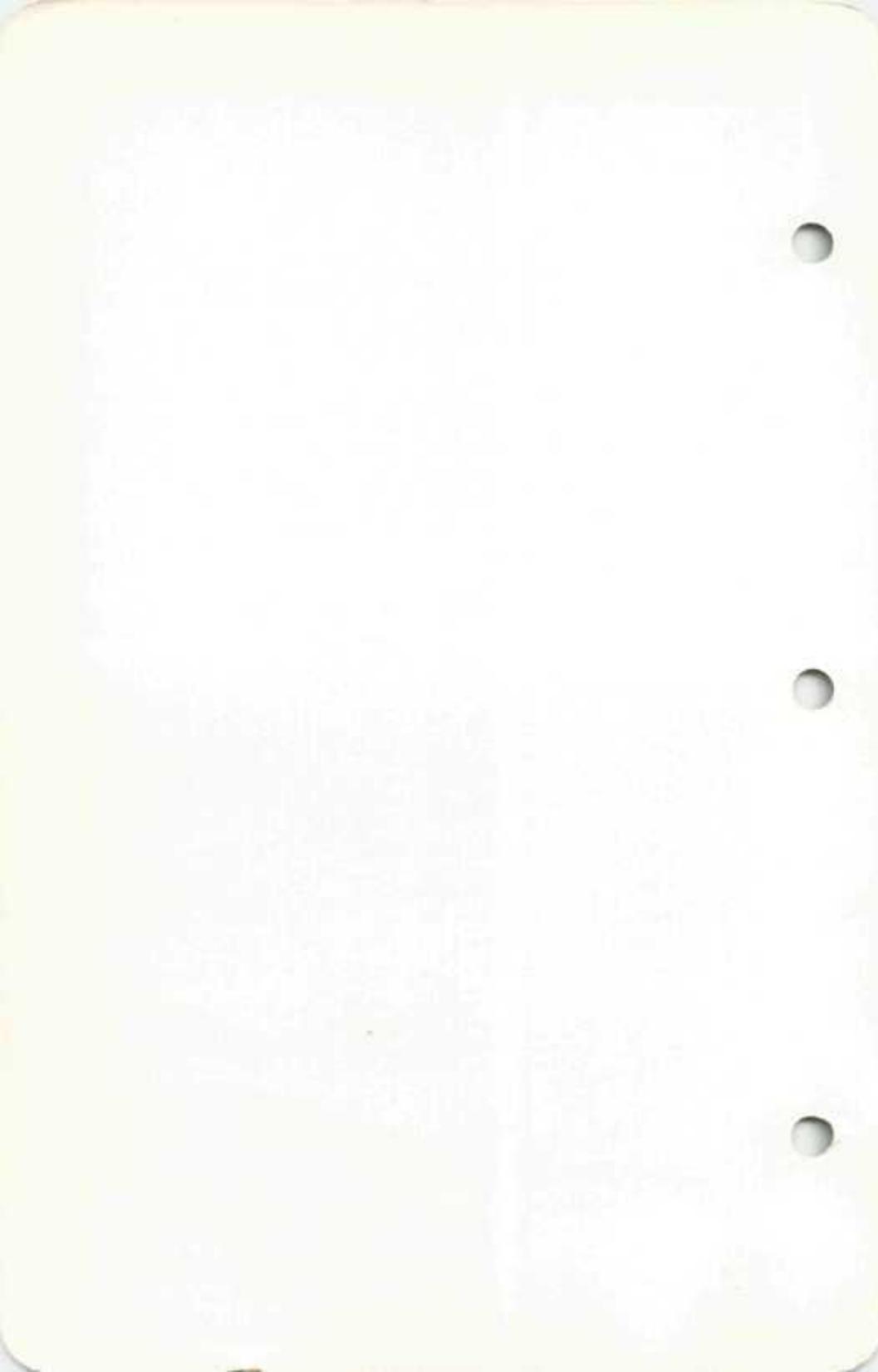# Instruction Manual for

TAX PREPARER

by HowardSoft™

HSS

Howard Software Services
... for the SERIOUS Personal Computer User

Instruction Manual for
1983 Edition of

TAX
PREPARER

by HowardSoft™

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Chapter 1

Preview

What It Is

The *1983 TAX PREPARER by HowardSoft* is a professional software package for the computer-automated preparation and filing of tax returns in 1983, and for keeping tax records throughout the year in preparation for the next tax filing season. The package is designed for those who may be new to computers but who recognize the labor-saving potential of computer-aided tax filing. It is ideal for the tax professional who must handle several hundred returns a year as well as the individual who only prepares returns for himself and his family. When year-long tax records are kept with the software a low-cost update available from Howard Software at year-end is used to convert those records into tax returns for the next filing season.

The standard (federal) package for 1983 includes the capability to prepare, edit, and print the 1982 forms and schedules most widely used by individuals:

Form 1040 . . . . U.S. Individual Income Tax Return	Form 2106 . . . . Employee Business Expenses
Schedule A . . . . Itemized Deductions	Form 2119 . . . . Sale or Exchange of Principal Residence
Schedule B . . . . Interest and Dividend Income	Form 2210 . . . . Underpayment of Estimated Income Tax
Schedule C . . . . Profit or (Loss) from Business or Profession	Form 2441 . . . Credit for Child and Dependent Care Expenses
Schedule D . . . . Capital Gains and Losses	Form 3468 . . . . Computation of Investment Credit
Schedule E . . . . Supplemental Income Schedule	Form 4562 . . . . Depreciation and Amortization
Schedule F . . . . Farm Income and Expenses	Form 4625 . . . . Computation of Minimum Tax — Individuals
Schedule G . . . . Income Averaging	Form 4797 . . . . . . Supplemental Schedule of Gains and Losses
Schedule R & RP . . . . Credit for the Elderly	Form 5695 . . . . Residential Energy Credits
Schedule SE . . . . Social Security Self-Employment Tax	Form 6251 . . . . Alternative Minimum Tax Computation
Schedule W . . Deduction for Married Couple When Both Work	

The TAX PREPARER relieves the great amount of manual labor involved in stepping through the numerous complex procedures and lengthy calculations involved in the preparation of returns. All arithmetic computations are performed automatically, including the computation of all taxes from tables or tax rate schedules. Results are automatically reflected on all lines and forms where they are needed. Lines are automatically skipped when so indicated by the results and the IRS instructions. The human preparer therefore only needs to enter new information. Calculations based on previously entered or calculated information are performed without human prompting.

The features that have made the Tax Preparer so valuable to thousands of professionals in the past include:

Preparation of Forms and Schedules — Forms and schedules are prepared

without the need for worksheets because facsimilies of the forms appear on the screen during preparation. You need only enter new data on the appropriate lines. The computer automatically generates and displays computed entries and posts results onto other forms and schedules as needed. This interactive approach allows the rapid correction of errors and fast preparation without the need for learning time.

Printouts for Filing — Once you are satisfied that all entries are correct you may generate printouts for direct filing with the IRS. Merely select from a computer-displayed list the clients for whom returns are to be printed and the computer will print them unattended and in IRS format. Printouts are produced directly on preprinted forms for Form 1040, as required by the IRS. All other printouts are produced in a facsimile format that strictly follows the IRS guidelines for computer-generated returns, including detailed supporting statements as needed.

Recordkeeping — Itemized lists can be built and maintained throughout the year for virtually any line of any form or schedule. Editing and appending are easy and automatically reflected on the appropriate form or schedule. The lists can then be printed as supporting statements for the IRS.

And this year there are many new features for professionals and individuals alike:

Instant Access — Direct access to any section of any form or schedule without long delays for disk reading.

Easy Data Entry — Speedy up and down movement within any form and a built-in calculator to add, subtract, divide, or multiply any entry for the rapid correction of errors.

Powerful Disk Library — Instant summary of clients on a disk and the returns prepared for each client, and rapid copying or deleting of files.

Client Billing Letter — Professional letter printed for each client lists returns prepared and gives brief filing instructions to the client.

Manual Over-ride — To alter automatically-computed entries in order

to reflect unusual tax situations.

Two-Printer Option — Load 1040 paper in one printer and lined paper in the other and the printouts will be generated without the need to change paper.

Built-in Road Map — For those who prefer guidance by the computer, a built-in road-map provides access to any form through 1040 in the proper order. (Direct access is still available, however, for those who prefer not to be confined to the road-map or who want to correct a single entry rapidly. Any correction is still reflected in all other forms and schedules.)

Fool-proof Error Recovery — Sophisticated error handling allows you to insert the wrong disks, open drive doors, disconnect printers, and much more without stopping the program; the proper corrective actions are clearly displayed on the screen to allow you to continue.

By buying this basic federal package you have prepared yourself for many tax seasons to come. Each year low-cost updates are offered for your software to bring it up-to-date with the latest tax laws and IRS filing requirements. California state supplements are also available each year to expand the capabilities of your software to include the preparation of state income tax returns. (Supplements for selected other states may be available soon.)

Along with the annual updates come annual improvements in the operating ease and power of the software. Improvements are made on the basis of suggestions from the customers who use the program. If you are the first to suggest an improvement that is adopted in a later revision of the software, then you will receive the new version free of charge. (In 1982 over 100 free updates were issued because of the valuable suggestions from customers. These suggestions have resulted in the long list of new features reviewed above.)

What It Isn't

The Tax Preparer by HowardSoft is a valuable computational aid but is not a substitute for thinking. It provides mechanical assistance in

the mathematics and typing of returns — not legal advice. As a consequence, it provides the flexibility needed by tax professionals and prevents the uncontrolled posting of deductions to specific forms. It does, however, put responsibility on the user for making important decisions concerning tax deductibility.

Like the computerized tax services that many tax professionals use, the Tax Preparer by HowardSoft provides computational services to taxpayers who have already made determination regarding what should or should not be included in income and which items are or are not allowed as deductions. If you are not a professional preparer who is familiar with tax laws, then you should either consult a professional for legal advice or else take the time to learn the IRS rules on tax filing. Two very helpful government-published books on rules are available free from your local IRS office. Ask for "Publication 17" for individuals and "Publication 334" for small businesses if you need help.

Whether or not you are a tax professional *you should obtain copies of the official IRS forms and schedules that you will use.* You can get these free of charge from your local office of the Internal Revenue Service, and sometimes even from your local post office or bank. The instructions that appear on these forms will aid you with simple questions of appropriateness of an entry. Moreover, the forms contain the full IRS text for each line of the form. (The software uses only abbreviations of this text in order to fit within the limited width of common video screens. The full text from the original forms is a "must" when tax questions arise.)

The tax laws can be so complex for some individuals that it is always possible to produce an invalid return, even with the aid of a computer. Some of the convenience features of the software can lead to misuse as well. For example, the updating feature allows you to use last year's returns as the initial data base for this year's returns. You merely need change the numbers that are different from the previous year, but need not change the text. You still have the responsibility, however, of making sure that all numbers and text are updated to reflect the current conditions.

In summary, as long as you use the software as a labor-saving tool

rather than a brain substitute you will find that the preparation of tax returns can actually be fun!

How to Use This Manual

Even though the software is designed for ease of use by the newcomer to computers, the structure of the tax laws and filing procedures is sufficiently complex to warrant added caution. We therefore suggest that you make it easy on yourself and read the manual from cover to cover, stepping through the examples yourself to become familiar with preparing tax returns by computer *before* putting the software to serious work. The main body of the manual is intended to teach you the proper operation of the software on your first encounter with the package. Once you have read the manual and followed the examples you should not have to refer to the main body again. The appendices, on the other hand, are designed for easy reference when questions arise in the use of the software. You should therefore keep this manual with the Program Disk after having briefly scanned the appendices to become familiar with their contents.

The main body of this manual is tutorial. You are guided through your first encounter with the software and the computer in Chapter 2. Start-up procedures and general operating instructions are covered, including the setting of the software to make full use of your particular hardware configuration and the preparation of blank disks for use as Tax Preparer Storage Disks. You are then stepped through the tax preparing procedures in Chapter 3 with the aid of the sample return that is prestored on the supplied Program Disk. You are next ready to enter data and prepare your own returns with the help of the hints given in Chapter 4. Then, in Chapter 5, you learn how you can generate facsimile printouts of all forms, schedules, and supporting statements, how you can print onto an official Form 1040, and how you can produce professional summary letters (for client billing by professional tax preparers). Finally, in Chapter 6, the annual updating procedure is reviewed and hints on year-long tax record-keeping are given.

Whereas the main text provides instructions for your first use of the software, the appendices provide operating details for easy reference

and periodic review. The recommended order of forms preparation is detailed in Appendix A, including a tax preparation guide with sample roadmaps and a checklist of common tax deductions. The peculiarities of completing each form and schedule are explained in Appendix B including a list of the special built-in worksheets that are available for each form and the available paths to other forms and schedules. The creation of supporting statements of detailed itemized lists is explained in Appendix C, including general recordkeeping, file management, and the printing of the lists. Management of the disk library system is explained in Appendix D, including the cataloging of disks, the creation of new storage disks, the addition of new filenames, the deletion of unwanted old files, and the translation of last year's data into the format for this year's forms and schedules. The control of the entire program through the keyboard and default settings is reviewed in Appendix E. Computer messages are reviewed in Appendix F. A list of error messages and suggested corrective actions is provided along with a list of progress messages given by the computer to advise you of its actions. Finally, a few reminders on printing and a set of sample print-outs are given in Appendix G.

If you haven't done so already be sure to fill in and return the Registration Card inserted in front of this book. We can only provide customer service to registered owners of the product, including the advisement to customers of important revisions or upcoming updates. As further insurance against problems you should also make a back-up copy of the Program Disk by using the standard COPY program that was supplied with your Disk Operating System (DOS) when you purchased the hardware. It is a violation of the federal copyright laws and the customer licensing agreement to use this copy for any purpose other than back-up, but it is important to have such a copy in case of accidental damage to the original disk. In any case please feel free to call for technical assistance should you have any serious problems with the software.

Micro-Glossary

Before jumping into the world of computer-automated tax preparation, let's make sure that you are knowledgeable about the language that we used in preparing this manual. While we have attempted to

remove the "computerese" found in most software manuals, there remain a number of common English words that have a special meaning to this software:

default settings — specifications that define how the computer will communicate with you and the equipment that surrounds it; the most recent specifications are taken as the proper specifications by default; such specifications as number of disk drives, width of video screen, width of printer, etc. are included.

menu — not a pamphlet of food selections, but a video-displayed list of all available options for the next operation; when you decide *not to* exercise any of the options you must press the ESC key to escape the menu.

main menu — the first menu that appears after the software is started; each of the five main operations of the software is selected from this menu.

mode — a predefined procedure, controlled by the computer, for performing a specific task; the five modes listed in the main menu are a display of instructions, the preparation of forms and schedules, the printout of returns, the management of storage disk files, and the changing of default settings.

page — a section of a form which is displayed on the screen at one time; most forms and schedules are divided into several pages for easy direct access to any section of any form.

file — a space reserved on the disk for all tax data for a single taxpayer.

filename — the name that identifies the file, which is usually the taxpayer's name, sometimes followed by the preparation date.

file manager — a function of the software that maintains the disk filing system like a librarian would maintain books in a library; such library tasks as cataloging, removing old files to make room for the new, opening space for new files on a new disk, and copying filings from one disk to another are all included.

currently active filename — the filename that will automatically be accessed for reading data from disk and storing data to disk when

any form or schedule is selected for preparation; the last filename used on the currently inserted Storage Disk is always taken as the currently active filename, and must be changed by you (through the file manager provided in the software) before picking a form to prepare if it is not the name with which you want to proceed.

general itemized list — a detailed list of dollar amounts with a description of each to support the total which is entered on the current line.

special itemized list — a special list that is similar to a general itemized list in the ability to report numerous unrelated items, but is more complex in that each item is described by several subsidiary entries rather than just a dollar amount; the special itemized list is similar to a very short form, like Schedule B, but is repeated for each separate item listed.

supporting statements — an itemized list (from either the general itemizer or the special itemizer) that details the components of the total dollar entry for a line of a form or schedule; when printed and submitted to the IRS it is intended to support the entry.

Chapter 2

Getting Started
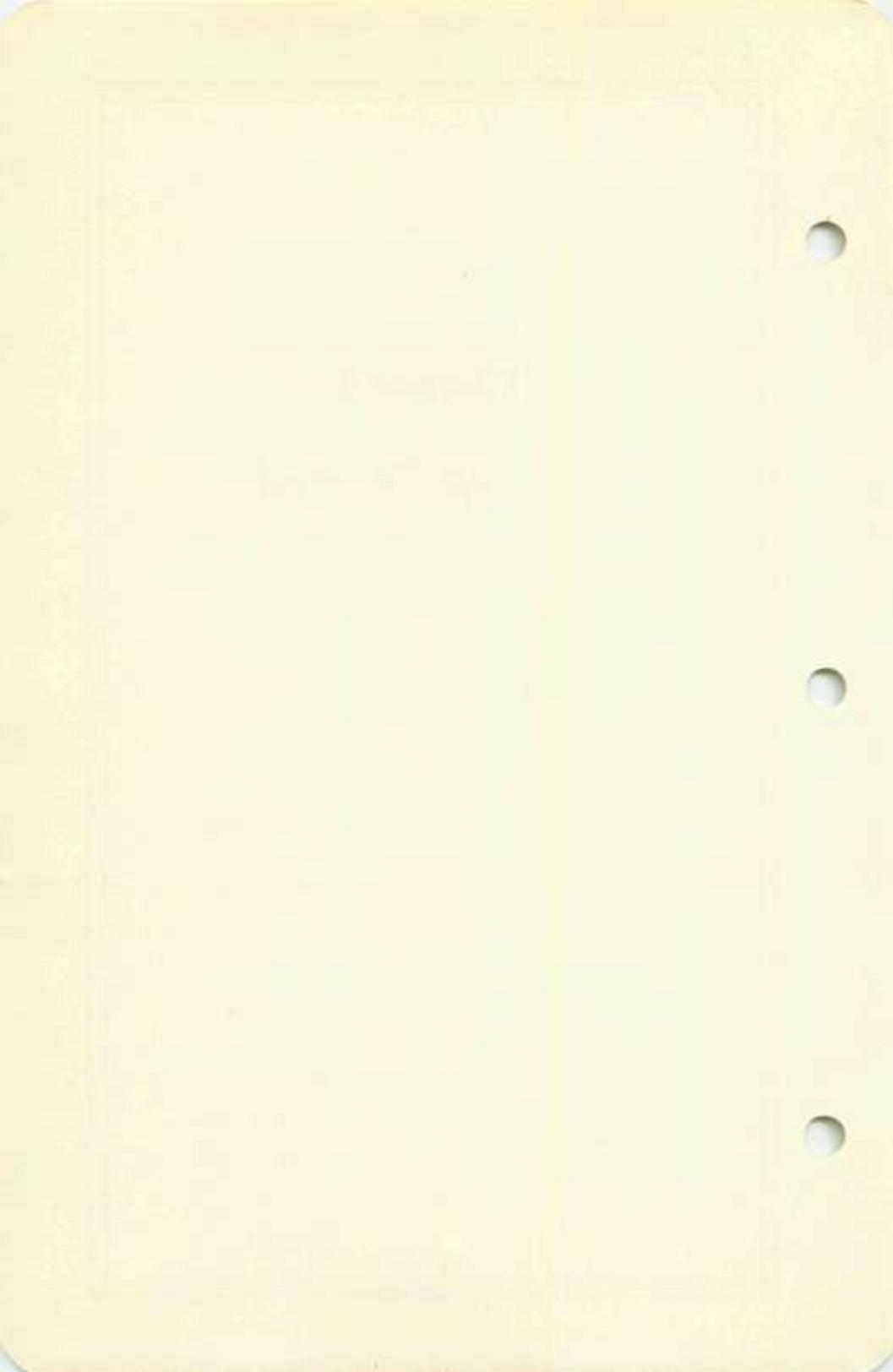
What You Need

In order to use the IBM Edition of this software you must have an IBM Personal Computer with at least 64K of memory (RAM) and at least one disk drive. You must also have the IBM Disk Operating System (IBM DOS) and the accompanying disk BASIC and FORMAT utilities.

In order to use the Apple Edition of this software you must have an Apple Computer (II, II-Plus, or III) with at least 48K of memory (RAM) and at least one disk drive. You must also have the Applesoft BASIC language either in hardware or loaded into a language card. (If you have an Apple II-Plus system then you automatically have a compatible form of BASIC since Applesoft is either built-in on a ROM or you have a language card. If you have the older Apple II system then you must also have an Applesoft Card installed in order to use this program.) The Program Disk is supplied in the 16-sector format of DOS 3.3, which is standard in all Apple Computers manufactured since 1981. (If you have an older Apple system that operates only with the 13-sector format of 3.2 then you must update your disk system with a new hardware update. See your dealer for help.)

You may use the software with either a one or two disk drive system. If you have two disk drives then you merely insert the Program Disk in one drive and a Storage Disk in the other and operate the software without ever removing the disks again. If you have only one drive then the computer will prompt you when you must swap disks during operation of the program, as it is best not to use the Program Disk for data storage because of limited space and the risk of excessive wear. Whether you have two drives or not you *must* have a separate disk for storing data that you type into the computer. A blank disk is included with your software for this purpose. However, this Storage Disk must be formatted (or initialized) before it can be used with this software. The disk can be so formatted (or initialized) either by following the procedures in your DOS Manual or using the special mode for this purpose which is included in the software.

While a printer is not needed to use the software, since results can always be reviewed on the video screen, a printer is recommended as a labor-saving tool because returns can be printed in a format that can be submitted directly to the IRS. The software is compatible with all printers, when properly operated in accordance with Chapter 5 of this

book, as long as the hardware configuration that is standard for your machine is used in connecting the printer to your computer.

Start-up Procedures for IBM Personal Computers

This section describes the start-up routine for the IBM Edition of the software ONLY. If you are using the Apple Edition then you must skip this section and proceed to the section entitled "Start-up Procedures for Apple Computers."

The software can be started in one of two ways:
1. manual start-up
2. turnkey start-up

The turnkey method is the most convenient in the long run because then the HowardSoft software starts by itself as soon as you turn on your computer. In order to use the turnkey method, however, you must take the time to turn your Program Disk into a Turnkey Disk as described in the next page. We recommend that you take the time (less than 2 minutes) to do this now.

Manual Method — If you do not have the time now and want to start using the software as soon as possible, you may use the manual method as follows:

Step 1: Check that you have ready:
1. HowardSoft Program Disk labeled "Tax Preparer"
2. IBM Personal Computer Disk labeled "DOS"

Step 2: Insert the IBM DOS disk in your disk drive A, with label facing up and away from the drive door, and close the drive door.

Step 3: Turn on the power switch to your computer. After a few seconds delay the disk drive light should go on and the disk should start turning. After several more seconds the following message will appear:

<div align="center">

Enter today's date (m-d-y):

</div>

Now type any valid date, like 1-1-83, followed by the RETURN key which is labeled on your keyboard as the angled left arrow (↵). An IBM copyright message should soon appear, followed by the 2-character DOS prompt "A > ".

Step 4: After A > appears type

basic /f:1

followed by the RETURN (↵) key. Another IBM copyright message will then appear, followed by the message "Ok".

Step 5: Once "Ok" appears, remove the IBM DOS disk and insert the HowardSoft Program Disk in drive A; then type

run "start"

followed by the RETURN (↵) key.

Step 6: After a short delay the screen should display the HowardSoft title and copyright notice as shown in Figure 2-1. (If this display does not appear, please recheck your procedures before calling for technical assistance.) You may now skip the next section and proceed to the section entitled "General Operating Instructions."

Figure 2-1. HowardSoft Title and Copyright Notice

Turnkey Method — Before you can use our software as a self-starting ("turnkey") system you must create a turnkey disk that contains BOTH the HowardSoft software and IBM system software (IBMBIO, IBMDOS, COMMAND, BASIC, FORMAT). (We do not deliver the IBM software because of the high additional cost that would

have to be passed on to the user for IBM licensing.) The following procedures for merging the IBM software onto the HowardSoft Program Disk must therefore be followed before your first use of the software as a turnkey system:

Step 1: Check that you have:
1. HowardSoft Program Disk labeled "Tax Preparer"
2. IBM Personal Computer disk labeled "DOS"

Step 2: Insert the IBM DOS disk in your disk drive A, with the label facing up and toward you, and close the drive door.

