



# **TAX YEAR 2021 ENTITY 101 TRAINING SEMINAR**



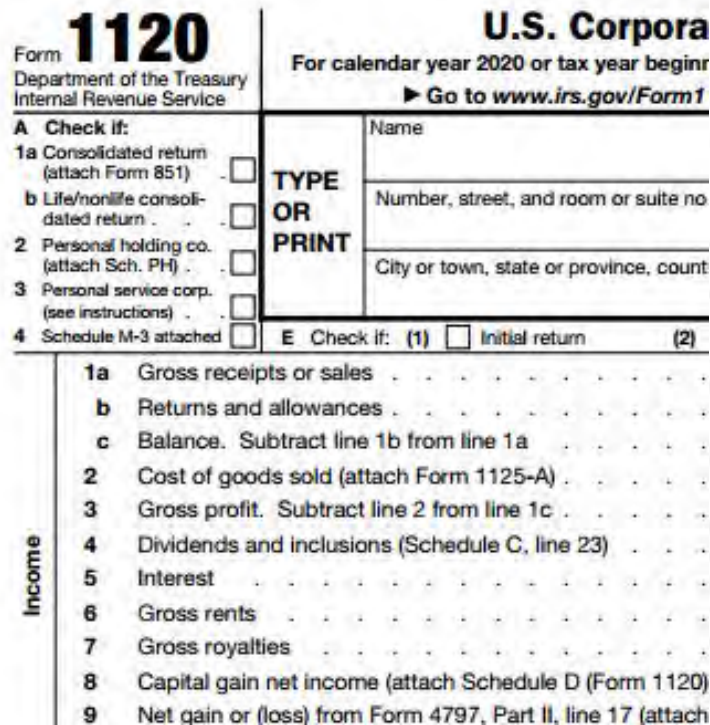
# Entities

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## Topics covered in this section:

- **Tax Law Changes**
- **Defaults and Settings**
- **Start Page**
- **Main Menu**
- **Deductions**
- **Schedules K, K1, M1 and M2**
- **Print Screen**
- **Billing**
- **State Input**
- **E-File**

# Tax Law Changes - 1120



**Form 1120**  
Department of the Treasury  
Internal Revenue Service

**U.S. Corporate Income Tax Return**  
For calendar year 2020 or tax year beginning on 1/1/2020  
▶ Go to [www.irs.gov/Form1120](http://www.irs.gov/Form1120)

**A Check if:**

<b>1a</b> Consolidated return (attach Form 851)	<input type="checkbox"/>
<b>b</b> Life/nonlife consolidated return	<input type="checkbox"/>
<b>2</b> Personal holding co. (attach Sch. PH)	<input type="checkbox"/>
<b>3</b> Personal service corp. (see instructions)	<input type="checkbox"/>
<b>4</b> Schedule M-3 attached	<input type="checkbox"/>

**TYPE OR PRINT**

Name \_\_\_\_\_

Number, street, and room or suite no. \_\_\_\_\_

City or town, state or province, county \_\_\_\_\_

**E Check if:** (1) ☐ Initial return (2) ☐ Amended return

**Income**

<b>1a</b> Gross receipts or sales	_____
<b>b</b> Returns and allowances	_____
<b>c</b> Balance. Subtract line 1b from line 1a	_____
<b>2</b> Cost of goods sold (attach Form 1125-A)	_____
<b>3</b> Gross profit. Subtract line 2 from line 1c	_____
<b>4</b> Dividends and inclusions (Schedule C, line 23)	_____
<b>5</b> Interest	_____
<b>6</b> Gross rents	_____
<b>7</b> Gross royalties	_____
<b>8</b> Capital gain net income (attach Schedule D (Form 1120))	_____
<b>9</b> Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	_____

- They removed Section 965 tax liability items from page 1, 2, and 3.
- Form 4797 if you partial distributions of MACRS assets the added line 1b and 1c. These are informational line items that don't factor into the overall 4797 calculation.
- Form 5472 has substantial additions primarily working "Cost Sharing Arrangements."
- All states have now been converted into NG.
- IRS used to allow e-filed returns to be amended in a superseded manner with extra explanation lines. They changed their business rules and now they require use of form 1120X which has been included for paper filing into the system.

