SUGGESTED DEFAULT TEMPLATES FOR TWO 2011

November 27, 2011

SUMMARY: This document describes the procedures to create State- and Site-Level Templates (tax form defaults) and provides a set of defaults that can be used with TaxWise Online for 2011. It replaces the preliminary document of August 20, 2011. It consists of the following four sections:

- Introduction
- Creating The State-Level Template
- Sending the State-Level Template
- Creating The Site-Level Template

INTRODUCTION.

TaxWise Online uses the name “Templates” in place of the TaxWise desktop “Tax Form Defaults” for forms default entries. This document contains many suggestions as a starting point for TWO template setup; local practices should prevail. There are actually very few “have to” changes as TWO comes with a good Master Template of form defaults. However, the TWO Master Template does not contain any state defaults, so, at a minimum, if your state has an income tax, you will probably want to modify the TWO Master Template for your use.

For ease of identification of templates, we will refer to the template that came with TWO as the TWO Master Template and the template the Template Publisher creates as the State-Level Template. The individual Template Subscribers will then use this State-Level Template to create their Site-Level Template. The State-Level Template may alternatively be a District, County, etc. template. Most of the forms we typically use are included in the TWO Master Template. However, some additional forms and default settings on existing tree forms may be desired. TWO templates can also be shared within a state or other defined area(s). To do this you need to identify the site that will create the State-Level Template (Template Publisher) and the sites that will receive the State-Level Template (Template Subscribers) on the TaxWise software order submitted to your IRS SPEC office. Then, the Template Publisher can send the State-Level Template to the Template Subscriber sites.

The return templates for your EFIN may be set up or changed by any user that has been assigned a role that allows this. You may want to restrict this role to the Administrator and LC or ERO, only. You may start creating your own State-Level Template from scratch or base it on the Master Template that is included with TaxWise Online.

Start by logging in as the Admin user. Select the Return Templates icon from the Toolbar. TaxWise Online automatically displays the Main Information Sheet. The yellow border indicates that you are in Return Templates. Other users with privileges to change templates can make most of the template revisons but will not be able make all of them.

The template creation process described in this document assumes you use the TWO Master Template as the starting point for creation of your State-Level Template. Select the New icon, enter a template name, optionally check the Make Default button, and select the name of the existing TWO Master Template from the drop down arrow – for later use, you can use any existing template as the starting point for your new template

The resulting forms tree will be identical to the TWO Master Template at this point. Click a form in the tree to edit it. When finished, move to the next form. Data is saved on the CCH servers as you go from form to form. The following conventions will be used:

- **MakeRed** means to press the Ctrl-spacebar while in a field. It will insert a red double-underline for that entry, making it a required field in the selected form.

- **UndoRed** means to press the Ctrl-spacebar to delete a red double-underline and make the field not required. To **UndoRed** on fields that were set by TaxWise you will need to be logged on as Admin.
- **Link** means to click in a field which will then show a "green arrow in a small page"  icon at the right-hand side of the field. Clicking on that icon opens a new window. Select NEW and select the form you wish from the list that appears. Selecting this new form will place it in the Forms Tree and allow you to modify it.

You can add a new form by clicking the Add icon at the top of the Forms Tree or clicking Forms List on the Toolbar. Forms can be deleted from the Forms Tree by highlighting the form with your cursor, then clicking the small "x" at the right portion of the form – not all forms can be deleted, e.g., Main Info, 1040, etc.

Pressing F11 will provide a full screen view of the TWO window by removing Internet Explorer toolbars. The toolbars can be displayed by moving the mouse cursor to the top of the screen. Selecting F11 a second time will return the Internet Explorer toolbars.

CREATING THE STATE-LEVEL TEMPLATE

Before creating your templates, you should have completed making the "Settings" as described in the "*Suggested TaxWise Online Settings for TY 2011*" document available on the Extranet under the Technology Software tab, TaxWise Online section.

The following paragraphs assume you are creating a State-Level Template for export to other sites. Thus, fields like SIDN, EFIN, etc., are left blank. If you are just creating your own site template, you will want to fill in these fields.

