2013 returns from you old computer to your new computer without any fear of incompatibility during translation.

- *Programs for prior years cannot be used on a 64-bit machine without complex emulation software*. The only way older editions can operate under 64-bit Windows is to set up a virtual machine on your new computer that emulates a 32-bit machine. This requires you to install Virtual Box or Virtual PC software, install a licensed copy of 32-bit Windows XP in the resulting virtual machine, and perform all *Tax Preparer* operations within the virtual machine. Since the setup of a virtual machine can be difficult (and costly if you don't already have a licensed copy of Windows XP) and not always successful, it is usually advised to maintain a working 32-bit machine for reviewing prior data.

- *64-bit versions of Tax Preparer do not have an All Installed Editions icon*. As a result, you must start each *Tax Preparer* program separately, such as the Form 1040, Form 1065, and Form 540 programs or 2015 Edition and 2014 Edition programs. And the 2014 Edition is compatible only if you install the special 64-bit version that we produced near the end 0f 2014.

With these facts in mind, a few sample scenarios follow to help you set up your new computer with a new *Tax Preparer* program.

Recommended media for transferring files. To transfer files from an old computer to a new computer, *you must either have removable media that is compatible with both machines or a network connection that allows sharing files*. Unless you already have both computers on the same network with successful file sharing, we recommend that you use removable media instead, since network setups can be difficult, especially with older computers. Removable media includes floppy disks, CDs, DVDs, external hard disks and flash drives, any of which can be used if both computers have compatible slots. However, if your old and new computers both have an available USB slot, the easiest and cheapest media to use is a flash drive (which may be called a thumb drive, jump drive, or memory stick). *A 4 GB flash drive costs less than $10 and can hold tax data for more than 20 thousand tax returns!* However, you must make sure that the flash drive you use is compatible with both computers. The most common flash drives are USB 2.0 compatible, which can be handled by most machines. However, if your old computer is more than a decade old, it may only be capable of using a USB 1.0 drive. (USB 3.0 versions should be avoided because few computers have a compatible USB slot.) When you insert a flash drive in a USB slot, it appears to your computer like a disk drive, complete with its own drive letter (such as E:, F:, etc.). You can therefore easily copy files to and from a flash drive using Windows Explorer, which is installed on all Windows computers.

Use Windows Explorer to perform copying to and from removable media.
The easiest way to copy files to and from removable media is to use
Windows Explorer, which is included with <u>all</u> versions of Windows. You can
easily navigate to the files you want to copy and to the folders to which you
want to copy them. And you can easily sort the files in alphabetical order so
that you can select all files from a single year in a single block by highlight-
ing them using the keyboard or mouse and choosing *Copy* or *Paste* from the
drop-down menu of a right-click. However, it is not always easy to find
Windows Explorer on your computer because Microsoft has moved its loca-
tion and changed its name over the years and has renamed shortcuts:

<u>To reach *Windows Explorer* from your list of *All Programs*</u>, look for one of
two program groups: *Accessories* or *Windows System*. Within that group, it
appears under the name *File Explorer* or *Windows Explorer.* Click the name
and *Windows Explorer* will start.

<u>To reach *Windows Explorer* from a shortcut icon</u>, look on the Start Screen,
the Start Menu, or the Desktop for any of these names: *Windows Explorer*,
File Explorer, *My Computer*, *This Computer*, *This PC*, or *Computer*. Click the
name you find and *Windows Explorer* will start.

Once you start *Windows Explorer* you can easily navigate to the files you
want to copy or the folder you want to fill.

<u>Scenario 1</u>: **Install only 2015 Edition program on new computer and only tax
data from 2014 Edition.** This is the simplest scenario:

> **Step 1: Install 2015 Edition program.** Your first installation must be from
> the disk we send you, but you will be able to get periodic updates for
> the year on-line thereafter. Just insert the HowardSoft disk for the
> 2015 Edition and the rest is automatic for most computers. See
> Chapter 1 of this manual for details.

> **Step 2: Copy tax data produced by 2014 Edition to removable media.** In-
> sert the removable media you choose (see the preceding shaded
> paragraph) into the old computer. Then use *Windows Explorer* to
> copy the prior data to the media. The tax data produced by the 2014
> Edition all have filenames starting with TS14. Unless you have 2014
> Edition data in more than one folder of the old computer, you can
> just copy all such files to the removable media without using folders.
> For example, with a default setup for the 2014 Edition, your data will
> be in the folder TAX on your C-drive (C:\TAX). You would navigate
> to that folder, alphabetize its filenames by clicking the *Name* heading
> in the right pane, then highlighting all files with names starting with
> TS14. You would then Copy those files to the removable media. (If
> your data for the year resides in more than one folder, you must cre-
> ate corresponding folders on your removable media and copy the
> data separately to each folder).

> **Step 3: Copy tax data from removable media to the new computer.** Insert
> the removable media used in Step 2 into the new computer. If all

your data resides in a single folder, you should now use *Windows Explorer* to copy the data to the folder where the 2015 Edition was installed in Step 1, which will be *C:\Program Files (x86)\HowardSoft Tax Preparer* unless you changed the location in Step 1. (If your data is in more than one folder, you must create corresponding folders on the new computer and copy the separate data into the separate folders.)

You will now be able to access data produced by the 2014 Edition for translation into the 2015 Edition.

Scenario 2: Install only 2015 Edition program on new computer and both tax data and program from 2014 Edition. This scenario involves an extra installation:

Step 1: Install 2014 Edition program. You must install the 2014 Edition from the disk we send you. If your new computer is a 64-bit computer (which is very likely if your bought the computer in 2014 or later), you cannot use the disk you used for your 32-bit machine. You must use the special disk we produced at the end of 2014 for 64-bit computers. Just insert the HowardSoft disk for the 2014 Edition and the rest is automatic for most computers. See the instructions that came with the disk for more information.

Step 2: Update 2014 Edition to the last release of 2014. *(32-bit computers only)* You must update your installation to the last release of the year, which is 2014.01r for Tax Preparer 1040, 2014.01b for Partnership Edition, and 2014.01k for California Supplement. You can do this most easily by starting the 2014 Edition you just installed and clicking *Check for Updates* on the *Tax Preparer Control Panel*. (For 64-bit computers, the special disk you used in Step 1 was already the last release of 2014.)

Step 3: Install 2015 Edition program. Your first installation for 2015 must also be from the disk we send you, but you will be able to get periodic updates for the year on-line thereafter. Just insert the HowardSoft disk for the 2015 Edition and the rest is automatic for most computers. See Chapter 1 of this manual for details.

Step 4: Copy tax data produced by 2014 Edition to removable media. See Step 2 of Scenario 1 for details.

Step 5: Copy tax data from removable media to the new computer. See Step 3 of Scenario 1 for details.

You will now be able to *access* data produced by the 2014 Edition for translation into the 2015 Edition, and will be able to *view* 2014 Edition data with the 2014 Edition software. (If you still need to translate data from tax year 2012 into data for tax year 2013 with the 2014 Edition, you can copy that data into the new computer with the same procedure as Steps 2 and 3 of Scenario 1, but copying files with names starting with TS13.)

Scenario 3: Install the current and all prior editions and data on new 32-bit computer. This scenario can be simple if you are willing to use only the *All Installed Editions* icon to the start prior editions:

Step 1: Copy entire contents of prior program folder to removable media. If you installed all <u>prior</u> editions in folder TAX of drive C:, as we recommended prior to 2015, you can copy the entire contents of C:\TAX to the folder where you will install the 2015 Edition (usually *C:\Program Files\HowardSoft Tax Preparer*) and you're done. Otherwise you must install each past edition one by one, oldest first, then copy all tax data files in that folder (files with filenames starting with TS).