# Tax Law Changes – 1120S

- **Schedule K and K1**
  - By far the largest change was the removal or moving of the foreign tax information to the new Schedule K2 and K3 forms.
    - We support basically through line 55 which is the overall net income(loss) calculations parts 1 and 2.
    - I expect revisions of this form later this year or next year because in my opinion it has a lot of missing and a lot of unnecessary items. A EZ version of these forms has been suggested and discussed.
    - Right now they haven't included these forms in the efile schema. It won't reject but I would recommend including them as a PDF attachment if you have one.
  - Other income separated Section 951A items. Codes E-G
  - Other deductions removed commercial revitalization – Code N
  - Items affecting shareholder basis includes a line for foreign taxes paid or accrued. This line has been added to the "Shareholders Basis" report.





# Tax Law Changes – 1065



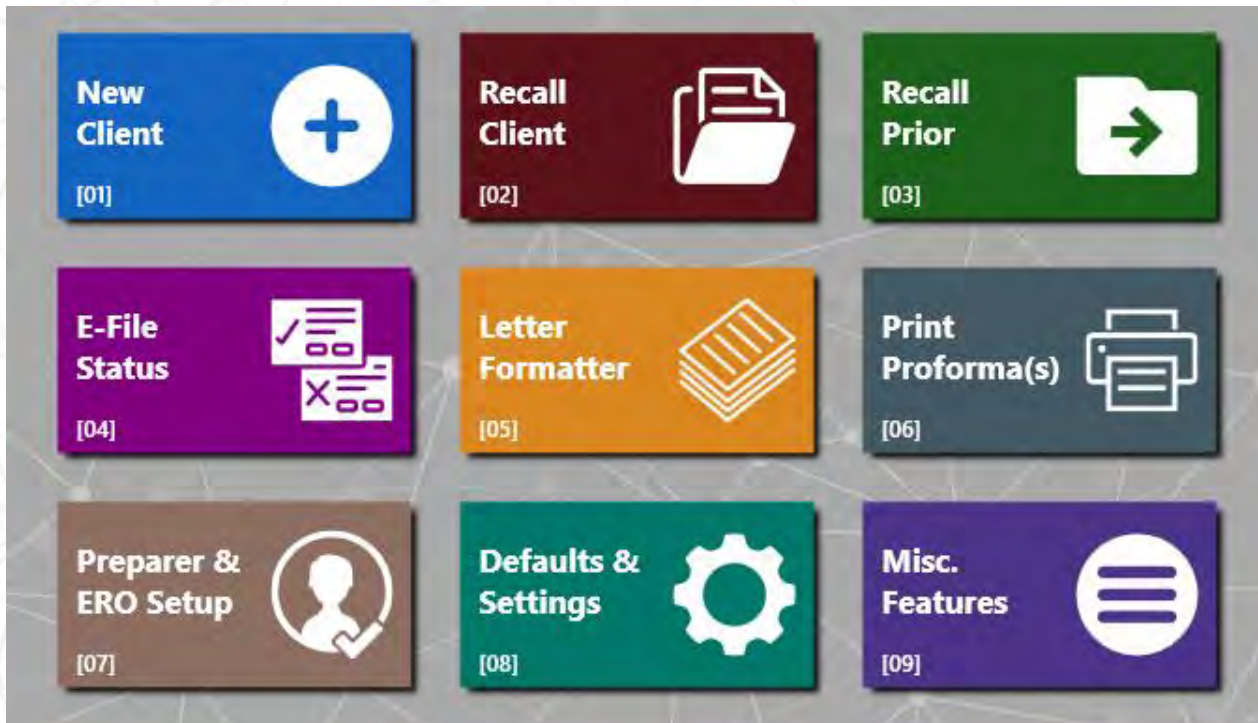
- Schedule B moved “Designation of Partnership Representative” information to below lines 25-29.
- Schedule K and K1 changes.
  - Same K2 and K3 deletions and additions that we discussed earlier.
  - K1 has its own line 21 for Foreign taxes paid or accrued.
  - Other deductions removed commercial revitalization

# Tax Law Changes – 1041



- **Schedule G Added new lines for qualified sick pay credits based on before or after March 31<sup>st</sup>.**
- **Added Qualified Dividends Tax Worksheet for trusts that have qualified dividends but no capital gains or losses.**

# Start Page



- **New Client**
- **Recall Current**
- **Recall Prior**
- **Settings and Prep/ERO Setup**
- **E-File Status**
- **Miscellaneous Features**



# Defaults and Settings

**Defaults** **Current User and ID**

[01] Change Current User ... WINUSER

[02] Taxware Client ID ...