Main Information Sheet

- **Mailing Address and Telephone Numbers**
  Use Ctrl-spacebar to **MakeRed** Present home address, Zip code, and Daytime Telephone number.

- **Telephone Numbers (Optional)**:
  If you prepare state returns and your state program picks up the Evening Telephone Number instead of the Daytime Number, **MakeRed** the Evening Telephone Number for the Taxpayer.

- **State Information**
  Check "No State" or enter your state two-letter abbreviation, as applicable.

- **Self-Select and Practitioner PIN(s)**
  Put an "X" in the "I authorize" box for the Taxpayer.
  Put an "X" in the "I authorize" box for the Spouse.
  Enter a standard PIN value for the taxpayer or leave blank
  Enter a standard PIN value for the spouse or leave blank

- **Preparer Information**
  Leave the PTIN field empty and red.
  Make sure there is a check mark in the "IRS" block and lock it with "Ctrl-L"

This completes the Main Information Sheet. Select the next form.

Preparer Use Form (Prep Use)

TWO for TY2011 moves the Preparer Use Fields from the Main Info Sheet to a new Preparer Use Form (Prep Use). The number of fields has been increased to 25 from 15 in previous years. The information in this form will not proforma (carry over) to the next year. Also, the fields in this form can only be made required/not required from the "Settings" menu. Thus, the first step in setting up these fields is to make the settings described in the "Suggested TaxWise Online Settings for TY 2011" document, under the "Custom Fields" section. That information is repeated here.

Edit Preparer Use Field 11: Add "NOT ANSWERED" as the first item in the list.
Edit Preparer Use Field 12: Add "NOT ANSWERED" as the first item in the list.
Edit Preparer Use Field 13: Check "Required" and enter "Enter Counselor Initials" for the question. Then click "Update."

Edit Preparer Use Field 14: Check "Required" and enter "Enter QR Initials" for the question. Then click "Update."
Edit Preparer Use Field 15: Enter "SIDN" for the question . Then click "Update."
Finally, click "Save and Close."

Optionally, a pick list of values can be entered in these fields that will restrict entry to only the values in the list. You may want to enter eligible counselor and QR initials in those pick lists.

These fields are used for various purposes. Reports can be prepared using the information in the fields. The following are suggested uses for some of the Preparer Use Fields – CAUTION: The questions entered under Settings/Custom Fields WILL NOT appear in this template form. They will appear when creating a return:

- **Preparer Use Fields 11 and 12** contain two questions regarding a language other than English spoken in the home and a person in the household with disabilities. These questions are on the Intake form and it is recommended that they be answered in TaxWise. These answers assist AARP Foundation Tax Aide in justifying and obtaining grants to fund the program
  Field 11. Lock the question field with Ctrl-L.
  Field 12. Lock the question field with Ctrl-L.

- **Preparer User Fields 13, 14, and 15** are used to enter the preparer and QR initials and SIDN. Use of field 14 for the QR initials is mandatory.
  Field 13. Lock the question field with Ctrl-L.
  Field 14. Lock the question field with Ctrl-L. DO NOT put a default value in the answer field.
  Field 15. Lock the question field with Ctrl-L.
- Select the next worksheet.

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- Print Signature – Check and Ctrl-L to lock.
- Select the next worksheet.

Social Security.

- Select "1040 Wkt1" -1040 Social Security Other Income Worksheet.
- In the "Taxpayer" column **MakeRed** the field for "Medicare Parts B, C, and D to Schedule A"
- In the "Taxpayer" column, **MakeRed** the field for "Federal tax withheld."
- Select the next form.

Schedule A (*Optional, use if applicable in your state*)

- Under "Taxes You Paid," line 8, "Other taxes," type VEHICLE LICENSE FEE, etc., as appropriate. This will turn the amount field red when saved.
- Select the next worksheet.

Sales Tax Worksheet *(Optional, use if applicable in your state)*

- Link to the "Sales Tax Worksheet" from line 5b
- Box 1 (2nd Section): Enter your State on Line 1
- Select the next form.

