



**TAX YEAR 2021
ANNUAL SEMINAR**

2021 Tax Updates

Topics covered in this section:

- **Expanded Schedules 1, 2, and 3**
- **Recovery Rebate Credit**
- **Covid Tax Situations**
- **Charitable Contributions**
- **Earned Income Credit**
- **Child Tax Credit**
- **Dependent Care Credit**
- **Spanish Forms and Sch LEP**
- **E-file 1040X**

Schedule 1

2020

SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2020** Attachment Sequence No. 01
 Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR Your social security number

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	9	

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees deduction. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10a	22	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2020

2021

SCHEDULE 1 (Form 1040) Additional Income and Adjustments to Income OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2021** Attachment Sequence No. 01
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Name(s) shown on Form 1040, 1040-SR, or 1040-NR Your social security number

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income:		
a	Net operating loss	8a	
b	Gambling income	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d	
e	Taxable Health Savings Account distribution	8e	
f	Alaska Permanent Fund dividends	8f	
g	Jury duty pay	8g	
h	Prizes and awards	8h	
i	Activity not engaged in for profit income	8i	
j	Stock options	8j	
k	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k	
l	Olympic and Paralympic medals and USOC prize money (see instructions)	8l	
m	Section 951(a) inclusion (see instructions)	8m	
n	Section 951A(a) inclusion (see instructions)	8n	
o	Section 461(f) excess business loss adjustment	8o	
p	Taxable distributions from an ABL account (see instructions)	8p	
z	Other income. List type and amount ▶	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71479F Schedule 1 (Form 1040) 2021

Schedule 1 (Form 1040) 2021 Page 2

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
20	IRA deduction	20	
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8k from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount ▶	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your adjustments to income. Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26	

Schedule 1 (Form 1040) 2021

Schedule 2

2020

SCHEDULE 2 (Form 1040) Additional Taxes OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service
 Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.
 Attachment Sequence No. 02
 Name(s) shown on Form 1040, 1040-SR, or 1040-NR Your social security number

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE	4	
5	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	5	
6	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	6	
7a	Household employment taxes. Attach Schedule H	7a	
7b	Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	7b	
8	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	8	
9	Section 965 net tax liability installment from Form 965-A	9	
10	Add lines 4 through 8. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b	10	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 2020

2021

SCHEDULE 2 (Form 1040) Additional Taxes OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service
 Attach to Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form1040 for instructions and the latest information.
 Attachment Sequence No. 02
 Name(s) shown on Form 1040, 1040-SR, or 1040-NR Your social security number

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE	4	
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required	8	
9	Household employment taxes. Attach Schedule H	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required	10	
11	Additional Medicare Tax. Attach Form 8959	11	
12	Net investment income tax. Attach Form 8960	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	15	
16	Recapture of low-income housing credit. Attach Form 8611	16	

(continued on page 2)
 For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71478U Schedule 2 (Form 1040) 2021

Schedule 2 (Form 1040) 2021 Page 2

Part II Other Taxes (continued)

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount ▶	17a	
b	Recapture of federal mortgage subsidy. If you sold your home in 2021, see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 24	17q	
z	Any other taxes. List type and amount ▶	17z	
18	Total additional taxes. Add lines 17a through 17z	18	
19	Additional tax from Schedule 8812	19	
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, 18, and 19. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b	21	

Schedule 2 (Form 1040) 2021

Schedule 3

2020

SCHEDULE 3 (Form 1040) Additional Credits and Payments OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2020** Attachment Sequence No. 03
 ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: _____ Your social security number: _____

Part I Nonrefundable Credits

1 Foreign tax credit. Attach Form 1116 if required	1	
2 Credit for child and dependent care expenses. Attach Form 2441	2	
3 Education credits from Form 8863, line 19	3	
4 Retirement savings contributions credit. Attach Form 8880	4	
5 Residential energy credits. Attach Form 5695	5	
6 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	6	
7 Add lines 1 through 6. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	7	

Part II Other Payments and Refundable Credits

8 Net premium tax credit. Attach Form 8962	8	
9 Amount paid with request for extension to file (see instructions)	9	
10 Excess social security and tier 1 RRTA tax withheld	10	
11 Credit for federal tax on fuels. Attach Form 4136	11	
12 Other payments or refundable credits:		
a Form 2439	12a	
b Qualified sick and family leave credits from Schedule(s) H and Form(s) 7202	12b	
c Health coverage tax credit from Form 8885	12c	
d Other:	12d	
e Deferral for certain Schedule H or SE filers (see instructions)	12e	
f Add lines 12a through 12e	12f	
13 Add lines 8 through 12f. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31	13	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71480G Schedule 3 (Form 1040) 2020

2021

SCHEDULE 3 (Form 1040) Additional Credits and Payments OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service **2021** Attachment Sequence No. 03
 ▶ Attach to Form 1040, 1040-SR, or 1040-NR. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040, 1040-SR, or 1040-NR: _____ Your social security number: _____

Part I Nonrefundable Credits

1 Foreign tax credit. Attach Form 1116 if required	1	
2 Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441	2	
3 Education credits from Form 8863, line 19	3	
4 Retirement savings contributions credit. Attach Form 8880	4	
5 Residential energy credits. Attach Form 5695	5	
6 Other nonrefundable credits:		
a General business credit. Attach Form 3800	6a	
b Credit for prior year minimum tax. Attach Form 8801	6b	
c Adoption credit. Attach Form 8839	6c	
d Credit for the elderly or disabled. Attach Schedule R	6d	
e Alternative motor vehicle credit. Attach Form 8910	6e	
f Qualified plug-in motor vehicle credit. Attach Form 8936	6f	
g Mortgage interest credit. Attach Form 8396	6g	
h District of Columbia first-time homebuyer credit. Attach Form 8859	6h	
i Qualified electric vehicle credit. Attach Form 8834	6i	
j Alternative fuel vehicle refueling property credit. Attach Form 8911	6j	
k Credit to holders of tax credit bonds. Attach Form 8912	6k	
l Amount on Form 8978, line 14. See instructions	6l	
z Other nonrefundable credits. List type and amount ▶	6z	
7 Total other nonrefundable credits. Add lines 6a through 6z	7	
8 Add lines 1 through 5 and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20	8	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71480G Schedule 3 (Form 1040) 2021

Schedule 3 (Form 1040) 2021 Page 2

Part II Other Payments and Refundable Credits

9 Net premium tax credit. Attach Form 8962	9	
10 Amount paid with request for extension to file (see instructions)	10	
11 Excess social security and tier 1 RRTA tax withheld	11	
12 Credit for federal tax on fuels. Attach Form 4136	12	
13 Other payments or refundable credits:		
a Form 2439	13a	
b Qualified sick and family leave credits from Schedule(s) H and Form(s) 7202 for leave taken before April 1, 2021	13b	
c Health coverage tax credit from Form 8885	13c	
d Credit for repayment of amounts included in income from earlier years	13d	
e Reserved for future use	13e	
f Deferred amount of net 965 tax liability (see instructions)	13f	
g Credit for child and dependent care expenses from Form 2441, line 10. Attach Form 2441	13g	
h Qualified sick and family leave credits from Schedule(s) H and Form(s) 7202 for leave taken after March 31, 2021	13h	
z Other payments or refundable credits. List type and amount ▶	13z	
14 Total other payments or refundable credits. Add lines 13a through 13z	14	
15 Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31	15	

Schedule 3 (Form 1040) 2021

Forms and Schedules Menu

Forms and Schedules Menu has been rearranged to put the Schedules 1, 2 and 3 at the beginning of the list

The screenshot displays a software interface for tax forms and schedules. At the top, there is a navigation bar with buttons for 'Preview', 'Line Input', 'View Prior', 'TWPDF Archive', and 'ELF Tracker [F6]'. Below this is a sidebar titled 'Forms/Schedules Used' which lists various forms and schedules. The main area shows a grid of items, each with a number in brackets, a description, and a category.

