| **Step** | **Form / Note** | **TW Screen** | **Learning Points** | | |
| --- | --- | --- | --- | --- | --- |
| **0** | **Intake Sheet** |  |  | | |
|  | SS Card |  | On Intake/Interview Sheet, change first name of deceased spouse to Patricia, which is her name on Social Security card | | |
|  | Note 2 |  | Fill in Page 1, shaded area, based on info in Note 2:  - Question 1 – NO  - Question 2 – NO  - Question 3 – YES  - Question 4 – YES  - Question 5 – YES  Based on these answers & Pub 4012 (Page C-5), Mary can be claimed as a qualifying child for dependency | | |
| **1a** | **Intake Sheet** | **Main Info** |  | | |
|  | Part I | General Info | Since Pat Fry died in 2014, the name of the person filing the return needs to be entered on Name Line 2. Enter “% Frank Fry” (%, followed by space, followed by Frank's name). Enter date of death under Taxpayer Information section. TW will check the appropriate box for who is filing the return, based on the filing status and date of death entered. TW will populate “DECEASED PAT FRY 06/21/2014” on top of printed 1040 form (will not appear on TW 1040 screen)  NOTE: Refer to Pub 4012 Pages K-6, K-7 and K-22 or TW context sensitive help on this topic  NOTE: In situations with a deceased spouse, combined name length of both spouses cannot exceed 30 characters, or TW will generate an e-file error code. Truncate as necessary  NOTE: When a return is being filed by a surviving spouse, only one PIN will be requested | | |
|  |  |  | Don't forget to enter cell phone number and email | | |
|  | Part II | Filing Status | Use Chart on page B-1 in Pub 4012 to determine filing status. Since Pat died in the current tax year, Frank can still file as MFJ for 2014. If nothing changes, he can then file as Qualifying Widower with Dependent Child for the next 2 tax years (2015 and 2016) | | |
|  | Part II | Dependents | List granddaughter:  Mary (do not need last name since the same as taxpayer's) – Grandchild, 09 Months in Home, Code 1 “Child Who Lives with You,” EIC checked, CTC not checked. Code is 1 even though Mary is grandchild because she is considered a Qualifying Child for dependency. TW will not automatically check CTC box because Mary is not eligible for Child Tax Credit (she is 17; CTC requires under 17) | | |
|  | Part VII | Presidential Election Campaign Fund | Should not be checked | | |
| **1b** | **Intake Sheet** | **NJ 1040 Pg 1** |  | | |
|  | Address | Municipality Code | Enter Municipality Code for Pluckemin (1801). Can obtain from NJ 1040 instruction booklet or through Municipality Code Look-up tool in left column on TaxPrep4Free.org Preparer page | | |
| **1c** | **Intake Sheet** | **NJ 1040 Pg 2** |  | | |
|  | Notes | Mary's line | Do not check box that says "Check if dep does not have health insurance" since Mary is covered | | |
|  |  | Gubernatorial Election Campaign Fund | Check NO for both taxpayer and spouse | | |
| **1d** | **Intake Sheet** | **Prep Use** |  | | |
|  | Part VII | Line 11 | Answer NONE to language question | | |
|  |  | Line 12 | Answer NO to disabled question | | |
|  |  | Line 13 | Your initials | | |
|  |  | Line 14 | Do NOT fill in now – filled in by QR person | | |
| **2a** | **1099-DIV** | **Dividend Stmt** | **Acme Financial** | | |
|  | Line 1a | Ordinary Dividends Column | Enter $1,565 as ordinary dividends | | |
|  | Line 1b | Qualified Dividends Column | Enter $875 as qualified dividends | | |
|  | Line 2a | Capital Gain Column | Enter $737 as capital gain distribution | | |
|  |  | **Sch B** | **Acme Financial** | | |
|  |  | Line 5a | TW transfers the ordinary dividends from the Dividend Stmt screen ($1,565) | | |
|  |  | **Sch D** | **Acme Financial** | | |
|  |  | Line 13 | TW transfers capital gain distribution from the Dividend Stmt ($737) | | |
