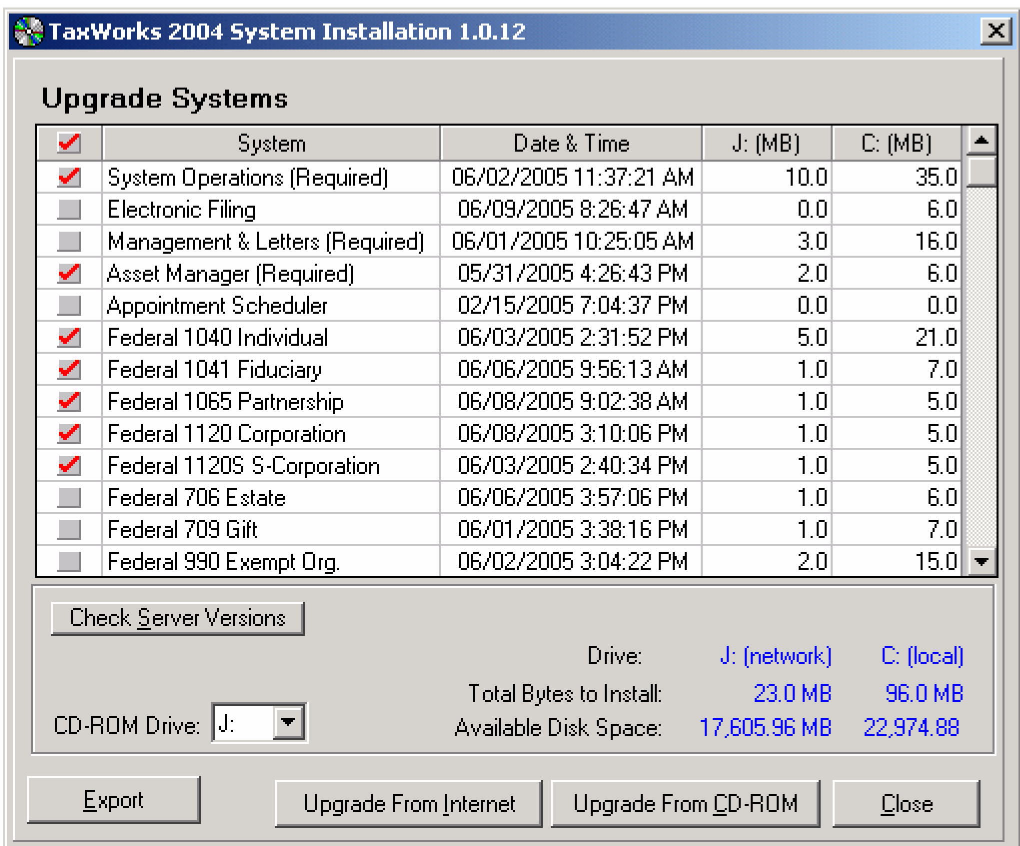
TaxWorks
PROFESSIONAL TAX SOFTWARE

TaxWorks**Conversions**2004

Conversion Process

1. As a precaution, backup your client data in your prior year software package.
2. Install the TaxWorks 2004 Demo (follow the installation instructions provided with the demo).
    a. If you do not have a copy of the demo, call our Sales Team at (800) 230-2322.
3. After the installation is complete, open the TaxWorks 2004 Demo by clicking the *TaxWorks icon* located on your desktop.
4. If the Client Selection screen appears, click the *Close* button.
5. On the menu bar click "Installations", and then "Upgrade Systems".



