

Tax Return Process:

1. Retrieve Taxpayer's Packet
 - a. Verify that the Photo Identification is present
 - b. Verify that acceptable Social Security documentation for each person is present
 - c. Verify that the Intake & Interview sheet is complete
 - d. Verify that the corresponding Taxpayer Documents are there (W-2's, 1099, etc.)
2. Interview the client
 - a. Ask additional questions about dependants to ensure they have rights to claim
 - b. Ask additional questions about Taxpayer Documents and ensure that all are there
3. Prepare the Tax Return
 - a. Determine Filing Status
 - i. Use the Marital Status as a guide first, then the Filing Status Chart in Pub4012
 - ii. Make sure you are checking for Head of Household if they have dependants and are not married, or are married and live apart the last 6 months of the year
 - b. Determine Dependants claimed
 - i. Do they have child care expenses? Check 'DC' box
 - ii. Do they appear to qualify for Earned Income Credit? (Check 'EIC' box)
 1. Related child/sibling, under 19, under 24 and Full-Time Student, or disabled
 2. Lived there at least 6 months out of the year
 - iii. Child Tax Credit will compute based on Age, Relationship, and Residency
 - c. Enter data
 - i. Use Intake Sheet Page 1, and enter data into Main Information Sheet
 1. Name, SS#'s, Address, Phone#, DOB, Occupation
 2. Mark if Blind/Disabled
 3. Select Filing Status
 4. Enter Dependand information, and mark appropriate boxes
 5. Bank and Routing #'s go on this page as well
 6. Assign them a pin and enter in the date (12345 will work)
 7. Everything else, you can disregard unless RED
 8. You can move on if the Exclamation point has changed to a Check Mark
 - ii. Using Taxpayer documents, enter their **Income**
 1. Use the 1040 as your launch point, link to various documents from lines
 - a. W-2's, 1099-R's, 1099-G's
 - b. Schedule B for Interest, Pull up Int Stmt
 - c. 1040 Wkt1 for Social Security Income
 - d. Sch C: 1099-MISC – advanced only!
 2. Enter ALL income for the tax year 2011 (look @ the year!)
 3. Do not leave any values out!
 - a. Make sure to ALWAYS enter Fed Tax Withheld
 - b. Don't forget to enter State information! Double Check!

- iii. Using Taxpayer documents, enter values for **Expenses to Qualify for Credits/Adjustments**
 - 1. Schedule A for itemized deductions
 - a. Medical, Real Estate Taxes, State/Local Income Tax, Mortgage Interest (1098INT), Mortgage Insurance, Charitable Contribution
 - 2. Form 1098-T Tuition: Enter on form 8863 for education Credit
 - a. For the Taxpayer AND Dependents
 - b. Also ask about book expenses
 - 3. Form 1098-E Student loan Interest: Enter on 1040 Wkt2 for Deduction
 - 4. Expenses for Energy Efficient Home Items: Form 5695
 - 5. Child Care Expenses: Form 2441
 - a. Children under 13 only
 - 6. 1099-HSA Health Savings Account: Form 8889
 - a. Determine from W2 if they had Contributions which they can deduct, enter amount on Form 8889
 - b. Determine whether or not they used the Distributions for medical expenses, enter amount on Form 8889
- iv. Clean up the tax return by identifying new forms with Red exclamation points. Based on some values, some forms may pop up for you to qualify for credits
 - 1. If you entered a Code D in Box 12 of a W-2, this is a 401K contribution
 - a. Pull up the 8880, answer questions to qualify for credit
 - b. F3 to get rid of the red (CTRL+SPACE if using TWOnline)
 - 2. If you checked EIC on dependents, you must answer questions to correctly qualify them, especially if they are over 19, under 24, but a full time student, or totally and permanently disabled
 - a. EIC WKT and SCH EIC
 - 3. Form 2210 appears if they owe and underpaid
 - a. Typically you would select "None Apply"
 - b. If they paid much less tax last year they may not owe a penalty
 - 4. Enter in Bank Account information 1040 Page 2
- d. Run Diagnostics (magnifying glass)
 - i. This will search for any errors that would prevent the software from transmitting the return to the IRS.
 - 1. Typographical errors and incomplete forms will be found once this is run
 - 2. Bank account information is cross referenced
 - ii. Click on e-File
 - 1. Select both Fed & State
 - 2. This is not filing the return, but creating a file to send it off
 - a. Returns are submitted at the end of each day
 - iii. Ask for a quality review
 - 1. Site coordinator or advanced preparer will be there to assist you

iv. Print the tax return

1. Review the return with the taxpayer:

- a. Have them verify that: Name, Address, and SS#'s are correct
 - i. Taxpayers, Spouses, and Dependants
- b. Inform them of:
 - i. Filing Status
 - ii. # Of Exemptions
- c. Review with Taxpayer:
 - i. Income - Ask them if they had any additional income we missed
 - ii. Adjustments – Review these with them
 - iii. Standard/Itemized Deduction
 1. Explain it reduces taxable income
 2. Review Sch A when applicable
 - iv. Personal & Dependant exemptions
 1. Reduces taxable income
 2. One exemption of \$3700 per person on return
 - v. Taxable income amount
 1. Tax is automatically calculated on this amount
 - vi. Inform of non-refundable credits they qualify for
 - vii. Show them Line 61, Total Tax
 1. “This is how much you were supposed to pay”
 - viii. Show them Line 62, Fed Tax Withheld
 1. “This is how much you did pay”
 - ix. Show them refundable credits they qualify for
 - x. Show them Line 72, Total Payments
 - xi. Difference between Total Payments and What you were Supposed to pay is:
 1. How much you’re getting back
 2. How much you still owe
- d. They will then verify: Bank Account & Routing Number
- e. Review State Refund/Balance Owed with them.
- f. Have them sign: Form 8879
 - i. Allows us permission to file the return
- g. Keep a copy of (staple to 8879):
 - i. 1 of each W-2
 - ii. 1 of each 1099-R (only if tax withheld)
- h. Place return in envelope and hand to client
 - i. Let them know they still need to do Local Taxes
- i. Keep Intake Sheet, Survey, 8879 & tax forms
- j. Thank taxpayer for using our service and invite them back next year