Schedule B

- Seller Financed Mortgage – **UndoRed.**
- Go to next statement.

Interest Statement

- First description field – **UndoRed**.
- Go to next statement.

Dividend Statement

- First description field – **UndoRed.**
- Go to next form.

Schedule C

- Open Schedule C Pg1.
- On line F, check the box for "Cash Method."
- On line G, check the box "YES" for "Did you materially participate in the business."
- On line I, check the box "NO" for "Did you make any payments in 2011…"
- Ctrl-L in line 1a to prevent entries in this field
    - Click the 1099 MISC form that is linked to the Schedule C
    - **UndoRed** in Box 1, Rent.
    - **MakeRed** Box 7, Nonemployee compensation.
- Open Schedule C Pg2.
- Check the box on line 44 to calculate business miles at the standard mileage rate AND to carry the calculated value to Schedule C Page 1 line 9.
- Select the next form.

Schedule D

- This form has been redesigned this year. There are no defaults for the form.

8949 Page 1

- In Part I, check the "A" box
- Select the next forms.

Additional 8949 Forms

- Add two more 8949, Page 1 forms by clicking the "+" next to the 8949, Page 1 form in the tree
  - On the first, in Part I, check the "B" box
  - On the second, in Part I, check the "C" box
- Add three 8949, Page 2 forms, by clicking "Add" above the forms tree, entering 8949, and selecting "8949 Pg 2." Then, click the "+" next to that form to add two more like forms
  - On the first, in Part II, check the "A" box
  - On the second, in Part II, check the "B" box
  - On the third, in Part II, check the "C" box
- Select the next schedule.

Schedule EIC

- Click on the "Add" button at the top of the Forms Tree
- Select "Schedule EIC" to add this form to the tree.
- **UndoRed** from the first child's name on line 1.
- Select the next form.

W-2 Wages

- **UndoRed** Name Code
- **Make Red** block 2, "Federal Tax Witheld"
- **MakeRed** Employer Name, address and zip.
- Block 15, State: If your state has an income tax enter your state code
- Block 17, State Tax: **MakeRed** if your state has an income tax
- Select the next worksheet.

1099G Wkt – Unemployment Benefits Received Worksheet

- Open the Add Forms list and add "1099G Wkt" to the tree.
- Enter the EIN and name of your state's payer of unemployment compensation.
- Enter your state code on line 6 if your state withholds taxes.
- **MakeRed** lines 2 and 5; and 6 if your state withholds taxes.
- If applicable, create additional Form 1099G worksheets for additional states that may pay unemployment benefits to taxpayers who visit AARP Foundation Tax-Aide sites in your state
- Select the next form.

982 Reduction of Tax Attributes Due to Discharge of Indebtedness

- Click on the "Add" button at the top of the Forms Tree
- Select "982" to add this form to the tree.
- MakeRed line 2.
- Select the next form.

1099-R

- **UndoRed** Name Code.
- **MakeRed** line 4, "Federal Tax Withheld"
- **MakeRed** Payer's Name, address and zip.
- Block 12**, "**State Tax," **MakeRed** if your state has a tax.
- Block13, State/State ID: Enter your state code if your state has a tax.
- State-use boxes (to the left of Block 15): If certain pensions are not taxed in your state place a check mark in Box 1.
- Select the next form.

1116 Foreign Tax Credit.

- Click on the "Add" button at the top of the Forms Tree
- Select "Form 1116 Pg1" to add this form to the tree.
- **MakeRed** the field in the "Simplified Limitation Election" section
- Select the next form.

F/S Tax Pd Federal/State Taxes Paid

- Click on the "Add" button at the top of the Forms Tree and enter "Tax"
- Select the "F/S Tax Pd" form to add this form to the tree.
- Select the next form.

Code Section 7216 Compliance Forms:

- Click on the "Gen Use" form that is on the forms tree. Remove this form by clicking on the small "x" that will be visible just to the right of the form name and select OK to remove the form.
- Select and remove the "Gen Disclosure" form in a similar manner.
- Select the next form.