Step 2: Install all available on-line updates for prior years. You must now update prior editions to the last release for each edition, all of which are available on the *Check for Updates* website (http:\\howardsoft.com\updates.html). Be sure to install updates in chronological order, starting the the oldest edition. You can reach updates for prior years through the 2nd to last menu button near the top of the web page (labeled 2014 Editions, 2013 Editions, etc., for each successive prior web page you access).

Step 3: Install 2015 Edition program. This installation <u>must</u> be made from the disk we send you, even though most files may already exist in your program folder as a result of Step 1. Just insert the HowardSoft disk for the 2015 Edition and the rest is automatic for most computers. See Chapter 1 of this manual for details. If you already have data from the 2015 Edition in the program folder as a result of Step 1, the sample return for the 2015 Edition is automatically omitted from the installation so that it will not overwrite your data.

Step 4: Install latest updates for the 2015 Edition. After installing the 2015 Edition, you should check for on-line updates. The easiest way to do this is start the 2015 Edition then choose *Check for Updates* from the *Tax Preparer Control Panel*.

You will now be able to start <u>any</u> prior edition from the *All Installed Editions* icon in your HowardSoft Tax Preparer program group. You will be able to start the <u>current</u> edition by year as well, such as *2015 U.S. Individual 1040*.

Scenario 4: Install all prior editions and all prior data on new <u>64-bit computer</u>. This is the most complex scenario because it involves the addition of a virtual machine with Windows XP to the new computer. Because Tax Preparer editions prior to 2014 were designed solely for 32-bit computers, they cannot be run natively under 64-bit Windows. Instead, they must be run in a virtual machine that emulates a 32-bit machine, and a 32-bit version of Windows (usually Windows XP) must be installed in that virtual machine. In 64-bit versions of Windows 7 Professional, Microsoft provided an XP mode that made this easy and free. However, they did not continue this policy with Windows 8, so you must install the virtual machine yourself using Virtual Box or Virtual PC software, both of which are free. Once you have successfully installed a virtual machine, you must now install a licensed copy of 32-bit Windows, which you must buy if you do not already have a legal disk. We recommend Windows XP because it consumes the least memory and is fully compatible with *Tax Preparer*, for which security is not a concern if you do not connect it to the internet. However, you can encounter trouble with USB flash drives and USB printers, so you may need to rely on a local area network (LAN) instead. Therefore, *we*

highly recommend that you maintain a working 32-bit computer if you need to use Tax Preparer editions prior to 2014.

Chapter 15

Troubleshooting

Installation Problems

What's normal? The first installation for a particular edition year will be from the disk we send you; the initial installation is not available on-line. For most of you, the installation is fully automatic once you insert the disk in your disk drive. You should see the window in Figure 15-1 shortly after inserting the disk in your disk drive. The procedure from that point on is detailed in Chapter 1 of this User's Guide.
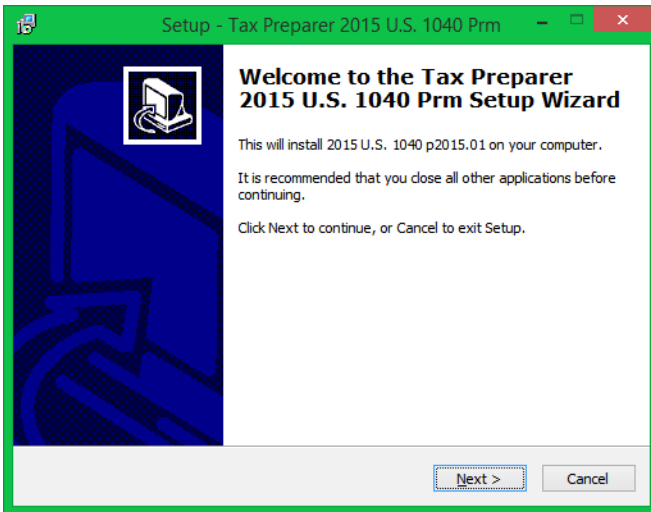
Figure 15-1. Start of Installation from Disk

What to do if nothing happens. If you don't get the window in Figure 15-1, and no other messages appear to indicate that the disk is being read, your disk drive may not be set for *Auto-Play* or *Auto-Run*. In that case, you must start the installation manually as follows:

Step 1: Start *Windows Explorer* and navigate to the disk drive that holds the HowardSoft disk you just inserted. (On your computer, *Windows Explorer* could be called *File Explorer* and could be in a program group named *Windows System* or *Accessories*.)

Step 2: Double-click the icon for the drive to see its contents. You will see just 3 files: *AutoRun.inf*, *FED.ICO*, and *Installvvv_xyyyy.rr.exe*, where vvv_xyyyy.rr identifies the particular software being installed. (vvv is the version: Fed, Par, or Cal for 1040, 1065, or 540 software; x is the level: e, s, or p for Economy, Standard, or Premium; yyyy if the edition year; and rr is the release number for that version, level, and year.)

Step 3: To start the installation, right-click the file *Installvvv_xyyyy.rr.exe* and choose Open from the resulting drop-down menu. (If the computer is set up as a multi-user computer, you may have to choose

Run as administrator or *Run as... [a particular user]* in order to be al-
lowed to install this program on the computer.)

You should now see a window like the one in Figure 15-1, indicating that the
installation has successfully started. If it does not, read on for other sugges-
tions.

Need to bypass security software. If you still don't reach the window in Figure
15-1, <u>your system's security software (anti-virus, anti-spyware, firewall, etc.)</u>
<u>may be blocking the installation</u>. We therefore recommend that you turn off
your system security software while installing the program from disk. If you are
not connected to the internet, you can safely disable your entire security suite.
But if you are permanently connected, you may prefer to temporarily disable
only the security features that relate to computer and disk files, not those that
relate to the internet. The important thing to keep in mind is that the computer
must be allowed to read our disk and write to your hard disk to install the pro-
gram.

SETUP.LID file messages (error 105). *(64-bit Windows <u>only</u>)* With either auto-
matic or manual installation, if you encounter a message like

Setup is unable to find installation languages in SETUP.LID file

while starting the installation program, it means that you are trying to install a
program designed only for 32-bit Windows on a 64-bit computer that is run-
ning 64-bit Windows. (You can determine whether your computer is using 64-
bit Windows by right-clicking the *My Computer* or *This PC* icon and choosing
Properties. The system type will generally be shown as "64-bit Operating Sys-
tem, x64-based processor" meaning that it is running 64-bit Windows on a 64-
bit computer.) With *Tax Preparer*, this can only happen if you are trying to in-
stall an edition prior the the 2015 Edition because these prior editions were de-
signed for 32-bit computers alone. For these older editions, you must install
and run the software under 32-bit emulation, which is a complex and some-
times costly option. You may therefore prefer to maintain a 32-bit computer
for running these older versions of *Tax Preparer*. See the last section of Chap-
ter 14 for more details on your options. *(A special 64-bit version of the last re-
lease of 2014 is available on request, but the disk you received earlier in the
year can only be installed under 32-bit Windows.)*

Unsupported 16-bit application. *(64-bit Windows <u>only</u>)* If you receive an error
message concerning 16-bit applications or a message such as

Cannot start or run due to incompatibility
with 64-bit versions of Windows

then you may be trying to run *Tax Preparer* under a 64-bit operating system. In
that case, you must run *Tax Preparer* under 32-bit emulation using a virtual
machine, as described in the preceding paragraph.