6. Tag the following items using your mouse. Do this by clicking on the gray box to the left of the item:

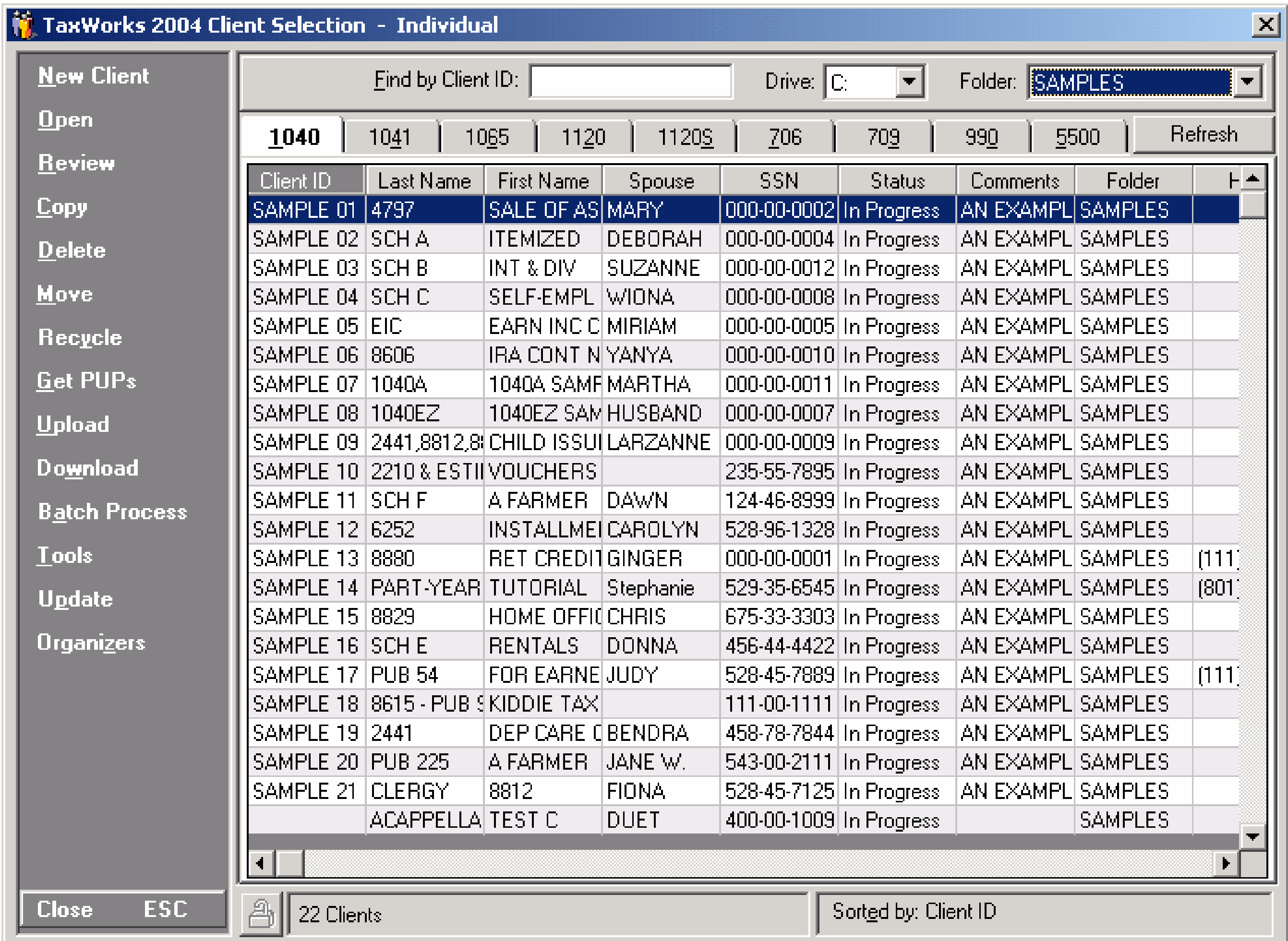
    a. System Operations

    b. Asset Manager

    c. Federal Universal (Shared Forms)

d. Federal 1040 Individual

7. Click the *Upgrade From Internet* button (Upgrades may take up to 1 hour).
8. Once the upgrade is complete, click the *Close* button.
9. Files that were upgraded will automatically decompress.
10. TaxWorks 2004 will automatically open.
11. If the Client Selection screen appears, click the *Close* button.