Item	Description	Category
[01]	Schedule 1 - Additional Income/Adjustments	
[02]	Schedule 2 - Additional Taxes	
[03]	Schedule 3 - Additional Credits and Payments	
[04]	Schedule A - Itemized Deductions	
[05]	Schedule B - Interest and Dividends	
[06]	Schedule C - Business Income	
[07]	Schedule D - Capital Gains(Loss)	
[08]	Schedule E - Supplemental Income	
[09]	Schedule EIC - Earned Income Credit	
[10]	Schedule F - Farming Income	
[11]	Schedule H - Household Employment	
[12]	Schedule J - Farm Income Averaging	
[13]	Schedule R - Elderly/Disabled Credit	
[14]	Schedule SE - Self Employment Income	
[15]	Form 1116 - Foreign Tax Credit	
[16]	Form 1310 - Deceased Refund	
[17]	Form 2106 - Employee Bus. Expense	
[48]	Form 8582-CR - Passive	
[49]	Form 8586 - Low-Income	
[50]	Form 8606 - Nondeduct	
[51]	Form 8615 - Child	
[52]	Form 8801 - Prior Year	
[53]	Schedule 8812 - Child Tax	
[54]	Form 8814 - Child's In	
[55]	Form 8815 - Exclusion o	
[56]	Form 8821 - Tax Info Aut	
[57]	Form 8822 - Change of	
[58]	Form 8824 - Like Kind E	
[59]	Form 8828 - Recapture Fe	
[60]	Form 8839 - Adoption	
[61]	Form 8846 - Employe	
[62]	Form 8853 - MSA Dec	
[63]	Form 8859 - DC First-Time	
[64]	Form 8862 - EIC After Dis	

Line Input Menu

The Line Input Menu Has the input for Schedules 1, 2, and 3 similar to last year's location and the same as the Form 1040

[01]	Wages, salaries, tips, etc. Attach Form(s) W-2	1	37,952
[02]	Tax-exempt interest	2a	
[03]	Qualified dividends	3a	
[04]	IRA distributions	4a	
[05]	Pensions and annuities	5a	
[06]	Social security benefits	6a	
[07]	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
[08]	Other income from Schedule 1, line 10	8	270
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	38,222
[10]	Adjustments to income from Schedule 1, line 26	10	118
11	Subtract line 10 from line 9. This is your adjusted gross income	11	38,104
[11]	Standard deduction or itemized deductions (from Schedule A)	12a	12,550
[12]	Charitable contributions if you take the standard deduction (see instructions)	12b	
c	Add lines 12a and 12b	12c	12,550
[13]	Qualified business income deduction from Form 8995 or Form 8995-A	13	
14	Add lines 12c and 13	14	12,550
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	25,554
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	2,870
[17]	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	2,870
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19	
[20]	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	2,870
[23]	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
24	Add lines 22 and 23. This is your total tax	24	2,870
25	Federal income tax withheld from:		
a	Form(s) W-2	25a	4,700
b	Form(s) 1099	25b	
[25]	Other forms (see instructions)	25c	
d	Add lines 25a through 25c	25d	4,700
[26]	2021 estimated tax payments and amount applied from 2020 return	26	
[27]	Earned income credit (EIC)	27a	
b	Nontaxable combat pay election	27b	
c	Prior year (2019) earned income	27c	
[28]	Refundable child tax credit or additional child tax credit from Schedule 8812	28	3,000
[29]	American opportunity credit from Form 8863, line 8	29	
[30]	Recovery rebate credit. See instructions	30	2,800
[31]	Amount from Schedule 3, line 15	31	10,772
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits	32	16,572
33	Add lines 25d, 26, and 32. These are your total payments	33	21,272
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	18,402
35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here	35a	18,402
Direct deposit? See instructions.	b Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number		
36	Amount of line 34 you want applied to your 2022 estimated tax	36	
Amount You Owe	37 Amount you owe. Subtract line 33 from line 24. For details on how to pay, see instructions	37	
	38 Estimated tax penalty (see instructions)	38	

Covid Items

- Unemployment Compensation is back to being Taxable.
- Pension Income that was postponed in 2020
 - If Paybacks were made, then you will need to amend the 2020 tax return.
 - If only 1/3 of the pension income was claimed in 2020, then you will need to file Form 8915-F
 - If the 2020 return was prepared in our software the program will automatically carry the information from last year's 8915-E to this year's 8915-F.
 - At the present time, we do not have the instructions for 8915-F, but we expect to have the completed 8915-F soon.
- Reconciliation for the third EIP of \$1,400 per person includes all dependents on the tax return.
- What we learned last year about Recovery Rebate Credit and EIP payments:
 - People can't remember how much they received.
 - The only way to look it up on the IRS website is to access the Taxpayer's individual account.
 - It's worth the time to make sure that what is reported is accurate. It takes much more time dealing with clients when the IRS makes an adjustment to the tax return.

Recovery Rebate Credit

Economic Impact Payment #3

Estimated Covid-19 Economic Impact Payments based on the 2020 return is:
Estimated EIP 3 Amount \$2800

Enter the amount that was received and shown on Notice 1444-C in EIP 3
(before offset for any past-due child support payment)

Enter zero if EIP 3 was not received

EIP 3 Amount

Was taxpayer or spouse a member of the U.S. Armed Forces any time during 2021? Yes

- *Estimated* , EIP will be calculated on returns that were recalled from prior year.
- Enter amount before offset for any past-due child support payment.
- You **MUST** enter an amount or a ZERO.
- If Taxpayer and Spouse received separate payments, total amount should be entered.

Charitable Contributions

- 2021 taxpayers can take a deduction of up to \$300, (**\$600 if MFJ**) of Cash contributions in addition to the Standard deduction if they do not Itemize.
- The Charitable contributions deducted directly on Form 1040 has been moved from being Adjustment to Income to a deduction **AFTER** computing AGI.
- Data entry is done within the Schedule A, and the program will automatically determine if Standard plus the charitable is better than the itemized and carry the charitable contributions to line 12 of Form 1040.

Standard Deduction for— <ul style="list-style-type: none"> • Single or Married filing separately, \$12,550 • Married filing jointly or Qualifying widow(er), \$25,100 • Head of household, \$18,800 • If you checked any box under <i>Standard Deduction</i>, see instructions. 	[06]	Social security benefits	6a		b	Taxable amount	6b	
	[07]	Capital gain or (loss). Attach Schedule D if required. If not required, check here					7	
	[08]	Other income from Schedule 1, line 10					8	
	9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income					9	
	[10]	Adjustments to income from Schedule 1, line 26					10	
	11	Subtract line 10 from line 9. This is your adjusted gross income					11	
	[11]	Standard deduction or itemized deductions (from Schedule A)	12a	25,100				
	[12]	Charitable contributions if you take the standard deduction (see instructions)	12b	600				
	c	Add lines 12a and 12b					12c	25,700
	[13]	Qualified business income deduction from Form 8995 or Form 8995-A					13	
	14	Add lines 12c and 13					14	25,700
	15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-					15	

Charitable Contributions

Sch A Contributions	
[49] Contributions by cash or check (60%)	3,500
[50] Contributions by cash or check (30%)	
Contributions from K-1's	
[51] Other than cash (8283)	
[52] Other than cash < \$500	350
[53] Carryovers (60%)	
[54] Noncash carryovers (50%)	
[55] Carryovers (30%)	
[56] Carryovers (Special 30%)	
[57] Carryovers (20%)	
[58] Church	
[59] United Way	
[60] Red Cross/March of Dimes	
[61] Miscellaneous organized charity	
[62] Transportation Miles	

Deductible Cash Contributions if Not Itemizing	
Calculated Amt.	Override
600	

Description	Amount
[63] Other-1	
[64] Other-2	
[65] Other-3	
[66] Fed only	
[67] State only	
[68] Other Contrib. Overflow	

Deduction for Restaurant Meals

- For 2021 Only. “Restaurant Meals” are 100% deductible.
- Non Restaurant Meals are handled the same as in prior years and are 50% deductible.
- Term “Restaurant” means a business that prepares and sells food for immediate consumption.
- Restaurant does not include a business that sell prepackaged foods such as a grocery store or convenience store.
- We have added an additional line for Meals to identify Restaurant vs Non Restaurant.