|  |  | **1040 Pg 1** | **Acme Financial** | | |
|  |  | Line 9a | TW transfers the ordinary dividends from the Dividends Stmt screen ($1,565) | | |
|  |  | Line 9b | TW transfers the qualified dividends from the Dividends Stmt screen ($875) | | |
|  |  | **NJ Sch B** | **Acme Financial** | | |
|  |  | Line 2 | TW transfers the capital gain distribution from the Dividend Stmt ($737) | | |
|  |  | **NJ 1040 Pg 2** | **Acme Financial** | | |
|  |  | Line 16 | TW transfers the ordinary dividends from the Dividends Stmt screen ($1,565) | | |
|  |  | Line 18 | TW transfers the capital gain distributions from NJ Sch B ($737) | | |
| **2b** | **Notes** | **Sch B Part III** | **Acme Financial** | | |
|  |  | Lines 7a and 8 | Answer NO to both questions about foreign accounts and trusts | | |
| **3** | **1099-R** | **1099R** | **Defense Finance & Accounting SVC** | | |
|  |  | Payer's name & address fields | Enter Payer Federal ID #. TW will populate name & address if in database. Always check to make sure it matches printed 1099-R; address can frequently change | | |
|  | Box 1 | Box 1 | Enter gross distribution amount ($23,919) | | |
|  | Box 2a | Box 2a | Enter taxable amount ($23,919). Since taxable amount is given, the Simplified Method Worksheet is not needed | | |
|  | Box 4 | Box 4 | Enter Federal income tax withheld ($1,580) | | |
|  | Box 7 | Box 7 | Enter code 7 for a normal distribution | | |
|  |  | Box 2 on bottom left of 1099-R screen | This is a military pension & is not taxable in NJ. Checking Box 2 will tell TW to exclude the pension from NJ income. If you forget which box to check, see NJ Special Handling document Page 2 | | |
|  |  | **1040 Pg 1** | **Defense Finance & Accounting SVC** | | |
|  |  | Line 16b | TW transfers the taxable amount of the pension from the 1099R screen ($23,919) | | |
|  |  | **1040 Pg 2** | **Defense Finance & Accounting SVC** | | |
|  |  | Line 64 | TW transfers the Federal income tax withheld from the 1099R screen ($1,580) | | |
|  |  | **NJ 1040 Pg 2**  **NJ 1040 Pg 3** | **Defense Finance & Accounting SVC** | | |
|  |  | Lines 19a, 39 & 66 | A military pension is not taxable for NJ, so Pension, Annuities and IRA Withdrawals, NJ Taxable Income and Refund lines do not change | | |
|  |  | Line 19b | There is no need to enter an excludable amount for a military pension or any other pension that is totally nontaxable for NJ | | |
| **4a** | **1099-R** | **1099R** | **Acme Retirement** | | |
|  |  | Payer's name & address fields | Enter Payer ID #. TW will populate name & address if in database. Always check to make sure it matches printed 1099-R; address can frequently change | | |
|  | Box 1 | Line 1 | Enter gross distribution amount ($13,999) | | |
|  | Box 2a | Box 2a | Enter taxable amount ($13,223). Since taxable amount is given, the Simplified Method Worksheet is not needed | | |
|  | Box 4 | Box 4 | If Box 4 is red, "get the red out" (Ctrl-Space or F3 or Toggle Estimated). There was no Federal income tax withheld | | |
|  | Box 7 | Box 7 | Enter code 7 for a normal distribution | | |
|  |  | **1040 Pg 1** | **Acme Retirement** | | |
|  |  | Line 16a | TW transfers the gross pension distribution from Box 1 ($13,999) to the Pensions and Annuities line. The total for the two pensions is now $37,918 | | |
|  |  | Line 16b | TW transfers the taxable pension amount from Box 2a ($13,223). The total taxable amount for the two pensions is now $37,142 | | |
|  |  | **NJ 1040 Pg 2**  **NJ 1040 Pg 3** | **Acme Retirement** | | |