Config.nt or autoexec.nt messages. *(32-bit Windows <u>only</u>)* If you encounter an
error message like

The system file is not suitable for running
MS-DOS and Microsoft Windows applications.

it means that your config.nt or autoexec.nt file may be damaged or missing from your computer's *C:\Windows\System32* folder. *(If the folder Windows does not appear on your computer, it may be replaced by Winnt or other system folder name. You can discover the proper name by opening Command Prompt and typing* echo %systemroot%*.)* If missing or damaged, you can create these files yourself with a text editor like *Notepad* as follows:

Config.nt file: Create a file with the following lines:

> **dos=high, umb**
> **device=%systemroot%\system32\himem.sys**
> **files=40**

Save this file as *C:\Windows\System32\config.nt* (using your system folder's name in place of Windows, if necessary).

Autoexec.nt file: Create a file with the following lines:

> **@echo off**
> **lh %systemroot%\system32\mscdexnt.exe**
> **lh %systemroot%\system32\redir**
> **lh %systemroot%\system32\dosx**
> **SET BLASTER=A220 I5 D1 P330 T3**

Save this file as *C:\Windows\System32\autoexec.nt* (using your system folder's name in place of Windows, if necessary).

We recommend that you restart your computer after saving these files, then retry the installation of *Tax Preparer*.

ComponentMoveData Error (error 115). If you encounter a window during installation titled *ComponentMoveData Error Information* with an error number 115 listed in the window, it indicates that files being copied from the disk cannot be written to your hard disk, either because **(a)** files with the same name are being used by another program or **(b)** files with the same name are marked as Read Only files. Reason **(a)** can apply if you have *Tax Preparer* running while trying to install the program, even if it is a different edition. To correct this problem, <u>you must exit (close) any edition of *Tax Preparer* that is currently running</u>. Reason **(b)** can apply if program files are protected from being changed, which some systems are configured to do automatically as a security precaution. To correct this problem, <u>you must change the attributes of all files in the TAX folder to ensure that none are Read Only files</u>. To do this, you must use a Command Prompt command, as follows:

Step 1: Open Command Prompt. Start *Command Prompt* by clicking *Start* (in the lower-left corner of your screen), then *Run*, and type **cmd** in the *Open:* box. Once you click OK, a black window should appear with a rectangular cursor (usually next to a path that identifies your hard disk and a default folder).

Step 2: Change active folder. You must change the active folder from the computer's default to the folder where *Tax Preparer* is installed. For editions prior to 2015 (except for the special year-end 64-bit version), this would be C:\TAX if you accepted our default in prior installations. In that case you would type the commands

> **C:**
> **CD\TAX**

followed by the Enter key. But if you are installing a 2015 or later edition and accepted our defualt location in the past, you would type

```
C:
CD\Program Files (x86)\HowardSoft Tax Preparer
```

for 64-bit Windows, or

```
C:
CD\Program Files\HowardSoft Tax Preparer
```

for 32-bit Windows.

Step 3: Remove Read Only flag. If you have a prior installation in the folder, you must ensure that *none* of the prior files are marked as Read Only files by typing the command

```
ATTRIB −R *.* /S
```

followed by the Enter key.

After performing these steps, retry the installation.

Error: This process cannot access the file because... *(32-bit Windows only)*
This error can arise when you try to install or update *Tax Preparer* while any edition of *Tax Preparer* is running. The error is typically seen in a window titled only *Error*, with the message

C:\...\...\ ...\...\HSPrnTax.EXE

This process cannot access the file
because it is being used by another process.

(where the path that precedes HSPrnTax.EXE is unique to your computer and not shown here). When you click Ok to this message, the installation aborts. This is a common error when trying to install an on-line update to *Tax Preparer* if you accessed update by clicking *Check for Updates* on the *Tax Preparer Control Panel*. To correct the problem, you must close the *Tax Preparer Control Panel* (or exit *Tax Preparer* from the *Main Window*), then restart the installation anew.

Start-up Problems

Successful installation, but start-up fails. If you have not successfully completed the installation of *Tax Preparer*, you should read the preceding section *Installation Problems*, not this one. This section gives you help only with problems accountered after a successful installation, such as a failure to reach the Main Menu after clicking a proper *Tax Preparer* start-up icon.

Error message ER 75 upon start-up. Even though the installation appeared successful, you may encounter an error message, such as ER 75/LN xxxxx, before ever reaching the *Main Menu*. If so, your program files may be marked as Read Only files for security reasons, but *Tax Preparer* requires that some of the files be allowed to change. You must therefore remove Read Only flags for all files in *Tax Preparer*. To do so, you must use a *Command Prompt* command, as follows:

Step 1: Open Command Prompt. Start *Command Prompt* by clicking *Start* (in the lower-left corner of your screen), then *All Programs*, then *Accessories*, and then double-click *Command Prompt*. A black window should appear with a rectangular cursor (usually next to a path that identifies your hard disk and a default folder).

Step 2: Change active folder. You must change the active folder from the computer's default to the folder where *Tax Preparer* is installed. For editions prior to 2015 (except for the special year-end 64-bit version), this would be C:\TAX if you accepted our default in prior installations. In that case you would type the commands

```
C:
CD\TAX
```

followed by the Enter key. But if you are installing a 2015 or later edition and accepted our defualt location in the past, you would type

```
C:
CD\Program Files (x86)\HowardSoft Tax Preparer
```

for 64-bit Windows, or

```
C:
CD\Program Files\HowardSoft Tax Preparer
```

for 32-bit Windows.

Step 3: Remove Read Only flag. If you have a prior installation in the folder TAX, you must ensure that *none* of the prior files are marked as Read Only files by typing the command

```
ATTRIB -R *.* /S
```

followed by the Enter key.

After performing these steps, retry the start-up.

Tax Preparer windows appear on the screen then disappear. If the *Tax Preparer Control Panel* and the *Main Window* appear on the screen, but disappear before you reach the *Main Menu*, there is a problem with either **(a)** how the program files are marked, or **(b)** how the program files are named. To eliminate (a) as the cause, perform Steps 1 through 3 of the preceding paragraph, then retry start-up anew. If that does not solve the problem, your system may have renamed some program files as text files. To confirm this cause and eliminate it, perform the following steps:

Step 1: Open Command Prompt. Start *Command Prompt* by clicking *Start* (in the lower-left corner of your screen), then *All Programs*, then *Accessories*, and then double-click *Command Prompt*. A black window should appear with a rectangular cursor (usually next to a path that identifies your hard disk and a default folder).

Step 2: Change active folder. You must change the active folder from the computer's default to the folder where *Tax Preparer* is installed. For editions prior to 2015 (except for the special year-end 64-bit version), this would be C:\TAX if you accepted our default in prior installations. In that case you would type the commands

```
C:
CD\TAX
```

followed by the Enter key. But if you are installing a 2015 or later edition and accepted our defualt location in the past, you would type

```
C:
CD\Program Files (x86)\HowardSoft Tax Preparer
```

for 64-bit Windows, or

```
C:
CD\Program Files\HowardSoft Tax Preparer
```

for 32-bit Windows.

Step 3: Check for text files. Filenames for text files end with .TXT, so you can see whether there are any text files in the TAX folder by performing the command
> `DIR *.TXT`

followed by the Enter key. It is normal to see files like PDF-FILES.TXT, README.TXT, CURFILE.TXT, CURFILEC.TXT, diskID.txt, diskSN.txt, or License.txt in response to this command. However, if you see any filenames starting with TP, such as TP15IUSQ.TXT, your system has erroneously identified certain *Tax Preparer* files as text files and renamed them. If this is the case, continue to Step 4.

Step 4: Rename .txt files to their proper names. To correct the problem, you must rename all such *Tax Preparer* program files to their original names, which have no extension (no name after the period). To do so, type
> `RENAME TP*.TXT TP*.`

followed by the Enter key.