Sch C Expenses	
[36] Advertising	
[37] Car and Truck Worksheet	...
[38] Car and Truck 4562	
[39] Commissions	
[40] Contract Labor	
[41] Depletion	
[42] Depreciation OVERRIDE/Input	...
[43] Employee Benefit Program	
[44] Insurance	
[50] Rent/lease machinery/equipment	
[51] Rent/Lease Other	
[52] Repairs	
[53] Supplies	
[54] Taxes	
[55] Travel	
[56] Restaurant Meals (100% deductible)	256
[57] All Other Meals (50% deductible)	38
[58] Subject to DOT hours of service limits?	<input type="checkbox"/> Yes

Distributions from HSAs and Archer MSAs

- Forms 8889 and 8853
- Qualified medical expenses are no longer limited to those medicines and drugs prescribed by a physician.
 - Thus all medicines and drugs can be reimbursed tax free without a prescription or recommendation by a physician. Over the counter medicines and drugs including menstrual products.
- This law change DOES NOT APPLY to medical expenses claimed on Schedule A Itemized Deductions.

Schedule EIC Earned income Credit

- Changes for 2021 only:
 - You can use the 2019 Earned Income IF the 2019 earned income is greater than 2021 earned income and generates a higher EIC. (Same rule does not apply to Child Tax Credit like it did in 2020)
 - For Persons with no Children, the EIC minimum age is lowered to age 18 for qualifying individuals. Old rule, you had to be at least 25 years of age.
 - Age 18 for Qualified former foster youth and Qualified Homeless Youth.
 - Age 19 for an individual who is NOT a “Specified Student”. Age 24 for an individual who IS as “Specified Student”.
 - Qualified former foster youth is an individual who was in foster care on or after age 14 under part B or E of title IV of the Social security act.
 - Qualified Homeless youth is an individual who certifies that they are either unaccompanied youth who is a homeless or at risk of homelessness and self supporting.
 - A specified student is a student that is at least a half time student for at least 5 months during the year.
 - The new law also eliminates the under age 65 limitation for 2021
 - The investment income limitation has been raised from \$3,650 to \$10,000.

Schedule EIC Earned income Credit

- EIC income limits and max EIC amounts have been increased to adjust for inflation (typical changes).
- EIC limits for persons with no children has increased substantially:
 - Max credit has increased from \$538 to \$1,502.
 - Max income limit has increased from \$15,820 to \$21,430 for Single, and from \$21,710 to \$27,380 for MFJ.
- Married Filing Separately may be able to qualify for EIC.
- New Questions for Head of Household and Married Filing Separate filers.
 - Did you live with your spouse during the last 6 months of the year.
 - If you did live with your spouse during the last 6 months, do you have a legal written separation agreement and you did not live together at the end of 2021.

Schedule EIC Earned income Credit

- Menu choices 1-3 are only needed in Filing Status is MFS or HoH.
- Menu choices 4-5 are only needed if the taxpayer is under the age of 24.

Print Preview Notes [F4] TWPDF Archive

[01] If married, did you live with your spouse at any time during the last 6 months of 2021? Yes

[02] If yes to 1st question, are you legally separated according to your state law under a written separation agreement and you lived apart from your spouse at the end of 2021? Yes

[03] Check box if filing status is head of household and you were married Yes

[04] Were you a qualified former foster youth or a qualified homeless youth? Yes

[05] Are you a specified student? (In school for at least 5 months for the year and carried at least 1/2 the normal workload for course of study) Yes No

EIC Information About Your Qualifying Children

[06] Paid preparer's due diligence checklist **Due Diligence** Changes to qualifying children must be made in Dependent Information on the Basic Information menu. Dependents can also be accessed from the Due Diligence menu.

	First Name & Initial	Last Name and Suffix	Age/DOB	SSN	Relationship	Months Lived With	Identity Protection PIN	Born Before 2003 and under age 24 at the end of 2021 and a student	Disabled in 2021
[07] Child #1	test	Gardner	6/ 02-02-2015	555-00-1234	DAUGHTER	12		<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
[08] Child #2			0/					<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
[09] Child #3			0/					<input type="checkbox"/> Yes	<input type="checkbox"/> Yes

EIC Other Information

[10] Taxable scholarship or fellowship grant included in 1040 line 7 (OVERRIDE)

[11] Investment Income (OVERRIDE) [12] Nontaxable combat pay election (OVERRIDE)

[13] Clergy Only - Amount from 1040, line 7 that was also reported on Schedule SE, line 2

[14] Was the taxpayer (or the taxpayer's spouse) a nonresident alien for any part of 2021? Yes

[15] Print 'NO' next to the line for EIC on 1040 or 1040-SR. Reason's to check this box include the following: Yes

- Taxpayer, spouse or a qualifying child has an SSN that is not valid for employment and was issued solely to apply for or receive a federally funded benefit
- Taxpayer lived less than half the year in the United States
- Taxpayer was a nonresident alien for any part of the year and filing status is not married filing jointly

[16] Allow EIC even if due diligence questions have not been answered completely?(This is an OVERRIDE and the 8867 will NOT be attached) Yes

[17] 2019 earned income

Schedule 8812 Child Tax Credit

- Schedule 8812 will be used for computation of ALL CTC. (prior year 8812 was for the Additional CTC)
- The Child tax Credit is broken down into two different parts:
- There is the base Child Tax Credit of \$2,000. (same as last year)
- There is an additional amount of \$1,000 per child age 6 and over and \$1,600 for children under the age of 6. (American Rescue Plan Act of 2021).
- New Law increases the age of a qualifying child from 16 to 17.
- There are two different phase outs of the CTC.
 - The additional amount of the CTC (the extra \$1,000 or \$1,600 if under age 6). Phase out for this portion starts when AGI exceeds \$150,000 for MFJ and QW. \$112,500 for HoH, and \$75,000 for Single and MFS.
 - The base CTC of \$2,000 will start to phase out when AGI exceeds \$400,000 MFJ, and \$200,000 for all others.

Advanced Child Tax Credit Payments

- If the taxpayer receives advance payments of the Child Tax Credit, then these payments must be reconciled in 2021.
- The result of the reconciliation will be one of the following:
 - Refundable credit – Calculated credit is greater than the advance payments received
 - Additional Tax – Advance payments received are greater than calculated credit

- ***Safe Harbor for Excess Advance Payments***

For lower income families there is a safe harbor amount of \$2,000 per child if the advance payments exceed the calculated credit.

- Taxpayer does not have to repay an overpayment of up to \$2,000 per child (safe harbor amount) as follows:
 - Single – Full safe harbor if AGI is below \$40,000. Phases out between \$40,000 and \$80,000.
 - Married filing joint – Full safe harbor if AGI is below \$60,000. Phases out between \$60,000 and \$120,000.
 - Head of Household – Full safe harbor if AGI is below \$50,000. Phases out between \$50,000 and \$100,000.

Advanced Child Tax Credit Payments

Advanced Child Tax Credit Payment

Enter the aggregate amount of Advance Child Tax Credit that was received and shown on Letter(s) 6419,

Enter zero if no Advanced Child Tax Credit was received

Advanced Child Tax Credit Amount

Number of Children used to determine ACTC

(Number of children will normally be the number of children claimed on last year's tax return.)

CAUTION: If the amount of the Advance Child Tax Credit and the number of Children used to determine ACTC does not match Letter(s) 6419, the processing of your return will be delayed.