|  |  | Line 19a  Line 27a  Line 27b  Line 39 | TW transfers the taxable pension income from 1099R ($13,223)  The Frys are eligible for a pension exclusion to exclude up to $20,000 of their taxable pension from NJ income (eligibility requirements are age 62+, total income on Line 26 $100K or less)  However, the pension exclusion on Line 27a cannot exceed the taxable pension amount on Line 19a so Line 27a can only be $13,223  Since the Frys did not have enough taxable pension income to claim the full pension exclusion for which they are eligible, they can claim the remaining $6,777 as an Other Retirement Income Exclusion. Eligibility requirements are the same as for pension exclusion, plus wages and business income must be less than $3,000  Pension exclusion totally offsets the taxable pension income, so still no NJ taxable income | | |
| **4b** | **1099-R** | **NJ 1040 Pg 2** | **Acme Retirement** | | |
|  |  | Scratch Pad off Line 19b  Description  Line 1  Line 2 | Link to a scratch pad from Line 19b to enter the excludable amount of the pension  Enter NJ 1040 LINE 19B EXCLUDABLE PENSION  Enter ACME RETIREMENT GROSS DISTRIBUTION (BOX 1) = $13,999  Enter MINUS TAXABLE AMOUNT (BOX 2A) = $-13,223  TW will calculate the excludable amount of the pension as $776 | | |
| **5** | **SSA-1099** | **1040 Wkt1** | **Social Security** | | |
|  |  | Taxpayer Column | | Link from 1040 Line 20a or open from the forms tree | | |
|  |  | - SS Received this Year Line | | Always enter the amount in Box 5 ($12,108). It will be in pink on a real SSA-1099 | | |
|  |  | - Scratch Pad off Medicare Line  Description  Line 1  Line 2 | | Link to a scratch pad from the "Medicare Parts B, C, and D" line to document if there are payments for more than one type of Medicare premium  Enter 1040 WKT1 MEDICARE PREMIUMS  Enter MEDICARE PART B = $1,335  Enter MEDICARE PART D = $426  TW will calculate the total Medicare premiums as $1,761  If Medicare line is still red on 1040 Wkt1, "get the red out" | | |
|  |  | - Federal Tax Withheld Line | | Enter Federal Tax Withheld ($300) | | |
|  |  | **1040 Pg 1** | | **Social Security** | | |
|  |  | Line 20a | | TW transfers Social Security received this year from 1040 Wkt 1 ($12,108) | | |
|  |  | Line 20b | | TW calculates how much of the Social Security is taxable (based on 1/2 of the Social Security + other gross income on 1040). TW determines that $7,273 is taxable | | |
|  |  | **1040 Pg 2** | | **Social Security** | | |
|  |  | Line 64 | | TW transfers the Federal tax withheld from 1040 Wkt1 ($300). Total Federal tax withheld is now $1,880 | | |
|  |  | **A Detail** | | **Medicare Premiums** | | |
|  |  | Medicare from 1040 Wkt Line | | TW will transfer the total Medicare premiums from 1040 Wkt1 as an itemized deduction ($1,761) | | |
|  |  | **NJ 1040 Pg 2** | **Social Security** | | | |
|  |  | Line 28 | | Social Security income is not taxable for NJ, so no change in NJ Gross Income | | |
|  |  | Lines 30 | | Medical expenses over 2% of NJ Gross Income on Line 28 can be claimed as a deduction on Line 30. Since NJ Gross Income is 0, all of Fry's Medicare premiums are deductible as NJ medical expenses ($1,761) | | |
| **6** | **SSA-1099** | **1040 Wkt1** | **Social Security** | | | |
|  |  | Spouse Column | | | Link from 1040 Line 20a or open from the forms tree | |
|  |  | - SS Received this Year Line | | | Always enter the amount in Box 5 ($7,920). It will be in pink on a real SSA-1099 | |
|  |  | - Medicare Line | | | Since Pat only paid one type of Medicare premiums (Part B), there is no need for a scratch pad. Just enter premiums directly on 1040 Wkt1 ($1,269) | |
|  |  | - Federal Tax Withheld Line | | | Enter $300 for Federal Tax Withheld | |
|  |  | **1040 Pg 1** | | | **Social Security** | |
|  |  | Line 20a | | | TW transfers Social Security received this year from 1040 Wkt 1 ($7,920). Total Social Security is now $20,028s | |