After performing these steps, retry the start-up.

Main Window appears but not the Tax Preparer Control Panel. *(32-bit Windows only)* If you do not see the *Tax Preparer Control Panel*, your start-up icon may be improper for the current breed of *Tax Preparer*. To confirm this, notice the version indicated in the upper right corner of the Main Window. If started improperly, the version may be displayed as **DOS/WIN3.1 version** instead of **Windows(64) version** or **Windows(32) version** shown in Figure 1-9 (in Chapter 1). The DOS/Win3.1 version is an extremely limited version of *Tax Preparer* intended only for those with very old machines that cannot use the Windows version. To create a start-up icon with the proper commands for starting the full-function Windows version, see the paragraph titled *Creating start-up icons* in the *Manual Installation* section of Chapter 14.

See Installation Problems for other solutions. Some of the solutions offered for installation problems also apply to start-up problems. For example, if you encounter error messages concerning config.nt or autoexec.nt during start-up, you should use the solution for such messages in our section on Installation Problems at the beginning of this chapter. Similarly, your security software could prevent changing *Tax Preparer* program files, so you may have to disable certain security features or change the attribute of files, as detailed in the same section. If none of the solutions in this chapter help your situation, see Chapter 16, *Customer Support*, for information on how to take advantage of our free customer service.

Error Messages

Descriptive error messages. Descriptive error messages are given for errors that have been predicted in the design of the software. These messages are listed in Table 15-1 along with suggested corrective actions. In recovering from an error you typically have two options:

Fix the error and retry. Follow the instructions in Table 15-1 for taking corrective action, then press the Enter Key in response to the prompt
> **Enter=retry, Esc=exit**

The operation that led to the error is then attempted once again.

> **Escape and return to a prior menu.** Press the Escape Key if you decide not to proceed with the operation that led to the error. You are then returned to a prior operation and have a chance to select a different course of action.

When the cause listed in the table is an erroneous disk specification, you should consult Chapter 12 and Change Program Settings to allowed disk specifications.

Unexpected errors. While we have attempted to handle most errors with descriptive messages, some errors are unexpected and are described only with an error number in the format

Malfunction: ER 00/LN 00000

where the error number is labeled ER and the internal line number on which it occurs is labeled LN. These errors are generally fatal because the software has not been able to determine how to circumvent them. They are usually caused by the improper setup of the software, damaged data on the hard disk or external media, or a hardware malfunction. A list of some of these errors is given in Table 15-2. If you cannot determine the cause or avert the error after consulting this table, please report the error number and line number to Howard-Soft for further help. *CAUTION: Although you can sometimes attempt continued operation after such an error, we recommend against it due to the possibility of damaging data stored on disk*.

Unreported errors. For some equipment an error can occur without generating an error message at all, and the computer merely freezes when the error is encountered. These errors are generally unrecoverable. You can minimize their chances, however, by taking extra care when operating the software. Avoid trial and error operation, such as pressing keys just to see what might happen. *Don't try to use the printout modes if you don't have a printer properly connected and operating.* Be careful when changing program settings not to enter specifications that are inconsistent with your setup.

Table 15-1. Error Messages

ERROR MESSAGE	MEANING AND CORRECTIVE ACTION
Disk ERROR	Your disk hardware is malfunctioning or the disk currently being accessed is damaged.
Disk FULL	Attempt to store data on disk without enough space on disk. Copy file to empty disk.
Disk NOT READY	Drive door is open, drive is empty, disk is damaged or improperly formatted, or disk is backwards. Reinsert disk, with oval slot to rear, and close door firmly. If problem persists, use a new Storage Disk.
Disk Speed Too Fast/Slow	Drives need servicing or readjusting.
Duplicate Disk Name	You have entered a disk name in the disk spec which is already being used.
ER 00/LN 00000	Indicates an unanticipated, fatal error. Note the numbers and report them to HowardSoft. (Also see "Malfunction.")
File Locked	You have locked a data file (not with this software) so that data cannot be stored in that file. Either unlock the file or use a different disk.
Insufficient Memory	Available memory has been exceeded due to unforeseen circumstances. Restart from power off as described in Intro A.
INVALID Data	Malfunction has occurred while reading disk. The disk may be defective or a chance accident may have occurred. Replace disk if problem persists after several tries.
INVALID Spec	Attempt to access disk using an illegal path or name. Reenter proper Storage Disk spec.
Malfunction	Indicates an unexpected, often fatal, error, usually caused by faulty hardware or disk.
Printer NOT READY	Printer out of paper, improperly set, or malfunctioning. Recheck cables & switches.
REMOVE Write Protection	Attempt to store data on disk protected by tape covering square notch on the side (or a slide switch in the case of a 3-1/2 inch disk). Remove protection if O.K. to write to inserted disk, or insert different disk.
Fed Volume Not Found	Disk specified by Storage Disk specs has no current-year tax volumes for the Form 1040 tax software. You must install one with File Manager, or change disk specs.
Par Volume Not Found	Disk specified by Storage Disk specs has no current-year tax volumes for the Form 1065 tax software. You must install one with File Manager, or change disk specs.
Cal Volume Not Found	Disk specified by Storage Disk specs has no current-year tax volumes for the Form 540 tax software. You must install one with File Manager, or change disk specs.
Volume Already Exists	You are attempting to create a tax volume with the same volume number as one that already exists. Use another number or see Ch. 14 to create more than 99 volumes.
WRONG Disk or Spec	File requested not found on specified disk. Insert proper disk or change drive specs.

Table 15-2. Meanings of Error Numbers

ER #	TYPE OF ERROR	COMMON CAUSE
1	NEXT without FOR	Hardware malfunction, damaged Program Disk, or side effect of a prior error
2	Syntax error	Hardware malfunction, damaged Program Disk, or incompatible machine
3	RETURN without GOSUB	Hardware malfunction, damaged Program Disk, or side effect of a prior error
4	Out of data	Hardware malfunction or damaged Program Disk
5	Illegal function call	Hardware malfunction or damaged Program or Storage Disk
6	Overflow	Hardware malfunction or damaged Storage Disk
7	Out of stack memory	Incompatible machine or damaged Program Disk
8	Undefined line number	Damaged Program Disk or prior error
9	Bad subscript	Damaged Storage Disk or prior malfunction
11	Division by zero	Damaged Program or Storage Disk, hardware malfunction, or operating system malfunction
13	Type mismatch	Damaged Storage Disk
14	Out of string space	Insufficient RAM memory, incompatible machine, or improper start-up procedures.
16	Formula too complex	Damaged Program Disk, hardware malfunction, or operating system malfunction
50	Bad data	Damaged Storage Disk
54	Bad file mode	Erroneous disk specs or prior malfunction
55	File already open	Side effect of prior error, usually implying a damaged Storage Disk
57	Device I/O error	Hardware malfunction (usually disk drives, but sometimes an out-of-paper indication for a printer) or damaged Storage Disk
58	File already exists	Abnormal for this software, but can arise when the Storage Disk spec has more than 6 characters after last back-slash.
67	Too many files	Incorrect path in disk specs or top level of disk full. (Only 112 files, or 27 tax returns, can be carried in the ROOT directory of most disks, including hard disks!)
74	Rename across disks	Possible if Storage Disk spec has more than 6 characters after the last back-slash.
75	Path/file access err	Incorrect path in disk specs, too many filenames in the root directory (most disks are limited to 112 files), or network improperly configured.
76	Path not found	Incorrect path in disk specs.