Preview Print Notes

8812 Credit for Qualifying Children and Other Dependents

[01]	Did taxpayer (or spouse if MFJ) have a principal place of abode in the United States for more than half of 2021?	Yes
[02]	Aggregate amount of advance child tax credit payments received in 2021 (See Letter 6419)	
[03]	Number of qualifying children taken into account in determining the annual advance amount received in 2021 (See Letter 6419)	
[04]	Nontaxable combat pay (OVERRIDE)	
[05]	Earned income (OVERRIDE)	
[06]	Income from Puerto Rico that was excluded	
[07]	Amount from line 15 of Form 4563	

- You must enter an amount in both the Advance Child Tax Credit Amount and the Number of Children used to determine the ACTC.
- Hopefully clients will show up with the 6419 Letters.
- IRS states on the 8812 that if the ACTC entered does not match their records, the processing of the tax return will be delayed.

Form 2441 Dependent Care Credit

- Dependent care expense has been increased to \$8,000 for one child and \$16,000 for two or more. (old rule was \$3,000 and \$6,000).
- Some MFS may be able to claim the credit if they meet certain requirements.
 - You lived apart from your spouse during the last 6 months of 2021.
 - Your home was the qualifying person's main home for more than half of 2021.
 - You paid more than half of the cost of keeping up that home for 2021.
- The credit is fully refundable. (if principle place of abode is in the U.S. for more than half of 2021)
- If principle place of abode is less than half the year in the US, then the CTC is a Non-Refundable Credit.
- Example of Taxpayer with income of \$100,000 paid child care of \$18,000 for two children:
 - In 2020 they would have received a child care credit of \$1,200.
 - For 2021 they will receive a \$8,000 child care credit.

Form 2441 Dependent Care Credit

- In 2020 the credit rate started at 35% and went down to 20%.
- **The new rates** start at 50% for income under 125k and phase out completely when income is 438k and over.

2021 Phaseout Schedule									
If line 7 is:		But not over:		The decimal amount to enter on line 8 is:	If line 7 is:		But not over:		The decimal amount to enter on line 8 is:
Over:					Over:				
\$0	-	\$125,000		.50	\$175,000	-	\$177,000		.24
125,000	-	127,000		.49	177,000	-	179,000		.23
127,000	-	129,000		.48	179,000	-	181,000		.22
129,000	-	131,000		.47	181,000	-	183,000		.21
131,000	-	133,000		.46	183,000	-	400,000		.20
133,000	-	135,000		.45	400,000	-	402,000		.19
135,000	-	137,000		.44	402,000	-	404,000		.18
137,000	-	139,000		.43	404,000	-	406,000		.17
139,000	-	141,000		.42	406,000	-	408,000		.16
141,000	-	143,000		.41	408,000	-	410,000		.15
143,000	-	145,000		.40	410,000	-	412,000		.14
145,000	-	147,000		.39	412,000	-	414,000		.13
147,000	-	149,000		.38	414,000	-	416,000		.12
149,000	-	151,000		.37	416,000	-	418,000		.11
151,000	-	153,000		.36	418,000	-	420,000		.10
153,000	-	155,000		.35	420,000	-	422,000		.09
155,000	-	157,000		.34	422,000	-	424,000		.08
157,000	-	159,000		.33	424,000	-	426,000		.07
159,000	-	161,000		.32	426,000	-	428,000		.06
161,000	-	163,000		.31	428,000	-	430,000		.05
163,000	-	165,000		.30	430,000	-	432,000		.04
165,000	-	167,000		.29	432,000	-	434,000		.03
167,000	-	169,000		.28	434,000	-	436,000		.02
169,000	-	171,000		.27	436,000	-	438,000		.01
171,000	-	173,000		.26	438,000	-	No limit		.00
173,000	-	175,000		.25					

Spanish Language Forms and Sch LEP

- Limited Forms available in Spanish Language
 - 1040 / 1040SR , Schedules 1-3, Form 8812 and Sch EIC
 - Spanish forms will print when “Change in Language Preference” – Spanish is selected.
 - Selection will be stored with each client, but a Default can be set in Defaults Screen.
- Schedule LEP
 - Used to tell IRS what is the Taxpayer’s preferred language used when sending correspondence and notices.
 - Not guaranteed that taxpayers will get correspondence in selected language, but will also be used as IRS chooses to add additional languages to forms and instructions.
 - Will be E-filed.

Preparer, ERO, and Other Selections

[35] In Care Of Name	<input type="text"/>	[38] Taxpreparer Assigned	... 2-Walter Orchid
[36] Depreciation File Name	<input type="text"/>	[39] ERO Assigned	... 1-TAXWARE SYSTEMS INC
[37] Change in Language Preference	... Spanish	[40] Tax Return Status	... Information Pending
		[41] Change Assigned User	...

1040X E-file

- E-File 1040X available for 2019, 2020, and 2021 returns.
- When an amended return is filed, the IRS will receive both the Form 1040-X and the complete corrected 1040 return.
- Based on information provided by IRS for 2019 and 2020 amended returns, the same conditions will likely apply in 2021:
 - Refunds will be issued by paper check, not through direct deposit.
 - The return being amended must have been electronically filed.
 - The filing status on the amended return must match the filing status on the original return.
 - The primary and secondary TIN on the amended return must match the primary and secondary TIN on the original return.
 - A dependent claimed on someone else's return cannot be claimed on the amended return.

The screenshot shows a software window titled "1040X Amended U.S. Individual Income Tax Return". It contains three input fields:

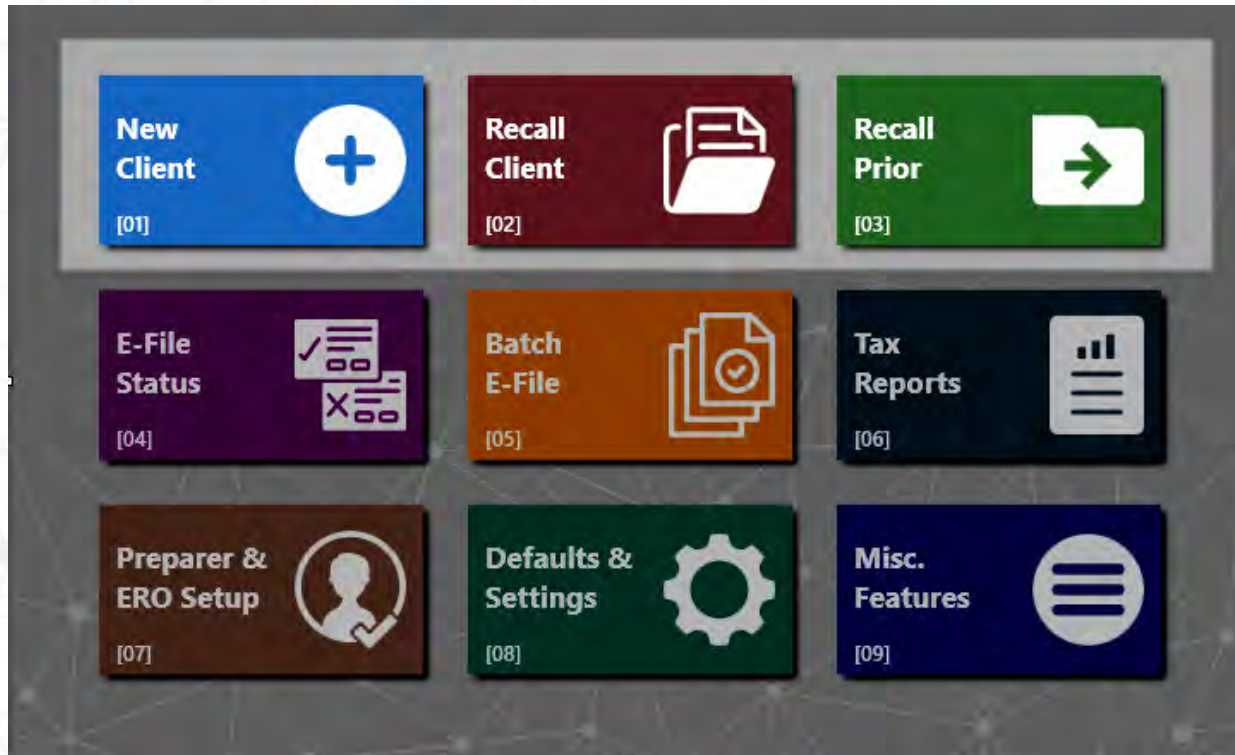
[01] Do you want to E-file this 1040X?	<input type="checkbox"/> Yes
[02] Year of return being amended	2020
[03] Method used to figure tax	TABLE - Tax Table