|  |  | Line 20b | | | TW re-calculates how much of the Social Security is now taxable (10,639). If income changes, TW will re-calculate the taxable amount of Social Security as needed | |
|  |  | **1040 Pg 2** | | | **Social Security** | |
|  |  | Line 64 | | | TW transfers the Federal tax withheld from 1040 Wkt1 ($300). Total Federal tax withheld is now $2,180 | |
|  |  | **Sch A Detail** | | | **Medicare Premiums** | |
|  |  | Medicare from 1040 Wkt line | | | TW will transfer total Medicare premiums from the 1040 Wkt1 as an itemized deduction ($1269). Total Medicare premiums are now $3,030 | |
|  |  | **NJ 1040 Pg 2** | | | **Social Security and Medicare Premiums** | |
|  |  | Line 28 | | | Social Security income is not taxable for NJ so no change in NJ Gross Income | |
|  |  | Line 30 | | | Medical expenses over 2% of NJ Gross Income on Line 28 can be claimed as a deduction on Line 30. Since NJ Gross Income is 0, Pat's Medicare premiums ($1,269) are added to Frank's premiums already claimed as NJ medical expenses ($1,761) for a deduction of $3,030 | |
| **7** | **W-2G** | **W2G** | **New Jersey Lottery** | | | |
|  |  |  | If W2G is not in the forms tree, link to 1040 Wkt7 "Line 21: Other Income Worksheet" screen from 1040 Line 21. Link again to W-2G screen from Line 1 "Gambling Winnings from Form W-2G." You could also use Add icon above forms tree to add W2G directly to tree | | | |
|  |  | Payer's name & address fields | Enter Payer's Federal ID #. TW will populate name and address if in database. Always check to make sure it matches printed 1099-R; address can frequently change | | | |
|  | Box 1 | Box 1 | Enter gross winnings ($1,200). Federal taxes gross gambling winnings. NJ taxes net gambling amount (winnings minus losses, up to amount of winnings) | | | |
|  | Box 2 | Box 2 | Enter 01/15/2014 as date won | | | |
|  | Box 3 | Box 3 | Enter NJ LOTTERY as the type of wager | | | |
|  | Box 4 | Box 4 | Enter Federal income tax withheld ($200) | | | |
|  | Box 8 | Box 8 | Enter cashier number 2718 | | | |
|  |  | Line at bottom of W2G screen | Enter gambling losses of $2,550 since all types of losses can be used to offset the lottery winnings  You can claim gambling losses only up to the amount of winnings ($1,200). However, if you enter the total of the losses instead ($2,550), TW knows enough to only claim the losses up to the winnings amount | | | |
|  |  | "See F-1 help" box on lower left of W2G screen | Since lottery winnings are less than $10,000, check "See F-1 help" box to tell TW to exclude winnings from NJ taxable income | | | |
|  |  | **Sch A** | **New Jersey Lottery** | | | |
|  |  | Line 28 | TW transfers the losses (up to amount of winnings) to Sch A Line 28. Gambling losses are not subject to the 2% of AGI limitation that most miscellaneous deductions are. Taxpayer only benefits from the losses on the Federal return if he claims itemized deductions instead of the standard deduction | | | |
|  |  | **1040 Wkt7** | **New Jersey Lottery** | | | |
|  |  | Line 1 | TW transfers gross gambling winnings from W2G ($1,200) | | | |
|  |  | **1040 Pg 1** | **New Jersey Lottery** | | | |
|  |  | Line 21 | TW transfers gross gambling winnings from 1040 Wkt7 ($1,200). TW will use "GAMBLING WINNINGS" as the Type on Line 21 | | | |
|  |  | **NJ 1040 Pg 2** | **New Jersey Lottery** | | | |
|  |  | Line 23 | NJ Lottery winnings under $10,000 in one instance are not taxable in NJ, so NJ 1040 Line 23 = 0. If Pat had any taxable lottery winnings, TW would net the losses against the winnings and transfer the net amount | | | |
| **8** | **Notes** | **1040 Pg 1** | **NJ Income Tax Refund** | | | |