**Defaults** **Data and Program Paths**

[03] Taxware 'SettingsAndData' Path ... D:\TaxwareProgramming\Taxware20\WinPtrn\l

[04] Current Year Data Folder ... 20Data

[05] Prior Year Data Folder ... D:\TaxwareProgramming\Winptrn19\WinPtrn\l

[06] Depreciation Program Folder ... D:\TaxwareProgramming\Taxware19\Windepr\l

[07] TWPDFArchive program path ... C:\TWPDFDocArchive2009\Debug

[08] Wintax 1040 Program Path ... D:\TaxwareProgramming\Taxware18\WINTAX\l

**Defaults** **Print/Preview Defaults**

[09] Print in reverse? ☐ Reverse

[10] Select Letter Format ... D:\TaxwareProgramming\Winptrn20\WinPtrn\l

[11] Select Title Page Format ... D:\TaxwareProgramming\Winptrn20\WinPtrn\l

[12] Preview Acks instead of printing? ☐ Yes?

[13] Printer Selection ...

**Defaults** **Client Information and Miscellaneous Features**

[14] Preparation Date 12-17-2020

[15] Automatically check for and download updates when you start WinPtrn? ☐ Yes

[16] Federal/Piggy Back E-File Transmission Method ... A2A

[17] Billing Defaults Billing Defaults

- **Data Paths**
- **Letter Selection**
- **Client ID and Autopatch**
- **Program Paths**
- **K1 Import**



# Miscellaneous Features

The screenshot displays a software interface with a blue header bar labeled 'Misc Data Backup'. Below this, there are four rows of controls: [01] Backup Storage Path with a file explorer button; [02] View Backup Folder in windows explorer with a 'View' button; [03] Run Backup now with a 'Backup' button; and [04] Add a new Backup Schedule with an 'Add' button. A section titled 'Backup Schedule - Size of current backups: 08' contains a 'Mode' dropdown menu. Below this is a blue header bar labeled 'Defaults Save and Restore Data Folders, Bill and Below Configuration Files To Cloud Server'. This section includes [05] Master Taxware Client ID, [06] Save Data Folder & Configuration Files(Items Listed Below) with a 'Save Data Folder/Config' button, and [07] Restore Folder Information with a 'Restore Data Folder/Config' button. A 'Restore Selection - Only the Checked Items Below Will Be Restored' section contains four checkboxes: Data Paths, ERO Database, Preparer Database, and ELF Tracker Database. Below this is a blue header bar labeled 'Tools Reports'. It contains [08] Current Client Listing with a 'Client Listing' button, and [09] Lost Client Report with a 'Lost Clients' button. At the bottom is a blue header bar labeled 'Tools Utilities' containing [10] Copy existing client to a new client number with a 'Copy Client to New Number' button.

Misc Data Backup	
[01] Backup Storage Path	...
[02] View Backup Folder in windows explorer	View
[03] Run Backup now	Backup
[04] Add a new Backup Schedule	Add
Backup Schedule - Size of current backups: 08	
Mode	
Defaults Save and Restore Data Folders, Bill and Below Configuration Files To Cloud Server	
[05] Master Taxware Client ID	
[06] Save Data Folder & Configuration Files(Items Listed Below)	Save Data Folder/Config
[07] Restore Folder Information	Restore Data Folder/Config
Restore Selection - Only the Checked Items Below Will Be Restored	
<input type="checkbox"/> Data Paths	<input type="checkbox"/> ERO Database
<input type="checkbox"/> Preparer Database	<input type="checkbox"/> ELF Tracker Database
Tools Reports	
[08] Current Client Listing	Client Listing
[09] Lost Client Report	Lost Clients
Tools Utilities	
[10] Copy existing client to a new client number	Copy Client to New Number

- Backup Utility
- Client listing reports
- Copy To New Client Number

# Preparer and ERO Setup



1041 Configuration Items	
[01] Preparer Setup	Preparer Setup
[02] ERO Information	ERO Information
[03] Transmitter Information	Trans Information
[04] Taxware Client ID (Used for autopath updates)	

- These items are mostly automatic!
- New systems will automatically find prior years.