Step 3: Turn on the power switch for your computer. After a few seconds delay the disk drive light should go on and the disk should start turning. After several more seconds the following message will appear:

Enter today's date (m-d-y):

You may now type any valid date, like 1-1-83, followed by the RETURN (↵) key. Once you have entered the date an IBM copyright message will appear, followed by the 2-character DOS prompt "A > ."

Step 4: After A > appears, remove the IBM DOS disk from drive A and, insert the HowardSoft Program Disk into drive A and, if you have two drives, insert the IBM DOS disk in drive B. Then type

turnkey

followed by the RETURN key.

Step 5 (for systems with TWO disk drives ONLY):
If you have two drives then a number of computer-generated messages will appear on the screen and, after about a half minute, the process will terminate with the message:

This concludes the creation of your turnkey disk.

The HowardSoft Program Disk is now ready for use as described in Step 7.

Step 6 (for systems with ONE disk drive ONLY):
If you have only one disk drive then you are prompted by the computer to alternately insert the IBM DOS disk and the HowardSoft Program Disk in your single drive. In the prompting

the two separate disks are identified as A and B as follows:

diskette for drive A means HowardSoft Program Disk

diskette for drive B means IBM DOS Disk

Accordingly, a few seconds after you have typed "turnkey" you are prompted by the message:

Insert diskette for drive A:

and strike any key when ready

You must now remove the IBM DOS disk, insert the HowardSoft disk, then strike a key. These messages and disk swaps occur several more times, but after about one and a half minutes of disk swapping the process will terminate with the message:

This concludes the creation of your turnkey disk.

and you are now ready to use the disk as described next.

Step 7: To use the newly created turnkey disk, first turn the computer power OFF for at least 5 seconds. Then, with the newly-created TURNKEY HowardSoft Program Disk in drive A, turn on the computer. The software should start itself after a short delay and greet you with the HowardSoft title and copyright notice shown in Figure 2-1.

Whenever you want to use the turnkey disk hereafter, merely follow Step 7 to start the software. The display in Figure 2-1 should always appear after a short pause. A failure to reach this display indicates a hardware or software malfunction. If you are sure that your hardware is in good operating condition then your Program Disk may have been damaged during shipping. Howard Software Services will replace any such defective disk free of charge provided it is returned within 90 days of purchase along with a valid Registration Card and a detailed description of the problem encountered.

Start-up Procedures for Apple Computers

This section describes the start-up routine for the Apple Edition of this software ONLY. If you are using the IBM Edition then you may proceed to the next section, entitled "General Operating Instructions."

To get started you must run the Applesoft program START, which is contained on the supplied Program Disk. The procedures for doing

so depend on which of four hardware configurations corresponds to your computer system. (Be sure to insert the Program Disk in your main disk drive with the large oval slot pointed away from you and the label visible to you as you insert the disk. Please consult your Apple DOS manual for further instructions on properly inserting and "booting" a disk).

Standard Apple II-Plus System (Applesoft built-in on ROM) — Insert the Program Disk, turn the computer on, and wait for the disk to be booted automatically. The program START will be started with a title page appearing on the screen.

Apple II with Applesoft Firmware — Insert the Program Disk, push the RESET key, then boot the disk by typing 6-CTRL-P (then carriage return). START is then started automatically and a title display will appear.

Apple II or II-Plus with Language Card — If Applesoft is only available by loading onto a language card, then you must boot your DOS 3.3 System Master diskette (which contains the Applesoft language) before attempting to use our disk. Once the Applesoft prompt appears on the screen you may insert our Program Disk and type RUN START (then carriage return). The Program START will commence with a title display.

Apple III System — Our software is fully operational under the Apple II Emulator. You must first activate the emulator and the Applesoft language. Once the Applesoft prompt appears, insert the Program Disk and type RUN START (then carriage return). The program START will then commence with a title display.

General Operating Instructions

After you have properly started the software and reached the display in Figure 2-1, the software performs a number of start-up chores while displaying the message
Program Start-up Procedures
in the upper left corner of the screen. Once these tasks are completed the "main menu" of the program appears as shown in Figure 2-2. Since

```
Operating Mode Selection




        Main Mode Selections......
                 1)  Display Instructions
                 2)  Prepare Tax Returns
                 3)  Printout Tax Returns
                 4)  Manage Storage Disk Files
                 5)  Change Default Settings
        Which do you choose?




TAX PREPARER by HowardSoft            ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 2-2. Main Menu

the figures in this manual are all drawn for an 80-column video display, your display may appear slightly different if you are using a 40-column display. Messages are typically abbreviated to a greater extent for a 40-column display. In addition, if your computer does not normally display lower case letters then only upper case letters will appear on the screen. The operation of the software, however, is similar for all types of displays, in spite of the cosmetic differences.

The format displayed in Figure 2-2 is typical of the screens used throughout the software. The mode that is currently active is displayed in the upper left corner. (In this case the actual selection of an operating mode is the active mode.) While data are being read from disk or stored on disk a message appears in the upper right corner to describe the action. The actual selections, instructions, or forms to be completed appear centered on the screen. In this case a 5-mode menu is displayed and you must select one of the five main modes in order to proceed. A flashing cursor appears to the right of the question mark to prompt you to answer the question. When selecting a choice from a menu only numbers that appear on the menu are accepted when you type. In this case only the numbers 1 through 5 are accepted. Once you have made the selection you must press the "carriage return" (RTN)

key. (This key is marked on your keyboard as either RETURN,
ENTER, or an angled left arrow (⤶). We identify this key
throughout the program as RTN.) Pushing the RTN key is equivalent
to saying "Ok" to the computer. A new entry is not accepted until the
RTN key is pressed. Besides the numbers 1 through 5 and the RTN
key there is only one other key that is active for the menu selection: the
"escape" (ESC) key. By pressing this key you indicate to the computer
that you want to escape the current mode rather than continuing and
delving further into the mode. The ESC key generally returns you to
the prior menu or operation from which you entered the current
mode. In the case of the main menu in Figure 2-2, however, pushing
the ESC key terminates the program, since no prior mode exists. In all
other cases a repeated push of the key will cause you to retrace your
path until you reach the main menu once again, so that you can select
a new operating mode. (Note that the bottom lines of the screen are
reserved for instructions on keys that are currently active for con-
trolling the program. For menus like Figure 2-2, however, the only
active keys are ESC, RTN, and the numbers for the available choices.)

Having reviewed the screen and keyboard you are now ready to
make a selection from the main menu. The 5 available functions are:

1) DISPLAY INSTRUCTIONS — This mode allows you to view
on the screen brief reminders on the proper operating procedures for
the software. Pressing 1 then RTN while the main menu (Figure 2-2) is
showing causes the table of contents for the instructions to appear. (See
Figure 2-3). Customers who are already familiar with prior versions of
the Tax Preparer by HowardSoft may find it sufficient to read these
brief instructions rather than the entire manual. The general organiza-
tion of the program and modes of operation are reviewed on the first
page of the instructions. Operating tips on data entry are given on the
second page. Instructions on preparing blank disks for storing data are
given on the final page. You should view these instructions briefly now
by selecting 1, 2, or 3 from the menu in Figure 2-3. Once the instruc-
tions for the selected page appear, you may flip among pages by press-
ing the > key to see the next page and pressing the < key to see
the prior page. Once you are finished with the reading of the pages you
may escape back to the table of contents (Figure 2-3) by pressing the

ESC once then back to the main menu (Figure 2-2) by pressing ESC again.


```
Display Instructions




                  Instructions Choices......
                            1)  Program Organization
                            2)  Operating Tips
                            3)  Preparing Disks for Use
                  Which do you choose?




    TAX PREPARER by HowardSoft              ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 2-3. Menu for Display of Instructions

2) PREPARE TAX RETURNS — This is the main operating mode for the software. New tax returns are prepared in this mode and old returns are reviewed and edited. By selecting this mode you are placed under the control of "Master Preparation Control" and shown a list of all forms and schedules that are available for preparation. (See Figure 2-4.) You should not proceed with this mode, however, until you are instructed to do so in Chapters 3 and 4. Details of the screens and the preparation of returns are described there.

3) PRINT OUT TAX RETURNS — This mode is usually the final mode to be selected at tax filing time. You may prepare, update, review, and edit any and all returns by using mode 2 alone. Mode 3 is required only when a paper copy of the return is required, such as for filing with the IRS or submission to a client for review. Once you select this mode you are given the printing choices shown in Figure 2-5. Choice 1 invokes the printing of facsimilies of all requested forms and schedules, and their supporting statements. Choice 2 causes data to be printed on an official Form 1040. Choice 3 causes client billing letters to be printed. You should defer the selection of any of these choices,

however, until you read Chapter 5, where complete details on printing are given.


```
Prepare Tax Returns
        Tax Preparer's Currently Active Filename -    Mr. and Mrs. Sample


Preparation Choices.......
    1)  Choose New Active Filename      12) Schd W   (Married Cpl Ddn)
    2)  Form 1040        (Main Form)    13) Form 2106 (Employee Expnse)
    3)  Schd A  (Itemized Deducn)       14) Form 2119 (Residence Sale)
    4)  Schd B  (Interest & Divs)       15) Form 2210 (Tax Underpymnt)
    5)  Schd C  (Business Profit)       16) Form 2441     (Child Care)
    6)  Schd D     (Capital Gains)      17) Form 3468 (Invstmt Credit)
    7)  Schd E  (Supplmnt Income)       18) Form 4562   (Depreciation)
    8)  Schd F       (Farm Income)      19) Form 4625    (Minimum Tax)
    9)  Schd G  (Income Averagng)       20) Form 4797  (Supplmt Gains)
   10)  Schd R&RP (Elderly Credit)      21) Form 5695  (Energy Credit)
   11)  Schd SE  (Self-emplt Tax)       22) Form 6251   (Alt Min Tax)
Which do you choose?



TAX PREPARER by HowardSoft            ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 2-4.   Tax Preparation Menu.


```
Printout Tax Returns
        Tax Preparer's Currently Active Filename -    Mr. and Mrs. Sample




        Printout Choices..........
                    1)  Print IRS Facsimile Forms
                    2)  Fill-in Official Form 1040
                    3)  Print Cover/Billing Letter
                    4)  All of Above  (IRS Order)
        Which do you choose?




TAX PREPARER by HowardSoft            ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 2-5.   Menu for Printing Tax Returns

4) MANAGE STORAGE DISK FILES — This mode is provided to maintain the disk library system in good order. When you select mode

4 from the main menu the file management choices shown in Figure


```
Manage Storage Disk Files
     Tax Preparer's Currently Active Filename -   Mr. and Mrs. Sample




        File Management Choices...
                     1)  Start and Name a New  File
                     2)  Clean Out Part of Old File
                     3)  Change Name of an Old File
                     4)  Display  Names+Filing Data
                     5)  Printout Names+Filing Data
                     6)  Duplicate  Selected  Files
                     7)  Create a New Storage  Disk
                     8)  Translate Prior-year Files
        Which do you choose?




TAX PREPARER by HowardSoft           ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 2-6.   File Management Menu

2-6 are provided. (These functions are previewed here but are detailed in Appendix D for future reference. However, you should defer their use until so instructed in the tutorial in Chapter 4.) Before taxpayer information can be saved you must create a new storage disk and open and name a new file. This mode provides these functions. You can also rename a file or delete selected returns currently on your storage disk; and you can duplicate selected files on one storage disk and transfer them to another storage disk, a feature that is useful if you should fill up a storage disk while storing data. This mode also reads data from prior-year files and properly places the data in current-year files. And, for good library management, the system allows the display and printing of contents of the storage disks, include a list of returns prepared for each client.

5) CHANGE DEFAULT SETTINGS — This mode allows you to alter the operation of the software to take full advantage of the capabilities of your particular hardware. For example, a minimal hardware configuration would contain only one disk drive unit. When preparing or printing a return on the Program Disk and Storage Disk would have to be swapped periodically in the single drive as IRS text from the

Program Disk and taxpayer data from the Storage Disk are alternately
required. If, however, you have two disk drives, or a hard disk drive,
then you should change the "default settings" so that the computer can
take advantage of the presence of the second drive. You would select
mode 5 from the main menu and then view the screen shown in Figure
2-7. From that screen you would select #1, "operating specifications," as

Figure 2-7. Menu for Default Settings

the default to change, and then alter the drive specifications so that the
Storage Disk is accessed from a different disk drive unit than the
Program Disk. You would then escape (via the ESC key) from the
"Change Default Settings" mode and the new specification would be
stored on the Program Disk. Thereafter the computer would alter-
nately read files from the two disks (in the two separate drives) without
pausing for the swapping of disks. Several other operating and printing
specifications can be changed through mode 5, including screen width,
printer width, and much more as detailed in Appendix E. You should
wait until you encounter this mode in Chapters 4 and 5, however,
before attempting to change the defaults yourself.

Data Entry

The keyboard is your means of communicating your desires to the

computer. A number of special features are built into this software to make that communication especially easy and error-free. These special features, however, may make the keyboard operate somewhat differently from the norm. You should take the time to learn these features in order to make full use of all the labor-saving tools that are available. After learning these features you may refer to Appendix E for reminders.

One class of special features is protection against meaningless entries. For example, when a menu of selections appears on the screen, only a valid numerical response will cause the computer to continue. When 6 selections are given then only the numbers 1 through 6 will cause an action. Any other key presses will be ignored and the computer will patiently await a valid response. When a self-promoting question appears on the screen the computer accepts one of only three keypresses:

Y for yes

N for no

space bar for no

All other responses are ignored. The computer patiently awaits a valid response. When the last page of a form is showing on the screen and you request the next page by pressing > , the computer ignores the keypress (because no next page exists) and again awaits a valid response. When the computer is waiting for a numerical entry it ignores all non-numeric keypresses except for those few that have a special meaning, such as the backspace and carriage return.

Another class of special keyboard features involves movement within the program. Whenever a page is displayed on the screen you may escape the page or mode by pressing the ESC key (marked Esc or ESC on your keyboard). If you want to stay within the same operating mode, however, but just proceed to the next page, you should press the > key. When supplying data to the computer from the keyboard you can also move up and down the current page by using the ∧ key to move up and the RTN key (marked RETURN, ENTER, or ↵) to move down. In summary, you use ∧ , RTN, < , > , and ESC to move up, down, back, forward, and out, respectively.

When supplying data to the computer further protection and editing

features are available. A flashing cursor on the screen always flags the entry that will be affected when you proceed to type. For example, if you select mode #5 from the main menu and then choice #1 from the "Change Default Settings" menu, you are displaying a page for data entry as seen in Figure 2-8. The flashing cursor appears near the end of

```
Default Settings                                          Page 01 of 04




    ##OPERATING SPECIFICATIONS
    Program disk drive...........................................A
    Storage disk drive...........................................A
    Video screen width 80 (vs. 40)...............................?        Yes
    Allow manual over-ride to calc...............................?        No
    Allow multiple Forms prepar'tn...............................?        No
    Round all numbers to nearest $...............................?        No




                        Keyboard Controls - (=Prv page..)=Nxt page..^=Up..I=Itemize
    TAX PREPARER by HowardSoft           ESC=Escape to prior menu...RTN=Entry Ok
```
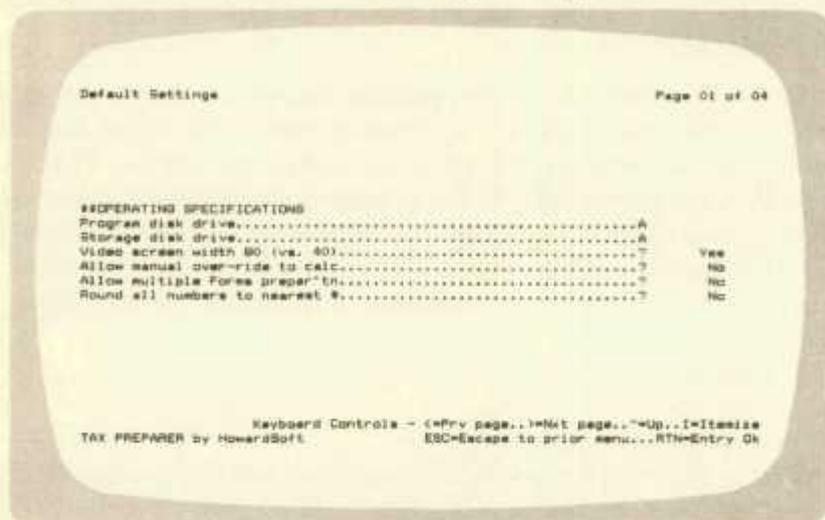
Figure 2-8. Example of Data Entry for Resetting Operating Specifications

the first data line, to the left of the letter A that specifies the Program Disk Drive. If you do not want to change this entry (which is A in this case), you should press RTN to move down the page and, at the same time, approve the entry. To move back up press the ∧ key (which requires a press of the shift and the key marked ∧ on its upper half).

The number of characters that can be typed for an entry is restricted by the software to a meaningful entry. For the drive specification on Figure 2-8 this is a single letter for IBM computers, and 10 characters for Apple Computers. No more than the allowed number of characters are registered in the computer. Once satisfied with your entry you must push the RTN key to cause the computer to register the entry. The entry that you typed at the position of the flashing cursor is then rewritten on the screen to replace the former entry. Other text entries operate similarly. You type the entry starting at the cursor position

(left-justified) and the computer rewrites the entry over the former entry, once you press RTN. The only difference among various text-type entries is the length allowed for the entry. For example, the tax-payer's last name can be up to 40 letters long, but the social security number can be no more than 11 characters long.

Yes and no answers to questions are handled like all prompts throughout the program. That is, when the flashing cursor lies on the question mark you need only press Y for yes and N or space for no. The entry is immediately accepted without need for the RTN key. The word yes or no is rewritten on the screen as soon as you press a valid key to answer the question.

Numerical entries are handled arithmetically. Non-numeric key-presses are not accepted when a number is required, such as a dollar amount. For examples, consider the next page for changing default settings, illustrated in Figure 2-9. A numerical entry is expected for the
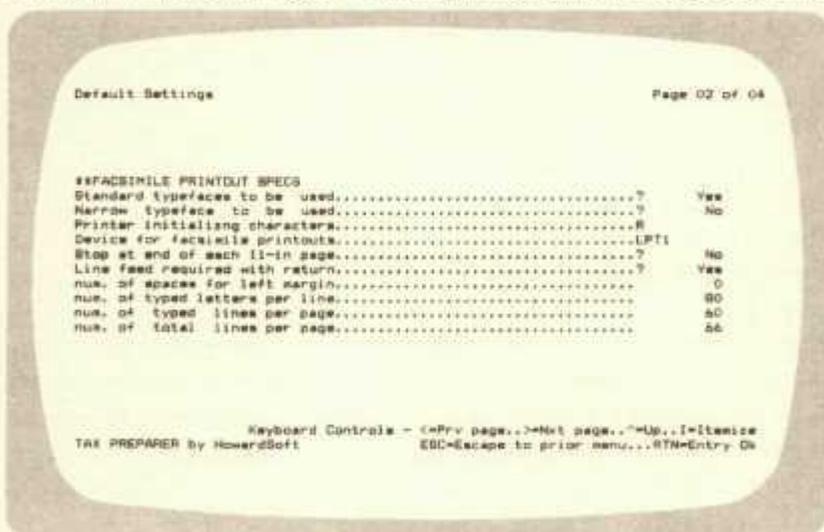
Figure 2-9. Example of Data Entry for Resetting Printer Specifications

first item on the list, the number of spaces for a left margin. Try typing any letter of the alphabet and you will find that it is ignored with the sole exception of the letters L and I. The L is automatically interpreted as the numeral 1 because so many typewriters require typists to use the

lower case L as the number one. (The l invokes an itemizing feature to be described in Chapter 3.) However, all numbers (0 through 9) and arithmetic symbols (., +, − for decimal point, plus sign and minus sign) are accepted. The length of the number is limited by the computer to avert meaningless entries. For example, the left margin for a printer is limited to no more than nine spaces, so no more than one numeral can be typed (0 through 9) for the default setting for the margin. Similarly, no more than three numerals are accepted for the number of characters per line. Also, since the numerical entries for these default settings must be whole numbers, the entry is rounded to the nearest integer and redisplayed on the screen once the RTN key is hit.

For monetary entries a four-function calculator is also active. (Monetary entries will be demonstrated when you start to prepare a return in Chapter 4.) Up to ten characters can be typed for monetary entries. When no sign or decimal point is entered this means that up to ten digits can be typed. After the RTN key is hit the number entered is rounded to the nearest penny or the nearest dollar (depending on your default settings) and redisplayed on the screen in the format XXXXXXX.XX. When the entry is started with an arithmetic symbol (+ for plus, − for minus, / for divide, * for multiply) the calculator is enforced. This means that the number typed after the symbol is, after the RTN key is passed, added to, subtracted from, divided into, or multiplied by the prior entry (which is displayed right-justified on the screen). For example, if the prior entry is 1000.00 and you type +500, then the new entry becomes 1500.00 and is redisplayed on the screen as such. On the other hand, if you type a number without preceeding it by an arithmetic symbol, then the number is interpreted literally as the new entry, regardless of the prior entry. For example, if the prior entry is 1000.00 and you type 500, then the new entry becomes 500.00 and is redisplayed as such.

Note that some special keys on your keyboard may be active but others may not. If you have a ten-digit keypad then you can usually enter numbers through the keypad rather than the keyboard as long as the keypad is properly activated in accordance with the manual for the keypad. However, if you have special editing keys for moving the cursor, deleting and inserting characters, etc., these keys are normally

deactivated because the software uses its own editing procedures as described next.

An editing capability is built into the software for making corrections to text data entry. This capability is especially useful for correcting typing errors in long text entries. The available keys are

ctrl-H or ←	for backspace
ctrl-U or →	for forward copy of the current entry
ctrl-D	for deleting the character currently under the cursor
ctrl-I	for inserting characters in front of the character under the cursor.

The backspace key is marked on your keyboard as a large left arrow (←) and merely backspaces the cursor so that characters to the left of the cursor can be altered. (Pressing ctrl-H has the same effect.) The forward copy key is marked on your keyboard as a large forward arrow (→) when it exists on YOUR computer and merely spaces the cursor to the right over the current entry or recopies letters from the prior entry when the end of the current entry is reached. (Pressing ctrl-U has the same effect. In fact, ctrl-U *must* be used when the forward arrow key does not exist; thus ctrl-U *must* be used for IBM Computers. Do not confuse this function with the *short* arrow on the IBM keyboard, which is a special cursor moving key and *not* a forward copy key.) The forward copy key is therefore useful for correcting the spelling of a prior entry by recopying the prior until the offending letter is reached and then recopying the remainder of the prior entry until the end is reached. The delete function is invoked by pressing the CTRL key then pressing the D key without releasing the CTRL key. The character under the cursor is deleted and the remainder of the entry is moved one space to the left to fill the gap. The insert function is invoked by pressing the CTRL key, then pressing the I key without releasing the CTRL key. All characters typed thereafter are inserted before the character currently under the cursor. The insert function is then terminated either by pressing the RTN key to approve the entire entry or pressing the backspace (←) or forward copy (→) keys, or pressing the ctrl-I keys.

Computer Messages

The computer periodically communicates with you using short

single-line messages. When the message is merely advising you of what the computer is doing (so that you are not left in the dark during necessary delays) it appears flashing near the bottom of the screen. No action is required on your part during these messages; you must merely be patient while the indicated action is taking place. When the message requires an action on your part, however, a flashing cursor appears at the end of the line awaiting your response.

In one class of messages one-line instructions are given prompting you to perform some necessary action. For example, you may see messages like:

Insert Program Disk in Drive A
Turn Printer On & Align Paper

In each case you must perform the instructed action then, when you are done, press the RTN key to continue. The press of the RTN key means to the computer "Ok I've done it. Please continue." If you press RTN before having performed the proper action, however, you may be greeted by an error message.

The error messages may scold you but they also give you a chance to correct your error. (While the computer does not hold the belief that the customer is always right, the computer *is* forgiving in providing a path to recover from the error.) The complete set of these error messages is given in Appendix F for your future reference. Most of these messages are caused by errors in disk handling. For example, should you accidentally leave the door to the disk drive open, you would be greeted by the message

Close Drive Door!

followed by a prompt giving you the option to skip the last disk access or escape the current mode, rather than retrying after correcting your error:

Want to retry (Y) or skip ahead (N)?

Before answering the prompt you should take the corrective action, such as making sure the disk is properly inserted and the drive door is properly closed. Then you should answer Y to the prompt so that the disk operation is restarted. You may escape the error condition without taking the corrective action, however, by asking to skip ahead to the next action (by pressing N) or asking to go back to the prior menu so that a different instruction can be given by you to the

computer. While you will almost always want to retry when a disk error is encountered, you may often want to either skip ahead or abort the current mode when you encounter a printer error such as "out of paper."

The advisory messages that are flashed during delays are merely messages to assure you that the computer is performing some necessary functions. For example, when data have been changed and all forms and schedules are being updated to reflect the change the computer may delay before storing new data on disk and will flash the message

STANDBY! Computations in Progress

Similarly, when the computer has been operating for some time and has accumulated excessive deadwood (text that is no longer being displayed and will not be redisplayed in the immediate future), the computer will remove the deadwood and reshuffle the remaining text that is being actively used so that subsequent text can be more conveniently handled, and will simultaneously display the flashing message:

STANDBY! Computer is Pausing to Refresh

At other times the computer may be reading data or text from the disk or storing them on the disk and will flash a message to that effect. In this case the message is not only advisory but also a *warning* not to touch the disk units during the process, else an error in disk reading or writing could occur. During any of these STANDBY messages you must do just that: Stand by and be patient, and wait for the computer to complete its current function. DO NOT hit any keys such as BREAK or RESET key or else you may lose data that have required considerable typing effort to enter.
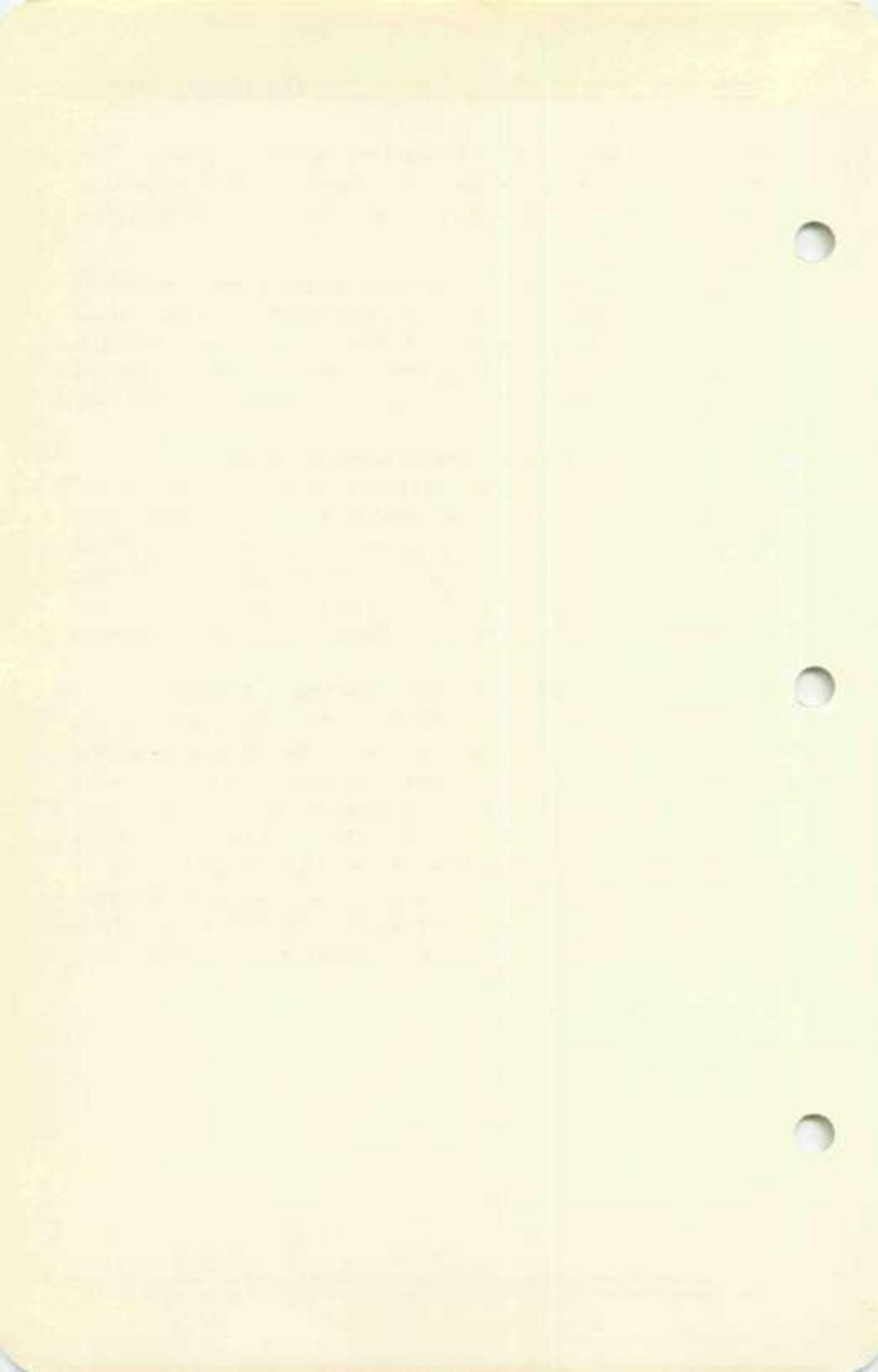
Chapter 3

Reviewing
the Sample Return

Accessing the Sample

An example of the use of the software by a taxpayer with a relatively simple return is contained on the supplied Program Disk. You should review this return upon your first use of the software in order to get familiar with the operating procedures. This is easy to do if you have not changed the original default settings for the disk drive specifications. However, if you *have* changed the drive specifications then you must restore them to their original settings as follows: First start the software as described in Chapter 2 then select mode 5 from the main menu (Figure 2-2) and select mode 1 from the default menu (Figure 2-7). You must now restore the disk specifications to their original settings as illustrated in Figure 2-8, with the storage disk drive set identical to the program disk drive. Then press ESC twice to return to the main menu. The computer is now restored to operation as a single disk drive system so that the pre-stored sample return can be viewed. (If you wanted to view the sample return using two drives you would have to recopy the sample files onto your separate storage disk by using the Storage Disk File Manager mode described in Appendix D.)

Once the computer is set for single drive operation you are ready to review the sample return. First select mode 2 from the main menu (Figure 2-2) in order to "prepare tax returns." For the sample return the tax data are stored on the program disk rather than on a separate storage disk. Thus when you are prompted to insert the storage disk in the single drive specified you should ignore the message and retain the program disk in the drive. (For storing your own data, however, you will use a separate storage disk as described in Chapter 4.) After the prompt to

Insert Storage Disk in Drive A

appears, merely acknowledge the message by pressing the RTN key (recalling that RTN means RETURN, ENTER, or ⏎). The long menu of forms selection should then appear on the screen as illustrated in Figure 2-4. Notice that the currently active filename is displayed at the top of the screen. This is the filename for the last data that have been reviewed from the currently inserted storage disk (which in this case is really the program disk). If you have never used this software before then this name should be Mr. *and* Mrs. *Sample.* If it is not then

you should select mode 1 from the long menu to choose the proper
active filename for reviewing the sample. The contents of the currently
inserted disk (in this case disk volume 0, which is the program disk)
would then be listed and you would choose Mr. *and* Mrs. *Sample* from
this list.

Form 1040 Review

As long as the proper filename appears you may proceed with your
review by selecting Form 1040 for preparation. Type 2 then RTN as
your choice for the menu in Figure 2-4. (You could have directly
selected one of the other forms that have been prepared, but we will
illustrate here the "roadmap" method in which all forms and schedules
are accessed through Form 1040.) Once the text of Form 1040 and the
data for the sample have been read from the disk, the Form 1040 menu
in Figure 3-1 will appear.