|  |  | Box above Line 10 | Answer question NO. The Frys did itemize last year. However, they claimed the state sales tax deduction on Sch A Line 5b, since it was higher than the state income tax deduction on Line 5a. Therefore, their NJ tax refund from last year does not have to be claimed as income this year | | | |
| **9a** | **Notes** | **Sch A** | **Itemized Deductions** | | | |
|  |  | Line 6 Box 3 "Real Estate Taxes on your Principal Residence, not listed above" | Enter real estate taxes on main home ($7,498) | | | |
|  |  | Scratch Pad off Line 6 Box 4 "Other Real Estate Taxes You Paid, not listed elsewhere in this tax return"  Description  Line 1 | Enter real estate taxes on empty lot on a scratch pad  Enter SCH A LINE 6 BOX 4 REAL ESTATE TAXES  Enter PROPERTY TAX ON EMPTY LOT = $3,623 | | | |
|  |  | Line 10 "Home mortgage interest and points from Form 1098, not listed above" | Enter the mortgage interest that the Frys paid ($2,164) | | | |
|  |  | Line 23 | Enter Other Miscellaneous Deductions:  Safe deposit box $60  Investment expenses $1,052 | | | |
|  |  | Line 28 | Gambling losses were already entered in Step 7 | | | |
|  |  |  | Funeral expenses cannot be claimed as an itemized deduction | | | |
| **9b** | **Notes** | **NJ 1040 Pg 3, Worksheet F** | **Property Taxes** | | | |
|  |  | Line 1 | The Frys’ gross income (NJ 1040 Line 28) is under the threshold for having to file a NJ return. However, since they meet all the eligibility requirements for a property tax credit, they can still file a return in order to claim the $50 property tax credit (See requirements for the credit in the NJ 1040 Instructions booklet). Alternatively, since the Frys are homeowners, they could choose not to file the return, and the state would include the $50 property tax credit with their Homestead Benefit credit on a future property tax bill  To claim the credit on the tax return, enter the correct amount of property taxes on Worksheet F. NJ only allows you to claim the taxes you paid on your principal residence. TW shows the amount of real estate taxes claimed on the Federal return (Sch A Line 6 Box 3 only - taxes on main home, not empty lot). However, since the Frys are PTR recipients, NJ requires them to enter their base year amount instead on Line 1 ($7,303)  NOTE: Refer to NJ Special Handling document Page 12 | | | |
|  |  | Line 49 | TW transfers the $50 property tax credit from Worksheet F | | | |
| **9c** | **Notes** | **NJ 1040 Pg 3** | **Property Taxes** | | | |
|  |  | Scratch Paid off Line 37a  Description  Line 1  Line 2 | TW transfers the property tax amount from Worksheet F Line 1. However, since the PTR base year amount was entered on Worksheet F, you must make an adjustment on Line 37a to bring the amount back up to Total Taxes Paid. Use a scratch pad to make the adjustment  Enter NJ 1040 LINE 37A TOTAL PROPERTY TAXES PD  Enter TOTAL PROPERTY TAXES PAID = $7,498  Enter MINUS PTR BASE YEAR AMOUNT = $-7,303  TW calculates the difference ($195) and adds it to PTR base year amount already transferred from Worksheet F. This brings the total back to total property taxes paid  NOTE: Refer to NJ Special Handling document Page 6 | | | |
|  |  | Line 37b | Enter Block =50001, Lot=00002, Qualifier is blank | | | |
|  |  | Line 37c | Enter Municipality Code = 1801. TW does not automatically transfer this from NJ 1040 Pg 1 | | | |
|  |  | Checkbox below Line 37c | There is a TW error in this verbiage. It says, "Check if you completed Worksheet F." It should say "Worksheet F-1," which is used only when the taxpayer has multiple residences or the property has multiple owners or multiple units. Therefore, this box should not be checked for the Frys | | | |
| **10** | **Notes** | **A Detail** | **Medical Expenses** | | | |
|  |  | Medical Expenses section | Enter medical expenses on A Detail, not on Sch A directly | | | |