Prep Information for Preparer #			
[01] Firm Name		SKILL TAX LLC	
[02] Preparer Name		PREP NAME	
[03] Preparer Address		ADDRESS8	
[04] Preparer City	TEST CITY	State	CA Zip 91786
[05] E.I. Number		12-1234567	
[06] Preparer SSN		666-66-6666	
[07] Preparer PTIN		P2-1234566	
[08] Preparer State ID Number			
[09] Preparer Phone		(503)264-5074	
[10] Self Employed		<input checked="" type="checkbox"/> Yes	
[11] Preparer Email Address			

# Main Menu

**name**

Forms/Schedules Used		
1065	Total Income	80,000
Schedule K	Total Deductions	0
Schedule K1(s)	Taxable Income	80,000
	Balance Sheet Status	Not Accessed
	Number of Partners	2

**States Used**

CA-California LLC 568

[01] Basic Information	Basic Information
[02] Questions and Additional Information	Questions
[03] Gross Income Categories	Income
[04] Deduction, Tax, and Payment Categories	Deductions
[05] Schedule K and K1 input	Sch K and K1 input
[06] Schedules M1 and M2	Schedule M1/M2
[07] Balance Sheet (Schedule L)	Schedule L
[08] Miscellaneous Scheduling	Misc. Sched.
[09] Application for automatic extension (Form 7004)	Form 7004
[10] Reconciliation for Corp's with assets over \$10 Million	Schedule M-3
[11] Print Forms	Print
[12] Client Billing Information	Billing
[13] Access State Partnership Program	State Ptnr.
[14] Electronically File This Return	E-File
[15] Clear Forms and Schedules	Clear Forms

- Workflow
- Basic Information
- Questions
- Income
- Deductions
- Schedules
- Breadcrumb Navigation



# Deductions

Preview Print

Transaction Totals	
Total Income	
<b>80,000</b>	
Total Deductions	
Taxable Income	
<b>80,000</b>	

PTNR Partnership Deductions			
[01] Salaries/wages		Less Jobs Credit	Total
[02] Guaranteed payments to partners			
[03] Repairs			
[04] Bad debts			
[05] Rents			
[06] Taxes (statement)			
[07] Interest			
[08] Depr. (Form 4562)		Less Depr. taken elsewhere	
[09] Depletion (Do not deduct oil and gas depletion)			
[10] Pensions, profit-sharing, etc. plans			
[11] Employee benefit programs			
[12] Other deductions (statement)			
Tax and Pymnt			
[13] Interest due under the look-back method—completed long-term contracts (attach Form 8697)			
[14] Interest due under the look-back method—income forecast method (attach Form 8866)			
[15] BBA AAR imputed underpayment (see instructions)			
[16] Other taxes (see instructions)			
[17] Payment (see instructions)			

- Depreciation
- Other Deduction Statements
- Schedule B (1041)

# Schedule K and K1

The screenshot shows a software window titled "SchK Partners' Shares of Income, Credits, Deductions, etc." with "Preview" and "Print" buttons. The form contains a table with 14 rows for reporting income and losses. The first row is pre-filled with "80,000". A checkbox labeled "Do Not Batch Allocate" is checked next to the "Guaranteed payments" row. A vertical label "Income(Loss)" is on the left side of the table.

