

TaxWise Online Best Practice Items – TY2010  
(in no particular order)

1. List dependents on Main Info from youngest to oldest
2. On Main Info form always check EIC box for age eligible children (and disabled dependents).
3. SSA-1099 Medicare Part B & D entry
  - a. Method 1: List Part B on 1040 Wkt1 and Part D on Sch A Detail
  - b. Method 2: List both Part B & Part D on 1040 Wkt1 using a scratch pad
4. Handling PTR Recovery - See TWO-NJ Special Handling – Federal Return Issues
5. Do not allow blank lines in Interest Worksheet, Dividend Worksheet, Cap Gain Worksheet, etc. – any place with a multi-column list. A blank line can be deleted in TWO using Ctrl+R.
6. If refund is split and Form 8888 is necessary, (e.g. 50-50), save entry of values until very last thing to minimize danger that change in amount causes need to re-enter split amounts. Also, run Diagnostics before entry.
7. On Schedule A Detail, \* indicates to put in T, S or J for taxpayer, spouse or joint return.
8. T,S or J fields are found throughout TWO. Leave them blank or complete all T, S or J fields. T, S or J fields are used to compare filing status MFJ to MFS using TWO form MFJ-MFS located near the bottom of the TWO forms tree.
9. Line 21, for gambling wages of any kind; use the word “GAMBLING WINNINGS”. –See page 2-2 of Pub 4012
10. If the name field is the only field on a form that is red, toggle it off using the icon from the right arrow or Control+Space (Control +Space may not work if Google Toolbar is present).
11. 1098-T Box 1 & Box 2 are not always the correct amounts. Discuss with taxpayer before making entries.
12. For NJ estimated payments on F/S Tax Paid worksheet, See TWO-NJ Special Handling –Screen Shot
13. On Sch EIC and EIC Wkt always answer boxes in red from top of form to bottom. DO NOT answer any questions that are not red as this may result in an incorrect result.
14. On Sch EIC, do not check box on top which says “If the taxpayer seems to qualify for EIC, but does not, check here for No”.
15. Box 2 on 1099 R form is used when funds are not taxed in NJ. (e.g. from the Defense Finance Accounting SRV for military pensions. See 4012 page 2-11.)
16. For W2G NJ lottery winnings \$10,000 or under, check the box next to #13 on the screen, to prevent NJ from taxing these winnings. If winnings are over \$10,000, they are all taxed. See TWO-NJ Special Handling –Federal Issues. (Don’t forget to enter corresponding losses.)
17. W-2 – Enter the amounts shown in Box 12 prior to checking the box “Check to take calculations off lines 3, 4, 5, & 6”. TaxWise will adjust the amounts in boxes 3, 4, 5 & 6 without overriding those fields. Check the recalculated values against the W-2.
18. Business Income – Use schedule C to enter Business Income. All of the Schedule C-EZ limitations apply except business expenses can be up to \$10,000.
19. Schedule C Business Mileage – Enter business miles on Schedule C, page 2, part IV. Check the box to calculate business miles (it should default to checked) and the amount will be listed on page 1, line 9.
20. Schedule C Business Expenses - List all business expenses, except business mileage as described above, on scratch pad [e. g., to line 18 or 22] or in Part V
21. Tuition and Fees: Wait until everything else entered and diagnostics clear, then compare AOC, Lifetime, and Adjustment (as applicable)

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22. Foreign tax paid – All foreign tax paid should be entered on Form 1116. Link to the Form 1116 from line 47 of the 1040 page 2. Enter the amount in the first section titled “Simplified Limitation Election” where it says “You can enter the foreign tax amount here: \_\_\_\_\_”. Do not enter it directly on line 47 of the 1040. Foreign tax in excess of \$300 (\$600 MFJ) is out of our scope.
23. On 1099-R for an IRA with box 2a blank, leave box 2 blank on the TW 1099-R Worksheet and Ctrl-Space (F3) red fields to make un-red in the tree. (Do not just enter the amount from box 1 into box 2.)
24. Items to do last on the federal return (in order):
  - a. Run diagnostics and resolve any federal issues
  - b. PTR adjustment to schedule A or line 21
  - c. Education credit or tuition deduction comparison
  - d. Split refund
25. Items to do last on the NJ return (in order):
  - a. Run diagnostics and resolve any federal / NJ issues
  - b. Three Year Rule adjustments
  - c. NJ after-tax medical adjustment
- 26.