|  |  | Medical Miles | Enter 1,116 Medical Miles (93 miles per month x 12). Mileage can be split between taxpayer and spouse as appropriate. TW will calculate deduction at $.235 per mile ($262) | | | |
|  |  | Medicare from 1040 Wkt | $3,030 for Medicare Parts B & D was already transferred from SSA-1099 info entered on 1040 Wkt1 | | | |
|  |  | Other Medical Expenses | Enter Doctors ($1,923)  Enter Hospital ($1,168)  Enter Prescription Drugs ($1,756)  Enter Prescription Eyeglasses ($210) | | | |
|  |  |  | Vitamins and herbal remedies, non-prescribed weight loss programs, and non-prescription sunglasses cannot be claimed as medical expenses | | | |
|  |  |  | If the Insurance Premiums Paid line is red, "get the red out" | | | |
|  |  | Total | TW totals medical expenses ($8,349) | | | |
|  |  | **Sch A** | **Medical and Dental Expenses** | | | |
|  |  | Line 1 | TW transfers total medical expenses from A Detail ($8,349). If this line remains red, "get the red out" . | | | |
|  |  | Line 2 | TW transfers AGI from 1040 Line 38 ($52,303) | | | |
|  |  | Line 3 | TW calculates the amount of medical expenses that is greater than 7.5% of AGI, since Frank is age 65 or older ($52,303 x 0.075 = $3,923). If both spouses were under 65, they could only claim medical expenses greater than 10% of AGI | | | |
|  |  | Line 4 | TW calculates an allowable medical expense deduction of $4,426 ($8,349 - 3,923 = $4,426). If AGI changes due to later entries, TW re-calculates the medical deduction automatically | | | |
|  | **Notes** | **A Detail** | **Contributions to Charity** | | | |
|  |  | Contributions to Charity section | Enter charitable contributions on A Detail, not on Sch A directly | | | |
|  |  | Cash Contributions, 50% Limit Organizations section | Enter:  - Church $850  - PBS $201  TW calculates total of $1,051 | | | |
|  |  |  | The church raffle ticket is not deductible as a charitable contribution. Since it was a gambling loss, it could be included on Sch A Line 28. However, gambling losses already exceed gambling winnings, so no need to enter raffle ticket into TW at all | | | |
|  |  |  | Political donations cannot be claimed as an itemized deduction | | | |
|  |  | Other than Cash Contributions, 50% Limit Organizations section | Enter Salvation Army $350 | | | |
|  |  | **Sch A** | **Gifts to Charity** | | | |
|  |  | Line 16 | TW transfers total of cash or check contributions from A Detail ($1,051) | | | |
|  |  | Line 17 | TW transfers total of other than cash contributions from A Detail ($350) | | | |
|  |  | Line 19 | TW calculates total gifts to charity ($1,401) | | | |
| **11** | **Note** | **Sales Tax** | **Sales Tax on Purchase of Car** | | | |
|  |  |  | Sales Tax (NJ) worksheet is usually in the forms tree, right under Sch A. You can also link to this worksheet from Sch A Line 5b | | | |
|  |  | Line 1 (in bottom section of screen) | TW calculates the amount of sales tax that can be claimed from the applicable NJ sales tax table, based on income and number of exemptions ($822) | | | |
|  |  | Scratch Pad off Line 8  Description  Line 1 | In addition to the sales tax amount from the tables, you can also claim sales tax paid on specific big-ticket items such as cars, aircraft, boats, homes, and home building material  Enter SALES TAX LINE 8 SALES TAX ON CAR  Enter SALES TAX PAID ON PURCHASE OF NEW CAR = $1,400 | | | |
|  |  | Line 11 | TW calculates the total sales tax deduction that can be claimed ($822 + 1,400 = $2,222) | | | |
|  |  | **Sch A** | **Sales Tax on Purchase of Car** | | | |
|  |  | Line 5b | TW transfers total sales tax deduction from Sales Tax worksheet. Taxpayer can claim state income taxes amount on Line 5a ($0) or general sales tax amount on Line 5b ($2,222), whichever is higher. Frys will claim sales tax | | | |