[001] Ordinary income(loss) from trade or business activities (pg. 1, line 22)	80,000
[002] Net income(loss) from rental real estate activities (Form 8825)	
[003] Gross income from other rental activities	
[004] Expenses from other rental activities(Statement)	
[005] Guaranteed payments <input checked="" type="checkbox"/> Do Not Batch Allocate	
[006] Interest income	
[007] Ordinary dividends	
[008] Qualified dividends	
[009] Dividend equivalents	
[010] Royalties	
[011] Net short-term capital gain(loss)	
[012] Net long-term capital gain(loss)	
[013] Collectibles (28% gain or loss)	
[014] Unrecaptured section 1250 gain	

- **Input Mirrors Form**
- **Form 8825**
- **Information Carried**
- **Allocations**
- **Percentages**
- **Capital Analysis**
- **Entity Type**
- **How to Delete**

# Schedule M1 and M2

Preview Print

Expenses on books not included on Sch. K 1-11a and on 14a, 17e, and 18b

[05] Depreciation	
[06] Travel and entertainment	500
[07] Other	Amount

Total of Lines 01-04 **3,285,002**

Income on books not included on Sch. K 1-7

[08] Tax-exempt interest	
[09] Other	Amount

Deductions included on Sch. K 1-11 and on 14a, 17e, and 18b, not charged to book income

[10] Depreciation	1,994,497
[11] Other	Amount
[12] Other	Amount

Total of Lines 06-10 **1,994,497**

Net Income or Loss **1,290,505**

Schedule K income(loss) **1,290,505**

Form 1065 (2020)

Page 5

## Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16p.	1	1,290,505
2	Analysis by	<input type="checkbox"/> Corporate <input type="checkbox"/> Individual <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Exempt <input type="checkbox"/>	

- Automatically Calculated
- Overrides
- Under 250k Assets and Receipts
- Optional but Suggested for Clean Reporting

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
Note: The partnership may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	3,284,502	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16p, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16p (itemize):		a	Depreciation \$	1,994,497
a	Depreciation \$				1,994,497
b	Travel and entertainment \$	500	8	Add lines 6 and 7	1,994,497
		500	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	1,290,505
5	Add lines 1 through 4	3,285,002			



# Schedule L

Preview Print

Beginning of tax year column (ON/OFF) ☐ Yes

**Sch L Assets**

	Beginning of tax year		End of tax year	
	Column(a)	Column(b)	Column(c)	Column(d)
[01] Cash				
[02] Trade notes and accounts receivable				
[04] Less allowance for bad debts				
[06] Inventories				
[07] US government obligations				
[08] Tax-exempt securities				
[09] Other current assets			...	
[10] Loans to partners			...	
[11] Mortgage and real estate loans				
[12] Other investments			...	
[13] Buildings and other depreciable assets				
[15] Less accumulated depreciation				
[17] Depletable assets				
[19] Less accumulated depletion				

- **Input Mirrors Form**
- **If New Client Enter Beginning Year**
- **Review What is Carried**
- **Make Changes if Necessary**
- **Out Of Balance Indicator**

# Print Menu

Ptnr Forms and number of copies to print			
[01] Form 1065 Page 1	<input type="checkbox"/> No	No. copies	
[02] Form 1065 Page 2,3,B1,B2	<input type="checkbox"/> No	No. copies	
[03] Form 1065 Page 4	<input type="checkbox"/> No	No. copies	
[04] Form 1065 Page 5	<input type="checkbox"/> No	No. copies	
[05] Form 1065 Schedule D	<input type="checkbox"/> No	No. copies	
[06] Partnership Schedule F	<input type="checkbox"/> No	No. copies	
[07] Form 4562	<input type="checkbox"/> No	No. copies	
[08] Form 4797	<input type="checkbox"/> No	No. copies	
[09] Form 6252	<input type="checkbox"/> No	No. copies	
[10] Form 8825	<input type="checkbox"/> No	No. copies	
[11] Form 7004	<input type="checkbox"/> No	No. copies	
[12] Partnership K-1s	<input checked="" type="checkbox"/> Yes	No. copies	
[13] Include Supplemental K1 Code Sheet			<input checked="" type="checkbox"/> Yes
[14] Supporting Statements	<input type="checkbox"/> No	No. copies	
[15] Miscellaneous Schedules	<input type="checkbox"/> No	No. copies	
[16] Schedule K and K1 Comparison	<input type="checkbox"/> No	No. copies	
[17] Schedule M3	<input type="checkbox"/> No	No. copies	
[18] Title Page and letter's			Letters and Labels
[19] Select State Forms			State Forms
<hr/>			
[21] Configuration			Configuration
[22] Clear Table			Clear Table
[23] Save Defaults			Save Defaults
[24] Restore Defaults			Restore Defaults
[25] Print Selected Froms	<b>Print Forms</b>	[27] Preview Selected Forms	<b>Preview Forms</b>
[26] Print Completed Return	<b>Print Return</b>	[28] Preview Completed Return	<b>Preview Return</b>
		[29] PDF Archive Selected Forms	<b>Archive</b>
Launch TWPFDocArk	<b>TWPFDocArk</b>	[30] PDF Archive Completed Return	<b>Archive Return</b>