Preparing a Return

Topics covered in this section:

- Starting a client
- Basic Information
- Program Flow Overview
- Wage Statements
- Lettered Schedules
- Other Income, Adjustments & Payments
- American Opportunity Credit
- EIC, 8867, Due Diligence and DOB
- ACA Wizard

Starting Returns



- **New Client**
- **Recall Prior**
- **Recall Current**

Recall Client

New Client Reconstruct Get Acks Edit Client Grid
Current Path D:\Taxware\SettingsAndData\Wintax20\ClientData\20data
Prior Path D:\Taxware\19Wintax\19Data

Client Recall

Pressing **[F2]** after highlighting a client will bring up the expanded information window.

Client ID	Full Names	Taxpayer SSN	Home Phone	Return Status	E-File Status	Prior Year Unpaid Bill	Bill Balance Due	Date Return Started
1	person, test	555-00-4545		Information Pendi	Accepted	0.00	0.00	10-06-2020
2	Johnson, Bob	555-00-2525		Information Pendi		0.00	0.00	11-16-2020
4	HILL, ROBERT & CONNIE	333-00-0004		Information Pendi		0.00	0.00	11-13-2012
5	DOTRIVE, WILLIAM D	333-00-0005		Information Pendi		0.00	0.00	11-13-2012
7	person, tewst	555-12-4444		Information Pendi		0.00	0.00	12-03-2020
9	PERSON, MetaBank	555-00-8999	(909) 555-1213	Information Pendi		235.00	0.00	12-04-2020
10	Heather, Lynette	400-00-9035	(909) 555-8888	Information Pendi		36.00	0.00	12-04-2020
11	GardeniaRCB, Sam & Gloria Jones	400-00-9038	(909) 555-1212	Information Pendi		135.00	0.00	12-07-2020
12	Magnolia, Susan	400-00-9032	(909) 931-5454	Information Pendi		99.00	0.00	12-07-2020
13	ARkansas, test & Wife	545-22-8787		Information Pendi		99.00	0.00	12-07-2020
14	Peony, David	400-00-1036		Information Pendi		99.00	0.00	12-07-2020
15	forteststuff, test	555-11-6666		Information Pendi		99.00	0.00	12-07-2020

Search Fields

[01] Client ID

[02] Full Names

[03] Taxpayer SSN

[04] Home Phone

[05] Date Return Started

Client Type

CURRENT

PRIOR

ALL

E-File Status

ACCEPTED NOT E-FILED

REJECTED NOT SUBMITTED

REPRINTING ACK NOT ACCEPTED

UNABLE TO ASSIGN **ALL**

Preparer Filter

▼ ALL

Basic Information

Navigation

1040 Line Input [01]

Forms & Schedules [02]

Summary [03]

Exit Return [04]

Basic Information [05] Preparation Date: 12-08-2020

Taxpayer Information

[06] Filing Status: Married Joint

[07] First Name: ROBERT Middle Initial: Last Name: HILL Suffix:

[08] SSN: 333-00-0004 [09] Date of Birth: 07-04-1976 Age: 44

[10] Occupation: WORKER [11] Taxpayer Blind? Yes

Spouse Information

[12] First Name: CONNIE Middle Initial: Last Name: HILL Suffix:

[13] SSN: 333-00-0024 [14] Date of Birth: 08-15-1977 Age: 43

[15] Occupation: [16] Spouse Blind? Yes Claimed as dependent on another return? Yes

Address Information

[17] Address: 123 MAIN STREET Apartment:

[18] City: ST PAUL State: MN Zip: 55146

[19] Address Change? Yes [20] Address Type: Domestic

[21] County Name: County Code:

[22] School District Name: School District Code:

Contact / License Information

[23] Phone numbers, Driver's License, Protection PIN

Daytime Phone: Work Phone: Home Phone:

Dependent Information

[24] Add [25] Change/Delete [26] Restore

First Name	M.I.	Last Name	Suffix	Age	Birth Date	SSN	Relationship	Months Home
WILLIAM	HILL			10	10-31-2009	325-00-0034	SON	12
JANE	HILL			0	01-02-2019	325-00-1234	DAUGHTER	12

- **SSN, Address, and School Codes**
- **License and IP PIN**
- **Dependent Information**
- **Special Filing Categories**
- **Preparer, ERO, and Status**
- **Depreciation File Name**

Program Flow

Navigation

- 1040 Line Input [01] 1040 Line Input
- Forms Schedules [02] Forms and Schedules
- Summary [03] Summary Page
- Exit Return [04] Exit This Return

Basic Information [05] Preparation Date 03-05-2019

Taxpayer Information

[06] Filing Status: Single
[07] First Name: Louise Middle Initial: M Last Name: Zirkler Suffix:
[08] SSN: 561-84-9133 [09] Date of Birth: 10-03-1950 Age: 68
[10] Occupation: Office Manager [11] Taxpayer Blind? Yes

Address Information

[17] Address: 209 N Singingwood Apartment: 3
[18] City: Orange State: CA Zip: 92869
[19] Address Change? Yes [20] Address Type: Domestic
[21] County Name: Orange County Code:
[22] School District Name: School District Code:

Contact / License Information

[23] Phone numbers, Driver's License, Protection PIN
Daytime Phone: (949) 752-0590 Work Phone: (949) 752-0590 Home Phone: (714) 532-0849

Dependent Information

[24] Add [25] Change/Delete [26] Restore

First Name	M.I.	Last Name	Suffix	Age	Birth Date	SSN	Relationship	Months Home
------------	------	-----------	--------	-----	------------	-----	--------------	-------------

- **Basic Information**
- **Line Input or Forms/Schedules**
- **Summary Menu**
 - **Validation**
 - **Bank Products**
 - **E-File**

Line Input vs Form/Schedules

The screenshot displays the '1040 Line Input' software interface. The main window shows the 'Basic Info' section of a tax form, with various line items and their corresponding values. A sidebar on the left provides a summary of key figures, and a search menu is visible on the right.

Line	Description	Value
1	Wages, salaries, tips, etc. Attach Form(s) W-2	5,000
2a	Tax-exempt interest	
2b	Taxable interest	
3a	Qualified dividends	
3b	Ordinary dividends	
4a	IRA distributions	
4b	Taxable amount	
5a	Pensions and annuities	
5b	Taxable amount	
6a	Social security benefits	
6b	Taxable amount	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here:	
8	Other income from Schedule 1, line 9	
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	5,000
10	Adjustments to income:	
10a	From Schedule 1, line 22	71
10b	Charitable contributions if you take the standard deduction. See instructions	300
10c	Add lines 10a and 10b. This is your total adjustments to income	371
11	Subtract line 10c from line 9. This is your adjusted gross income	4,629
12	Standard deduction or itemized deductions (from Schedule A)	12,400
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	
14	Add lines 12 and 13	12,400
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	
16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	
17	Amount from Schedule 2, line 3	
18	Add lines 16 and 17	
19	Child tax credit or credit for other dependents	
20	Amount from Schedule 3, line 7	5
21	Add lines 19 and 20	5
22	Subtract line 21 from line 18. If zero or less, enter -0-	
23	Other taxes, including self-employment tax, from Schedule 2, line 10	142
24	Add lines 22 and 23. This is your total tax	142
25	Federal income tax withheld from:	
25a	Form(s) W-2	350
25b	Form(s) 1099	
25c	Other forms (see instructions)	
25d	Add lines 25a through 25c	350
26	2020 estimated tax payments and amount applied from 2019 return	2,907
27	Refund	2,765