| **12** | **Notes** | **Sch A** | **Property Tax Reimbursement (PTR) and Homestead Benefit (HB) Recoveries** | | | |
|  |  | Scratch Pad off  Line 6 Box 4 "Other Real Estate Taxes You Paid, not listed elsewhere in this tax return"  Line 2  Line 3 | NOTE: NJ taxpayers did not actually receive a HB credit in 2014. However, it is included in this problem for training purposes. It is based on what counselors will see in 2015 tax season  Use NJ Property Tax Recoveries Flowchart from NJ Special Handling document Page 9 to determine where to report the PTR and HB recoveries. Since the Frys itemized last year and three years ago, and they are itemizing again this year, they can report the PTR and HB recoveries by netting them against current year's real estate taxes deduction  Enter the PTR and HB amounts as a negative on the same scratch pad where you entered real estate taxes on the empty lot.  Enter MINUS PROPERTY TAX REIMBURSEMENT RECOVERY = $-172  Enter MINUS HOMESTEAD BENEFIT RECOVERY = $-634 | | | |
|  |  |  | Ensure that Sch A Line 6 total is still > 0 & that itemized deductions are still > standard deduction (TW shows itemizing is better than standard deduction by putting a green check next to Sch A in forms tree) | | | |
| **13** | **Notes** | **1040 ACA Wkt** | **Health Insurance** | | | |
|  |  | Line for taxpayer, spouse, and dependent | Since Frank, Pat, and Mary had health insurance for the full year, check the Full box on each person's line. No one had coverage through the Marketplace, so no further ACA action is necessary | | | |
|  |  | **1040 Pg 2** | **Health Insurance** | | | |
|  |  | Line 61 | TW checks the Full-Year Coverage box to show that the entire family was covered for the full year | | | |
| **14** |  | **Diagnostics** |  | | | |
|  |  |  | Run Diagnostics and correct errors as needed. When all errors are corrected, ready to move on to entries on NJ return | | | |
| **15** | **Notes** | **NJ 1040 Pg 3** | **Use Tax** | | | |
|  |  | Line 45 | Enter 0 since the Frys did not make any out-of-state purchases. Must still "get the red out" (Ctrl-space or F3 or Toggle Estimated) | | | |
| **16** | **Notes** | **NJ Ret Wkt** | **Still red - resolve** | | | |
|  |  | Line 10a | NJ Other Retirement Income Exclusion Worksheet is still red in the forms tree. Answer YES to question regarding eligibility for Social Security | | | |
| **17** |  | **Diagnostics** |  | | | |
|  |  |  | Run Diagnostics and correct errors as needed | | | |
| **18** | **Intake Sheet** | **1040 Pg 2** | **Payment of Federal Refund** | | | |
|  |  |  | Frank indicated on the Intake Sheet that he does not want direct deposit for Federal, so he will receive a check from the IRS. That is the TW default for a Federal refund. Just "get the red out" from the Direct Deposit line on the Main Info screen | | | |
| **19** | **Notes** | **NJ DD Wkt** | **Payment of NJ Refund** | | | |
|  |  | Direct Deposit section | Since the Notes indicate that Frank wants to do the same for his NJ refund as for the Federal, click on the line that says “Check here to have a refund check mailed to you” | | | |
| **20** |  | **Diagnostics** |  | | | |
|  |  |  | Run Diagnostics and correct errors as needed | | | |
|  |  | **Create e-File** |  | | | |
|  |  |  | Another type of error check is run when creating an e-file. You could get different error messages than when running Diagnostics. After all errors are corrected, you should get message "E-Files created successfully" | | | |
|  |  | **Prep Use** | **Quality Review** | | | |
|  |  | Line 14 | Ask Mentor to perform Quality Review. Mentor enters initials when finished | | | |