Printing Problems

Frozen printing. If you get no response from the printer even after waiting for minutes, there may be no communication between the software and printer because of an improper configuration. There are many unrelated possibilities for this situation, a few common ones of which are explained here. (If you get a response from the printer, no matter how slow, skip to the section on "Slow printing.")

   Delete PS.INI file. This is a common cause if you recently installed a new printer because *Tax Preparer* remembers the last printer you used with *Tax Preparer*. When you first print with *Tax Preparer*, a file named PS.INI is created that holds critical information about your printer's driver and its settings. Furthermore, if you make any changes to your printer properties or settings using the print window that appears when you start a *Tax Preparer* printout, the new settings are stored in this file so that they can be used the next time

you use *Tax Preparer*. The advantage of this approach is that any changes you make for *Tax Preparer* printing apply only to *Tax Preparer* and do not affect any other software. However, the disadvantage is that subsequent changes in your default printer have no effect on *Tax Preparer*, so *Tax Preparer* may be unable to print if you disconnect the former printer when you install a new one because of incompatibility with the prior PS.INI file. <u>The solution is to delete the PS.INI file so that *Tax Preparer* is forced to create a new PS.INI file based on the new default printer</u>, as follows:

Step 1: Using *Windows Explorer*, navigate to the folder where you installed *Tax Preparer* (usually the folder *Program Files (x86)\HowardSoft Tax Preparer* on your Local Disk (C:)), then find the file **PS.INI** within the folder. Once you find it, <u>Delete</u> it by right-clicking the filename and choosing Delete from the resulting menu. (If your computer is set to hide extensions, you may see only the name PS instead of PS.INI.)

Step 2: Make sure that the printer you want to use is set as your default printer by clicking *Start*, then *Control Panel*, then *Printers and Faxes*. A check appears by the icon for the default printer. If the check does not appear by the proper printer, right-click the icon for the proper printer and click *Set as Default Printer. <u>TIP</u>: The printer does not need to be your default printer once your PS.INI file has been changed by Printing within Tax Preparer.*

Step 3: Restart *Tax Preparer* and generate a test printout, changing properties to a low-quality setting if necessary.

Change print processor configuration. Your computer may be set to use an incompatible data type for the print processor. To check the current setting, click *Start*, then *Control Panel*, then *Printers and Faxes*. Now right-lclick the icon for the printer, then click *Properties* (at the bottom of the resulting menu). On the *Advanced* tab click the button for *Print Processor*. <u>The default data type should be RAW</u>. If it is not, click RAW then Ok, then Ok again.

Change spooler settings. If your printer is set to spool documents, you should make sure that it is also set to print immediately rather than waiting for the last page of a job to enter the spooler. To check the current setting, click *Start*, then *Control Panel*, then *Printers and Faxes*. Now right-lclick the icon for the printer, then click *Properties* (at the bottom of the resulting menu). On the *Advanced* tab, if *Spool print documents so program finishes printing faster* is checked, then *Start printing immediately* chould also be checked. If that setting doesn't help, you can also try checking *Print directly to printer* so that the spooler is bypassed.

Increase computer memory. If you can successfully generate draft printouts, but graphic printouts get stuck in the spooler, you may not have enough RAM memory installed in your computer to handle the *Tax Preparer* printout and any other applications or processes that are running at the same time. The solution is either to increase the

amount of RAM memory in the computer or minimize the other programs running in the background.

Update your printer's driver. If none of the preceding solutions help, your printer's driver may be malfunctioning. You should therefore check the website for the manufacturer of your printer for the availability of drivers for your printer. They can usually be downloaded for free from the website and installed automatically. (For *Tax Preparer*, the simplest, standard driver for the printer is the best. *Tax Preparer* does <u>not</u> require post-script drivers, which can actually slow down the printing of our tax forms.)

Exit Tax Preparer. Sometimes a printout that is stuck in the spooler can be freed from the spooler by exiting from *Tax Preparer*. First try exiting normally (escaping from the *Main Menu* in the *Main Window*, or closing the floating *Tax Preparer Control Panel*). If you cannot exit *Tax Preparer*, use the End Task function of the *Windows Task Manager* by clicking Ctrl-Alt-Del (three keys together) and choosing the *Applications* tab. Choose *Tax Preparer Control Panel* and click the *End Task* button at the bottom of the Window. Once finished, click any other *Tax Preparer* programs shown and click *End Task* again.

Error messages. Sometimes a printout will not start because a fatal error message is encountered. If you see a message like **Printer error, printer could not be found** or **Printing error 4107,** the printer is not communicating with the software. This problem can arise when the print driver being used by *Tax Preparer* is incompatible with the currently installed printer. You should therefore <u>delete the PS.INI file as instructed in the first solution suggested for frozen printing</u>. When you restart *Tax Preparer* after doing this, a new PS.INI is generated based on the current default printer when you initiate a printout through *Tax Preparer*.

Slow printing. For most computers and printers, printing with *Tax Preparer* is fast right out of the box. However, for some printers the delay to the first page of a *Tax Preparer* printout or the general printing speed after the first page can be frustratingly slow. There is no one solution to this problem because there is no one cause, but here are some of the solutions that have helped a variety of customers:

Use low-quality settings. In spite of their graphics, tax forms do not require high-quality settings like photographs do. In fact, you can produce decent printouts of tax forms using the lowest quality setting for most printers. For example, even the *FastDraft* setting for many HP ink-jet printers produces results in printouts adequate for filing with the IRS. Using a higher quality setting results in slower printing and darker printouts that may be even less readable than *FastDraft* printouts. (Some printers even allow you to reduce the amount of ink used, and the resulting printouts may still be acceptable!)

Use low memory mode. Some printers give you the option of a Low Memory Mode. If memory is tight on your computer, whether because of other programs or processes being performed in the background, attempts to print a large print job, or the use of the minimum

memory allowed for your operating system, using the Low Memory Mode can greatly increase the speed of printing.

Update your printer's driver. All Windows printers require a print driver, which is installed by Windows when you install the printer. However, the complexity of Windows combined with the complexity of some printers has led to problems for some systems that is not discovered until months of use. You should therefore check the website for the manufacturer of your printing for the availability of updated drivers. They can usually be downloaded for free from the website and in-stalled automatically. (For *Tax Preparer*, the simplest, standard driver for the printer is the best. *Tax Preparer* does <u>not</u> require post-script drivers, which can actually slow down the printing of our tax forms.)

Use a simpler driver for Tax Preparer. *(32-bit Windows <u>only</u>)* Some mod-ern printers combine copy, print, scanning, and fax in one machine, leading to complex drivers that can lead to problems with some soft-ware. As a result, for the purposes of *Tax Preparer* you may be bet-ter off with a generic driver that does not support any of the non-printing functions. Because the driver you use for *Tax Preparer* can be a different driver from the one you use for your other programs, using a generic driver has no effect on your other programs (as ex-plained in the shaded box on this page). For example, most Hewlett-Packard Desk-Jet printers can successfully use the **HP 550C driver**, which is a driver for one of the very early HP ink-jet printers. The use of this driver always speeds printing for printers with which it is compatible, and produces good print quality of tax forms on most printers.

Increase computer memory. If you can successfully generate sin-gle-page draft printouts, but graphic printouts are slow, you may not have enough RAM memory installed in your computer to handle the *Tax Preparer* printout and any other applications or processes that are running at the same time. The solution is either to increase the amount of RAM memory in the computer or minimize the other pro-grams running in the background.