- **Print Options**
- **Print vs Preview vs Archive**
- **K1 Printing**

# Billing Menu

- Individual Items
- Adjustments
- Remarks
- Billing Title Information

Preview Print

**Ptnr Partnership tax billing information**

[01] Bill Description 1		Amount	
[02] Bill Description 2		Amount	
[03] Bill Description 3		Amount	
[04] Bill Description 4		Amount	
[05] Bill Description 5		Amount	
[06] Bill Amount(Adjustment)	--		
[07] Amount Received			
[08] Invoice Number		1	
[09] Invoice Date		10-24-2019	
[10] Terms			
[11] Account Number			
[12] Invoice Remarks Line Number 1			
[13] Invoice Remarks Line Number 2			
[14] Invoice Remarks Line Number 3			
[15] Invoice Remarks Line Number 4			
[16] Title Information			

**Ptnr Default Invoice Information**

**Default Invoice Description and Amounts**

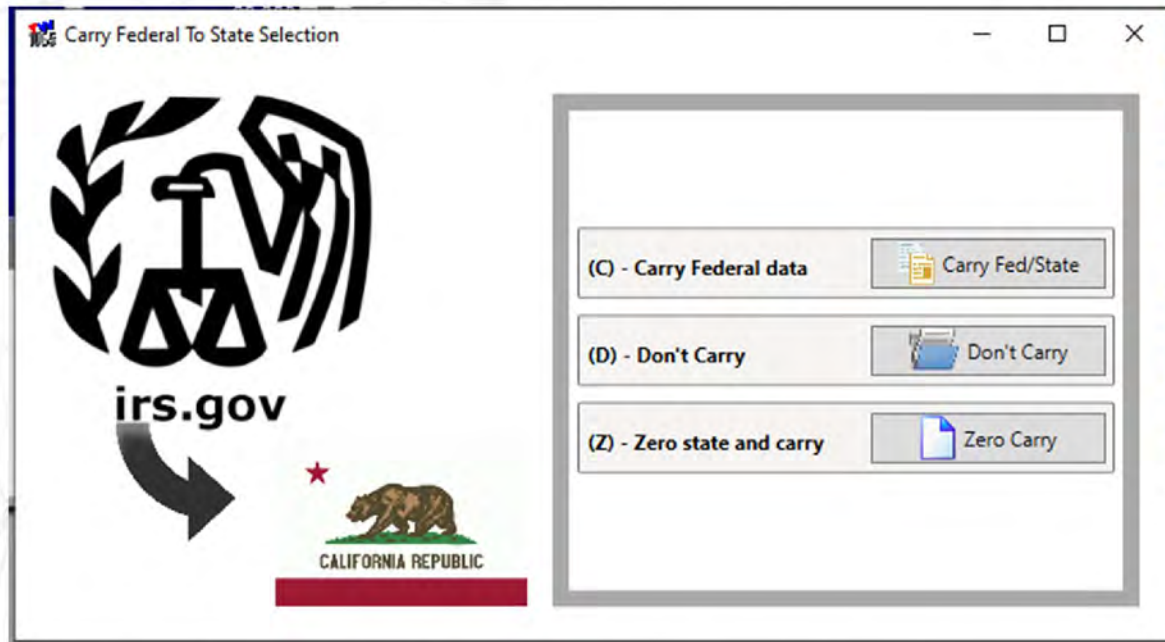
[01] Bill Description 1		Amount	
[02] Bill Description 2		Amount	
[03] Bill Description 3		Amount	

**Default Remarks**

[04] Invoice Remarks Line Number 1		
[05] Invoice Remarks Line Number 2		



# State Input



- **Carry/Don't Carry/Zero Carry**
- **State Workflow**
- **Preview State Return**