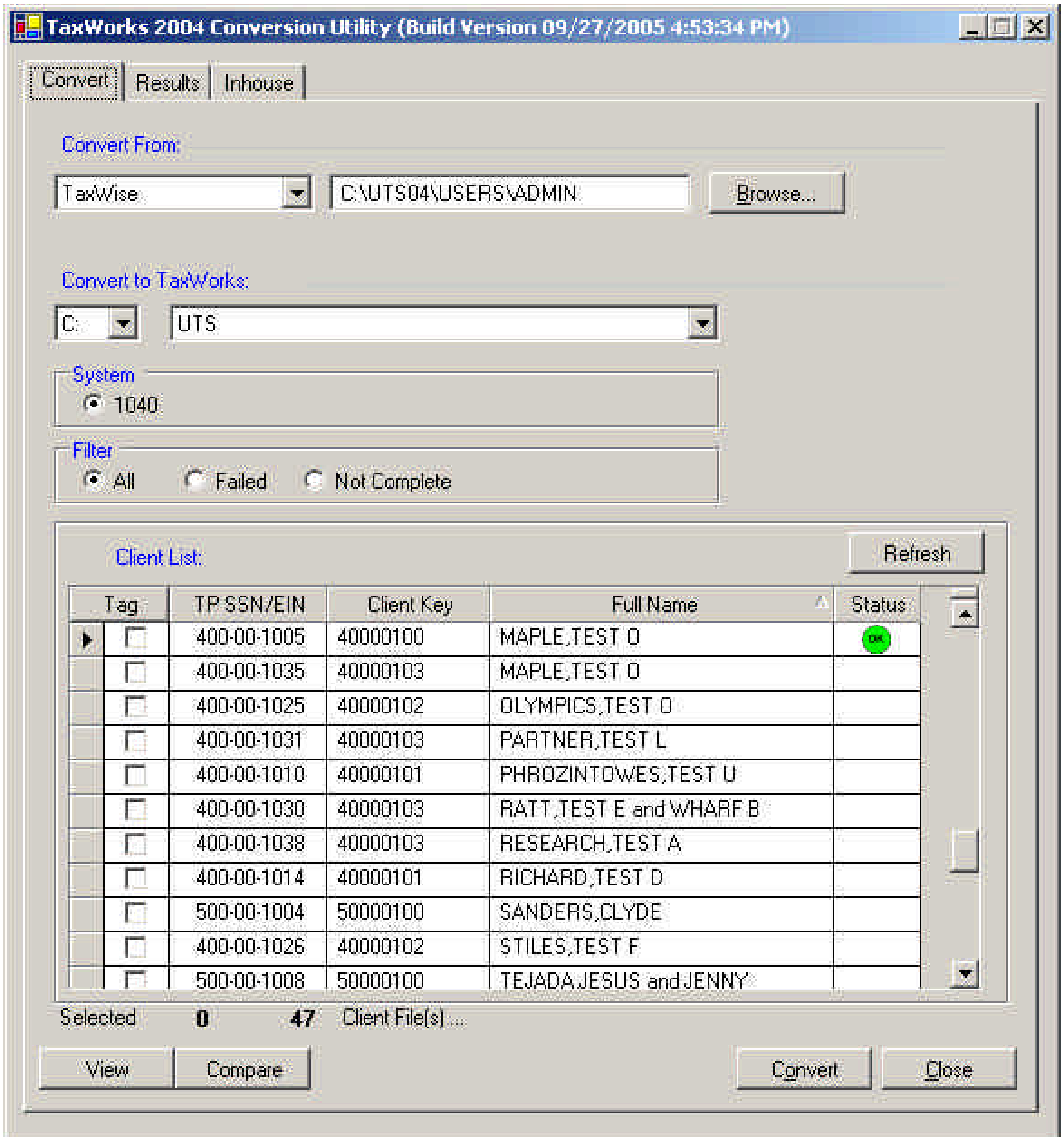


Client ID	Last Name	First Name	Spouse	SSN	Status	Comments	Folder	H
SAMPLE 01	4797	SALE OF AS	MARY	000-00-0002	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 02	SCH A	ITEMIZED	DEBORAH	000-00-0004	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 03	SCH B	INT & DIV	SUZANNE	000-00-0012	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 04	SCH C	SELF-EMPL	WIONA	000-00-0008	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 05	EIC	EARN INC C	MIRIAM	000-00-0005	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 06	8606	IRA CONT N	YANYA	000-00-0010	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 07	1040A	1040A SAMF	MARTHA	000-00-0011	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 08	1040EZ	1040EZ SAM	HUSBAND	000-00-0007	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 09	2441,8812,8	CHILD ISSUI	LARZANNE	000-00-0009	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 10	2210 & ESTI	VOUCHERS		235-55-7895	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 11	SCH F	A FARMER	DAWN	124-46-8999	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 12	6252	INSTALLMEI	CAROLYN	528-96-1328	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 13	8880	RET CREDIT	GINGER	000-00-0001	In Progress	AN EXAMPL	SAMPLES	(111
SAMPLE 14	PART-YEAR	TUTORIAL	Stephanie	529-35-6545	In Progress	AN EXAMPL	SAMPLES	(801
SAMPLE 15	8829	HOME OFFI(	CHRIS	675-33-3303	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 16	SCH E	RENTALS	DONNA	456-44-4422	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 17	PUB 54	FOR EARNE	JUDY	528-45-7889	In Progress	AN EXAMPL	SAMPLES	(111
SAMPLE 18	8615 - PUB (	KIDDIE TAX		111-00-1111	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 19	2441	DEP CARE (	BENDRA	458-78-7844	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 20	PUB 225	A FARMER	JANE W.	543-00-2111	In Progress	AN EXAMPL	SAMPLES	
SAMPLE 21	CLERGY	8812	FIONA	528-45-7125	In Progress	AN EXAMPL	SAMPLES	