Summary:
Total Income: 5,000
AGI: 4,629
Itemized Deduction: 855
Standard Deduction: 12,400
Taxable Income: 0
Tax: 0
Credits: 5
Total Tax: 142
Total Payments: 2,907
Refund: 2,765

Forms/Schedules Used:
Form 1040 - U.S. Individual Income Tax Return
Schedule 1 - Additional Income and Adjustments to Income
Schedule 3 - Additional Credits and Tax Payments
Schedule SE - Self-Employment Tax
Form 8992 - Premium Tax Credit
W-2 Listing
Recovery Rebate Credit Worksheet
Form 8879/8453 - IRS E-File Signature Required

Forms Search:
Schedule H - Household Employment (Form 8822)
Schedule J - Farm Income Averaging (Form 8824)
Schedule R - Elderly/Disabled Credit (Form 8828)
Schedule SE - Self-Employment Income (Form 8839)
Form 1116 - Foreign Tax Credit (Form 8846)
Form 1310 - Deceased Refund (Form 8853)
Form 2106 - Employee Bus. Expense (Form 8859)
Form 2210/F - Underpayment Penalty (Form 8862)
Form 2441 - Child/Dependent Care (Form 8863)
Form 2555 - Foreign Earned Income (Form 8880)
Form 2848 - Power of Attorney (Form 8885)
Form 3800 - General Business Credit (Form 8889)
Form 3903 - Moving Expenses (Form 8903)
Form 4136 - Fuels Credit (Form 8910)
Form 4137 - Unreported Tip Income (Form 8917)
Form 4255 - Recapture Inv. Credit (Form 8919)
Form 4506 - Request for Copy (Form 8936)
Form 4562 - Depreciation (Form 8938)
Form 8822 - Change of Address
Form 8824 - Like-Kind Exchanges
Form 8828 - Recapture Fed Mtg Sub
Form 8839 - Adoption Credit
Form 8846 - Employee Tips
Form 8853 - MSA Deduction
Form 8859 - DC First-Time Homebuyer
Form 8862 - EIC After Disallowance
Form 8863 - Education Credit
Form 8880 - Retirement Savings Credit
Form 8885 - Health Coverage Tax Credit
Form 8889 - Health Savings Accounts
Form 8903 - Domestic Production
Form 8910 - Alternative Vehicle Credit
Form 8917 - Tuition and Fees Ded
Form 8919 - Uncollected SS/Medicare
Form 8936 - Electric Vehicle Credit
Form 8938 - Foreign Financial Assets

- Line Input
 - Follow the 1040
 - Line by Line
- Forms/Schedules
 - Enter Forms Directly
 - Enter Forms Without Line Input
- Forms Search In Either
- Forms Used In Either

Wage Statements

Recall Prior Year

[01] Add	[02] Change/Delete	[03] Scan a W-2	W2	W-2 (Standard)			
TP/SP	Payor Name	SDI/Equiv.	SS/Med WH	SWT	FWT	Federal Gross	State Gross
Taxpayer	CLARKSVILLE ELEMENTARY SCHOOL	0	382	0	350	5,000	5,000

[04] Add	[05] Change/Delete	1099R	1099R - Pension			
TP/SP	Payor Name	SWT	FWT	Federal Gross	Fed Taxable	RRB

[07] Add	[08] Change/Delete	1099R	1099R - IRA		
TP/SP	Payor Name	SWT	FWT	Federal Gross	Fed Taxable

[09] Add	[10] Change/Delete	W2	W-2G	
TP/SP	Payor Name	SWT	FWT	Federal Gross

[11] Add	[12] Change/Delete	1099M	1099-Misc	
TP/SP	Payor Name	SWT	FWT	Federal Gross

[13] Add	[14] Change/Delete	1099NEC	1099-NEC	
TP/SP	Payor Name	SWT	FWT	Federal Gross
Taxpayer		0	0	0

- **W-2s**
- **1099R**
- **W-2G**
- **1099-Misc**
- **1099-NEC**

Schedule A

Print Preview Notes [F4] View Prior

Current AGI 50,000 [01] Are all deductions joint if married? Yes

Medical Expenses 7.5% AGI (med limit) 3,750

Medical Allowed 10,000

Taxes Interest Gifts to Charity Casualty Loss Misc 2% Expenses Less 2% AGI Misc 2% Allowed Other Misc. Total Deductions 10,000 Itemized Limitation Total Allowed 10,000

Sch A Medical

Description	Amount
[02] Medical insurance	
[03] Medicare premiums	
[04] SE health insurance	
[05] Medicine and drugs	
[06] Doctors, dentists, etc...	
[07] Hospitals	
[08] Transportation Miles	
[09] Therapy	
[10] Glasses etc...	
[11] Orthopedic devices	
[12] Nursing	
[13] Other-1	
[14] Other-2	
[15] Other-3	
[16] Other-4	
[17] Fed Only	
[18] State Only	
[19] Other medical overflow	

Sch A Taxes

[20] State & local income taxes 10,000

General Sales Tax - Lines 20-25 apply if using Optional State Sales Tax Table

[21] State where sales tax was paid CA State rate .0725

[22] State general sales tax rate (e.g. 7.5% = .075) (Override)

[23] Local general sales tax rate (e.g. .5% = .005)

[24] Optional local sales tax table (A, B, C or D)

[25] Nontaxable income (This amount will add to tax-exempt interest, nontaxable combat pay and nontaxable portion of social security benefits, IRAs and pensions)

- **Medical**
- **Taxes**
- **Interest**
- **Contributions**
- **8283**
- **Miscellaneous**

Schedule B

Print Preview Notes [F4] View Prior

Sch B Interest and Dividends

[01] Add [02] Change/Delete [03] Recall Prior **Sch B Interest**

Payor	T/S/J	Federal Gross	State Gross	FWT	Type
-------	-------	---------------	-------------	-----	------

Taxable Interest - Federal [Redacted] Tax Exempt Interest - Federal [Redacted]
Taxable Interest - State [Redacted] Tax Exempt Interest - State [Redacted]

[04] Add [05] Change/Delete [06] Recall Prior **Sch B Dividends**

T/S/J	Payor	Federal Ordinary	State Ordinary	Fed Qual Div	State Qual Div	Fed Cap Gain	St Qual Div	FWT
-------	-------	------------------	----------------	--------------	----------------	--------------	-------------	-----

Dividend Income - Federal [Redacted] Dividend Income - State [Redacted]

[07] Section 199A dividends

Sch B Other Schedule B Items

- Interest
- Dividends
 - 199A Dividends

Schedule D

Print Preview Notes [F4] View Prior

[01] Add [02] Change/Delete Sch D Transactions (Will Be Reported on Form 8949)

Description	Acquired	Sold	Sales Price	Federal Cost	State Cost	Gain/Loss	Status
Transaction Totals							
Total Sales							
Total Costs							
Total Adjustments							
Gain/Loss							

Total of Transactions In Lieu of Reporting Individual Transactions On Form 8949
Reported on 1099-B for which basis was reported to IRS and no adjustments

	Sales Price	Cost	Gain or Loss	Spouse's Share
[03] Total for all short-term transactions				
[04] Total for all long-term transactions				

	Short Term Gain/Loss		Long Term Gain/Loss	
	Taxpayer	Spouse	Taxpayer	Spouse
[05] Home Sale (NOTE: This amount is normally carried from Pub 523. By entering an amount here you will override this automatic carryforward)				
[06] K-1s (NOTE: This amount is normally carried from another form/schedule entering an amount here you will override this automatic carryforward)				
[07] Loss Carry				