# Electronic Filing

Ptr Electronic Filing	
[01] Select a electronic filing transmitter	Transmitter 0-
[02] Select a Electronic Return Originator (ERO)	ERO 2-Electronic Tax filers Inc
[03] Officer Signature Information (8879F-8453F)	Officer PIN
[04] Add MeF Attachments	Add Attachments
[05] Clear Attachments	Clear Attachments
[06] Federal EFile Status	Accepted
[07] State EFile Status	No Status
[08] Validate XML E-File document	Validate
[09] Create an XML E-File Document	Create/Transmit
[10] Status notes	
[11] Open IRS MeF E-Services Web Site	IRS Website
[12] Receive federal (fed/state piggy back) acknowledgements	Get Acks
[13] Electronically file extension (7004)	EFile 7004

- **ERO Selection**
- **Officer PIN**
- **PDF Attachments**
- **Validation**
- **Transmission**

# Electronic Filing

Preview Print

**PTNR Officer Signature Information**

[01] Signature Officer First Name	JONATHAN	Last Name	TEAK	SSN	000-30-0003
[02] Officer Title	PRESIDENT				
[03] Taxpayer PIN	55666				
[04] Officer Phone	(555) 555-5555				
[05] Officer E-Mail Address	ANYMAIL@EMAIL.COM				
[06] Date Signed	10-11-2021				
[07] Third Party Designee?	<input type="checkbox"/> Yes				
[08] PIN Entered By	ERO				
[09] Total income amount from prior year return(if applicable)	57,000				
[10] Print Form 8879	Print 8879-PE				

Note: The 8453-PE is usually only used when the IRS requires actual signatures. The 8879 is utilized in most cases. Please refer to the instructions, but this is rare and usually involves large corporations which in general Taxware doesn't support for E-File. To E-File using the 8453-PE, printout the form, obtain signatures, scan the form as a PDF file, and then attach as a binary attachment.

[11] Print Form 8453 Print 8453-PE

**IF 8453 IS USED YOU HAVE TO ATTACH IT AS A PDF MEF ATTACHMENT**

- **Officer PIN**
- **8879 VS 8453**
- **Prior Year Income**








# Electronic Filing

<b>Ptnr Electronic Filing</b>	
[01] Select a electronic filing transmitter	Transmitter 0-
[02] Select a Electronic Return Originator (ERO)	ERO 2-Electronic Tax filers Inc
[03] Officer Signature Information (8879F-8453F)	Officer PIN
[04] Add MeF Attachments	Add Attachments
[05] Clear Attachments	Clear Attachments
[06] Federal EFile Status	Accepted
[07] State EFile Status	No Status
[08] Validate XML E-File document	Validate
[09] Create an XML E-File Document	Create/Transmit
[10] Status notes	
[11] Open IRS MeF E-Services Web Site	IRS Website
[12] Receive federal (fed/state piggy back) acknowledgements	Get Acks
[13] Electronically file extension (7004)	EFile 7004

- **PDF Attachments**
- **Validation**
- **Transmission**

# Electronic Filing

Get Acks  Station Filter  Rebuild  Print  Filter 

Expanded Condensed

**Client Search**

EIN




Name

Client ID

Return Date

Transmission Date

Acknowledgment Date

 = Accepted  
 = Rejected  
 = Awaiting Ack

Client ID	EIN	Name	Gov Code	Status	Return Date	Trans Date	Ack Date
1	00-2000001	SAM STARLING LLP	FED	Accepted	12-07-2020	11-04-2020	12-07-2020
2	00-2000002	JENNINGS BOAT LLC	FED	Accepted	12-07-2020	11-04-2020	12-07-2020
4	00-2000003	EASTLAND QUARRIES	FED	Accepted	12-11-2020	11-04-2020	12-07-2020

**EFile Expanded Information**

Client ID

Name

EIN

Gov Code

Status

Preparation Date

Transmission Date

Ack Date

Accepted Date

Rejected Date

Submission ID

Reprint Ack  Reprint Ack

Show History  A2A History

- Tracking
- Getting Acks
- Reprinting Acks

THANK YOU FOR CHOOSING

**TAXWARE**  
SYSTEMS INC.