Printer aesthetics. Most Windows printers will operate without a hitch even without changing the program settings for printing. Problems common with DOS printing are a thing of the past, such as printouts not starting at the top of a page, double spacing of printouts, pagination in the middle of a page, and other alignment problems. However, disturbing aesthetics can arise from prob-lems with Windows fonts or malfunctioning equipment. For example, some keying symbols required by the IRS may be missing, or strange symbols may appear. These are special problems for which there is no standard solution, but which can often be resolved with the help of HowardSoft Customer Service, (*See the end of Chapter 11 for further help* in case you use laser-graphic print-ing or other DOS printing.)

Disk Problems

Filename errors. Error messages like *Wrong Disk*, *Invalid Spec*, or *Path Not Found* may be encountered if the program and data are stored in a folder that has not been properly configured. If using a folder other than the default (usually *C:\Program Files (x86)\HowardSoft Tax Preparer*), make sure the folder name is not too long (8 characters maximum), does not include spaces or symbols, and the path to the folder is not too long or complex. (There is no need for complex paths because the software itself does the organizing for you. In fact, you don't even have to know what a path is to operate the software with the original default settings.) There are few reasons for using a folder for your data other than your *Tax Preparer* program folder, and no reason for long paths to that folder:

1) **Storing dozens of returns on one disk.** Because of a fundamental limit on the number of files allowable in the root directory of most disks to 112 (or a small multiple thereof), you cannot store data for more than 27 returns (or a small multiple thereof) in the top level ("root directory") of a disk. *The error message ER 67 (and sometimes ER 75) may arise if you attempt to exceed this limit*. For the default installation, the problem is averted because data are automatically stored in the folder created when you installed *Tax Preparer* (the folder *HowardSoft Tax Preparer* in the standard *Program Files* folder of your computer). But if you want to store data elsewhere, you must create a folder to hold the data in order to avert the error. Furthermore, to avert the need to know how long filenames are stored on a disk, you must use folder names no longer than 8 characters, with no spaces or symbols in the name. If you want to use a subfolder (a folder within another folder), also keep in mind that the software cannot accept paths longer than 35 characters, which will not be a problem if you keep names short and store data no more than 3 folders deep. For details, see the sections in Chapter 14 titled *Storing Data in its Own Folder* and *Storing Data on External Media*.

2) **Putting more than 99 tax volumes on one disk.** You can put up to 99 tax volumes with 15 returns each on a hard disk without any special procedures. But if you need to store more than this, you must make space for another 99 by creating another folder for data storage and changing the program settings for Storage Disk specification accordingly, as explained in Chapter 14.

3) **You have so many files in the same directory that hard disk access is slow.** If you have several years of returns in the same folder, the number of separate files can number in the thousands. With such a high number of files the time to search the folder for a file can itself be time-consuming. If this is the case, you can separate your data into separate folders, such as a separate folder for each tax year, to speed the access to the data. For details, see the section in Chapter 14 titled *Storing Data in its Own Folder*.

In all other cases the use of paths is superfluous and even confusing.

Persistent disk errors. Error messages like *Disk Not Ready* or *Invalid Data* usually indicate operator error. Nevertheless, disks and disk hardware can also malfunction, sometimes only intermittently.

> **Imperfect seating in the drive.** This is <u>the most common cause of problems</u>. When the drive door is closed on a CD, DVD, or floppy disk, the disk is mechanically centered in the drive. However, if the disk is slightly off-center, the disk can wobble enough to prevent proper reading by the drive sensors. Careful removal and reinsertion of the disk is often the cure. Persistence can pay off for particularly stubborn cases.

> **Dirty disk.** Dirt is the enemy of all disks, and the improper handling of CDs and DVDs can attract dust to the surface where data are stored. You can clean a CD or DVD with a soft cloth by lightly rubbing it in a radial direction (that is, hub to edge, not circular like you would for vinyl records). If the disk is in a cartridge, as it is with floppy disks, lightly shaking the disk can sometimes dislodge the dirt.

> **Dirty drive sensors.** Magnetic or laser sensors that read the disk are also affected by dirt. You can clean them with cleaning kits available at computer retailers … cleaning the laser lens for CD and DVD readers, and cleaning the magnetic head for floppy disk readers.

> **Damaged disk.** The disk may be damaged to the point where some of the information on the disk has been erased. Such damage is seldom repairable; the disk must usually be replaced. It is therefore always a good idea to make backup copies frequently to prevent a catatrophic loss of data.

> **Misadjusted disk speed.** *(Floppy disk drives only)* The speed with which the unit spins the disk can drift out of spec with time. The speed of the drive can be readjusted by a qualified technician.

> **Misaligned drive heads.** *(Floppy disk drives only)* Drive heads can also shift position with use so that their angle is no longer optimum for the most reliable performance. This problem usually arises only after heavy usage of the disk drives, and requires service by a qualified technician. (Note that when drive speed or head alignment is out of adjustment the computer may operate just fine when you read disks that you created, such as storage disks. Thus a drive may be grossly out of adjustment before you ever recognize a problem. Nevertheless, when you attempt to use commercially duplicated disks such as our original Program Disk, the misadjustment can render normal operation difficult at best. The immediate cure for most disk errors is persistence. By removing and reinserting a disk you often change conditions just enough to mitigate the problem. On the other hand, if the problem persists even with new disks of a different brand, your equipment may need servicing.)

Display Problems

Display aesthetics. If spurious characters appear on your screen, or the English on the screen appears more like swearing symbols from a cartoon, you may have a hardware problem or unusual system software problem. Some of the common diseases and cures are

> **Erratic cursor.** The rectangular cursor that indicates where the next typed letter will appear is normally turned off when data entry is not in progress, and turned back on only when a response is expected from you. On some machines, however, the cursor stays on forever, appearing like a bouncing ball as the screens are drawn by the computer. On others, the cursor is almost always invisible, mitigating the whole purpose of a cursor. *These attributes are unavoidable on some machines;* they indicate an incompatibility with the machines they were designed to emulate. Nevertheless, the problem can be eliminated on some machines by changing the custom settings as described in Chapter 14. Although the aesthetics may be disturbing, the indomitable cursor will not affect the operation of the software.

> **Poor readability.** The software is originally delivered with settings designed to be readable on both monochrome (black and white) and color monitors. Nevertheless, the readability may suffer on some color monitors, or monochrome monitors connected to the computer through a color-graphics interface. The display settings can be changed through the custom settings described in Chapter 14 to ensure a readable display on most monitors.

> **Misplaced words.** If the proper words appear on the screen with their proper spellings, yet some words appear to be joined when they should appear on separate lines or some words are written on top of each other, your video board may be incompatible with this software or has not been configured properly. It is also possible that the computer's memory or disk drives have bad spots, or your working copy of the program is damaged.

> **Spurious letters and selective garbling.** When extra letters appear on the screen or just selected letters in a few words appear to be misspelled, a problem with the video display hardware is indicated. In most cases it is not the video hardware itself that is causing the problem but rather custom peripheral attachments, such as speed-up cards, that put extra demands on the computer. In order to pinpoint the cause, operate the software with various combinations of your existing hardware, with only one item of peripheral equipment removed for each combination. When you find that the software operates without problems without a card, you should contact the maker of that card. While it may be that the card is not malfunctioning but your equipment is operating marginally, the manufacturer of the card can often suggest solutions, such as replacing a chip in the computer or rearranging the positions of cards within the computer.

> **Mouse not operating or operating erratically.**

For computers manufactured in the last several years, mouse problems are rare except when the properties of the *Main Window* of *Tax Preparer* are improperly set. To check these properties, click on the icon the upper left corner of the *Main Window*, click *Properties*, and look at the Options tab. *QuickEdit Mode* must be unchecked. (On many computers, *Full Screen* must also be unchecked.)