```
Form 1040
        Tax Preparer's Currently Active Filename -    Mr. and Mrs. Sample


        Form 1040 Choices.........
                        1)  Top of Form 1040
                        2)  Filing Status
                        3)  Exemptions
                        4)  Income - Part I
                        5)  Income - Part II
                        6)  Adjustments to Income
                        7)  Tax Computation
                        8)  Credits
                        9)  Other Taxes
                       10)  Payments
                       11)  Refund or Amount You Owe
              Which do you choose?




TAX PREPARER by HowardSoft              ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 3-1. Form 1040 Menu

You may now enter any section of Form 1040 by selecting a section
from the menu, and then flip forward (>) and backward (<)
through the eleven available sections (which we call pages). It is most
logical to start with the first section, however, in order to acquaint

yourself with the data entry procedures. Therefore, select page 1 from the Form 1040 menu (Figure 3-1) by typing 1 and RTN. The top of Form 1040 should soon appear on the screen as illustrated in Figure 3-2. The information for this and the next page of Form 1040 should

```
Form 1040                                                    Page 01 of 11
        Tax Preparer's Currently Active Filename -   Mr. and Mrs. Sample
**************** TAXPAYER INFO
Tax year - beginning date................Jan. 1,
Tax year  -  ending date................Dec. 31,
First name & init-you & spouse...........Johnathon A. & Marilyn M.
Last name................................Sample
Your social security number..............123-67-9876
Present home address(no. & st)...........8822 Imaginary Road
                            ...........
Spouse's social security no..............565-45-6789
City, town or post office................Anytown
State (2-ltr) & zip code.................CA 99850
Your occupation..........................Accountant
Spouse's occupation......................Teacher
$1 to pres elect campaign fund...........?  No
$1 to pres  fund  from  spouse...........?  No




              Keyboard Controls - (=Prv page..)=Nxt page..^=Up..I=Itemize
TAX PREPARER by HowardSoft                 ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 3-2. Top of Form 1040 for the Sample Return

always be completed whenever you start preparing a new set of returns for a taxpayer.

As an experiment you may prefer to change some of the entries. For entries of text, such as taxpayer's name, you may immediately retype the entry and all alphanumeric characters will be accepted. For entries of Y or N in response to true/false questions the computer will accept keypresses of Y, N or space bar directly, and no others. For numerical entries, however, it is sufficient to enter the new number directly. Textual entries will be refused when a numerical entry is expected. After making any new entry, however, you always get a chance for approval or disapproval. The computer will proceed to the next line only after you have pressed the return key in approval of the entry that has been typed on the screen.

The entries for Form 1040 are important for the proper completion of other forms and schedules as well. The entry for taxpayer's name

and social security number will be reflected in the header for all other forms and schedules that are filed under the same filing name. The selected filing status (lines 1 through 5) is used for determining deductions and exclusions for various other forms and schedules, such as line 29 of Schedule A. The adjusted gross income (line 32) is used for determining exclusions, limitations, and taxes on A. It is therefore very important that Form 1040 be properly completed up to the line needed by another form before proceeding to that other form. Appendix A is provided as a guide for insuring this proper order for the completion of forms.

As you flip through the pages of Form 1040 you can see all types of entries: text, interger, monetary, and questions. What may not be obvious, however, is that a grand structure lies underneath many of the lines. This grand structure surfaces only when you press I at a line, indicating that you want to support the entry for that line with more detail than just the monetary amount. The structure that surfaces, however, depends on the particular line to be detailed. When I is pressed at a line that is not supported by a form or schedule that is built into the software, the "general itemizer" is entered. On the other hand, when the line gets its entry from a form or schedule that *is* built

Figure 3-3. Fourth Page of Form 1040 for the Sample Return

into the software, pressing I opens the door to that other form and the preparation of that form is started.

As an example of the "general itemizer" consider the itemizing of line 7 of Form 1040. First access page 4 of Form 1040, illustrated in Figure 3-3. Then, with the cursor lying on line 7, press I. The itemized list of entries that have been prestored to support line 7 is then displayed on the screen, as illustrated in Figure 3-4. Note that the number of pages of entries that have been prestored is noted in the upper right corner of the screen. To flip through the pages you may use the < and > keys as usual.

The general itemizer allows you to separately list all component parts that comprise an entry. For example, if you are paid wages from several different sources, you may use the itemizing feature as shown here to separately list the amount and payee for each. The amounts will then be totaled and placed on line 7 automatically when you escape (via ESC) the itemizer. The entries are also stored on disk when you exit so that they can be recalled the next time you want to review the list or make changes to the list. They can also be printed as supporting statements for filing with IRS, as detailed in Appendix C.

Figure 3-4. Itemization of Line 7 of Form 1040

Data entry for the "general itemizer" is similar to that for normal monetary entries except that the text as well as the dollar amount for the entry can be changed. When the screen shown in Figure 3-4 first appears the cursor lies by the first numerical entry. After retyping the entry, or approving it by pressing the RTN key, the cursor moves to the beginning of the text entry so that the description of the amount can be typed. After the RTN key is pressed again the cursor moves to the numerical entry on the next line, followed by its text entry. Pressing the ∧ key reverses the process. All editing features described in Appendix E are available for modifying these entries. Adding totally new entries at the end of the list is easy, using added pages if necessary. Merely press > after the last completed page and a new blank page will appear. Inserting new lines in the middle of a list, however, is less convenient. If you anticipate the need to do this you should scatter enough blank lines throughout your lists to allow for the later additions. (Blank lines will be ignored when the itemized lists are printed as supporting statements to be filed with the IRS. They therefore will not affect the format of the finished return even when they are left blank.)

If you have not yet done so you should press ESC to escape from the itemized list and return to the screen in Figure 3-3. You should now proceed to line 8 in order to see an example of using I to gain access to a form or schedule without specifically escaping from Form 1040. Press I when the cursor lies on line 8 and Schedule B will be retrieved from the disk. Notice that the general itemizer cannot be invoked at this line, since a more detailed schedule is available. It is therefore impossible to have two conflicting supporting statements for the entry.

Schedule B Review

Once you have selected Schedule B and the appropriate text and data have been read from the disk, the first page of Schedule B, shown in Figure 3-5,should appear. Any of the three available sections can now be selected as a starting point for Schedule B since pages can be flipped with the < and > keys. As further illustration of the software select page 2 to review the reported dividend income (Figure 3-6).

Data entry follows the same format as for Form 1040 except that no

paths to other forms or schedules are available from page 1 of Schedule
B. Any line (1 through 6) at which you press I will cause the "general
itemizer" to be invoked for creating itemized lists as supporting
statements.

Figure 3-5. First page of Schedule B

Figure 3-6. Second Page of Schedule B

For some entries you may prefer not to create an extensive itemized list yet you need the assistance of a calculator to sum the components that comprise the total for the line. In these cases the built-in calculator can be invoked by using the arithmetic symbols $+$, $-$, $/$, and $*$ as previously described in Chapter 2. For example, try entering the amount 500.00 at line 1 of Schedule B. After pressing the RTN key, move back up to line 1 (via the $\wedge$ key) and type $+20$. After pressing the RTN key the calculated entry 520.00 will appear on the screen as the entry for line 1 of Schedule B.

When you are ready to leave Schedule B you may return to line 8 of Form 1040 by pressing the ESC key. If you changed any amounts on page 1 of Schedule B you will notice that the new total from line 8 of Schedule B has been automatically posted to line 8 of Form 1040. Similarly, if you changed any amounts on page 2 of Schedule B you will notice a new total on line 9a of Form 1040. (Results from other forms and schedules are automatically printed in the same way.) You may now flip past the next two pages of Form 1040 (via the $>$ key) until you reach the "Tax Computation" page. Notice how any changes in the Schedule B entries have been reflected in the total adjusted gross income on line 33 of Form 1040. You are now ready to review Schedule A.

Schedule A Review

Schedule A can be accessed from Form 1040 by pressing I at line 34a. The Schedule A menu will then appear. Select page 1 from the menu first in order to see how medical expenses are handled. Note in particular that the "adjusted gross income" from line 33 of Form 1040 is automatically reflected on lines 2 and 7 of Schedule A.

Now flip to page 4 where charitable contributions are reported. An itemized list has already been prepared to support line 20b of Schedule A for the sample return. In order to recall the list merely type I after having moved the cursor to line 20b, and the prestored data will be read from disk. The first page of the itemized list will then appear on the screen. Had no data been prestored an empty list would have been presented to you so that you could start the list anew.

To return to line 20b of Schedule A press Esc. Flipping pages to the end of the schedule you will notice that lines 28, 29, and 30 are all computed automatically and reflect any changes you may have made in Schedule A. In particular, notice that the exclusion on line 29 is determined automatically from the filing status data on Form 1040. It therefore should be clear (from this example and the example of lines 2 and 7) why the order of forms preparation is important and why Form 1040 should be correct up to line 33 before Schedule A is completed. Notice that the schedule can, of course, be partially prepared before completing the first portions of Form 1040, but the *final* preparation and review must await the completion of Form 1040 through line 33.

Tax Computation

When you are finished with your review of Schedule A you should press ESC until you reach Form 1040 once again. You are returned to the Tax Computation section with the cursor lying on line 34a. Notice that a tax is already posted on line 38. The computation of this tax is performed automatically. The method of tax computation is under your control by means of your answer to the questions:

  . . . . **from Tax Tables?**
  . . . . **from Tax Rate Schedule X, Y, or Z?**
  . . . . **from Schedule G?**

When you answer yes to any one of these methods the other two are set to no. You would normally select the tax tables or, if you have a high income, the tax rate schedules. If you have completed Schedule G for income averaging, however, then an answer of "yes" to Schedule G would cause the tax to be pulled from line 34 of Schedule G. Otherwise no tax would appear when you select Schedule G, until you have properly completed that schedule.

You may now flip to the last page of Form 1040 to see the net amount due after prior payments. Unless you want to review some other forms or features you may now exit Form 1040 by pressing ESC twice, after which the sample return will be restored on disk modified by the changes that you have made to any entires.

Notice that this software can be used for *tax planning* by using Form

1040 alone, in many cases. Entries that would normally be pulled from other forms and schedules can be made directly by retyping the entry rather than pressing I. In this way you can see the effect on taxes of deferring income or expenses from one year to the next.

Once you escape Form 1040 and the sample files have been restored you could proceed to the printout mode to immediately see the fruits of your labor. However, we recommend that you wait until you read Chapter 5 after having prepared your own returns. If your printer is not precisely the same as the standard assumed by the software then you could need to follow the special instructions that are provided in that chapter.

Chapter 4

Preparing
Your Own Return

Getting Ready for Your Own Data

Once you have become familiar with the software through the sample return you are ready to prepare your own returns. Before you can proceed, however, you must perform two steps:

1. Change the default settings to reflect your hardware.
2. Prepare a blank disk for use as a tax storage disk.

The defaults should be reset for operation with two disk drives, provided you have two drives, to take full advantage of the added speed and convenience that is available with a second drive. In addition the proper screen width and personal preferences for the way the software should operate should be reflected in the default settings. Since the Program Disk is too full to allow its regular use as a Storage Disk, you must prepare a *new* disk for use as a tax storage disk. The new disk must be formatted (or initialized) and supplied with a special Tax Preparer directory before it can be used.

In order *to change default settings* you must select mode 5 from the main menu (Figure 2-2) with the Program Disk properly inserted. The defaults menu shown in Figure 2-7 then appears. Functions 2 through 4 relate to printing, and their resetting is deferred to Chapter 5. Function 1, however, is selected for changing the default operating specifications. Upon selecting this function the entries shown in Figure 2-8 appear. All settings must be reviewed to ensure their compatibility with *your* computer hardware. In order to view the sample return you had to set the storage disk drive to be identical with the program disk drive. However, if you have two drives you should reset the storage disk drive to correspond with the real facts. Typical settings are reviewed in the following table. You should change the default settings to reflect your configuration.

Hardware Configuration	Spec. for Program Disk	Spec. for Storage Disk
IBM-PC with two disk drives	A	B
Apple Computer with two disk drives	S6,D1	S6,D2
Apple Computer with hard disk	S5,V1	S5,V2

(Note that you may have to advance the volume number from V2 to V3 and up each time a new 16-name directory is created on a hard disk system.) The only other hardware specification on Figure 2-8 is the

video screen width. It should be set to 80 for all hardware except the
standard Apple II Computer, which is only capable of a 40-column
width. The remaining three default settings relate to the personal needs
of the preparer who uses the software. (See Appendix E for details on
these settings.) Once you have confirmed the settings for the operating
specifications you should escape from the default setting mode (via the
ESC key) and return to the main menu.

In order to *prepare a blank disk for storage* you must first either follow
the instructions in your computer's DOS Manual on how to format or
initialize a disk or else use the mode provided for this purpose in the
software. To use the built-in mode select "Manage Storage Disk Files"
(mode #4) from the main menu (Figure 2-2) then choose "Create a new
storage disk" (function #7) from the file manager's menu (Figure 2-6).
You are then presented with a menu of pages available for instructing
you on the proper procedures for preparing a new disk. (See Figure
4-1.) Since this is your first encounter with the function you should

Figure 4-1. Menu for Preparing New Storage Disk

view all pages, starting with page one which contains cautions and
warnings concerning the creation of a new storage disk. Then flip
through the pages (using >) and read all instructions through the
last page. (Note that this last page is your point of entry when you no

longer need instructions.) At the last page you are instructed to insert
the Turnkey Disk. This is the self-starting Program Disk for the soft-
ware. Should you want to abort the mode, press ESC to escape. Other-
wise the preparation of a new disk will start and you will not regain
control of the software until the preparation is completed. If you press
RTN in acknowledgement of the message then the new blank disk will
be prepared after further brief instructions. Once the disk has been pre-
pared the software is restarted anew.

Once a disk has been prepared a directory must be placed on the
disk. To do this, insert the new disk, select "Manage Disk Files" (mode
#4) from the main menu (Figure 2-2) then choose "Start and name a
new file" (function #) from the file manager's menu (Figure 2-6). Since
the disk has not yet been used there will be no names and the directory
for the disk will therefore appear as shown in Figure 4-2. You should


```
Manage Storage Disk Files
      Tax Preparer's Currently Active Filename -     EMPTY




      Filenames on Disk Vol #01
                      1) View another storage disk
                      2) Add new name to disk
      Which do you choose?