	ACAPPELLA	TEST C	DUET	400-00-1009	In Progress		SAMPLES	

12. Click the *File* menu and select *Convert Clients*.
13. TaxWorks will automatically close.
14. The TaxWorks 2004 Conversion Utility will open.
15. Verify TaxWise Data Path:
    C:\UTS04\users\admin (Default TaxWise)

    Note: Vendor Data Path will change with system selected at the bottom of the screen.
16. Select the TaxWorks Drive (default is C:)
17. Select the TaxWorks Folder (default is DEFAULT)
18. Tag the clients you want to convert. Do this by clicking the gray box to the left of the client.

19. Click the *Convert* button.



20. Once the conversion is complete, the status of each client will be displayed in the *Status* column.

21. To view a conversion report. Click the *Results* tab.

22. When you are done click the *Close* button

23. TaxWorks 2004 will automatically open.

24. If the Client Selection does not open automatically click, the *Clients* button located on the button bar.

25. Carefully review your converted data files to be sure your converted data is accurate. If you have items that did not convert, manually enter them in the TaxWorks program. Double click on the desired client file; or, highlight the desired client and click *Open* located in the left column.

26. Verify that client data stated in the manual converted correctly.

27. If you have any questions or suggestions concerning the conversion process please contact us at support@taxworks.com or call (800) 843-1139.

28. Occasionally we will upgrade items in the conversion program. We will post upgrade changes on the web. You may reconvert clients affected by these changes. CAUTION: Entries made in TaxWorks to previously converted clients will be lost.

Disclaimer Statement

The goals of the TaxWorks data conversion are as follows:

1. To convert only the TAXWISE data (to TaxWorks format) that you will need to run the Update Clients, this transfers your 2004 TaxWorks data to 2005 TaxWorks.