For older computers, special steps may have to be taken. First make sure that your custom settings have the answer to "Use mouse if available?" set to Yes (as shown in Chapter 14). If this is not the problem, a mouse driver may have to be installed through the AUTOEXEC.BAT or CONFIG.SYS file on a hard disk. Contact Howard-Soft Customer Service if you need help with this situation.

Chapter 16

Customer Support

Services Available

Service is for registered owners. HowardSoft supports its products with a wide range of customer services; but in order to qualify for these services you must be a registered owner of the HowardSoft product. You are issued a Lifetime Serial Number when you first purchase a *Tax Preparer* product from HowardSoft and are automatically registered at that time. As a *bona fide* registered owner you will be able to receive:

  1) notice of upgrades, updates or related products
  2) free replacement disk during first 90 days of ownership
  3) low-cost replacement disks for 1 year thereafter
  4) low-cost upgrades or updates
  5) assistance by phone, e-mail, fax, or U.S. mail

Because of the nature of our products and the fact that we do not charge for our assistance, we strictly enforce the rule that you must have a valid serial number to receive any of our services. *You remain registered under the same Lifetime Serial Number for as long as you purchase annual updates*.

Record your serial number. The number that you were given when you purchased the product is your Lifetime Serial Number for that product. You will need it any time you contact us for help or ordering renewals. (In case you lose it, your Lifetime Serial Number is printed above your name on the address labels with which we send you periodic notices. However, *you must keep your address up-to-date on our records in order to receive such notices*.)

Replacement disks. All HowardSoft products are sold with a limited warranty for 90 days, as detailed on the Disk Packet. Should your original Program Disk become damaged during this warranty period, simply return the damaged disk to us along with a replacement request and proof of date purchased, and we will mail a replacement as long as we deem your request valid and have your registration card on file. During the year after the warranty period we will replace such a damaged disk for a $15 service charge. *Thereafter, because of changing technology, we cannot guarantee that replacement disks for the old product will be available.* When a new edition of the product is released, however, you are entitled to purchase a low-cost annual update that converts your old product into the new edition, as detailed next.

Annual updates. New versions of the product are produced annually as the IRS revises its forms annually and the tax laws change. As a registered owner of the product, you are qualified to purchase annual updates. The new versions reflect not only new tax laws but also new features and capabilities as the technology of the software improves. As a registered owner you are notified when plans for the next new version are determined. You receive a new disk when the product is released at the beginning of the tax season, and have access to on-line updates throughout the tax season once you install that disk, including on-screen manuals and IRS documents.

Internet services. You can also get help from our web site at

<div align="center">

www.howardsoft.com/updates.html

</div>

Through that site you can find a wealth of information provided by HowardSoft and various tax agencies:

- **Downloads:** on-line updates throughout the tax season as the IRS makes changes and we improve the software

- **Customer Service Memos:** supplemental instructions for the current year

- **HowardNews:** current and past issues that keep you up to date with changes in the software and important tax bills

- **Order Forms:** to allow you to order by charge card through the internet on a secure server

- **IRS forms and instructions:** direct links to the IRS site and their forms and instructions in Adobe Acrobat format

- **State forms and instructions:** a direct link to a directory of state sites, plus separate direct links to forms and instructions from California's FTB.

Technical assistance. In some cases you may have problems that are not solved by a replacement disk, or you may not even know whether you need a replacement disk. For example, you may have questions on how to operate the software that are not answered in the Instruction Manual. Or you may have a problem with hardware compatibility and require some guidance. For these cases we offer assistance by mail and phone to registered owners, as detailed in the next section.

Before you contact us. Our Customer Service staff is always available to assist with problems related specifically to our software. However, you may save time (and the expense of long-distance charges if you call us) by first following these suggestions:

> **Register.** You must register and know your original product serial number to receive help.

> **The manual.** Misunderstanding of instructions and mishandling of disks are the most common sources of error. Please reread the manual and use the Table of Contents for help. Use the *Tax Preparer Control Panel* for easy access to on-screen manuals.

> **Error conditions.** If you encounter an error message, consult Chapter 15 for its meaning. The possible error conditions, their related messages, causes, and corrective actions are outlined there.

> **Printer or other hardware problems.** Consult the manual(s) for the printer or other hardware or contact the manufaturer for assistance.

How to Get Customer Service

If you must contact us. If, after consulting this *User's Guide* and the *Tax Forms Guide* for the edition you are using, you are still unable to resolve the problem, please complete a Customer Service Form, samples of which are reproduced at the end of this section. If you have this information handy, you can minimize

the time required to answer your questions. There are several ways to contact us for customer service:

- <u>By e-mail</u> anytime at:

  support@howardsoft.com

  or a link to that e-mail address in the upper-right corner of all web pages at howardsoft.com. We will respond by e-mail during business hours.

- <u>By phone</u> during business hours at:

  1-858-454-0121

  Our regular business hours are Monday through Friday, 8:30 a.m. to 4:30 p.m. (Pacific Time). Please note that *because we provide our service free we cannot accept collect calls*. If you gather all information on the Customer Service Form before you call, the long distance charges should be minimal. *However, we provide free call-back service* when we cannot answer your question at the time you call.

- <u>By U.S. mail</u> at:

  Howard Software Services
  Customer Service Department
  P. O. Box 8432
  La Jolla, CA 92038

Critical information you must include. However you contact us, <u>be sure to let us know the best way to contact you</u>. Whenever possible, include any print-outs that help illustrate your problem. While official printouts of IRS forms can provide some information, <u>Quick Copy printouts are the most helpful</u> because they provide much more data entry information than the official printouts can provide. See the next section for details on generating these Quick Copy print-outs.

How to Provide Additional Information

Additional information. We may request additional information in the form of Quick Copy type of printouts, a printout of the contents of your TAX folder, or a disk copy of the return in question. All of these additional items can be sent to us by e-mail, and some can be sent by FAX or mail, as instructed next.

Quick Copy printouts. When a question or problem involves calculations or data entry, we will request a Quick Copy type of printout of the form (or forms) that relate to the problem. This type of printout provides us with critical information about your data that official printouts for filing cannot provide. In fact, it provides us with all the details that you can see on data entry screens for the normal, interactive method of data entry. To produce a Quick Copy printout for a particular form, make the following menu choices starting at the Main Menu:

> **Step 1:** Choose 2 (PREPARE 1040 Tax Returns) from the Main Menu.
> **Step 2:** Choose 5 (PRINT Data Organizers).
> **Step 3:** Choose 1 (QUICK COPY Forms).
> **Step 4:** Choose 1 (Active Filename ONLY).
> **Step 5:** Choose 1 (Forms to be Selected).
> **Step 6:** Choose the form we requested.
> **Step 7:** Answer Yes to "Print supp'g worksheets too?"

The Quick Copy printout will then be sent to the printer identified in your Program Settings (your computer's Windows printer if you never changed our default settings). <u>If you have a scanner</u>, you can scan the printouts into your computer using a standard picture format like jpg or tif, and attach the resulting file to an e-mail to us at **support@howardsoft.com**. <u>If you have a fax machine</u>, you can fax the printout to us at **1-800-24-TAXES**. If you have neither a fax machine nor a scanner, <u>you can create a text file that you can attach to an e-mail to us by first changing your Program Settings as follows</u>:

> **Step 1:** Choose 4 (CHANGE Program Settings) from the Main Menu.
> **Step 2:** Choose 3 (DRAFT Printouts).
> **Step 3:** Change "Printout device specification" to QUICK.TXT to produce a file names QUICK.TXT that can be sent to us.
> **Step 4:** Change "Special (1 = HP(FILE),2 = Windows)" to 0 (or 1 for 64-bit Windows) to prevent the printout from going to a printer instead of the file QUICK.TXT.
> **Step 5:** Exit to the Main Menu so that your changes are stored on your hard disk.
> **Step 6:** Preform the prior 7-step procedure for producing a Quick Copy printout.