TAX PREPARER by HowardSoft           ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 4-2. Directory for a Blank Storage Disk

select #2 from this menu in order to add names to the disk. No forms
can be prepared for a taxpayer until his name (or other identification)
appears on the disk. When asked to type the name to be added you
may use any 26-letter descriptor. The taxpayer's name would be a
common choice but you may want to add the preparation date or

some other information for your own library management purposes. Once you have pressed RTN to approve the name typed the name will be added to the disk and the directory will be redisplayed, with the new name appearing. You may add up to fifteen more names to the one storage disk directory. No more names can be added once the directory is filled with 16 names, but you can create similar directories for numerous disks so that hundreds of clients can be conveniently handled. (An example of a full directory is illustrated in Figure 4-3.


```
Manage Storage Disk Files
        Tax Preparer's Currently Active Filename -     Gibraltar
        Filenames on Disk Vol #02
                        1) Abraham, Richard
                        2) Carson, Jean and John
                        3) Carson, Jerry and Terry
                        4) Drew, Don
                        5) Farrel, Terry
                        6) Garison, Joshua
                        7) Gibraltar
                        8) Johnson, Cynthia
                        9) Johnson, Stephanie
                       10) Mason, Jean
                       11) Smith, ver. 1
                       12) Smith, ver. 2
                       13) Swanson, Paul
                       14) Thomas, Dianne
                       15) Young, Carol and Keith
                       16) Zimmerman, Steve
                       17) View another storage disk
        Which do you choose?


TAX PREPARER by HowardSoft              ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 4-3. Directory for a Fully Reserved Storage Disk

Note that a full directory does not infer a full disk but rather that data for no more taxpayers can be stored on this disk.)

Before proceeding with the preparation of your own returns you may wish to view some other features of the file manager before leaving the mode. Referring to Figure 2-6 where the available file management functions are listed you will notice that you can see the directory of the current disk from functions 4 and 5 for displaying on the screen and printing on the line printer, respectively. The directory shown via these functions lists the volume number of the disk, the name of each file and the returns and schedules already prepared for each name. Since we are working with a new disk the message "no returns completed" will appear after each filename listed.

Most of the other file managing features are used less frequently but can be a great help in cleaning the directories of deadwood and performing special functions. Please refer to Appendix D for details on the functions of these other features. You should now return to the main menu, via the ESC key, to proceed to the preparation of your own returns.

Once you have returned to the main menu you should select mode 2 to proceed with the preparation of your own returns. When the Tax Preparation Menu appears check the currently active filename at the top of the screen. If this is not the filename under which you want to prepare your return then you should select function #1 from the menu in order to pick a different filename. When you do so you are presented with the directory of names on the currently inserted Storage Disk, as shown in Figure 4-3. You may now either

1. pick one of the names displayed,
2. add a new name to the disk (if less than 16 are displayed), or
3. insert a different storage disk and ask to "view another disk"

By using choice #3 you may search for the disk that contains the name you want before picking the name from the list. By using choice #2 you may add a new name to the disk to start preparing a brand new return. Since you have already prepared a disk with a directory (if you have stayed with us so far) you will most likely want to invoke choice #1 and pick a name from the list of names that you previously placed in the directory of the Storage Disk. After choosing a name you should return to the Tax Preparation Menu (Figure 2-4) via the ESC key.

Preparing Form 1040

Whenever you are starting to prepare returns for a taxpayer who as yet has no returns on the computer, you must start with Form 1040 so that the name, social security number, filing status, and exemptions are entered. These data are needed before several of the other forms and schedules can be completed. Therefore, start preparing the first return for the currently active filename by choosing function #2 from the Tax Preparation Menu (Figure 2-4) in order to enter Form 1040.

Once the Form 1040 menu of available pages appears (Figure 3-1)

you should pick page 1 to start at the top of the form. Notice that some entries have already been made for you (Figure 4-4) even though you

Figure 4-4. Top of Form 1040 for a New Return

have never completed a form for this filename. For example the starting and ending dates for the tax year are already entered as Jan. 1 and Dec. 31, and a blank social security number is entered as XXX-XX-XXXX to indicate the format that is required. After completing the entries on this page, always paying attention to the position of the flashing cursor, proceed to the next page (via >) and notice that answers to the filing status questions are also already entered by default. (See Figures 4-5) You must change these entries unless the taxpayer really is single. Now proceed to the next page (via ESC) and notice that one personal exemption is already entered. You must answer yes to other exemptions when they apply. If dependents other than the taxpayer's children must be listed then press I when the cursor lies on line 6d to itemize the list as required by the IRS.

Proceeding to the next page (via >) you see that zero dollar entries exist for all income items. Feel free to flip through the pages of Form 1040 to reach lines for the entries that you know. The common first step in preparing a return is to enter all data from the taxpayer's W-2 Form. Available from the W-2 Form are the amounts for wages on line

```
Form 1040                                                              Page 02 of 11
          Tax Preparer's Currently Active Filename -    Gibraltar


************* FILING STATUS
1.   Single...............................?  Yes
2.   Married filing jointly..............?  No
3.   Married filing separately...........?  No
.    .........Spouse's full name..........
4.   Head of household...................?  No
.    ...Qualifying child's name...........
5.   Qualifying widow(er)................?  No
.    ..........Year spouse died...........




                          Keyboard Controls - <=Prv page..>=Nxt page..^=Up..I=Itemize
TAX PREPARER by HowardSoft                    ESC=Escape to prior menu...RTN=Entry Ok
```

Figure 4-5. Second Page of Form 1040 for a New Return

7 (displayed on page 4), special taxes for lines 56 and 58 (displayed on page 9), and tax withheld on line 60 (displayed on page 10). You should complete these lines as well as any other lines for which you know the amounts and do not need to support with other forms or schedules.

Preparing Other Forms and Schedules

Next you should proceed with the preparation of other forms and schedules that must be filed with the IRS to support entries on Form 1040. In general you should use Form 1040 as your roadmap, as detailed in Appendix A, completing forms reporting income first, then adjustments to income, then itemized deductions, then special tax credits and additional taxes. If, however, you do not follow this order the forms and schedules can always be easily checked for consistency prior to printing.

The other forms and schedules are available to you in two ways. You may gain direct access by choosing the appropriate number from the forms and schedules menu illustrated in Figure 2-4 or you may press I (for itemize) at any numerical entry and be transferred to the supporting form or schedule. When no form or schedule is built into

the software for that line you are put under control of a general itemizer. For example, you are transferred to Schedule B when you itemize (by pressing I) line 8 of Form 1040. Later, when you exit (escape) from Schedule B the results from Schedule B are automatically posted to lines 8 and 9 of Form 1040, and you are returned to line 8 of Form 1040 in order to continue with that form.

Whenever you enter a form or schedule, either directly or through another form, a menu of pages available for that form or schedule appears on the screen. Once you choose a particular page the text for that page is written on the screen and data may then be entered just like it was for Form 1040. When a line is encountered that must be supported by another form or schedule (such as line 12 of Schedule C is supported by Form 4562), you may enter that form by pressing I at the line rather than returning to the forms and schedules menu of Figure 2-4.

In addition to the itemizing feature that transfers you to a specific form or schedule there is also a general itemizer which allows you to separately list all component parts that comprise an entry. For example, if the taxpayer received interest income from several different sources, you can use the itemizing feature (at line 2 of Schedule B) to list the amount and payee for each. The amounts will be totaled and automatically placed on line 2 of Schedule B when you leave the list by pressing ESC. This feature is available on any line of any form or schedule that expects numeric data, except for those lines for which supporting forms, schedules or worksheets are available in the software. Please note that it is possible to over-ride the automatic posting feature of this program by changing an entry on a line that was posted from another form or schedule or from an itemized list. The program will allow you to make that change but it will assume that you do not want the old supporting form or schedule. The old supporting data will be disconnected until you itemize the line once again.

To leave the current form or schedule altogether you must press the ESC key. If you entered from the forms and schedules menu, you will be returned to that menu. If you entered by itemizing a line on another form or schedule, you will be returned to that form or schedule.

The Final Steps

Once all appropriate forms and schedules that support entries on Form 1040 through line 37 have been completed, the tax (before credits) is automatically computed. The tax from the tax table or tax rate schedule will appear on line 38 of Form 1040 as long as you did not answer (on that line) that the tax should be pulled from Schedule G. In the latter case it is your responsibility to complete Schedule G so that the proper tax will appear.

Once the taxes are properly computed you can proceed to the remaining sections of Form 1040. Data and supporting forms and schedules for credits, other taxes, and payments can now be entered. The program will compute the amount overpaid (line 68) or the amount due (line 71) based on your data. You must complete lines 69 and 70 if an overpayment applies. If you are required to complete Form 2210 you can itemize the last line of Form 1040 in order to enter and complete Form 1040.

After you have completed the above procedure you can either prepare a return for another taxpayer or proceed directly to the printing of forms and schedules on paper. Should you want to prepare a new return you should press ESC to return to the forms and schedules menu shown in Figure 2-4 and select function #1 to choose a new active filename. If you want to generate printouts you should escape to the main menu and proceed to Chapter 5 to see how printouts are generated.
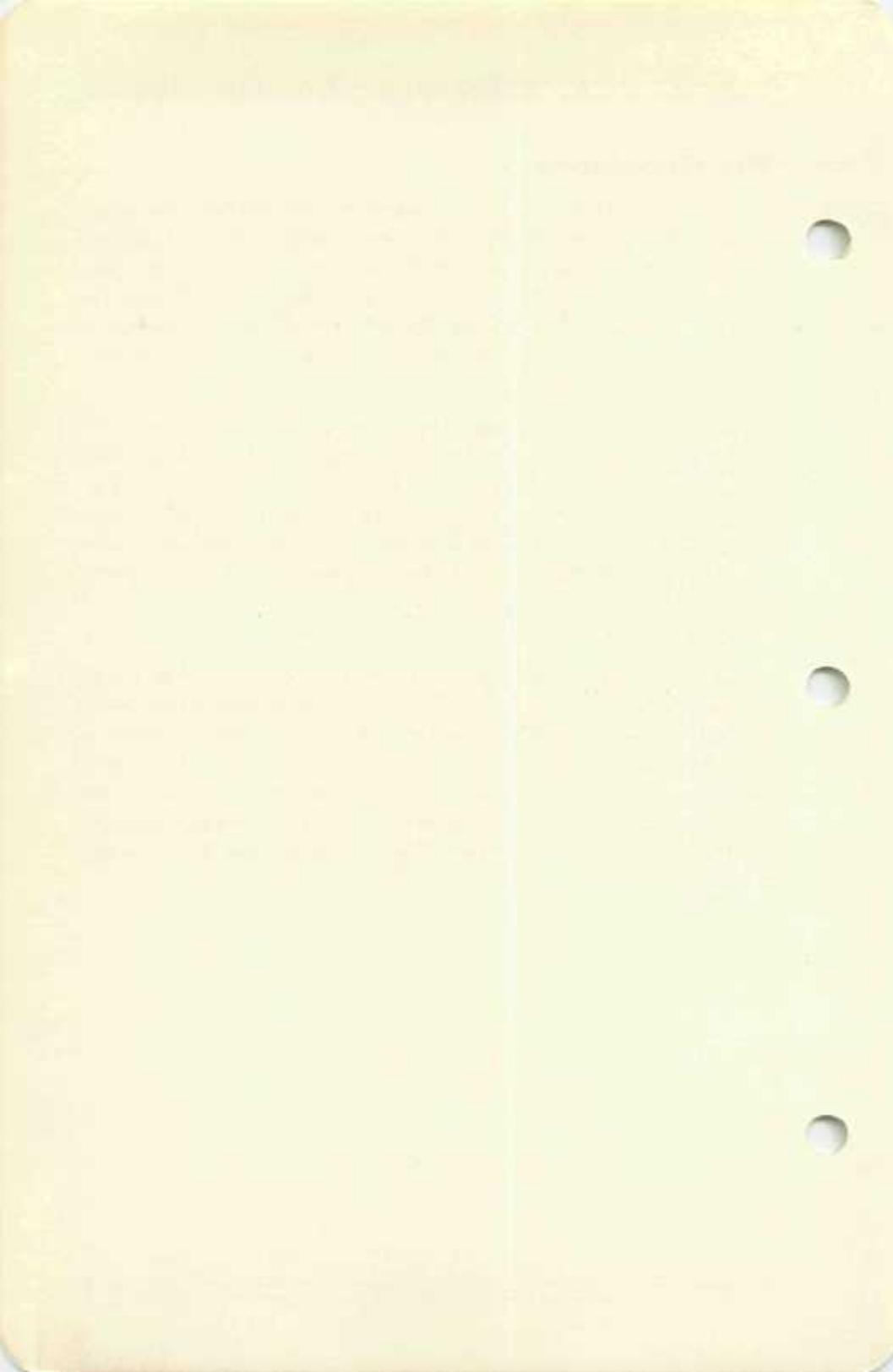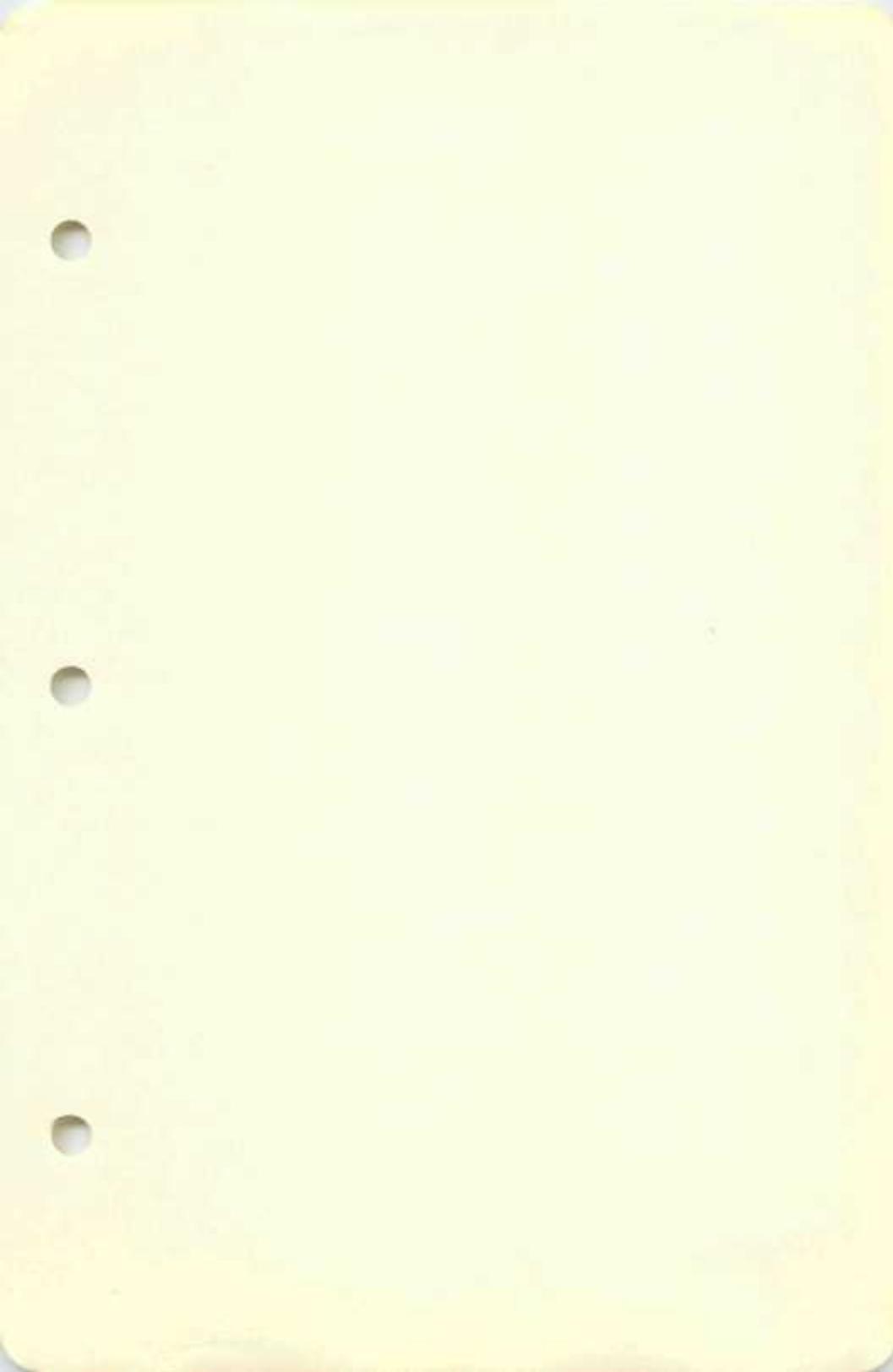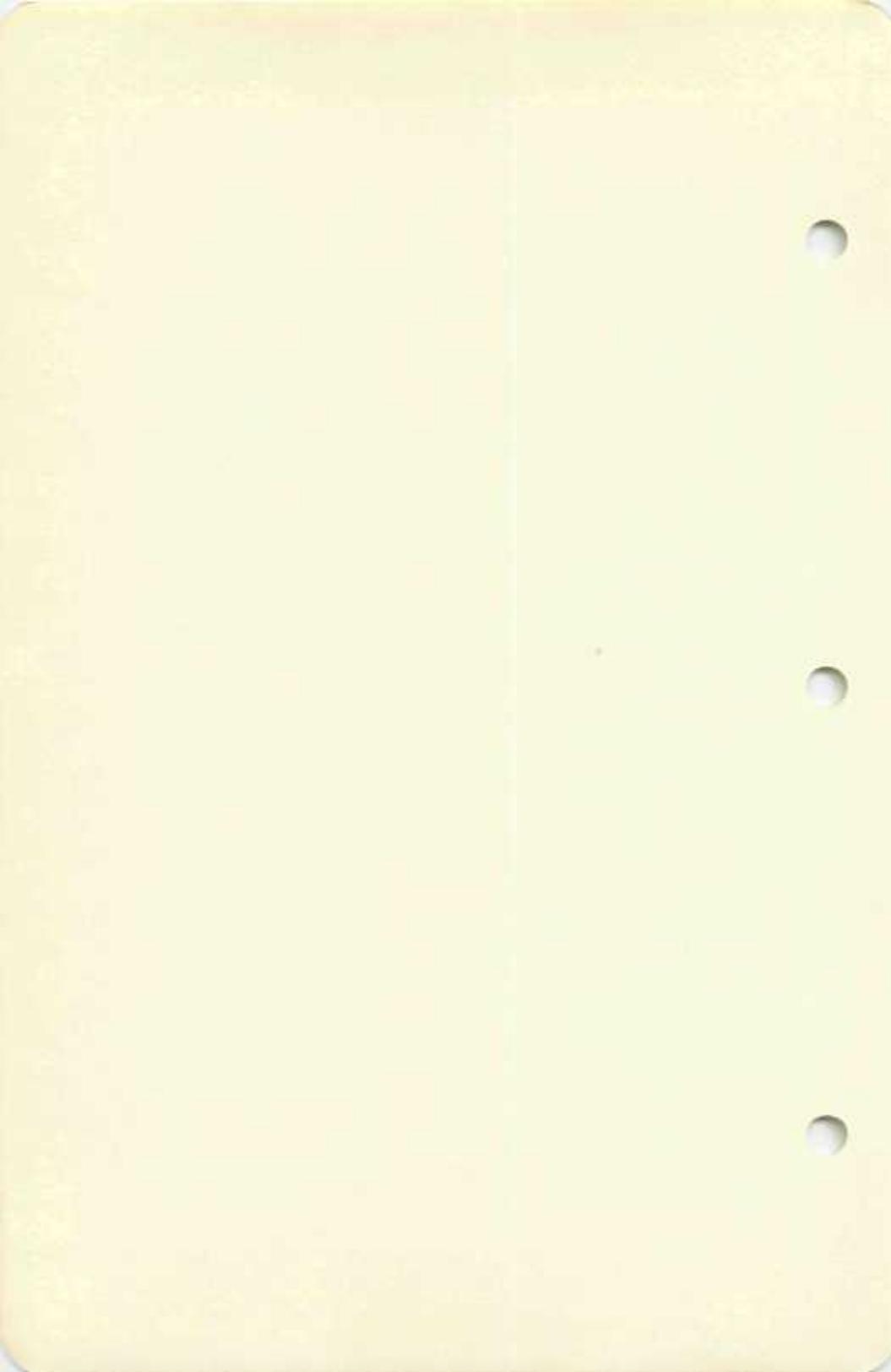
Chapter 5

Generating Printouts
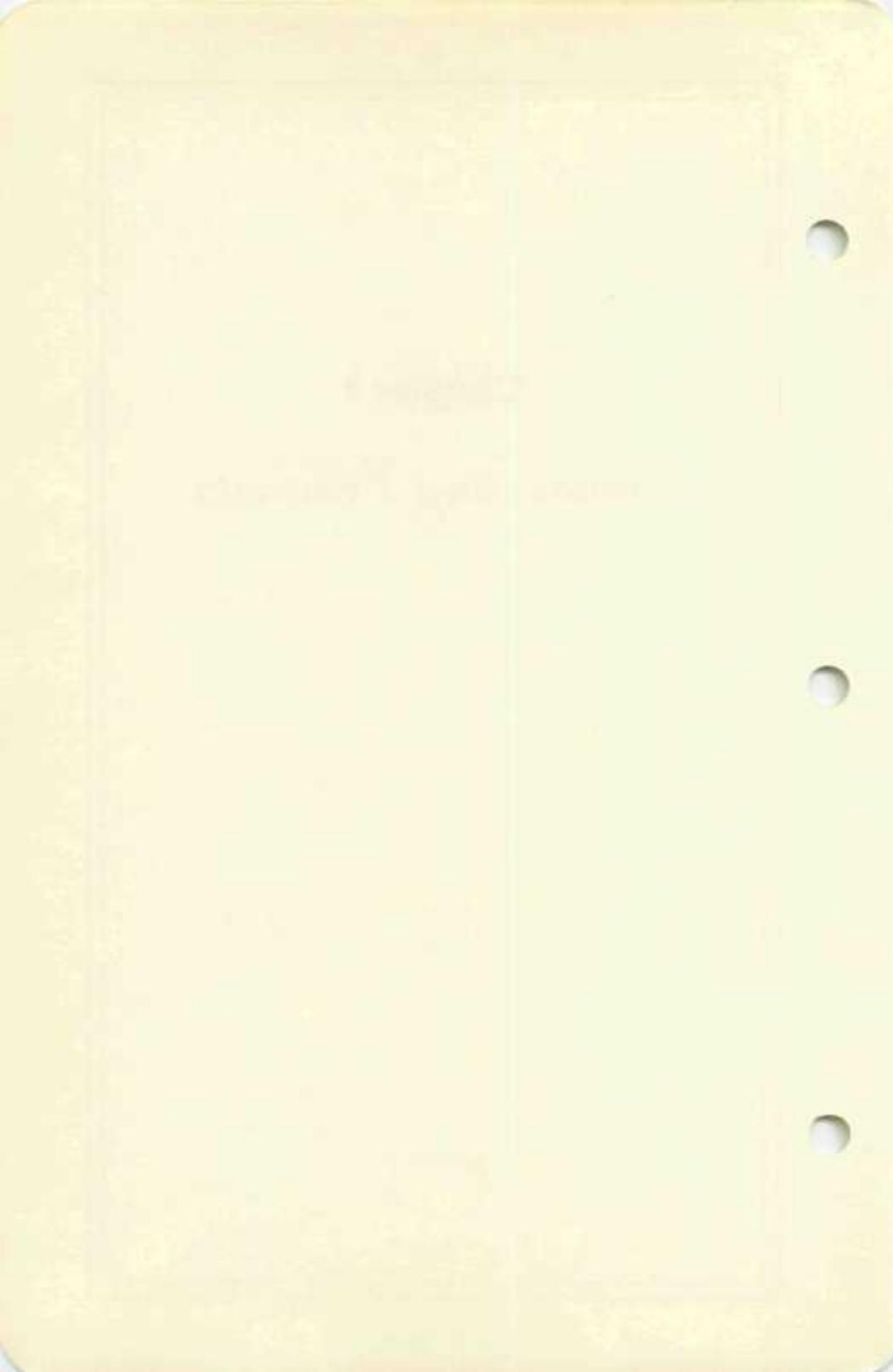
IRS Rules on Print-outs

A printed version of any form, schedule, or supporting statement can be generated on any line printer by selecting the printout mode (#3) from the main menu (Figure 2-2). However, the IRS requires that the printouts satisfy certain standards before they can be accepted for filing. Following are some of the general guidelines that have been set by the IRS. The information reviewed here was gleaned from IRS Revenue Procedure 82-4 entitled "Substitute Computer-Prepared Forms and Computer-Generated Forms." You may obtain a copy of this pamphlet from the IRS by ordering Publication 1168. Since IRS regulations may change without notice, however, you should check with the IRS for the latest requirements before submitting your returns.

Two classes of computer printouts are distinguished by the IRS: computer-prepared forms and computer-generated forms. *Computer-prepared forms are preprinted forms that are filled in* by computers, such as an official Form 1040 with data entries printed onto the form by computer. *Computer-generated forms* are forms for which not only the data entries are printed by computer but also the entire forms *are printed by computer in facsimile form.*

Computer-generated forms are acceptable to the IRS only when they meet the standards that are set by the IRS (as reviewed in Revenue Procedure 82-4). *First*, they should be printed on lined (2 per inch) or green-bar (½" wide) paper for easy reading. *Second*, although pin-feed paper that is 9½ inches wide is acceptable, it must be perforated into 8½" x 11" sheets. Such paper is available in carbon-interleaved sets to mitigate the need to take the time to print multiple copies. The following sources are suppliers who have represented themselves to us as being capable of supplying paper that meets all requirements of the IRS:

Nelco Forms	Form Systems & Services
P.O. Box 1075	P.O. Box 14
Green Bay, WI 54305	Green Bay, WI 54305
(414) 336-2602	(414) 433-0300

However, acceptable paper is available from numerous other sources as well, including retailers of computer and office supplies. Be sure to order the standard lined paper and not special custom-designed forms that

some suppliers sell.

In addition to using the proper paper, the computer-generated (facsimile) forms must strictly follow the printing formats outlined in IRS revenue procedures for computer-generated forms and schedules, or else special approval of a new format must be obtained from the IRS. Since approval is a time-consuming process and the tax season is short, we have attempted to follow the IRS guidelines strictly so that *special approval is not necessary*. You should recognize, however, that it is still possible that some form or schedule may be rejected because of an unfavorable interpretation by some IRS agent.

Computer-*generated* facsimiles of Form 1040, however, cannot be filed with the IRS. Only computer-*prepared* forms are acceptable to the IRS. The software therefore has the capability for generating computer-prepared forms by printing directly on a preprinted Form 1040 and properly filling in the spaces.

For individual users the easiest way to print onto Form 1040 is to use single sheet 1040's from your local IRS office or post office. If you have a friction-feed printer it is easy to use the single sheets one side at a time. If you have a pin-feed printer you may tape Form 1040's to your blank pin-feed paper — page 1 to one sheet and page 2 to another — and then submit both pages to the IRS.

For professional tax preparers who have a number of clients, it is much more cost effective to use the special pin-fed Form 1040 paper that is available from various forms companies. The special paper is sold in 4-ply form — an original plus three carbon copies — as a continuous roll of paper for 50 or more forms. The roll alternates between page 1 and page 2 of Form 1040 and tears apart into standard 8½" x 11" sheets. Cost is typically less than 50 cents per 4-ply form from various suppliers including:

Integrated Business Systems
2500 West Sixth Street
Los Angeles, CA 90057
(213) 387-5383

Nelco Forms
P.O. Box 1075
Green Bay, WI 54305
(415) 336-2602

Checks-to-Go
P.O. Box 425
La Mesa, CA 92041
(800) 552-8817 outside California
(800) 854-2750 from California

Be sure to ask for the "official edition" of Form 1040 in order to avoid possible problems with properly typing into the spaces on Form 1040. The required forms are direct photocopies of the official IRS form. (Some forms companies have non-standard forms for which they have received special approval from the IRS but which may not be compatible with our software.)

Another alternative for professional preparers is the use of acetate overlays. First the Form 1040s are printed by computer onto plain paper as if preprinted paper were in the machine. Then acetate photocopies of page 1 and page 2 of a blank Form 1040 are overlaid on the printouts and a photocopy is made of the result, which looks to the photocopy machine like a filled-in preprinted Form 1040. The required acetate overlays can be made inexpensively by your local photocopying shop or bought from such sources as Nelco Forms. (When making the acetates yourself you must exercise care to ensure that the overlay is accurate and that the copy has not been so enlarged by the photocopy machine that the data do not fit properly within the proper boxes.)

Getting Ready for Printing

Before generating printouts for the first time you should check that the default settings are appropriate for your printer. The defaults have been preset to the settings that are appropriate for the most common hardware configuration, but your printer may require a change. To check the defaults, select the default changing mode (#5) from the main menu (Figure 2-2) then select "facsimile printout specs" (#2) from the defaults menu (Figure 2-7). The screen illustrated in Figure 2-9 should then appear.

The specific meaning of each entry is detailed in Appendix E. Just a few hints are given here to help you in your first encounter with the printing specifications. The standard typefaces that are available are normal and

compressed type. When you select one of these standard typefaces the computer automatically issues the appropriate initializing characters for such popular printers as the Epson printer.

When you choose *not* to use the standard typefaces, however, you must enter the proper initializing characters yourself. The characters are found in the instruction manual for your printer. You are allowed to type any string of characters you desire, including escape and control codes, in order to reset the printer to the desired typeface or printing width. Note that the escape key will show on the screen as a special symbol printed on a white square, while a control character will show as a black typed letter printed on a white square. A few common initializing characters follow. Should you have any questions about your printer, however, you should consult the manual for your printer or request assistance from your dealer.

Character String	Purpose
ctrl-O	Compressed mode, which sets the typeface at a narrow size for 16.5 characters per inch.
esc-E	Emphasized type, which sets the typeface for a darker emphasis than the standard type.
esc-G	Double strike, which causes each character to be retyped upon itself for a darker print.

Note that the appropriate keystrokes must be used, not the corresponding character codes. For example if your printer manual states that you must set the printer with the character CHR$(12), or the ASCII code 12, then you should type the single keystroke that is equivalent to this code (ctrl-L) rather than typing the character code itself. (The keystroke equivalents for the codes are given in your Computer Manual.)

The "device for facsimile printouts" is preset as the standard for your machine, typically slot one for both IBM and Apple Computers. However, you may have your printer connected to a different port. For example, with an Apple III Computer the proper entry may be S5 rather than S1. (Please note that all settings made for the facsimile printouts are used for the printout of summary letters and directories as well.)

Once you have set all printing parameters properly for the facsimile printouts you should proceed to the next page (via >) to check the

settings for Form 1040 printouts. (See Figure 5-1.) A similar set of para-

Figure 5-1. Form 1040 Printout Specifications

meters must be set, but the settings may be made different for the Form 1040 printouts. For example, you may wish to use two printers; one loaded with lined paper for facsimile printouts and the other loaded with preprinted Form 1040's. The printers will therefore be connected to different ports on the computer, and the "device for Form 1040 printouts" will therefore be different from the "device for facsimile printouts."

The "paid preparer's information" in Figure 5-1 will be printed at the bottom of the last page of Form 1040, as required by the IRS for professionally prepared returns. Professional tax preparers should properly supply the information requested. It will be stored on your Program Disk and used every time you print onto an official Form 1040.

You may next proceed to the last page for default settings (Figure 5-2). On this page parameters are provided for fine-tuning your printouts. You should normally NOT have to change any parameters since they are preset to be compatible with the standard official preprinted Form 1040. However, should the preprinted forms you are using be slightly different from the IRS version, or page 2 is spaced a line or two off from page 1, you may have to change some parameters. Be careful, however, about too many changes. Only minor adjustments should be necessary. (Please

HowardSoft

Figure 5-2. Form 1040 Tab Settings

note that the factory settings are illustrated in Figure 5-2 in case you want to re-enter them after having made erroneous entries.)

Once you are satisfied that all defaults are properly set you should escape the mode by pressing ESC until you return to the main menu. The new settings will be stored on the Program Disk automatically before you reach the main menu.

Printing Facsimiles

When you are finished with your review of the default settings and return to the main menu, you may select mode 3 to proceed with the printing of the forms and schedules. You are first shown the printing menu of Figure 2-5, giving you four options for printing. In order to see how facsimiles (computer-generated forms) are printed, select option #1 from this menu. After a quick look at the Storage Disk the computer greets you with the directory for the disk as illustrated in Figure 5-3. You must either select *one* filename for printing or permit forms for *all* filenames on the disk to be printed. If you select a single name then the forms and schedules completed (and selected later) for that taxpayer only will be printed. If you select all, then the forms completed (and selected) for all

taxpayers on the disk will be completed. However, you can also view another Storage Disk from which to select a name.

Figure 5-3. Directory for Printing Facsimiles

After selecting the filename (one or all) you are greeted with the printing options shown in Figure 5-4. Note that you can print all forms, or all

Figure 5-4. Options for Printing Facsimiles

except Form 1040 (since its facsimile cannot be filed with the IRS anyway), or a single form alone. And any of these three options can be accompanied by the printing of supporting statements (special and general itemized files) or not. (If you ask to print only a single form, then a menu of all forms and schedules is also presented and you are asked to choose one.)

Once you have made your selection of filenames and forms you are instructed to set up the printer, making sure that the paper is properly positioned. The print head should lie below the perforations on the paper so that an acceptable top margin appears on the page. Once the printer is set you can press RTN to continue. The proper files are then read from both the Program Disk and the Storage Disk and the printing of the requested facsimiles proceeds. If printing does not commence then you should check that the hardware is properly turned on and connected, then check that you have properly set the defaults to be compatible with your printer. (See Appendix G for the proper appearance of printouts.)

If you have reset your defaults to stop at the end of each page, then the computer will wait for you to insert another page of paper before proceeding to the next 11-inch page. Otherwise all requested forms and schedules for all requested filenames will be printed without pausing in the order desired by the IRS for direct filing.

Note that you can interrupt printing at any time by pressing the space bar or ESC key. If you press the space bar then the interruption is temporary and you can continue by pressing again. On the other hand, if you press the ESC key then the printout is aborted and you are returned to the printing menu.

Printing Form 1040

The printing of Form 1040 is accomplished in a similar manner except that special care must be taken in aligning the paper, especially when official preprinted forms are used. To see the printing in action select option #2 from the printing menu (Figure 2-5). You are first asked to select filenames for printing. You are displayed a directory similar to Figure 5-3 for the Storage Disk that is currently inserted. Again, you may generate

printouts for *all* filenames or for *one* alone. Once you have made your selection the fill-in of Form 1040 commences.

If you are using preprinted 1040 forms in your printer (rather than using the acetate method) then you must carefully check the alignment of your paper before proceeding. The software aids you in this process by printing alignment marks and asking your approval of their position. (On-screen prompts guide you to the proper alignment.) If you do not approve then the marks are printed again after you realign the paper. You may repeat this process as many times as you want until the alignment is satisfactory. Once you approve the alignment the form is filled in for all the filenames you requested. The printing will proceed uninterrupted unless you have reset the defaults to stop at the end of each page, as is necessary for single sheet operation. In the latter case you must carefully realign the paper for each new sheet, as prompted by the software.

Printing Summary Letters

The third option of the printing menu (Figure 2-5) provides for the printing of a summary letter and a client bill. This option produces a professional cover letter and an invoice as illustrated in Figure 5-5. The tax liability is summarized from the information found on Form 1040 for the selected filename and a list of the specific forms and schedules prepared by computer is provided, along with a space for the tax preparation fee. The client's name and address appears near the top of each letter, based on the information at the top of Form 1040, and the preparer's name and address appears based on the default settings supplied for Form 1040 printouts.

The operation of this mode is similar to that for the other printing modes. A directory of filenames on the current storage disk is presented (similar to Figure 5-3) and you are asked to choose to print letters for *all* or just *one* of the filenames. After the selection is made the printing commences until all requests have been filled.

The fourth option of the printing menu (Figure 2-5) provides for the printing of all data for each client without pause. The order of printing is cover letter, client bill, Form 1040 fill-in, fscsimile forms and schedules, then supporting statements, all in IRS-preferred order.

David F. Accountant, C.P.A.
1234 Tax Road
Anytown, CA 99682

Johnathon A. & Marilyn M. Sample
8822 Imaginary Road
Anytown, CA 99650

Please find enclosed your 1982 Individual Income Tax Returns.
The Federal Return (Form 1040) shows your tax liabilities as:

```
             Total tax.................... $    3,731.00
             Prior Payments............... $    3,532.00
             Amount Overpaid.............. $        0.00
             Amount Underpaid............. $      199.00
             Penalty...................... $        0.00
             ------------------------------------------
             TOTAL YOU OWE................ $      199.00
```

You (and spouse if married and filing jointly) must sign and
date Form 1040, then mail one copy of the SIGNED Form 1040,
along with all other forms and schedules enclosed, direct to
the Internal Revenue Service on or before April 15, 1983.
Be sure to enclose a check for the TOTAL YOU OWE noted above.

Professional services rendered include the preparation of the
following forms for your 1982 Individual Income Tax Returns:

```
        (1) Form 1040       (Main Form)
        (1) Schd A     (Itemized Deduct)
        (1) Schd B     (Interest & Divs)
```

Tax Preparation Fee for these services is $ _____.

Sincerely,

David P. Accountant, C.P.A.

Figure 5-5. Cover Letter, Client Billing

Chapter 6

Getting Ready for Next Year

Getting Ready for Next Year

After April 15th you may be tempted to pack away your Tax Preparer until next year. However, you can save a considerable amount of time and labor during the next tax season if you prepare now.

The *Tax Preparer by HowardSoft* is designed for year-long recordkeeping — not just year-end tax filing. Liberal use of the itemizing feature with its full editing capabilities will accomplish this recordkeeping. Then after you purchase the low-cost updates at the beginning of the next tax season, the preparation of next year's forms will be accomplished with ease.

Even if you don't use the software throughout the year, you should save your Storage Disks for use as a starting point next year. Much of the information on this year's returns will be used again next year. The dollar amounts may change, but much of the other information and text will not. Thus, once you receive next year's updates you can start with much of the information already in the computer. You will merely use a translation program for converting old files into a new format, as described in Appendix D.

Should you have any questions or problems with our software, please feel free to call. We hope that we can help you to prepare tax returns with much less pain than your former methods and will do everything we can to ensure this. Good fortune!
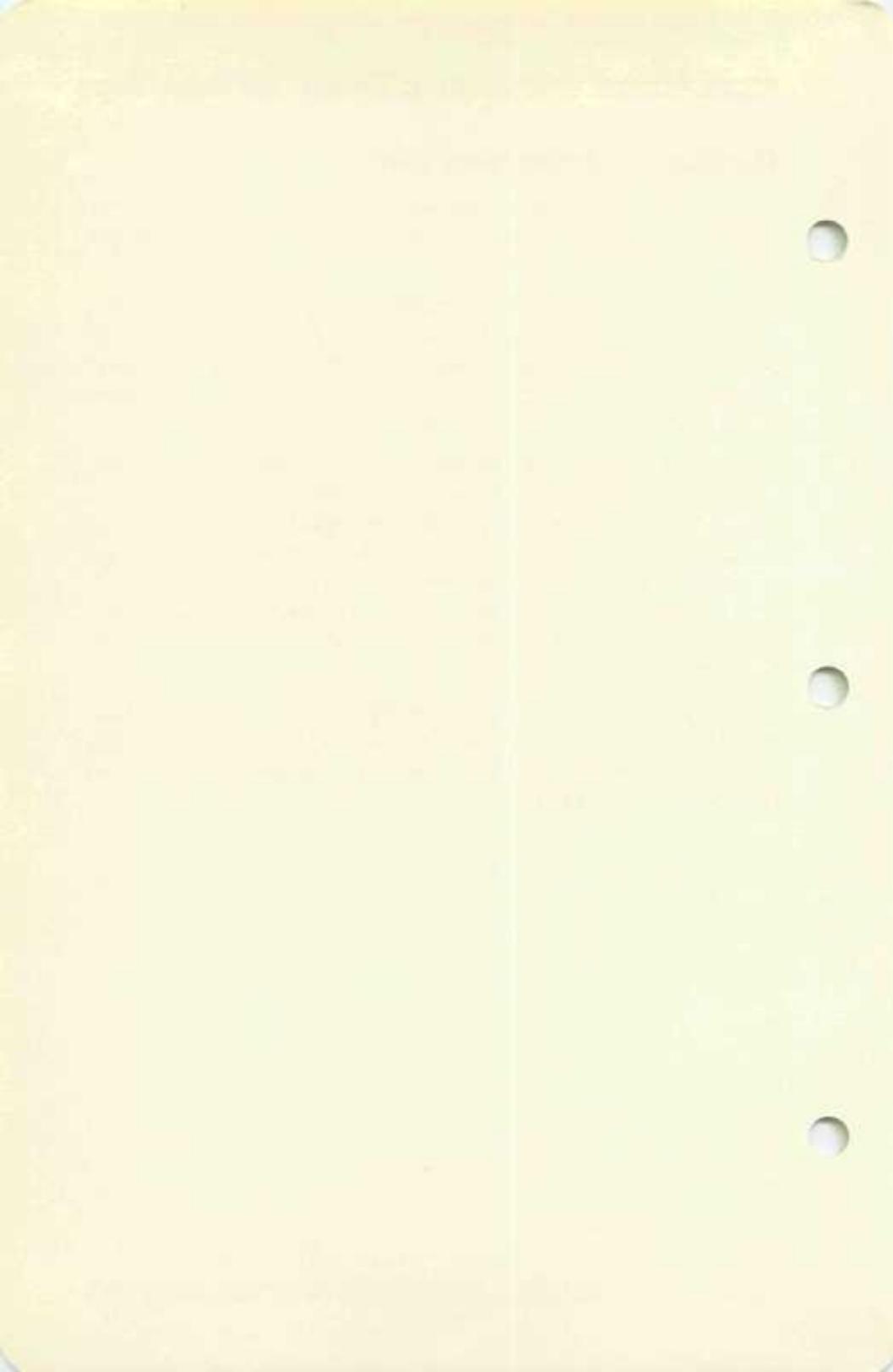
Appendix A

Road Map for Tax Preparation
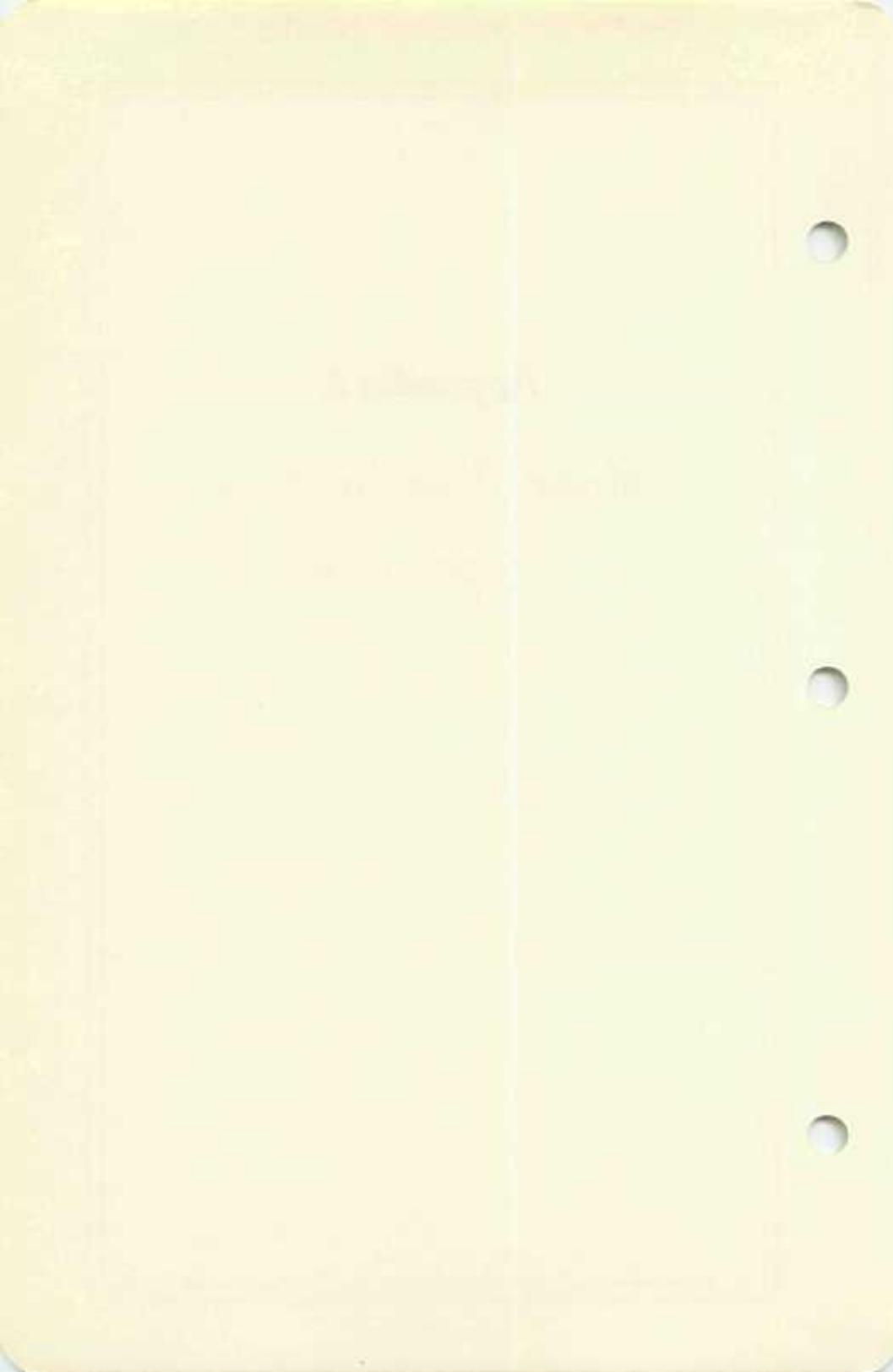
Recommended Order of Preparation

The IRS regulations are sufficiently complex that the order in which forms and schedules are prepared is important. The software automatically posts results from one form to another, but some forms cannot be properly completed until certain other forms have been prepared first. It is therefore safest to follow the recommended order even though it may not be the fastest means of forms preparation.

The recommended order is most easily followed by making use of the *built-in roadmap* that is provided by Form 1040. In order to use this roadmap you must enter Form 1040 as your first form selection. Thereafter, when you want to prepare a different form or schedule you must do so *through* Form 1040 as follows. When the cursor reaches a line on Form 1040 that contains the result of the next form (or schedule) that you want to complete, you must press I in order to enter that form (or schedule). You should *not* exit from Form 1040 with the ESC key and select the form directly from the 22-selection menu or else you will defeat the built-in roadmap. The built-in roadmap remains in effect only so long as you enter other forms via the I key and do not exit from Form 1040 via the ESC key.

As the *master example* consider a taxpayer who must complete nearly every form and schedule that the software provides. The recommended order for this taxpayer follows:

Step 1 — Complete Form 1040 through line 7.

Step 2 — Complete all schedules for reporting income by itemizing (pressing I) at the corresponding line of Form 1040 (lines 8 through 19). For example, at line 8 press I to go to Schedule B and enter interest income. Then exit Schedule B via the escape key and you will be returned to line 8 on Form 1040. Enter other schedules which have results posted to subsequent lines in the same way. Note that these schedules (B, C, D, E, F) need not be completed in order. When the income section of Form 1040 is displayed on the screen merely press ∧ or RTN to go up or down, and press > or < to flip to the next or previous page of Form 1040. Now be sure all entries for lines 1 through 22 are complete before proceeding.

Step 3 — Complete all lines for reporting adjustments to income by

itemizing (pressing I) at the corresponding lines for Form 2106 or Schedule W, and entering all other amounts manually. (The order *within* the "adjustments to income" section is not important.

Step 4 — If you must itemize deductions, then press I at line 34a of Form 1040 to enter Schedule A. When you exit Schedule A you will be returned to Form 1040 line 34a.

Step 5 — The software will automatically compute the tax to appear on line 38 based on the information provided so far. When the tax tables are selected for the method of tax computation the tax is accurately computed and posted to line 38. When, however, income averaging is selected additional data may need to be supplied in order for the tax to be accurately computed. For example, income for prior years must be supplied. In order to supply these additional data you must select income averaging (Schedule G) as the method and itemize (press I) at line 38 of Form 1040. Schedule G will then appear for your entry of the data. After completing the form you must press ESC to return to line 38 of Form 1040.

Step 6 — If you must complete one of the special forms associated with line 39 of Form 1040 then you must do so manually now and enter the resulting tax on line 39.

Step 7 — Next complete all forms for tax credits, as seen in lines 41 through 48 of Form 1040. The forms that can be reached by itemizing the appropriate line are R & RP, 2441, 3468, and 5695. All others must be prepared manually.

Step 8 — Now complete all forms for reporting other taxes due, as seen in lines 51 through 58 of Form 1040. Those available via itemizing are SE, 4625, and 6251. All others must be completed and posted manually.

Step 9 — Finally, complete the rest of Form 1040, lines 60 *through* 71, to determine the net tax due or refund. Itemize the last line of the form (past line 71) to enter From 2210 for computing the penalty for underpayment of estimated taxes.

One final reminder: in order to stay under the control of the built-in roadmap you must *first* enter Form 1040 and then enter all other forms and schedules only by itemizing the appropriate lines in Form 1040 in the

order that they appear on the form. If you exit Form 1040 via the ESC key then enter another form or schedule directly you will no longer be guided by the Form 1040 roadmap.

Examples of Simple Returns

The method of following the Form 1040 roadmap is a convenient technique for taxpayers who use only a few of the available forms and schedules. Two common examples are illustrated here to emphasize the point.

In the first example the taxpayer has interest and dividend income exceeding $400 and can itemize deductions because of the large interest payments on his home mortgage. The recommended procedure for preparing his return is:

Step 1 — Enter Form 1040 and complete the general information through line 6.

Step 2 — Enter wages in line 7 then itemize line 8 to enter Schedule B. Complete all three parts of Schedule B, itemizing (pressing I) lines 1 and 3 of that schedule to report the interest and dividend income as required. Then exit Schedule B by pressing ESC. You are returned to line 8 on Form 1040, but the proper amounts for line 9 now also appear.

Step 3 — Now jump to line 34a of Form 1040 either by pressing > three times to reach the page on taxes or by pressing ESC to reach the Form 1040 menu and selecting the "tax computation" section from this menu. Now itemize line 34a to enter Schedule A and select the appropriate section on Schedule A for reporting interest expenses. After entering the interest on the appropriate line you may escape from Schedule A and return to Form 1040.

Step 4 — Now complete Form 1040 to its end before escaping and thereby storing all new data and updating the files.

In the second example the taxpayer is the sole proprietor of a business, has capital gains income from the sale of stocks, and can itemize his deductions. The recommended approach is:

Step 1 — Enter Form 1040 and complete all lines through line 11.

Step 2 — Itemize line 12 of Form 1040 in order to enter Schedule C for reporting business income or loss. While completing Schedule C you may further itemize to reach the depreciation form (Form 4562).

Step 3 — Now escape back to Form 1040 and move down to line 13. Itemize this line to enter Schedule D for reporting capital gains and losses. While preparing Schedule D you may also enter Form 4797 for reporting special kinds of sales by itemizing the appropriate line.

Step 4 — Escape back to Form 1040 and proceed to line 34a either by escaping to the 1040 menu and selecting another section of 1040 or by repeatedly pressing > until the proper page appears. Then itemize line 34a to enter Schedule A for claiming itemized deductions.

Step 5 — After returning from Schedule A, proceed to page for "other taxes" and press I at line 51 of Form 1040 to enter Schedule SE. After completing this schedule and returning to Form 1040 you may flip to the end of Form 1040 to view the net tax due.

Shortcuts for Experienced Preparers

While the use of the built-in Form 1040 is the most foolproof method for tax return preparation, it is not the fastest. The repeated returning to Form 1040 consumes a reasonable amount of time which can be avoided if you are sufficiently familiar with tax return preparation to control the order properly yourself. The shortcut method involves the entry of other forms and schedules directly from the long menu of available forms rather than through the itemization of lines of Form 1040.

Using the shortcut method the proper procedure is as follows:

Step 1 — Enter Form 1040 and complete all lines that do *not* involve the built-in forms and schedules up through line 33.

Step 2 — Exit Form 1040 via the ESC key, then prepare the following forms in the following order by selecting each form independently from the long menu of available forms:

Schedule B
Schedule C
Form 2119

Schedule D
Schedule E
Schedule F
Form 2106
Schedule W

Step 3 — Now reselect Form 1040 and complete all lines through line 39, excluding line 34a. Then prepare the following forms in order:

Schedule A
Schedule G
Schedules R & RP
Form 3468
Form 2441
Form 5695
Schedule SE
Form 4625
Form 6251

Step 4 — Now reselect Form 1040 from the long menu and proceed to complete the form to its end. The results from forms and schedules completed in Steps 2 and 3 should already be posted to the appropriate lines on Form 1040, and the sums at the end of each section should reflect all postings. You may escape 1040 with the ESC key once the form is complete.

Step 5 — Should you need to file Form 2210 for tax underpayment penalties, you may select that form now. After completing and exiting Form 2210 the forms preparation is complete.

A brief reminder: The order of forms preparation should be followed strictly so that forms that depend on amounts from previously completed forms are properly prepared.

Checklist of Income & Deductions and Where to Report Them

The following tables are provided as an aid in reminding you to report *all* income and expenses. They are not intended as tax or legal advice. The entries for where to report the listed items are the most commonly used locations, but may not be proper for your situation. If you are not sure about where to report an item then you should seek professional advice.

Table A-1. Where to Report Income

Income Item	Where to Report
Advance Payment of Wages	Form 1040, Line 7
Alimony Received	Form 1040, Line 11
Annuities	Form 1040, Line 16 or 17
Awards	Form 1040, Line 21
Back Pay	Form 1040, Line 7
Bad Debts Recovered	Form 1040, Line 21
Bonuses	Form 1040, Line 7
Business Income	Schedule C
Capital Gains	Schedule D or Form 4797
Commissions	Form 1040, Line 7
Dividends Received	Schedule B, Part II and Form 1040, Line 9a
Executors Fees	Form 1040, Line 21
Expense Allowances	Form 1040, Line 7
Farm Income	Schedule F
Gain on Sale of Residence	Form 2119
Gambling Winnings and Illegal Business Profits	Form 1040, Line 21
Income to Beneficiary	Schedule E
Interest Income	Schedule B, Part I and Form 1040, Line 8
IRA Distributions	Form 1040, Line 16
Jury Fees	Form 1040, Line 7
Partnership Income	Schedule E, Line 26
Pensions	Form 1040, Line 16 or 17
Prizes	Form 1040, Line 21
Punitive Damages	Form 1040, Line 21
Raffle Winnings	Form 1040, Line 21
Refunds of State & City Income Taxes	Form 1040, Line 10
Rents	Schedule E, Part I
Rewards	Form 1040, Line 21
Royalties	Schedule E, Part I
Salaries	Form 1040, Line 7
Stocks and Bonds, Gain on Sale	Schedule D
Tips	Form 1040, Line 7
Wages	Form 1040, Line 7

Road Map for Tax Preparation

Table A-2. Where to Report Deductions

Deduction Item	Where to Report
Accelerated Cost Recovery System	Form 4562
Alimony Paid	Form 1040, Line 28
Amortization	Form 4562, Part II
Back Pay, Expenses to Collect	Schedule A, Line 25
Bad Debts	Schedule D
Bonds, Worthless	Schedule D
Business Expenses for Employee	Form 2106 and Form 1040, Line 24
Business Expenses for Employer	Schedule C
Business Losses	Schedule C
Capital Losses	Schedule D or Form 4797
Casualty Loss	Schedule A, Line 24
Child Care Expenses	Form 2441
Depletion	Schedule E
Depreciation	Form 4562
Donation to Charity	Schedule A, Lines 20 & 21
Education Expenses	Schedule A, Line 26
Expenses for Production of Income	Schedule A, Line 26
Farm Expenses	Schedule F
Finance Charges	Schedule A
Interest Expenses	Schedule A, Line 16 to 18
Interest Penalty	Form 1040, Line 27
Investment Counseling Fees	Schedule A, Line 26
Investment Tax Credit	Form 3468
Involuntary Conversion Loss	Schedule A, Line 24
IRA Contributions	Form 1040, Line 25
Job Expenses	Schedule A, Line 26
Job Seeking Expenses	Schedule A, Line 26
Keogh Plan Contributions	Form 1040, Line 26
Labor Union Dues	Schedule A, Line 25a
Medical & Dental Expenses	Schedule A, Line 5
Medical & Dental Insurance	Schedule A, Line 4
Medicine & Drugs	Schedule A, Line 1
Moving Expenses	Form 3903 and Form 1040, Line 23
Passport Fee, for Business Trips	Schedule A, Line 26
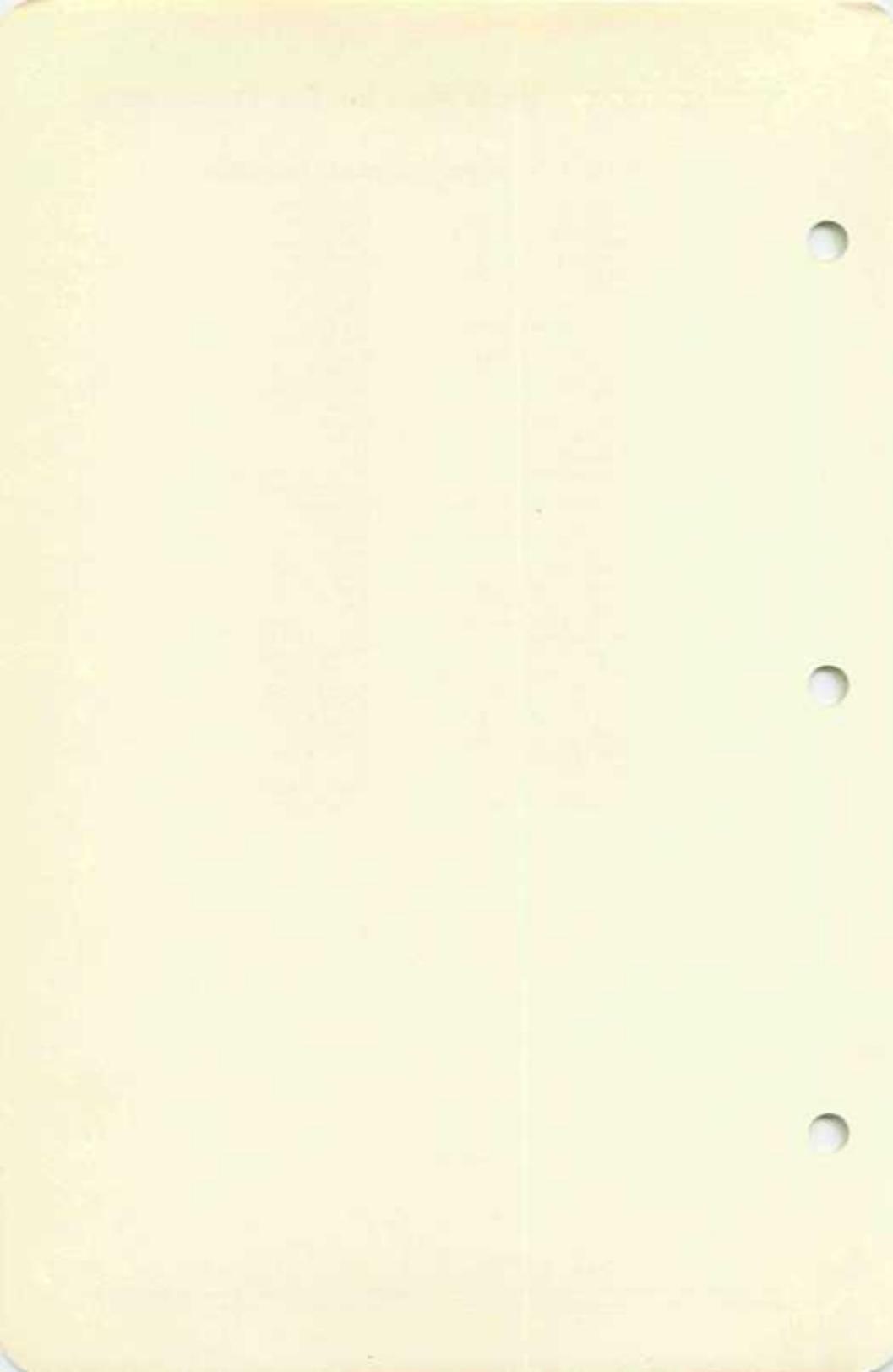
Appendix B

Form-by-Form Hints
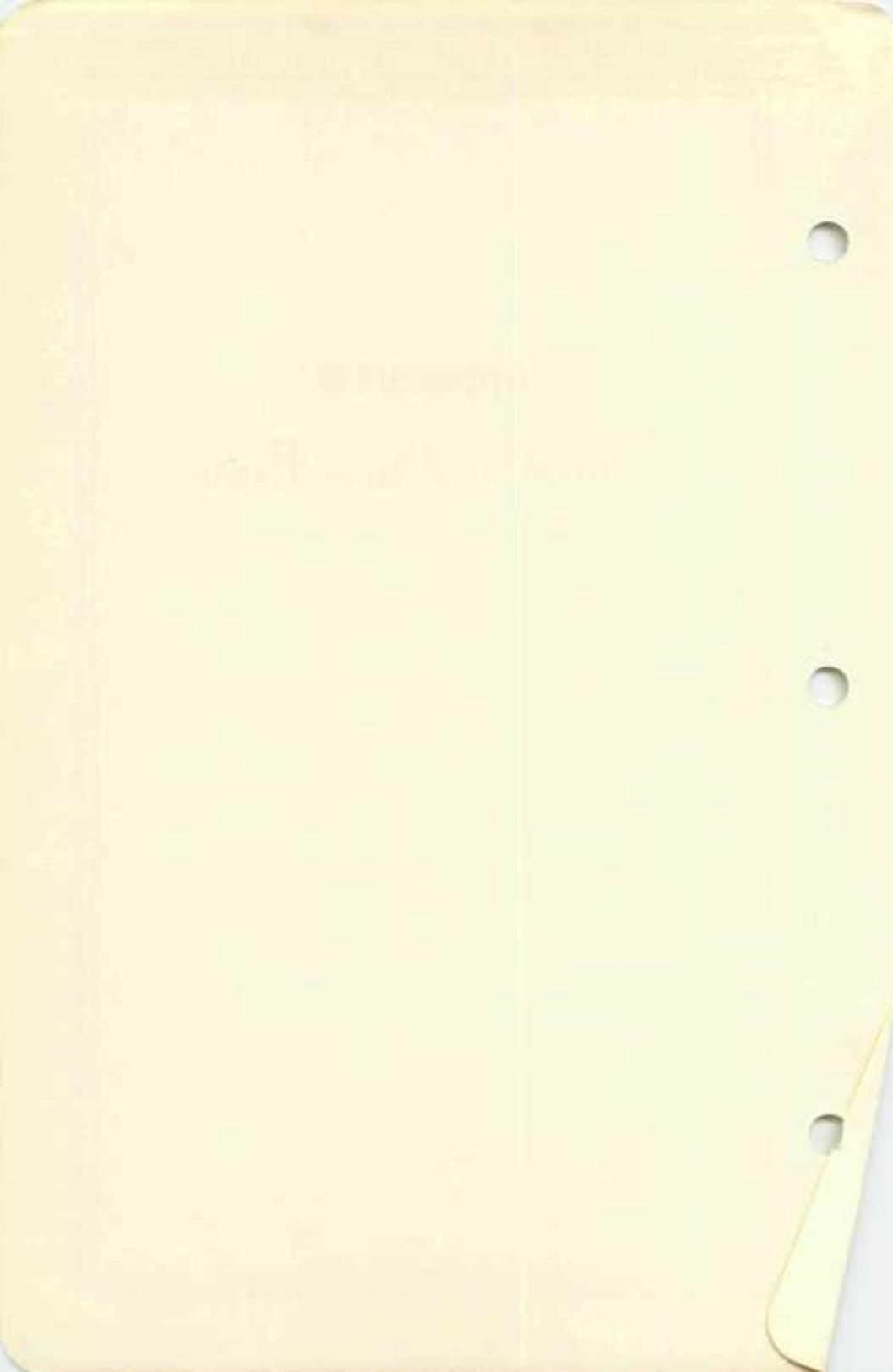
Alternative Paths to Forms & Schedules

While any form or schedule can be entered directly from the opening menu of the preparation mode, where all built-in forms are listed, it is often more convenient to enter the form from the form or schedule that it supports. These indirect paths are tabulated below as a guide to alternative entry paths.

Table B-1.   Entry Point to Various Forms

Form or Schedule	Accessible From
Schedule A	Form 1040, Line 34a
Schedule B	Form 1040, Line 8 and Form 1040, Line 9a
Schedule C	Form 1040, Line 12 and Schedule SE, Line 2
Schedule D	Form 1040, Line 13
Schedule E	Form 1040, Line 18
Schedule F	Form 1040, Line 19 and Schedule SE, Line 1
Schedule G	Form 1040, Line 38
Schedule R & RP	Form 1040, Line 41
Schedule SE	Form 1040, Line 51
Schedule W	Form 1040, Line 29
Form 2106	Form 1040, Line 24
Form 2119	Schedule D, Line 2a and Schedule D, Line 9a
Form 2210	Form 1040, Line 71
Form 2441	Form 1040, Line 45
Form 3468	Form 1040, Line 41
Form 4562	Schedule C, Line 12 and Schedule E, Line 18 and Schedule F, Line 55
Form 4625	Form 1040, Line 52
Form 4797	Form 1040, Line 15 and Schedule D, Line 14
Form 5695	Form 1040, Line 47
Form 6251	Form 1040, Line 53

Special Supporting Statements

Several of the forms have lines that must be supported by more detail, such as by itemized lists or other schedules. These supporting details are constructed by pressing I at the line in question and then completing the form that next appears on the screen. In most cases this "form" is just a general itemized list where a list of amounts and descriptions can be typed and the total is then posted to the line being itemized. The general itemizer is available for most lines where a monetary entry can be made. In some cases, however, the form is one of the other IRS forms or schedules or a special worksheet that involves special calculations for each item in an itemized list. These special itemizing features are reviewed in the following table.

Table B-2. Supporting Forms for Various Lines

Originating Form or Schedule	Line to Itemize	Form Available
Form 1040	6d	Other Dependents Worksheet
	8	Schedule B
	9a	Schedule B
	12	Schedule C
	13	Schedule D
	15	Form 4797
	18	Schedule E
	19	Schedule F
	24	Form 2106
	29	Schedule W
	34a	Schedule A
	38	Schedule G
	41	Schedule R & RP
	43	Form 3468
	45	Form 2441
	47	Form 5695
	51	Schedule SE
	52	Form 4625
	53	Form 6251
	71	Form 2210
Schedule B	11	Schedule D
Schedule C	2	Schedule C-1
	12	Form 4562
Schedule D	16b&g	Gain/loss worksheet
	2a	Form 2119
	86b&g	Gain/loss worksheet
	9a	Form 2119
	14	Form 4797
Schedule E	3	Rent/Royalty income worksheet
	17	Rent/royalty Expense worksheet
	18	Form 4562
	26c&d, 30c&d, 32c&d	Income/loss worksheet
Schedule F	59-75	Farm Income worksheet
Schedule SE	1	Schedule F
	2	Schedule C
Form 2106	*11 (Part II)	Car Expense worksheet
Form 2441	1	Qualifying Person worksheet
	2	Caretakers worksheet
Form 3468	II/1, B/1, B/3, B/5	Investment Credit worksheet
Form 4562	1	Expense Election worksheet
	2a-f	ACRS worksheet
	3	Sec. 168 (3) (2) worksheet
	6	Depreciation worksheet
	Part II	Amortization worksheet
Form 4797	1g&h	Gain/loss worksheet
	4g&h	Gain/loss worksheet
	18	Worksheet for Sec. 1245 Property
	19	Worksheet for Sec. 1250 Property
	20	Worksheet for Sec. 1251 Property
	21	Worksheet for Sec. 1252 Property
	22	Worksheet for Sec. 1254 Property
	23	Worksheet for Sec. 1255 Property

Appendix C

Supporting Statements & Itemized Lists

Creating Supporting Statements

Supporting statements can be created for virtually any line of any form or schedule where a numerical entry for the line could be typed. These statements are created by first typing the letter I rather than a numerical entry (where I means itemize). One of three types of supporting statements is then started:

1. an IRS form or schedule
2. a special itemized l' t
3. a general itemized list

The software determines which type is started in accordance with a pre-specified set of priorities.

First, the software looks to see if an IRS form or schedule that would support the line at which I is typed is built into the software. If so, control of the software is turned over to that form and no itemized list is started. Second, the software looks to see if a special worksheet is available for the line at which I is typed. If so, a special itemized file is started following the format of an IRS worksheet. If not, a general itemized file is started using a preset general format for itemized lists. For all three types of supporting statements the results of the statements are properly posted to the affected lines when control is returned to the line at which I was typed. (In most cases only the itemized line is affected, but in some cases other lines are affected as well.)

Printouts of supporting statements are made by request when facsimiles of the forms and schedules are printed. When the supporting statement is actually an official IRS form or schedule, the form is printed like any other form or schedule and its printing is not affected by the printing of the form that it supports. When the supporting statement is a special or general itemized list, however, the statement is cross-referenced on the form that it supports, and the statement is printed only when the form it supports is also printed. These statements can be submitted to the IRS with the entire tax return or kept as a personal record for the taxpayer.

The creation and use of general itemized lists are described in the next section. The creation and special itemized lists are described in the section thereafter. The creation and use of official IRS forms and schedules as supporting statements, however, are not separately described because they are no different than the operation of any other form or schedule.

General Itemized Lists

General itemized lists are designed for lines which must be supported by more detail but which have no special form for reporting that detail. The lists are general purpose in nature. Each item in the list is formatted as a 30-character description followed by a 10-digit number, as illustrated in Figure 3-4. The lists are displayed on the screen 20 items at a time, and stored on disk in the same way. Any number of pages of 20 items each can be stored to support a single line on a form or schedule. The numerical entries for all items on all pages are added, and the sum is posted to the itemized line when the itemizer is escaped.

When an itemized list for a line is first started, a menu of pages prepared is displayed as illustrated in Figure C-1. If no itemized list has ever been

Figure C-1. Menu of Pages Prepared

built in the past, no pages have been prepared. Therefore when you choose to go on you choose page 1 and a blank screen of 20 items is displayed. The cursor first rests on the numerical entry for the first line, and moves to the text entry for the first line, then the numerical entry for the second line, the text entry for the second line, etc., as the RTN key is repeatedly hit in approval of the current entries. As entries are typed and approved the keyboard behaves much like it does when data are supplied

for IRS forms. The same keyboard editing features (using ctrl-I and ctrl-D) are available and the cursor is moved up and down the page with the ∧ and RTN keys. The only obvious difference is the ability to change the descriptions of the items.

Once a page is filled you can add more items to the list by asking for another page by pressing the > key. The currently displayed page is stored on the disk then a new blank page is displayed on the screen. After filling that page you can keep adding pages until 50 pages of 20 items each have been stored. Thereafter the only way to add more data is to delete existing data from the list. Specific entries can be deleted by retyping the entries as blanks. An entire page can be deleted by pressing ctrl-R while the page appears on the screen. A page can be moved to a different position in the sequence of pages by pressing ctrl-M then typing the new page number when asked to do so.

Any time a page is being displayed you can either advance to the next page (via >), or escape to a menu of pages prepared (via ESC). Any of these actions cause the data on the current screen to be stored on disk before another screen is displayed.

When you want to add a new page you must request from the menu of pages prepared a page number that is one higher than the number of pages available. Once the blank page appears on the screen and you supply all data to fill the page, you may move the page to a position anywhere in the sequence of pages by invoking the ctrl-M key as described before. Merely enter the new page number when requested and all other pages will be moved to adjust.

Special Itemized Lists

Special itemized lists are customized for the lines that they support. Rather than just one number and one description per item, these lists are generally comprised of several entries per item, often involving calculated amounts. For example, the special itemized lists for reporting capital gains are comprised of worksheets of the form illustrated in Figure C-2. This worksheet is used for special itemized files that are created for lines 1f, 1g, 9f, and 9g of Schedule D as cited in Table B-2. A similar worksheet exists for Form 4797. The worksheet is repeated for each new item (such as

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Figure C-2. Gain/Loss Worksheet

stock, bond, real estate, or other property). Each item consumes an entire
page, but any number of items can be handled. The sums of selected
entries for all items are posted to appropriate lines on the form being
itemized.

The additional removal and moving of pages is similar to the same
operations for general itemized lists. The lists are accessed through a
menu of pages prepared. Pages are added by choosing to view a page
number one beyond the number of pages prepared. Pages are removed by
first selecting them for viewing then pressing ctrl-R to remove the page
that is displayed. Pages are moved by pressing ctrl-M while the page to be
moved is displayed and entering the new page number when asked to do
so. Pages are flipped via the > and < key as usual, and data are read
from and stored to disk upon each flip of the page. The cursor is moved up
and down the page via the ∧ and RTN keys, and character insertion
(ctrl-I) and deletion (ctrl-D) are provided.

Printouts of Itemized Lists as Supporting Statements

The special and general itemized lists can be printed for filing with the IRS. The printing format, however, depends on the type of list. General itemized lists are printed in a column like most standard IRS forms. Special itemized lists, however, are usually printed in a multi-column format for compact printing.

The printed lists are referenced on the forms themselves. For example, when an IRS schedule is printed with the phrase "see statement 030040" it means that copy 1 of Schedule A is itemized at line 40. Note that line numbers are unique to the software and do not correspond precisely with actual IRS line numbers. However, the top of the itemized list also contains this reference number. (The first two digits are the form or schedule number, following the numbering convention seen in Figure 2-4. The third digit is the copy number minus one; this numzer is zero unless multiple copies of a form have been prepared. The last three digits identify the line number on the selected form, using a numbering convention that is unique to the software.)
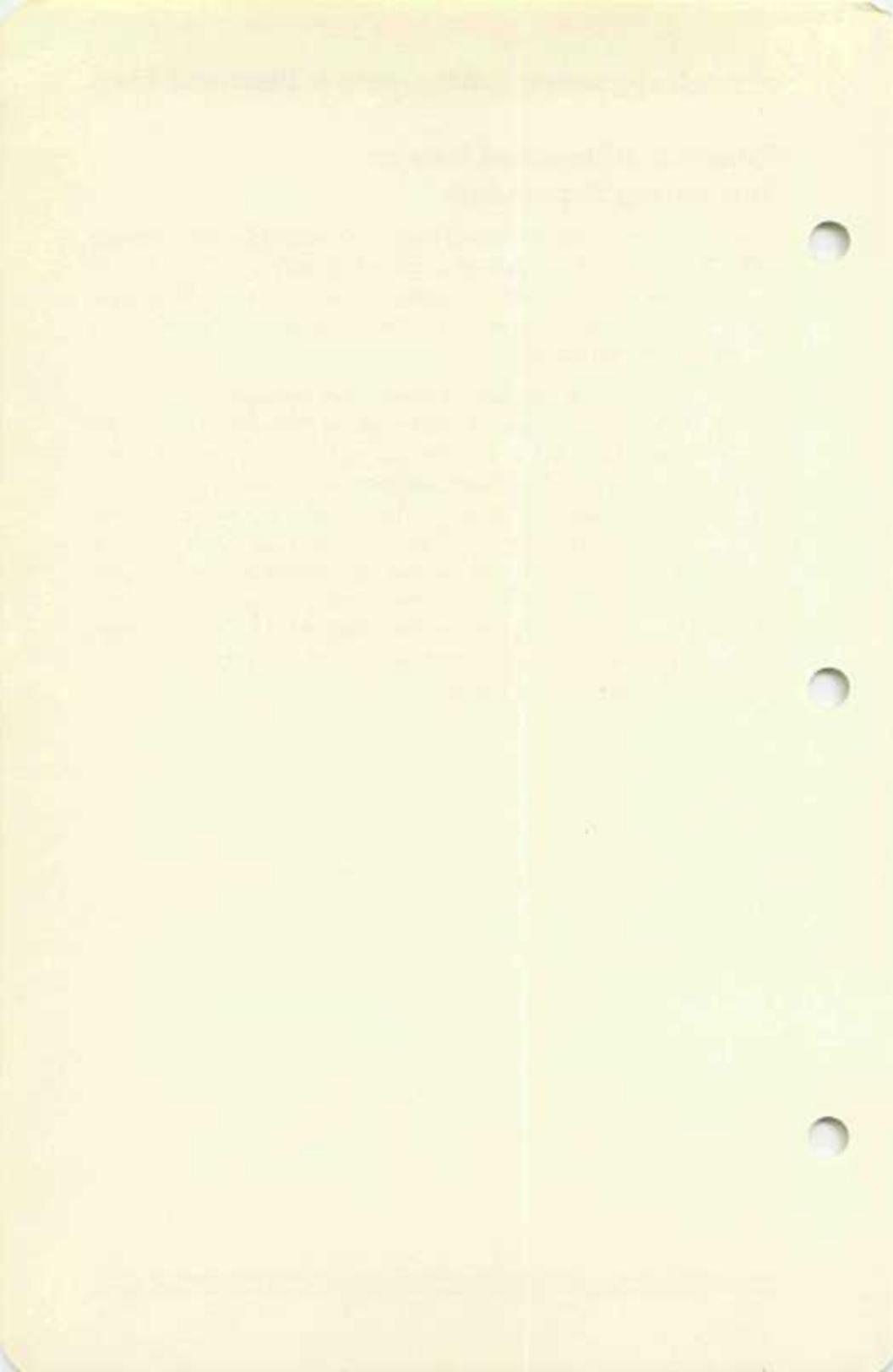
Appendix D

Storage Disk File Management

Handling Storage Disks

The tax data that you supply to this software and the data created in its use must be stored on one or more Storage Disks. The care of these disks is provided by the fifth mode on the main menu: "Manage Storage Disk Files." This file manager cares for your disks from creation to retirement. You may find that you can save yourself time in the future by taking the time now to understand all capabilities of the file manager. Before describing those capabilities a couple of hints on using storage disks are given.

It is best not to attempt to totally fill a storage disk with returns for numerous taxpayers because you may run out of space in the middle of a taxpayer's returns. Tax professionals have found that they can typically store data for a dozen or more clients. We recommend fewer clients, however, if there is some question of space remaining on the disks. (Should you nevertheless run out of space while preparing a return, you may switch to a new disk and recopy selected old files to the new disk and recopy selected old files to the new disk using the file manager.)