The data conversion is NOT intended to do the following:

1. It is NOT intended to convert all of your data

2. It is NOT intended to allow you to generate a complete and accurate 2004 TaxWorks tax return!

Note: Do not process/prepare 2004 tax returns using only the converted information, as tax calculations may not be accurate. Some manual data entry may be required.

Asset Manager Conversions (All Systems)

- All Asset will carry to "Do Not Carry" – you will need to assign the form and multiple number manually.
- If you have overridden any Depreciation calculations please review them for accuracy.
- If you used 200% declining balance on any farm asset you will need to override the current depreciation.
- Vehicles split on forms they will carry to "do not carry" or may convert incorrect information.
- Assets involved in a like kind exchange may not convert properly because of the difference in handling between the two systems. Please review them carefully to make sure the correct information is entered into the TaxWorks Asset Manager
- We recommend you print a copy of the TaxWorks Federal Depreciation Schedule and verify that the TaxWorks current depreciation amounts match those calculated by your prior software. Due to the many ways depreciation can be calculated, there may be slight differences that could require manual overrides in the TaxWorks Asset Manager.
- If you had selected to delete the asset next year, the asset will not convert.
- Assets involved in a like-kind exchange may not convert properly, because of the difference in handling between the two systems. Please review them carefully to make sure the correct information is entered into the TaxWorks Asset Manager.
- Due to the limited amount of information being converted, if you have current year Section 179, the conversion may calculate a carryforward of these amounts. To remove the unused carryforward, open the TaxWorks 2004 Asset Manager, click the 179 button, and remove any unnecessary information.

Individual Conversions

Note: TaxWorks only converts the information necessary to prepare a Proforma.

- Preparer Information – Will not convert.
- State information - Will not convert.
- Items selected for deletion for next year - May not be taken into account. You may have to manually remove some items after updating to 2004 in TaxWorks.
- Detail statements – All amounts and descriptions may not convert.
- Non-Calculated Forms – Will not convert.
- Other Expenses – Limited descriptions will convert.
- Carry to form number/multiple numbers – Will not convert.

TaxWise® to TaxWorks®

Automated Individual Conversion Items (1040)

The **<u>underlined and bold titles</u>** are the titles that correspond with the Forms Pane of the TaxWorks tax program. The *<u>underlined Italicized</u>* titles are the sub-titles within the input screen.

<u>General Information</u>

Taxpayer Last Name
Taxpayer First Name
Taxpayer Social Security Number
Taxpayer Occupation
Taxpayer Date of Birth
Spouse First Name
Spouse Last Name
Spouse Social Security Number
Spouse Occupation
Spouse Date of Birth
Taxpayer/Spouse Street Address
Taxpayer/Spouse City
Taxpayer/Spouse State
Taxpayer/Spouse Zip
Taxpayer Blind Checkbox
Spouse Blind Checkbox
Taxpayer E-mail address
Filing Status (1 Single, 2 MFJ, 3 MFS, 4 HOH, 5 Widow(er))
Head-of-Household Qualifying Name
Head-of-Household Qualifying Social Security Number
Qualifying Widow(er) - Year of Spouses Death
Married Filing Separate – Spouse Name
Taxpayer/Spouse Death Date
Single, Dependent of another Checkbox

<u>Schedule A</u>

State and Local Income taxes in addition to with held
Other Taxes
Other Unreimbursed Expenses
Charitable Contributions (Cash/Non Cash)
Miscellaneous Deductions

<u>Mortgage Interest not Reported on Form 1089</u>

- o Name
- o Address
- o Social Security Number
- o Federal ID Number (EIN)

<u>Form 2106</u>

Occupation
2106 Vehicle 1 Date placed in service
Taxpayer or Spouse Indicator
Qualified Performing Artist

<u>Dependents</u>

First Name
Last Name
Birth date
Social Security Number
Relationship
Months in Home
Dependent Ineligible for Child Tax Credit Checkbox
Disabled
College Student
Child Care Expenses