The Quick Copy printout will then be sent to a file named QUICK.TXT in the TAX folder (or other folder where you store your tax data). You should attach that file to an e-mail to us at **support@howardsoft.com**. (Don't forget to change your Program Settings back to normal when you're done.) *IMPORTANT: When you send us a Quick Copy, be sure to include your name, lifetime serial number, and phone number or e-mail address. Also be sure to indicate the specific areas of concern*.

Printout of your tax folder contents. For installation problems or unusual error messages, we may request a printout of the list of files in the folder where you installed *Tax Preparer* or the folder where you store your tax data. This will give us information about the installation or unusual data problems. Because this list may be too long on paper, <u>we usually request that you create a text file to attach to an e-mail</u> to us. To do so, follow these steps:

Step 1: Click *Start* in the lower left corner of your screen.

Step 2: Click *All Programs* on the Start Menu.

Step 3: Click *Accessories* on the list of programs.

Step 4: Click *Command Prompt* on the Accessories Menu. A blank window should now appear with the identity of your hard drive (such as C:) and a rectangular cursor in the upper left corner of the window. If this drive is not the one that contains your tax program or data that we request, change to the proper drive by entering the drive letter followed by a colon (and the Enter key).

Step 5: If the program or data we request is in the folder TAX on this drive, type **CD\TAX** (followed by Enter). Otherwise, substitute TAX with the desired folder (including path, if any).

Step 6: Once the proper drive and folder appears (such as C:\TAX), followed by the rectangular cursor, type **DIR > TAXDATA.TXT** (followed by Enter) and a file named TAXDATA.TXT will be created in the folder you accessed in Step 5.

You should now attach the file you just created to an e-mail to us at **support-@howardsoft.com**. Be sure to include your name, lifetime serial number, and phone number, in addition to your e-mail address.

Disk copy of the return. For particularly unusual problems with a particular return, we may request a "disk copy of the data." This may be necessary when we suspect damage to the data or cannot determine the cause of a problem through printouts alone. We request that your attach to an e-mail to us a copy of the data in a compressed (zipped) file as follows:

Step 1: If *My Computer* appears on your Desktop or your Start Menu, double-click its icon. Otherwise, perform Steps 1 through 3, above (in our instructions for printing tax folder contents), click *Windows Explorer* on the Accessories Menu, then click the + sign to the left of My Computer in the left pane of the split-screen window.

Step 2: Double-click your hard drive, usually identified as *Local Disk (C:)*.

Step 3: On the menu bar at the top of the window, click *File*, then *New*, then *Folder*. A folder icon named *New Folder* should now appear at the bottom of a list of files and folders. Click on the name *New Folder* and retype the name as TEMPTAX (one word, no spaces) and click Enter.

Step 4: Start *Tax Preparer* and choose 1 (ORGANIZE Storage Disks) from the Main Menu, then 1 (START NEW Tax Volume). When prompted to verify your Storage Disk spec, enter the spec for the folder you created in Step 3, such as C:\TEMPTAX for a folder TEMPTAX on drive C.

Step 5: After you confirm the Storage Disk spec, you are prompted for a tax volume number. You can use any number from 1 to 99. (It will

not affect your existing data because it applies only to the folder you
created in Step 3.)

Step 6: You must next supply a filename, which could be something like
COPY FOR HOWARDSOFT.

Step 7: After confirming the new filename, you are returned to the *OR-
GANIZE Storage Disk* menu. From this menu, choose 3 (MODIFY(Re-
name/Remove/Copy)), then 4 (COPY Tax Returns).

Step 8: A prompt for the Storage Disk spec for the ORIGINAL should
now appear on the right side of the Main Window. This must be the
Storage Disk spec for the data you want to copy (but can be blank if
you store your data in the same folder as your program, as we rec-
ommend). If this Storage Disk spec is correct, press Enter to approve
this setting (even if it is blank). Otherwise, enter the proper Storage
Disk spec to access the data.

Step 9: The list of tax volumes in the folder identified in Step 8 should
appear. Choose the volume that contains the data in question, then
choose the filename for the return.

Step 10: After you confirm your choice of the file to copy, a prompt for
the Storage Disk spec for the DUPLICATE should appear. Enter the
Storage Disk spec for the folder you created in Step 4, such as
C:\TEMPTAX for a folder TEMPTAX on drive C.

Step 11: Now choose the volume you created in Step 5, then the file-
name you created in Step 6.

Step 12: Once you confirm your choices, the filenames for the original
and the copy appear. If proper, answer Yes to "Is this O.K.?" and the
copying is performed, typically in only a second or so.

Step 13: Now exit *Tax Preparer* and return to *My Computer* as instructed
in Step 1.

Step 14: Double-click the drive where you created the new folder in Step
3, usually *Local Disk (C:)*, then right click the new folder
(TEMPTAX), click *Send To*, then click *Compressed (zipped) folder*. A
file named TEMPTAX.zip will then appear at the bottom of the list of
items where the folder TEMPTAX resides.

You should now attach the file you just created (TEMPTAX.zip) to an e-mail to
us at **support@howardsoft.com**. Be sure to include your name, lifetime serial
number, and phone number, in addition to your e-mail address. *(TIP: If com-
puter is set <u>not</u> to display the part of the filename after the period, you may
see what appears to be two folders named TEMPTAX in the top level of your
Local Disk. In that case, you can identify the zipped file we need by it's icon,
which is a folder with a zipper on it. The icon for the folder into which you
copied the data files is a folder with <u>no</u> zipper.)*

e-file output. If we cannot determine an e-file problem from printouts or trans-
mission summaries, we may request a copy of the e-file output you generated
for transmission to the IRS. Since the file (which is in <u>a folder named E-FILE</u>) is
erased when you import it to the transmission software, we include a back-up
folder (which is <u>named E-FBAK</u>) as an archive of your e-file output. Both of
these folders are always a subfolder of your *Tax Preparer* program folder. You
can therefore find recently transmitted e-file output in the folder *C:\Program*

Files (x86)\HowardSoft Tax Preparer\E-FBAK. The file will have a filename like TS15A02.IRS (which is the e-file output for client 1 in volume 2 of the 2015 edition of *Tax Preparer*). You should attach the e-file output you just created to an e-mail to us at **support@howardsoft.com**. Be sure to include your name, lifetime serial number, and phone number, in addition to your e-mail address.

Customer Service Form

Use this optional form to help you collect information we may need in providing our free customer service.

CUSTOMER INFORMATION:
Serial # (Mandatory!):_____
Name (as registered):_____
Address:_____
City, State & Zip:_____
Day phone: (____)-_____   Eve phone: (____)-_____
FAX phone: (____)-_____   e-mail: _____
Preferred response method:
  ☐ mail, ☐ day phone, ☐ eve phone, ☐ FAX, ☐ e-mail

HARDWARE INFORMATION:
Computer Brand & Model:_____
Memory Size:_____   Operating system:_____
Printer Brand & Model:_____

SOFTWARE INFORMATION:
Software title: _____
Software level: ☐ Economy, ☐ Standard, ☐ Premium
Release # (in title of Main Menu): _____

Program settings:
 Storage Disk spec   _____   Printout specs modified? _____
 Single-drive prompt? _____   If so, how? _____
 Display in 80-col?   _____   Customizing file modified? ____
 Auto-calc on?   _____   If so, how? _____

Description of the problem including actions taken before the
problem occurred: _____
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_____

Descriptive error message:_____
Coded error message: ER_____/LN_____ (1st one only)

F