- **8949 Transactions**
 - **Adjustment Codes**
- **Summarized Transactions**

Other Inc/Adj/Payments

1040 Income	1040 Payments
[01] Additional wages	[19] Federal tax withheld 350
[02] Taxable state tax refunds	[20] 2020 Estimated Tax payments 2,500
[03] Alimony received	[21] Recovery Rebate Credit
[04] Date of original divorce or separation agreement	[22] Paid with extension
[05] Unemployment compensation	[23] Excess FICA and RRTA tax withheld
[06] Total social security benefits	[24] Regulated investment company credit
[07] Other Income	1040 Other
[08] Did you have any financial interest in any virtual currency? <input type="checkbox"/> Yes	[25] Overpayment to be applied to estimates (This option should only be used if not producing estimate coupons for 2021)
1040 Adjustments	[26] Additional tax
[09] Educator expenses	[27] Tax from recapture of education credit (ECR)
[10] Self-employed SEP and SIMPLE plans	[28] Other credit Form number
[11] Self-employed health insurance deduction	[29] Additional payment
[12] Penalty on early withdrawal of savings	[30] Interest included in payment
[13] Alimony Paid	[31] Penalties included in payment
[14] Traditional IRA contributions	
[15] Roth IRA contributions	
[16] Interest paid on student loans	
[17] Jury duty pay given to employer	
[18] Other adjustment Description	

- **Income**
 - **Unemployment 1099-G**
- **Adjustments**
 - **Alimony**
- **Payments**
 - **Estimated Tax Payments**
 - **Recover Rebate Credit**
- **Other**
 - **Additional Tax/Payments**
 - **Interest & Penalties**

Education Credits (8863)

Print Preview

	First Name and Initial	Last Name and Suffix	SSN	Qualified Expenses	American Opportunity	Lifetime Learning	Tuition and Fees	Additional Student Info for Form 8863
[01]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[02] 8863
[03]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[04] 8863
[05]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[06] 8863
[07]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[08] 8863
[09]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[10] 8863
[11]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[12] 8863
[13]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[14] 8863
[15]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[16] 8863
[17]				<input type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> Yes		[18] 8863

[19] Is taxpayer eligible to be claimed by another person but is still entitled to claim nonrefundable education credits? Yes

[20] Delete a student

Refund **7,627**

Due Diligence for the American Opportunity Credit

[21] Did the taxpayer provide receipts for the qualified tuition and related expenses for the claimed American Opportunity credit? Yes

[22] List any additional documents you relied on

- **American Opportunity vs Lifetime Learning**
 - **Qualifications**
- **Additional Due Diligence**

Earned Income Credit

Print Preview Notes [F4] TWPDF Archive

[01] If married, did you live with your spouse at any time during the last 6 months of 2021? Yes

[02] If yes to 1st question, are you legally separated according to your state law under a written separation agreement and you lived apart from your spouse at the end of 2021? Yes

[03] Check box if filing status is head of household and you were married Yes

[04] Were you a qualified former foster youth or a qualified homeless youth? Yes

[05] Are you a specified student? (In school for at least 5 months for the year and carried at least 1/2 the normal workload for course of study) Yes No

EIC Information About Your Qualifying Children

[06] Paid preparer's due diligence checklist **Due Diligence** Changes to qualifying children must be made in Dependent Information on the Basic Information menu. Dependents can also be accessed from the Due Diligence menu.

	First Name & Initial	Last Name and Suffix	Age/DOB	SSN	Relationship	Months Lived With	Identity Protection PIN	Born Before 2003 and under age 24 at the end of 2021 and a student	Disabled in 2021
[07] Child #1	test	Gardner	6/ 02-02-2015	555-00-1234	DAUGHTER	12		<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
[08] Child #2			0/					<input type="checkbox"/> Yes	<input type="checkbox"/> Yes
[09] Child #3			0/					<input type="checkbox"/> Yes	<input type="checkbox"/> Yes

EIC Other Information

[10] Taxable scholarship or fellowship grant included in 1040 line 7 (OVERRIDE)

[11] Investment Income (OVERRIDE) [12] Nontaxable combat pay election (OVERRIDE)

[13] Clergy Only - Amount from 1040, line 7 that was also reported on Schedule SE, line 2

[14] Was the taxpayer (or the taxpayer's spouse) a nonresident alien for any part of 2021? Yes

[15] Print 'NO' next to the line for EIC on 1040 or 1040-SR. Reason's to check this box include the following: Yes

- Taxpayer, spouse or a qualifying child has an SSN that is not valid for employment and was issued solely to apply for or receive a federally funded benefit
- Taxpayer lived less than half the year in the United States
- Taxpayer was a nonresident alien for any part of the year and filing status is not married filing jointly

[16] Allow EIC even if due diligence questions have not been answered completely?(This is an OVERRIDE and the 8867 will NOT be attached) Yes

[17] 2019 earned income

- Qualifications
- Due Diligence
- Quicker Fill
- Recall From Prior

Summary Menu

Topics covered in this section:

- **Reports and Diagnostics**
 - **Validity Checks**
- **Print Options**
- **States**
- **Direct Deposit/Electronic Payment**
- **Billing Information**
- **E-File**
- **Amendments (1040X)**

Reports and Diagnostics

Required Forms and Schedules	Summary		
Federal Form 1040 - U.S. Individual Income Tax Return Schedule 1 - Addit'l Income and Adjustments Schedule 6 - Foreign Addr & 3rd Party Designee Schedule B - Interest and Dividend Income Schedule D - Capital Gains and Losses Form 8962 - Premium Tax Credit (PTC) Form 8965 - Health Coverage Exemptions State and Local Income Tax Refund			
		Federal	MT
	Adjusted Gross Income	281	0
	Deductions	26,600	0
	Exemptions	0	0
	Taxable Income	0	0
	Regular Tax	0	0
	Payments	0	0
	Additional Information		
Top Bracket Percentage	0.00 %	0.00 %	
Actual Tax Rate	0.00 %		

- **Summary Report**
- **Detailed Summary Report**
- **Intuitive Diagnostics**
- **Validity Checks**

States

The screenshot displays a tax software interface with a sidebar on the left and a main content area. The sidebar includes buttons for 'Notes [F4]', 'TWPDF Archive', 'Forms & Schedules [10]', '1040 Line Input [11]', and 'Exit Return [41]'. The main content area is divided into several sections:

- Summary and Diagnostics:** A table with columns for function codes and descriptions. Functions include [01] Display Summary, [02] Display Detail Summary, [03] Display Diagnostics, [04] Display Validity Checks, and [05] Prior Year Comparison.
- Print Options:** A table with function codes and descriptions. Functions include [06] Print Complete Return, [07] Preview Complete Return, [08] Form Print, [24] Archive return to PDF file, and [09] Print Setup/Defaults.
- Primary State:** A section with a table containing function codes and descriptions. Function [12] Primary state is set to 'CA'. Function [13] Primary State Input is labeled 'State Input'.
- Secondary States:** A section with function codes and descriptions. Functions include [14] Add, [15] Access, and [16] Delete. The state 'AR-Arkansas' is listed below the table.
- Other Options/Data:** A table with function codes and descriptions. Functions include [17] Direct Deposit Information, [18] Electronic Payment, [19] Billing Information, [20] E-File Information, [21] Return Status (set to 'Information Pending'), [22] Amount to pay on 1040 V, [23] Amend this return, [25] MFJ-MFS comparison, [26] Efile exception (Form 8948), [27] Elections, [29] Tax Planning, [30] Electronic Signature, and [31] Copy name and address to clipboard.

At the top right of the interface, there are buttons for 'Load Contact Center' and 'EFTPS'.