Many professionals find it most convenient to store data on only one client per disk. The disk can therefore be filed with that client's other records under his own name. Moreover, when returns are prepared for that client in the next season, the old data are already available as a starting point. The data for each successive year can then be stored on the disk for that client. Thus, while it may seem costly at first ($5 per client) to store only one client per disk, the disk will be well used in successive years if you have a regular clientele.

Functions of the File Manager

The eight functions of the file manager are:
1) Start and name a new file
2) Clean out an old file
3) Change name of an old file
4) Display names/filing data
5) Printout names/filing data
6) Duplicate selected files
7) Create a new storage disk
8) Translate prior-year files

Typical situations where you would use these functions are as follows:

1) Before you can use a blank disk as a Storage Disk for the Tax Preparer you must format or initialize the disk and place a tax directory on the disk. The procedure is described in Chapter 4 and uses functions 7 and 1 of the file manager.

2) If you have already stored data using the **prior-year** edition of the software then you must translate the files into the current year format by using function 8 of the file manager. You must either already have available a disk prepared as above or else you must put a new directory on the prior-year disk using function 1 of the file manager. Then you are ready to translate files.

3) When you want to compare a number of tax alternatives without destroying old files, as in **tax planning** applications, you will want to duplicate files for the taxpayer to be studied using function 6 of the file manager.

4) If you just can't remember what forms have already been prepared for a client, you can quickly review the contents of the disk with function 4 of the file manager. The forms and schedules prepared are displayed on the screen for the selected filenames.

5) In order to keep track of all files when you have several disks of tax data, you should generate printouts of the directory. These printouts list the volume number, the filenames reserved (taxpayers), and the forms and schedules already prepared for each.

6) After extensive use of the software you may find that some old files are no longer needed and you want to erase these portions of the disk in order to make room for a new taxpayer or a different set of forms. Function 2 of the file manager provides this housecleaning function.

7) You may also find that you want to change the filename used to identify one taxpayer's set of returns. For example, you may want to include a date with the name and update that date when you prepare a new return for that client. This is easy to do with function 2 of the file manager.

Special Caution

The operation of the file manager involves a combination of menus and prompts. All attempts have been made to make it self-prompting so that written instructions are not necessary. You should double-check your steps whenever you use the file manager, however, because several of its functions involve alterations to the Storage Disk which may not be reversable. Take special care when using functions 2, 7, and 8 because valuable data can be erased by not following the on-screen instructions carefully. In general, however, you will find that the file manager gives a great deal of added flexibility to tax professionals who have numerous clients.
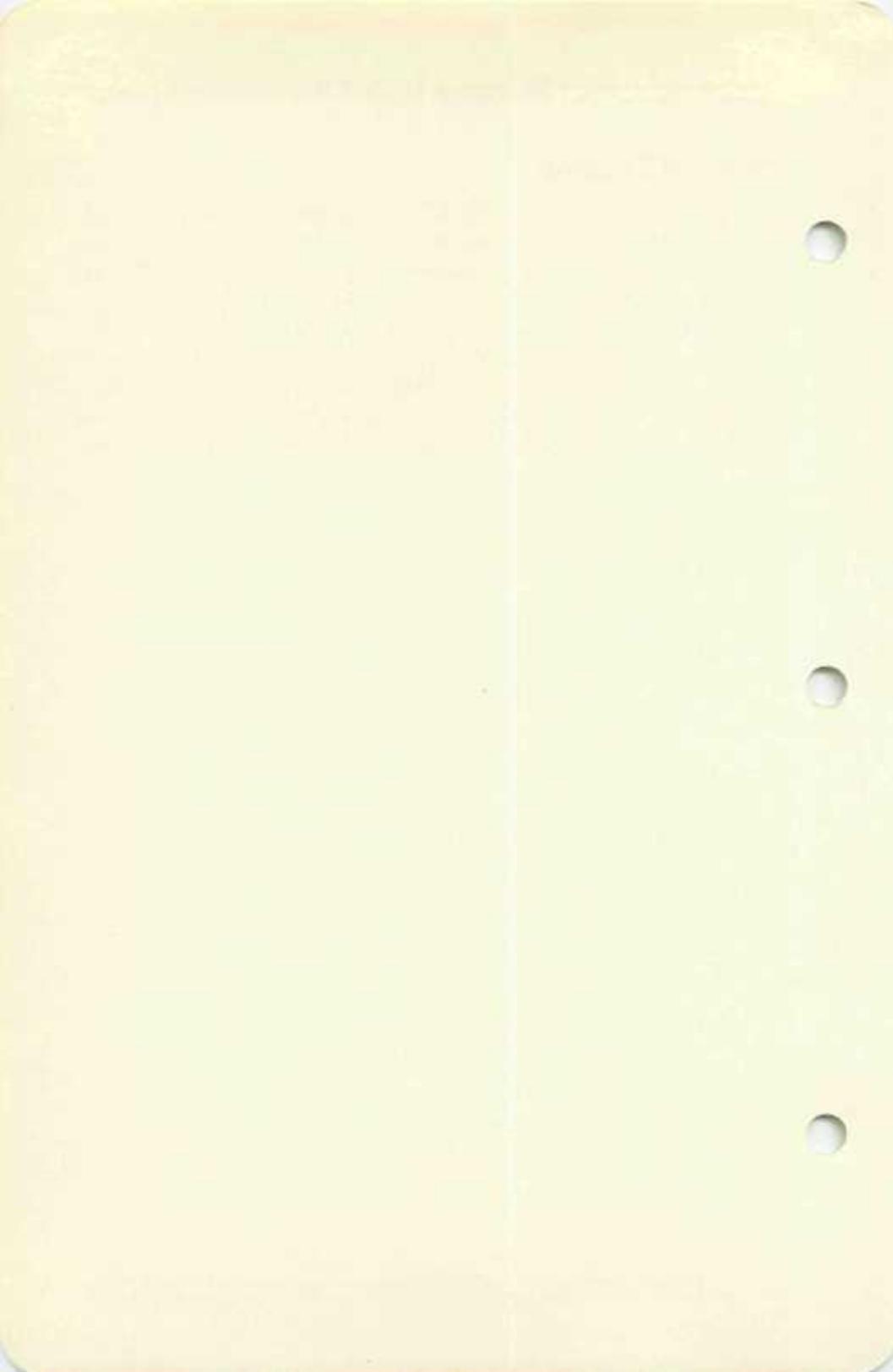
Appendix E

Program Control Through Keyboard and Defaults
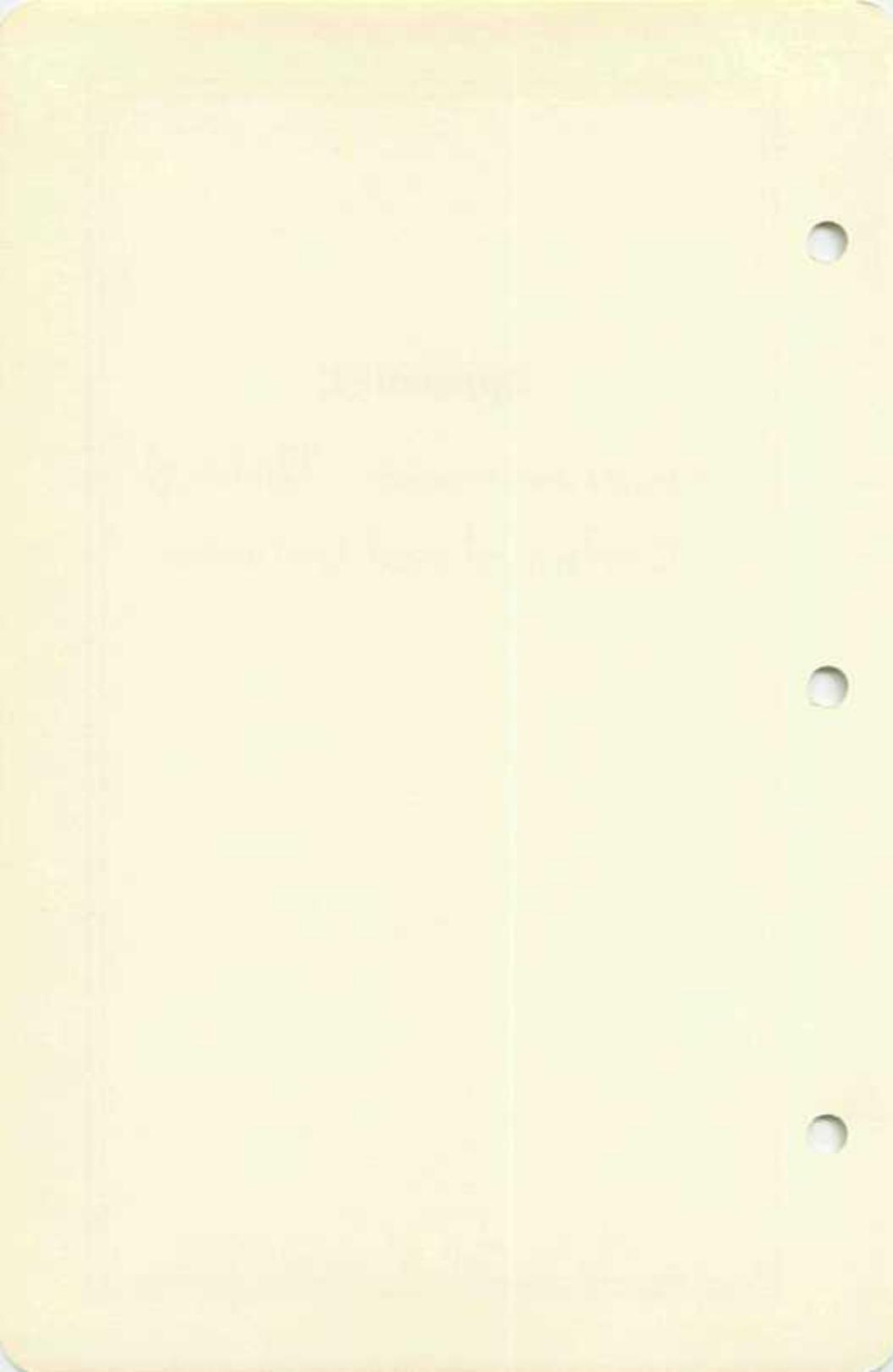
Program Control Through Keyboard & Defaults

Keyboard Functions

Several keys on the keyboard have a special meaning to the software, as described below. A numeric keypad can often be used for entering numerical data, but it must be properly connected (such as by pressing NUM-LOCK on IBM-PC computers). Special editing keys that are available for programmers, however, are disconnected from this software. In their place selected editing commands are provided as listed in Table E-1.

Default Settings

The software has been delivered with settings that are proper for the most widely-sold hardware configurations. If you, however, have added capabilities like a second disk drive or a second printer, then you should change the settings to reflect your configuration. In addition if there is anything custom about your printer or the 1040 forms that you are using you may have to change the settings. Professional preparers should also enter their name, address, and I.D. number here and should tell the computer if they want to use the manual over-ride or multiple forms features. See Table E-2 for definitions of default entries.

In order to change any of the settings you must enter mode #5 from the main menu: "Change Default Settings." The menu for this mode should soon appear as was illustrated in Figure 2-7. Next select the class of specifications that you want to change and the data entry screen for that class will appear as was illustrated in Figure 2-8. The purpose of all default settings are detailed in the following table. After the changes in any entries have been made you can exit by pressing ESC to return to the menu in Figure 2-7 and then ESC again to return to the main menu of Figure 2-2. After the second press of the ESC the new settings are stored on the Program Disk.

Table E-1. Keyboard Controls

Name of Key	Symbol on Key	When Active	Purpose
escape	ESC	nearly always	To exit the current mode and return to a prior menu so that a different operation can be selected.
carriage return	RTN, RETURN, ENTER, or	nearly always	To approve the entry appearing by the flashing cursor or to acknowledge the message to the left of the cursor; this is the equivalent of an "OK" key and can be used during data entry to rapidly move the cursor down the screen to an entry that must be retyped.
up		during data entry	To move the cursor up the screen to an entry that must be retyped.
forward		during data entry and instructions	To flip to the next page of data or instructions, if a next page is available.
backward		during data entry and instructions	To flip to the previous page of data or instructions.
backspace	or ctrl-H	during data entry	To move the cursor back to the letter to the left of the current cursor position.
forward copy	or ctrl-U	during data entry	To move the cursor one step to the right, recopying the prior entry for that cursor position.
delete	ctrl-D	during data entry	To delete from the new entry the character currently under the cursor.
insert	ctrl-I	during data entry	To insert characters between the current cursor position and one position to the left; all characters after the ctrl-I keypress are inserted until the insert mode is exited by pressing one of the other cursor moving keys above.
move	ctrl-M	during display of general & special itemized lists	To move the currently-displayed page to a different order in the sequence of pages for the current itemized file.
remove	ctrl-R	during display of general & special itemized lists	To remove the currently-displayed page from the bank of pages that comprise the current itemized file.
itemize	I	during numerical data entry	To create or change a supporting statement for the data at the current cursor position; if another form, schedule, or worksheet exists to support that line then control is given to that new form; otherwise the general itemizing feature described in Appendix C is invoked.
letter L	L	during numerical data entry	Taken as the numeral 1 for numerical data entries.
no	N	in response to a question	Taken as the response "no" to questions requiring a yes or no answer.
yes	Y	in response to a question	Taken as the response "yes" to questions requiring a yes or no answer.
space	SPACE BAR	in response to a question	Taken as the response "no" to questions requiring a yes or no answer.
plus	+	during numerical data entry	When entered as the first character in a numerical entry, adds the entered number to the prior entry to form a new entry.
minus	−	during numerical data entry	When entered as the first character in a numerical entry, subtracts the entered number from the prior entry to form a new entry.
divide by	/	during numerical data entry	When entered as the first character in a numerical entry, divides the prior entry by the current entry to form a new entry.
multiply by	*	during numerical data entry	When entered as the first character in a numerical entry, multiplies the prior entry by the current entry to form a new entry.

Table E-2. Definitions of Default Specifications

Specification	Typical Setting	Purpose
Program disk drive	A for IBM-PC S6, D1 for Apple	To identify in which disk drive unit the Program Disk will be inserted.
Storage disk drive	A for 1-drive IBM-PC B for 2-drive IBM-PC S6, D1 for 1-drive Apple S6, D2 for 2-drive Apple	To identify in which disk drive unit the Storage Disk will be inserted.
Video screen width 80 vs 40?	Yes for IBM-PC No for Apple	To let the software know whether or not to restrict its messages to 40 characters in width.
Manual over-ride to auto-calc?	No	When you answer no, several lines on several forms are automatically calculated and cannot be changed by you; when you answer yes, any such auto-calculated line can be reentered by you as an over-ride. WARNING: answer yes only when the tax situation is so special that it warrants a special entry, because answering yes slows the preparation somewhat.
Multiple forms prep'n allowed?	No	When you answer no, you are restricted to just one Schedule C, E, SE, etc. per Form 1040; when you answer yes, you are allowed to prepare up to five different copies of one form or schedule, but the software operates somewhat slower.
Numbers rounded to nearest $?	Yes	When you answer no all monetary entries are rounded to the nearest penny; when you answer yes all entries are rounded to the nearest dollar consistently, as allowed by the IRS.
Standard typefaces to be used?	Yes	When you answer yes then you are restricted to the normal or compressed typeface that is standard for most printers; when you answer no then you can achieve any typeface you desire by typing the required initializing characters later.
Narrow typeface to be used?	No	This question is ignored unless you answered yes to the previous question. Answering no here invokes the normal typeface width; answering yes invokes the narrow (compressed) typeface.
Printer initializing characters		This entry is ignored unless you answered no to the "standard typefaces" question. You would type keys that invoke special printing operations here, such as ESC followed by G for double strike to achieve a darker print. (See your printer's operating manual for the keys to type.)
Device for facsimile printouts	LPT1 for IBM-PC S1 for Apple	To identify to which hardware port your printer is connected.
Stop at end of each 11-in. pg.?	No	Answering no assumes continuous sheet operation, which is needed for batch printing of all clients; answering yes allows single-sheet operation by stopping to allow a paper change at the end of each page.
Line feed needed?	Yes	Answering no assumes that your printer will issue a line feed automatically when the computer issues a carriage return; answering yes assumes that the computer must force the line feed to occur.
Number of spaces for left margin	0	A number from 0 to 9 for adding a left margin to printouts ONLY when the printer paper cannot be positioned to provide an adequate margin.
Number of typed letters per line	80	The number of letters that can be typed on the line after allowing for the left margin; the sum of the margin and this number cannot exceed 80 for normal type or 132 for compressed type.
Number of typed lines per page	60	The number of lines to be typed in the facsimiles before the printer is advanced to the top of the next page.
Number of total lines per page	66	The total number of line feeds needed to advance from the top of one page to the top of the next.
Device for 1040 Printouts	LPT1 for IBM-PC S1 for Apple	To identify to which hardware port the printer that is loaded with Form 1040 paper is connected. (Several other printer questions are the same as those for the facsimile printouts above.)

(Table E-2. Definitions of Default Specifications continued)

Specification	Typical Setting	Purpose
Number of characters per inch	10	The number of letters that would make a word one inch wide.
Number of total lines per inch	11	The number of lines of text that would measure one inch deep on the page.
Paid Preparer's Information		The seven entries associated with this subtitle are used to fill in the information required at the bottom of page 2 of Form 1040 when a professional tax preparer has produced the tax returns. This information will be printed on all Form 1040's that are to be filled with the IRS.
Form 1040 Tab Settings		These several entries define the precise design of the preprinted Form 1040 that is being used. The software is sold with the entries preset at the settings that are appropriate for an official Form 1040 purchased from the common forms companies. The settings may be changed here, however, to adapt to other designs. Be certain, however, that the design you use meets IRS requirements for filing.

Appendix F

Computer Messages
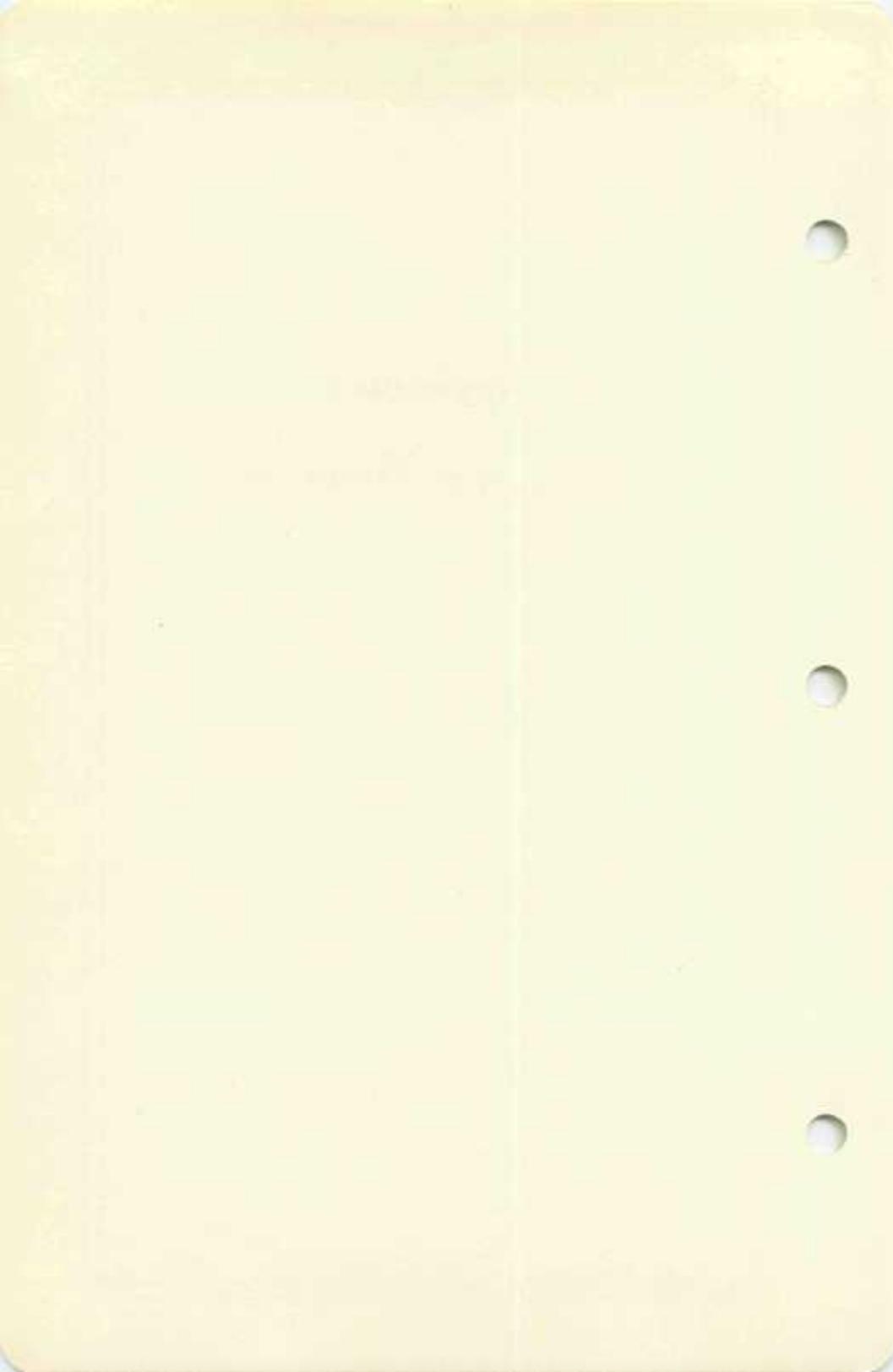
Error Messages

The software is designed for ease of use by the computer novice. When an error in operating procedure is made the computer will describe the problem to you by means of brief error messages. You will then be allowed to take the proper corrective action.

The most common errors are related to inserting the wrong disk in the disk drive. In most cases it is sufficient to merely reinsert the proper disk and try again. The list in Table F-1, which follows, gives the error messages and the corrective actions that are available for each error.

In recovering from an error you typically have three options:
1. fix the error and retry
2. ignore the error and skip ahead
3. escape the current mode altogether

The table tells you how to fix the error so that you *can* retry. You should take the indicated corrective action then answer Y to the question.

Want to retry (Y) or skip ahead (N)?

If you want to proceed with your next step in spite of the error, recognizing that the data that you later view may be erroneous, you should answer N to the same question. Should you want to abort the current operation, however, and return to a prior menu you should press the ESC key and then select a different mode when the prior menu appears.

Program Messages

Flashing messages are periodically displayed near the bottom of the screen to inform you of the current actions of the computer. The messages and their meanings are listed in Table F-2, which follows.

Table F-1. Error Messages and Recovery

Error Message	Cause of Error	Corrective Action
Please Remove Write Protect Tape!	Tape is covering the write protect slot on the disk. Both the Program Disk and Storage Disk must have the slot uncovered.	Remove the write protect tape from the disk or insert another disk.
File Not Found — Insert Proper Disk!	Rarely encountered, this message indicates that the data were not stored in the proper format.	Be sure that prior-year data have been properly translated using the file manager mode.
Disk Full — Use New Diskette!	No more data can be stored on this disk.	Use the file manager mode to delete files on old disk, or recopy files for current client to a new storage disk.
Recheck Diskette Insertion!	The disk cannot be properly accessed either because of improper insertion or a failure to prepare (format or initialize) the storage disk before use, or the disk is damaged.	Recheck disk insertion, open and close the drive door again, then retry; be sure that a blank disk is first prepared by using the file manager mode to "prepare a new storage disk." If all attempts fail you must use a new disk for storage.
Close Disk Drive Door!	The drive door has been left open or no disk is inserted in the drive.	Properly insert a disk with label showing and large oval slot away from you, then close the drive door firmly.
Invalid File — Refer to Manual!	This error should not occur during normal operation but could indicate a a defective disk; data have been misread or mastored.	Recheck disk insertion and retry; also check that proper disk has been inserted.
Recheck Hardware Status & Cables!	Cables are loose or needed peripheral equipment is turned off.	Check that disk units and printer are firmly connected and proper switches on then retry.
Check Printer Power & Paper!	Printer is out of paper or power to the printer is turned off.	Check that printer is on and reload paper if necessary, then retry.
Check On-Line Switch on Printer!	Printer switch is in wrong position for printing.	Turn "on-line" or "enable" switch on then retry.
Malfunction — Program Aborted!	A rare and unusual error has occurred; servicing by Howard Software may be required.	Write down in detail the steps that led to the error then request assistance from Howard Software. Be sure to note the error number and line number displayed above the error message.

Table F-2. Meaning of STANDBY Messages

Message	Meaning
STANDBY! Now Accessing Program Disk.	The disk unit is reading from or writing to the Program Disk or performing associated computations.
STANDBY! Now Accessing Storage Disk.	The disk unit is reading from or writing to the Storage Disk or performing associated computations.
STANDBY! Computer Pausing to Refresh.	Computer is reorganizing its memory to make better use of the available space for subsequent operations. A large amount of text-type data entry causes this action to occur more frequently.
STANDBY! Computing is in Progress.	Computations are being performed to reflect changes that have been made in the data.
STANDBY! Printing is in Progress.	A printout has been requested and the printing or associated computations are under-way.

Appendix G

Sample Printouts

Reminder of IRS Requirements

The Tax Preparer by HowardSoft is designed to produce computer printouts of returns that are accepted by the IRS for filing. We have followed the guidelines of IRS Revenue Procedure 82-4 in producing the printouts in order to avert the need for special approval of the printouts. There is no guarantee, however, that the forms will always be accepted by all IRS agents. You should therefore check the latest requirements yourself before filing.

Remember that Form 1040 must be submitted on the official preprinted IRS forms. Make sure that the computer has filled in the proper spaces before submitting the computer-prepared forms. (See Chapter 5 for sources for pin-fed 1040 paper or acetate overlays.)

All other forms and schedules may be submitted in facsimile form as produced by this software. However, the forms must be printed on lined or green-bar paper cut to a standard 8½" x 11" size. The forms, schedules, and supporting statements are printed in the order preferred by the IRS when you ask to print all forms and schedules for a selected filename.

For further details on printouts, please review Chapter 5 of this manual.

Example of Printouts for Sample Returns

A complete set of printouts has been generated for the sample that is reviewed in Chapter 3 of the manual. This sample includes Schedules A and B as well as form 1040. Reduced photocopies of the printouts are reproduced in the following pages. Included are a computer-prepared official Form 1040, computer-generated facsimiles for Schedules A and B, and supporting statements for all forms printed. In addition a summary cover letter and client billing are illustrated.

These printouts were produced using the factory-preset default settings with an Epson MX-80 printer. If your printouts do not look like the ones illustrated here then you may have to change the default settings to work well with your printer. Please reread Chapter 5 of the manual if you have any questions.

Form **1040** Department of the Treasury—Internal Revenue Service **1982** U.S. Individual Income Tax Return

For the year January 1–December 31, 1982, or other tax year beginning Jan. 1, 1982, ending Dec. 31, 19 ___ | OMB No. 1545-0074

Name	Johnathon A. & Marilyn M.	Last name: Sample	Your social security number 123-67-9874
Address	8822 Imaginary Road		Spouse's social security no. 565-45-6789
City	Anytown CA 99650	Your occupation ▶ Accountant	
		Spouse's occupation ▶ Teacher	

Presidential Election Campaign
Do you want $1 to go to this fund? .... Yes [ ] No [X]
If joint return, does your spouse want $1 to go to this fund? Yes [ ] No [X]

Filing Status (Check only one box)
1. Single
2. [X] Married filing joint return (even if only one had income)
3. Married filing separate return. Enter spouse's social security no. above and full name here ▶
4. Head of household (with qualifying person). (See page 6 of Instructions.) If the qualifying person is your unmarried child but not your dependent, enter child's name ▶
5. Qualifying widow(er) with dependent child (Year spouse died ▶ 19 ___). (See page 6 of Instructions.)

Exemptions (Always check the box labeled Yourself. Check other boxes if they apply.)
6a. [X] Yourself   [ ] 65 or over   [ ] Blind
 b. [X] Spouse   [ ] 65 or over   [ ] Blind
 c. First names of your dependent children who lived with you ▶ Don, Paul, Steve
 d. Other dependents
 e. Total number of exemptions claimed

Enter number of boxes checked on 6a and b ▶ 2
Enter number of children listed on 6c ▶ 3
Enter number of other dependents ▶ 0

Income
7. Wages, salaries, tips, etc. .... 7 | 35,650
8. Interest income (attach Schedule B if over $400 or you have any All-Savers interest) ...... 8 | 256
9a. Dividends (attach Schedule B if over $400) ____ 9b Exclusion ____
9c. Subtract line 9b from line 9a 9c
10. Refunds of State and local income taxes (do not enter an amount unless you deducted those taxes in an earlier year—see page 9 of Instructions) ... 10
11. Alimony received 11
12. Business income or (loss) (attach Schedule C) 12
13. Capital gain or (loss) (attach Schedule D) 13
14. 40% capital gain distributions not reported on line 13 (See page 9 of Instructions) 14
15. Supplemental gains or (losses) (attach Form 4797) 15
16. Fully taxable pensions, IRA distributions, and annuities not reported on line 17 16
17a. Other pensions and annuities. Total received ... 17a
 b. Taxable amount, if any, from worksheet on page 10 of Instructions 17b
18. Rents, royalties, partnerships, estates, trusts, etc. (attach Schedule E) 18
19. Farm income or (loss) (attach Schedule F) 19
20a. Unemployment compensation (insurance). Total received 20a
 b. Taxable amount, if any, from worksheet on page 10 of Instructions 20b
21. Other income (state nature and source—see page 11 of Instructions) 21
22. Total income. Add amounts in column for lines 7 through 21 ▶ 22 | 35,906

Adjustments to Income
23. Moving expense (attach Form 3903 or 3903F) 23
24. Employee business expenses (attach Form 2106) 24
25. Payments to an IRA. You must enter code from page 11 ___ 25
26. Payments to a Keogh (H.R. 10) retirement plan 26
27. Penalty on early withdrawal of savings 27
28. Alimony paid 28
29. Deduction for a married couple when both work (attach Schedule W) 29
30. Disability income exclusion (attach Form 2440) 30
31. Total adjustments. Add lines 23 through 30 ▶ 31

Adjusted Gross Income
32. Adjusted gross income. Subtract line 31 from line 22. If this line is less than $10,000, see "Earned Income Credit" (line 62) on page 15 of Instructions. If you want IRS to figure your tax, see page 3 of Instructions ▶ 32 | 35,906

Official Edition

ORIGINAL - FILE WITH IRS

Figure G-1. Printout of Form 1040, Page 1

Form 1040 (1992)   Page 2

Tax Compu-tation (See Instructions on page 12)	32	Amount from line 32 (adjusted gross income)	33	35,906
	34a	If you itemize, complete Schedule A (Form 1040) and enter the amount from Schedule A, line 30	34a	7,530
		Caution: If you have unearned income and can be claimed as a dependent on your parent's return, check here ▶ ☐ and see page 12 of the instructions. Also see page 12 of the instructions if: ● You are married filing a separate return and your spouse itemizes deductions, OR ● You file Form 4563, OR ● You are a dual-status alien.		
	34b	If you do not itemize, complete the worksheet on page 13. Then enter the allowable part of your charitable contributions here	34b	
	35	Subtract line 34a or 34b, whichever applies, from line 33	35	28,376
	36	Multiply $1,000 by the total number of exemptions claimed on Form 1040, line 6e	36	5,000
	37	Taxable income. Subtract line 36 from line 35	37	23,376
	38	Tax. Enter tax here and check if from ☒ Tax Table, ☐ Tax Rate Schedule X, Y, or Z, or ☐ Schedule D	38	3,731
	39	Additional Taxes. (See page 13 of Instructions.) Enter here and check if from ☐ Form 4970, ☐ Form 4972, ☐ Form 8544, or ☐ section 72 penalty taxes	39	
	40	Total. Add lines 38 and 39 ▶	40	3,731
Credits (See Instructions on page 14)	41	Credit for the elderly (attach Schedule R&RP) 41		
	42	Foreign tax credit (attach Form 1116) 42		
	43	Investment credit (attach Form 3468) 43		
	44	Partial credit for political contributions 44		
	45	Credit for child and dependent care expenses (attach Form 2441) 45		
	46	Jobs credit (attach Form 5884) 46		
	47	Residential energy credit (attach Form 5695) 47		
	48	Other credits—see page 14 ▶ 48		
	49	Total credits. Add lines 41 through 48	49	
	50	Balance. Subtract line 49 from line 40 and enter difference (but not less than zero) ▶	50	3,731
Other Taxes (Including Advance EIC Payments)	51	Self-employment tax (attach Schedule SE)	51	
	52	Minimum tax (attach Form 4625)	52	
	53	Alternative minimum tax (attach Form 6251)	53	
	54	Tax from recapture of investment credit (attach Form 4255)	54	
	55	Social security (FICA) tax on tip income not reported to employer (attach Form 4137)	55	
	56	Uncollected employee FICA and RRTA tax on tips (from Form W-2)	56	
	57	Tax on an IRA (attach Form 5329)	57	
	58	Advance earned income credit (EIC) payments received (from Form W-2)	58	
	59	Total tax. Add lines 50 through 58 ▶	59	3,731
Payments Attach Forms W-2, W-2G, and W-2P to front.	60	Total Federal income tax withheld 60	5,532	
	61	1992 estimated tax payments and amount applied from 1991 return 61		
	62	Earned income credit. If line 33 is under $10,000, see page 15 of instructions 62		
	63	Amount paid with Form 4868 63		
	64	Excess FICA and RRTA tax withheld (two or more employers) 64		
	65	Credit for Federal tax on special fuels and oils (attach Form 4136) 65		
	66	Regulated Investment Company credit (attach Form 2439) 66		
	67	Total. Add lines 60 through 66 ▶	67	5,532
Refund or Amount You Owe	68	If line 67 is larger than line 59, enter amount OVERPAID ▶	68	
	69	Amount of line 68 to be REFUNDED TO YOU ▶	69	
	70	Amount of line 68 to be applied to your 1993 estimated tax ▶ 70		
	71	If line 59 is larger than line 67, enter AMOUNT YOU OWE. Attach check or money order for full amount payable to Internal Revenue Service. Write your social security number and "1992 Form 1040" on it. ▶ (Check ▶ ☐ if Form 2210 (2210F) is attached. See page 16 of instructions.) ▶	71	199
Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Your signature Date Spouse's signature (if filing jointly, BOTH must sign)		
Paid Preparer's Use Only	Preparer's signature ▶ Date Check if self-employed ▶ ☐ Preparer's social security no. 111-22-3333		
	Firm's name (or yours, if self-employed) and address ▶ David P. Accountant, C.P.A. 1234 Tax Road Anytown, CA	E.I. No. ▶ 12-345678 ZIP code ▶ 99682	

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Figure G-2. Printout of Form 1040, Page 2