<u>W2 Items</u>

Taxpayer/Spouse Indicator
Taxpayer/Spouse Name
Taxpayer/Spouse Address
Taxpayer/Spouse City, State and Zip Code
Employer Name
Employer Address
Employer City, State and Zip Code
Federal Employer Identification Number

<u>B- Schedule B</u>

<u>Income From Seller-Financed Mortgages</u>

- o Address
- o Social Security Number
- o Federal ID Number

Interest

Financial Institution
Taxpayer/Spouse Indicator
State

Dividends

Financial Institution
Taxpayer/Spouse Indicator
State

Schedule F

Principal Product
Employer Identification Number
Agricultural Activity Code
Spouse's Schedule F
Taxpayer does not materially participate
Inventory at the end of the year

Form 4797 and Form 4562

All Information (from asset manager)

4835 – Form 4835

Spouses Form 4835
Employer ID Number
Taxpayer actively participates in operation
Of business 1=no

1099R – Pensions and Annuities

Payer Name
Payer Address
Payer City, State and Zip Code
Payer Employer Identification Number
Taxpayer/Spouse Name
Taxpayer/Spouse Address
Taxpayer/Spouse City, State and Zip Code
Taxpayer/Spouse Indicator
IRA/SEP Checkbox
Distribution Code
Account Number
1st and 2nd State
1st and 2nd State payer number
1st and 2nd State Name of locality
Age at starting date

Schedule C

Business Name
Business Address
Business City, State and Zip Code
Principal Business Including Product or Service
Spouse Schedule C
Principal Business Code
Business Employer Identification Number
Accounting Method (cash, accrual, other, specify)
Inventory Method – Lower cost of market
Other Inventory method box
Materially Participates
Inventory at the end of the year

Schedule E

Property Kind - Description
Full Address (including City, State and Zip Code)
Percentage of ownership (if not l00%)
Rental is part of personal residence
Real estate professional

K-1 (1041)

Entity Ownership Code (Taxpayer, Spouse, or Joint)
Entity Name
Employer Identification Number
K-1 Materially Participated Checkbox

K-1 (1065)

Entity Ownership Code (Taxpayer, Spouse, or Joint)
Entity Name
Employer Identification Number
K-1 Materially Participated Checkbox
Some is not at risk
Publicly Traded Partnership (PTP)
Foreign Entity

K-1 (1120S)

Entity Ownership Code (Taxpayer, Spouse, or Joint)
Entity Name
Employer Identification Number
K-1 Materially Participated Checkbox
Some is not at risk

Assets (Depreciation)

Asset Description
Date Placed In Service
Sale Date of Disposition
Business Use Percentage
Current Special Depreciation
Prior Special Depreciation
Depreciation Type
Recovery Period
MACRS Convention
Other Listed Property
No Evidence to Support
No Written Evidence to Support Business Use
Federal Cost
Federal Current Section 179
Treat All Use of Vehicle as Personal Use
Provide More than 5 Vehicles
Federal Prior Section 179
Federal Prior Section 179
Salvage Value
Federal Prior Depreciation
Override Current Depreciation
Business Miles
Commuting Miles
Other Miles
Auto Expense Method
Vehicle Available for Personal Use
Vehicle used by more than 5% Owner
No Other Vehicle Available for Personal Use
Prohibit Employee Personal Use
Prohibit Employee Personal Use Except Commuting
Meet Qualified Auto Demo Require
Increase Ded. Limits for Elec Vehicle & No Limits

8829 – Form 8829

Area used
Total area of home
Business use percentage
Smaller of home's adjusted basis or fair market value
Value of land included on line 35
Carry to Form Number/Multiple Number

6252 – Form 6252

Description
Date acquired
Date sold
Gross Profit Ratio

1116 - Foreign Tax Credit

Resident County
Elect simplified AMT method

2106 - Employee Business Expense

Occupation
Vehicle placed in service date
Taxpayer/Spouse Indicator
Qualified Performing Artist