- **State Selection**
 - **Adding Additional States**
- **Carrying Options**
 - **Carry**
 - **Don't Carry**
 - **Zero Out and Carry**

Direct Deposit and Electronic Payments

Print Preview

1040 Direct Deposit of Refund Tax return refund

First Account

[01] Name of financial institution(F5 Lookup)

[02] Routing transit number

[03] Account number

[04] Account Type

Amount to be deposited in first account

[05] Recall prior year bank information

Second Account

[06] Name of financial institution(F5 Lookup)

[07] Routing transit number

[08] Account number

[09] Account Type

[10] Amount to be deposited in second account

Third Account

[11] Name of financial institution(F5 Lookup)

[12] Routing transit number

[13] Account number

[14] Account Type

[15] Amount to be deposited in third account

1040NR Only
Address to mail check to if outside the U.S. and different from shown on page 1

[16] Address line 1

[17] Address line 2

- **Direct Deposit**
 - **Bank Lookup**
 - **Bank Product**
- **Electronic Payments**

E-File Information

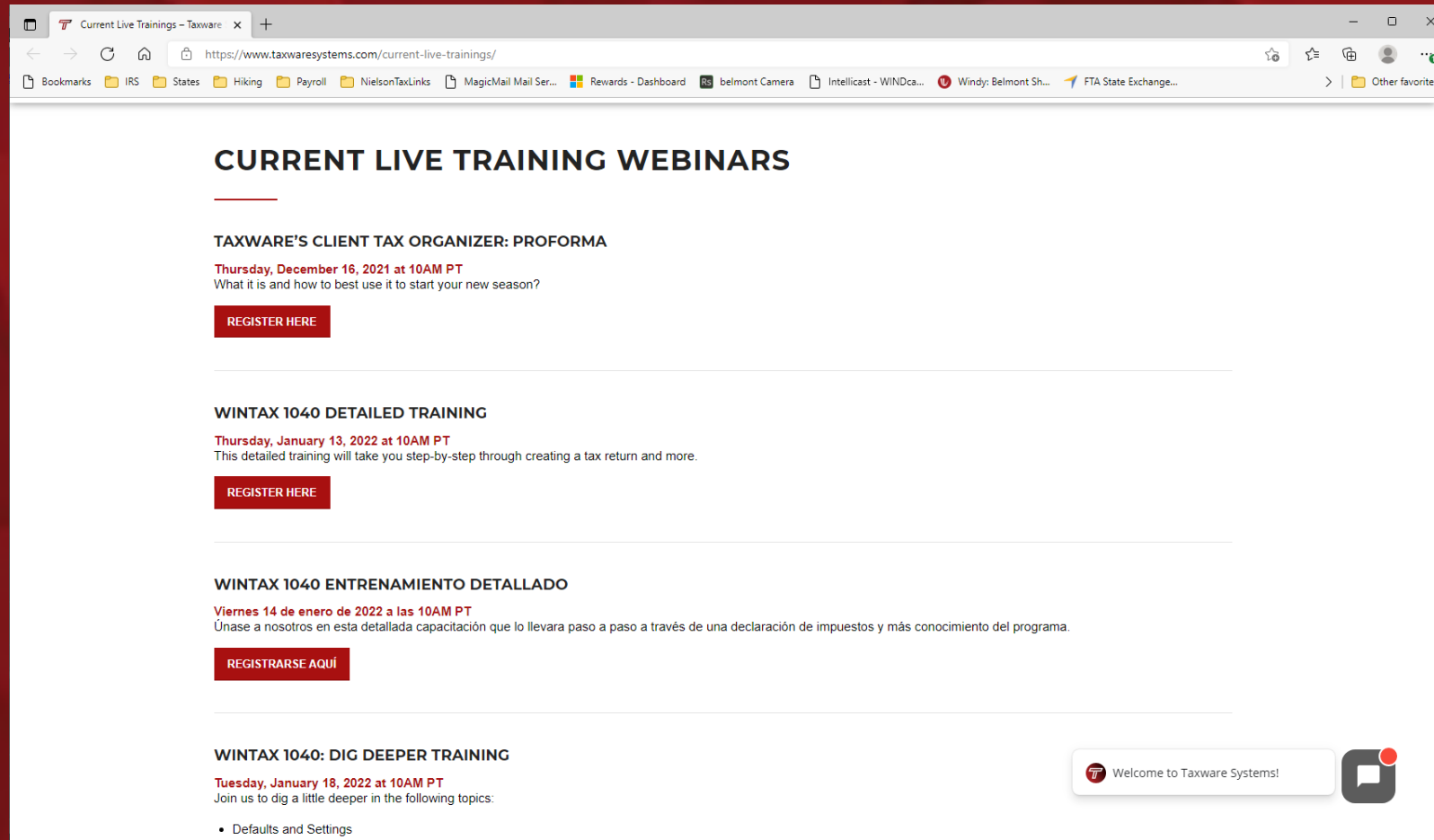
The screenshot displays the 'E-File Information' software interface. At the top, there are buttons for 'Create E-File PDF's', 'Electronically Sign', 'AZA E-File', and 'Transmit 4868'. The main window is divided into several sections:

- E-File Information:** Contains fields for [01] ERO (value: 1 -), [02] Print 8879 (Number Of Copies: 1), [03] Preview 8879, [04] Print 8453, [05] Preview 8453, and [06] E-File Status.
- Entity Status:** A table with columns 'Entity' and 'Status':

Entity	Status
FED	Rejected
CA	Rejected
MS	No Status
IN	No Status
ME	No Status
- Bank Product Selection:** [07] Bank Product Selection (value: No Bank Product).
- Bank Product Application:** [08] Bank Product Application (Buttons: Bank Application, Print 7216 Forms).
- 1040 Direct Deposit of Refund:** Fields for Name of financial institution, Routing transit number, Account number, and Account Type.
- 8879 PIN Authorization Information:** Fields for [12] Taxpayer PIN (5 Digit Numeric) (value: 89735), [13] Spouse PIN (5 Digit Numeric) (value: 29745), [14] PIN Signature Date (value: 02-20-2019), [15] Taxpayer Identity Protection PIN, and [16] Spouse Identity Protection PIN.
- E-File Settings and Defaults:** [10] Imperfect Return Indicator (checkbox Yes), Default E-File status (#5 above) setting when 8879 is printed (checkbox Transmit, checkbox Pending), and [11] Other RAL Type Setup (Other RAL Type Selector).
- E-File Attachments to Form 8453:** [17] Form 8283 page appraisal attached (checkbox Yes), [18] Form 8332 release of exemption attached (checkbox Yes), [19] Form 3468 historic structure certificate (checkbox Yes), and [20] Form 3115 change in accounting method (checkbox Yes).

- **E-File Signature (8879)**
- **Entity Status**
- **Bank Applications**
- **Pin and Date Information**
- **8453 Attachments**

<https://www.taxwaresystems.com/current-live-trainings/>



The screenshot shows a web browser window with the URL <https://www.taxwaresystems.com/current-live-trainings/>. The page title is "CURRENT LIVE TRAINING WEBINARS". There are four webinar listings, each with a "REGISTER HERE" button. The browser's address bar shows the URL, and the bookmarks bar includes "Bookmarks", "IRS", "States", "Hiking", "Payroll", "NielsonTaxLinks", "MagicMail Mail Ser...", "Rewards - Dashboard", "belmont Camera", "Intellicast - WINDca...", "Windy: Belmont Sh...", and "FTA State Exchange...".

CURRENT LIVE TRAINING WEBINARS


TAXWARE'S CLIENT TAX ORGANIZER: PROFORMA
Thursday, December 16, 2021 at 10AM PT
What it is and how to best use it to start your new season?
[REGISTER HERE](#)

WINTAX 1040 DETAILED TRAINING
Thursday, January 13, 2022 at 10AM PT
This detailed training will take you step-by-step through creating a tax return and more.
[REGISTER HERE](#)

WINTAX 1040 ENTRENAMIENTO DETALLADO
Viernes 14 de enero de 2022 a las 10AM PT
Únase a nosotros en esta detallada capacitación que lo llevara paso a paso a través de una declaración de impuestos y más conocimiento del programa.
[REGISTRARSE AQUÍ](#)

WINTAX 1040: DIG DEEPER TRAINING
Tuesday, January 18, 2022 at 10AM PT
Join us to dig a little deeper in the following topics:

- Defaults and Settings

[Welcome to Taxware Systems!](#) 

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