```
Schedule A              Itemized Deductions                     1982 # 07
(Form 1040)                                   OMB No. 1545-0074
Johnathon A. & Marilyn M. Sample                           SSN 123-67-9876
***********************************************************************
*** MEDICAL/DENTAL EXPENSE **********************************************
1.   Medicines an drugs.................................1.
2.   1% of line 33 of Form 1040........................2.          359.06
3.   Line 1 less line 2................................3.
4.   Total insurnce premiums pd........................4.
5.   Other med/dental expenses.........................5.
5a.  Doctors,dentists,hosp,etc.........................5a.
5b.  Transportation....................................5b.
5c.  Other (itemized)..................................5c.
6.   Sum of lines  3 through 5c........................6.
7.   3% of line 34 of Form 1040........................7.        1,077.18
8.   Line 6 less line 7................................8.
9.   Half of ln 4($150 or less)........................9.
10.  Larger  of  line  8  or  9.........................10.
*********************** TAXES *******************************************
11.  State and local income............................11.         1,090.
12.  Real estate.......................................12.           550.
13a. General sales tax.................................13a.
13b. Gen sales on motor vehicle........................13b.
14.  Other taxes     (itemized)........................14.
15.  Sum of lines  11  thru  14........................15.         1,640.
********* INTEREST EXPENSE **********************************************
16a. Home mrtge pd to instit'ns.........................16a.        8,640.
16b. Home mortgage pd to indiv.........................16b.
.    the indiv's name & address
17.  Credit cards & charge acts........................17.
18.  Other int expns (itemized)........................18.
19.  Sum of lines 16a  thru  18........................19.         8,640.
************ CONTRIBUTIONS **********************************************
20a. Cash (under $3000 to each)........................20a.          550.
20b. Cash($3000 or more to one)........................20b.
21.  Other than cash..................................21.
22.  Carryover from prior years........................22.
23.  Sum of lines 20a  thru  22........................23.          550.
*CASUALTY/THEFT/MISC DEDNS **********************************************
24.  Total loss  from Form 4684........................24.
25a. Union &  professional dues........................25a.
25b. Tax return preparation fee........................25b.          100.
26.  Other deductions (itemize)........................26.
27.  Sum of lines 24 through 26........................27.          100.
*** SUMMARY-ITEMIZED DEDNS **********************************************
28.  Sum lines 10,15,19,23 & 27........................28.       10,930.
29.  Standard deduction................................29.        3,400.
30.  Line 28 minus 29.................................30.        7,530.
```

Figure G-3. Printout of Schedule A