Form 8867 – Paid Preparer EIC Checklist

- Click on the "Form 8867 Pg 1" that is on the forms tree. Remove this form by clicking on the small "x" that will be visible just to the right of the form name and select OK to remove the form.

Click the "Close Return" icon when finished.
At this point, we have configured the TWO template to the State-Level Template. Follow the instructions below to send this template to the Template Subscribers (unless you are preparing your own site template) so they can make their unique Site-Level Template based on the state template.

SENDING THE STATE-LEVEL TEMPLATE

When finished with the State-Level Template, give it a meaningful name, if you haven't already. For instance, rather than Template or Library Template, etc., give it an identifiable name such as, CA1 Master Template w/State Defaults. Then, when the template is sent to subscriber sites it will be readily identified as a State-Level Template.

Send the Template. Click the Return Templates icon on the Toolbar. Then click the Send icon. You will get a window that allows you to select the template you wish to send. Click Continue and a list of Subscriber sites will appear – these appear as a result of the information you entered on the software order form. Click OK and the defaults will be sent to the sites that you selected from the list.

Template Subscribers can now see the State-Level Template by clicking the "Return Template" icon.

CREATING THE SITE-LEVEL TEMPLATE

This part identifies the additional site-specific fields that need to be filled in to complete the new Site-Level Template. These defaults cannot be pre-set since the information is unique for each site.

The State-Level Template that the Template Subscribers get cannot be edited, so the Subscribers will have to create a new template based on the state template – the Publisher should also create his/her Site-Level Template based on the state template that was created.

Before creating the Site-Level Template, you should have completed making the "Settings" as described in the "*Suggested TaxWise Online Settings for TY 2011*" document available on the Extranet under the Technology Software tab, TaxWise Online section.

Log in as the Admin user. Click on the "Return Templates" icon on the Toolbar and select "New." In the window that appears, click Default, if you want all users to use the same template, and base your Site-Level Template on the State-Level Template. Make your forms changes as described below to finish your site template

Main Information Sheet

- **Preparer Information:** Enter your site's unique eight-digit **SIDN in the PTIN field** and lock it with Ctrl-L. The IRS only box should have already been checked. If not, do so now.

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- **Enter the EFIN** for the site at the top of the form (VERY IMPORTANT!)
- Enter your SIDN in the PTIN field (Refresh to make the S appear) and press Ctrl-L to lock the field
- Enter site name in Firm's name
- Enter site address in Firm's address
- Enter phone number for site (Optional)
- Enter Zip Code – click the Save icon to populate the city and state
- Enter "AARP TCE [your SIDN] [abbreviated site name]" in ERO Signature, e.g., AARP TCE S38345556 Bos Civ Ctr
- Check "Print Signature"
- Click the EIN field and **UndoRed**
- Check the "IRS only" block and press Ctrl-L to lock the field

Prep Use Form

- **Field 15**. To default your site's SIDN in this field, enter the SIDN in the answer field and press Ctrl-L to lock the field. The SIDN includes the "S" prefix plus the number.

Close out template preparation by clicking the "Close Return" icon. This completes the suggested Site-Level Template.

Assigning the Template. If you checked Default when creating your site template it is not necessary to specifically assign the template to your users. If some of your users will use another template you will need to assign that template to them using the "Assign" Icon.

NOTE: If, as the season goes along, a new State-Level Template is created and sent to the subscribers, it will overwrite the existing State-Level Template at the sites if the same template name is used. However, it will have no effect on the Site-Level Template that was created previously. Of course, changing the name of the State-Level Template will not cause an overwrite and the sites will get another copy of the State-Level Template. This last case is generally not desirable because of the confusion it can cause at the site. Revised State-Level Templates should have a date in the title or description to identify them. In any case, when the sites receive the State-Level Template they will have to modify it again for their sites. So, if the changes to the new State-Level Template are few, it may be best to just send a description of the changes, as well as the template, so the site can make the changes to their existing site template.