```
Schedule B                Interest and Dividend Income              1982 *
(Form 1040)                                     OMB No. 1545-0074
Johnathon A. & Marilyn M. Sample                        SSN 123-67-9876
***********************************************************************
*** PART 1-INTEREST INCOME ********************************************
1.   Incm frm seller-fin. mrtge.................................1.
2.   Other interest income........see stmnt #040007............2.          256.
3.   Sum of lines 1 and 2......................................3.          256.
4.   Interest frm all-svrs crtf.................................4.
5.   Sum of amounts  on  line 4.................................5.
6.   Amount of A.S.C. exclusion.................................6.
7.   Line 5 less line 6.........................................7.
8.   Sum of lines 3 and 7.......................................8.          256.
** PART II-DIVIDEND INCOME *******************************************
9.   Gross dividends (& cap gn).................................9.
10.  Sum of amounts  on  line 9................................10.
11.  Capital gain distributions...............................11.
12.  Non-taxable distributions................................12.
13.  Exclsn of qual reinvd divs...............................13.
14.  Sum of lines 11, 12 and 13...............................14.
15.  Line 10 less line 14......................................15.
*** PART III-FOREIGN ACCTS *******************************************
16.  During tax yr did you have interest/signature/authority
.    over bank/securities/+incl account in a  foreign  country?  No
17.  Were you grantor/trnsferor in tax yr to any foreign trust?  No
```

Figure G-4. Printout of Schedule B

```
Supporting Statements for Schedule B--Interest/Divs .....Page  1          1982
(Form 1040)
Johnethon A. & Marilyn M. Sample                                  SSN 123-67-9876
**********************************************************************************
Supporting Statement 040007--2.  Other interest income........$     256.
        Security Pacific Bank...............$      50.
        San Diego Bank & Trust.............$      50.
        Great Western Savings & Loan.......$      50.
        Bank of America, Los Angeles.......$      25.
        California Federal Savings.........$      20.
        Okidata Savings Bank...............$      10.
        Bank of the Seas...................$      51.
```

Figure G-5. Supporting Statement for Schedule B

David P. Accountant, C.P.A.
1234 Tax Road
Anytown, CA 99682

Johnathon A. & Marilyn M. Sample
8822 Imaginary Road
Anytown, CA 99650

Please find enclosed your 1982 Individual Income Tax Returns.
The Federal Return (Form 1040) shows your tax liabilities as:

```
            Total tax.................. $    3,731.00
            Prior Payments............. $    3,532.00
            Amount Overpaid............ $        0.00
            Amount Underpaid........... $      199.00
            Penalty.................... $        0.00
            ------------------------------------------
            TOTAL YOU OWE.............. $      199.00
```

You (and spouse if married and filing jointly) must sign and
date Form 1040, then mail one copy of the SIGNED Form 1040,
along with all other forms and schedules enclosed, direct to
the Internal Revenue Service on or before April 15, 1983.
Be sure to enclose a check for the TOTAL YOU OWE noted above.

Sincerely,

David P. Accountant, C.P.A.

Figure G-6. Cover Letter to Client

David P. Accountant, C.P.A.
1234 Tax Road
Anytown, CA 99682

Johnathon A. & Marilyn M. Sample
8822 Imaginary Road
Anytown, CA 99650

Professional services rendered include the preparation of the
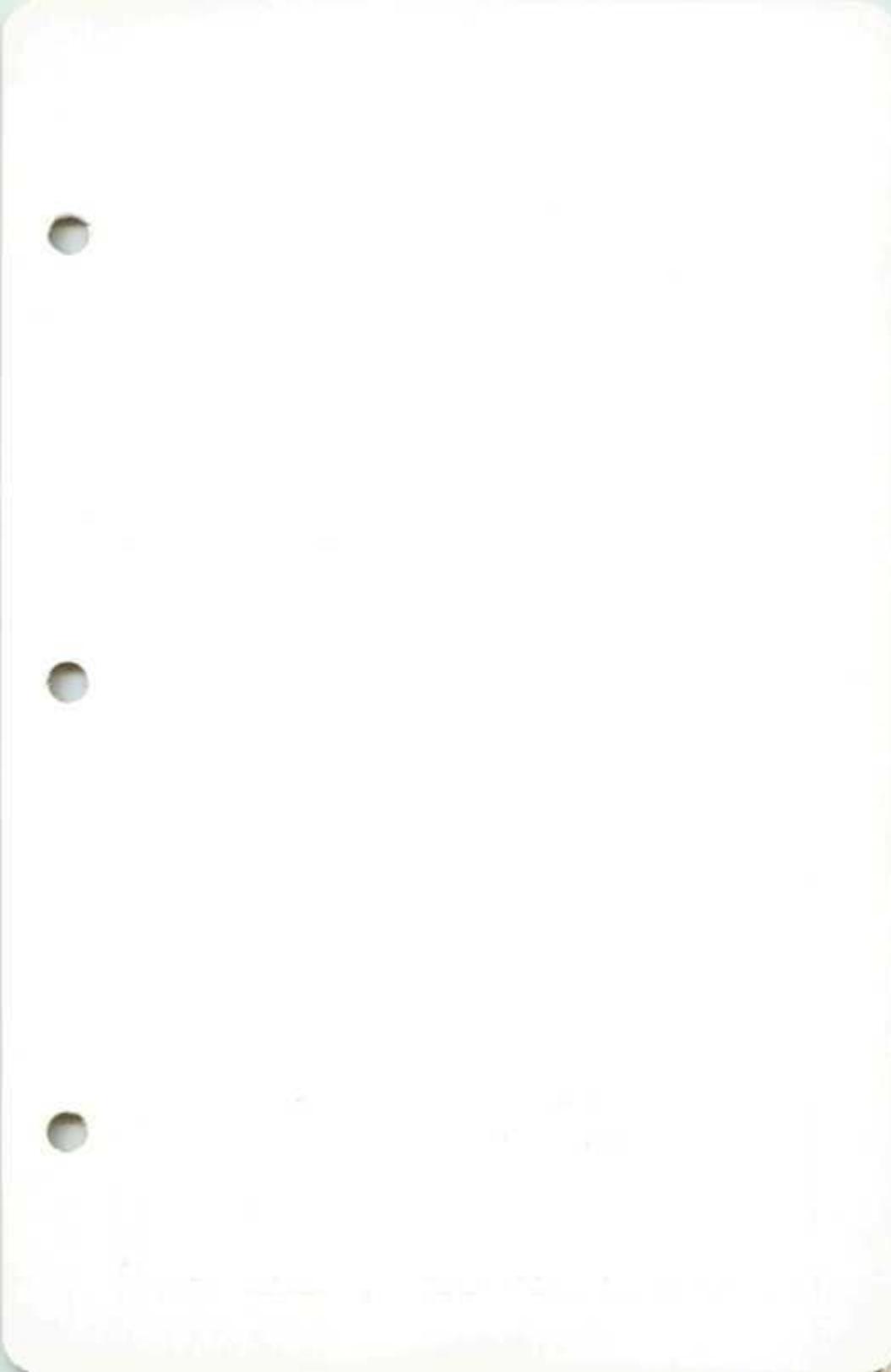following forms for your 1982 Individual Income Tax Returns:

        (1) Form 1040   (Main Form)
        (1) Schd A   (Itemized Deducn)
        (1) Schd B   (Interest & Divs)

Tax Preparation Fee for these services is $ _____.

Sincerely,

David P. Accountant, C.P.A.

Figure G-7.   Client Billing Letter

Ask about other quality software
by **HowardSoft:**

TAX PREPARER
REAL ESTATE ANALYZER
CREATIVE FINANCING

Howard Software Services
...for the SERIOUS Personal Computer User