

ExacNews

Exactax Client:

All systems and all states are available. Final 1041 forms were released late by the IRS and became available on February 7th. All returns being held were processed on that date.

Turnaround has been holding between 24 and 48 hours from the time the return is received until the time that it's ready for pick-up or shipping. Remember to call ahead if you are going to pick up a return that was designated to be shipped so that it can be left out of the package. Please contact Customer Support for the return status, **not** the Shipping Department.

Shipping Status

As of February 19th the following have been shipped or are currently shipping:

- Proforma, starter kits and additional supply orders for 1040, 1041, 1065 and 1120.
- 'Gap' proforma for returns run between 12/22/06 and 12/31/06.
- Proforma for special request late returns processed after 12/31/06.
- 990 proforma, instruction manuals and starter kits.
- Orders for 2005 archived returns on CD.

Billing Queries and Reminders

When requesting adjustments to your billing, state the problem in the comment section of your remittance and include it with your payment. Any problems or questions regarding billing queries may also be faxed directly to the Accounting Department at 714-999-6566. Requests for credit must be made in writing.

IMPORTANT: Accounts with an outstanding balance over 21 days will be placed on C.O.D. status. C.O.D. accounts that receive returns via UPS will be shipped UPS C.O.D. until the account is current. C.O.D. accounts that receive returns by any other method will be contacted. Returns for these accounts will be held until current.

Avoid incorrect returns and unnecessary delays by reviewing some of the common errors that we are encountering, listed below.

Common Input Errors

As part of the quality control process, the Exactax program scans all batch returns for potential input errors that can be corrected before the return is shipped. When an item is detected, the input forms are pulled and sent to Technical for further review. If Technical is unable to make a determination or if input is missing, you may be contacted. Since all of these procedures slow down processing, you can help avoid unnecessary review by entering your data as correctly and completely as possible.

1. **Mandatory Fields:** Always complete fields that are noted as mandatory with the star symbol ★. If e-filing, also complete the mandatory e-file fields noted with the lightning bolt ⚡. Pay special attention to W2 and 1099Rs forms e-file.
2. **Direct Deposit/Debit:** When entering the bank information on Form Info [3A], verify that you are entering a valid routing number (RTN). This number is normally found at the bottom

of a check, not always on a deposit slip. A valid number is 9 digits long and will begin with the first two numbers from 01 through 12 or 23 through 32. Any other numbers at the beginning are invalid.

3. **Efile PIN:** On Form [3A] there are fields for the current year Taxpayer and Spouse PINs as well as the prior year PINs. If entered last year, the prior year PINs have been proformaed. If you wish to use paperless e-file this year you must complete the current year PIN fields. These don't need to be different from last year but they must be entered or you will get a Form 8453. Form 8453 must be signed and filed, versus PIN Form 8879, which does not.
4. **Estimated Tax Payment Dates:** On Input Form [6A] there are 5 boxes to enter estimate payments. If the payments are proformaed and were paid on the due date, all you need to do is check zip box 4, *Treat calculated amounts as paid*. This will enter the amounts and dates automatically.

Because transpositions are often made when entering the payment year, the return is pulled for review when the date paid is out of the expected range for the field. For example, the only 1040 estimate payment was made on 01/15/07. If this is entered in the first box, zip 5, it will be pulled for review since the year 2006 is expected. If it is entered in the fourth box, zip 11, it will not be reviewed. Try to enter all payments after 12/31/06 in the last two payment fields.

In addition, if more than one voucher was paid on the same date, you do not need to enter these as separate payments with the same payment date. Aggregate all payments made on the same date as one entry.

5. **W2 Forms [20A] and 20[B]:** When federal wages are entered and no entries are made for Social Security or Medicare wages, ExacTax automatically enters the federal wages in the fields for Social Security and Medicare wages and computes the amount of tax withheld on each. If these fields should be zero, you must enter a zero in each applicable field.
6. **State Refund:** If the taxpayer had a state refund last year and the proforma does not contain Form [22B] with the state refund, review the 2005 Schedule A – sales tax was claimed or the taxpayer did not itemize. In either case, no amount of the refund is reportable.

If you are entering a new client who had a 2005 state tax refund, you must decide if you want ExacTax to compute the taxable amount or if you will make the determination. If you make the determination, enter a code 7 in zip 1 and the taxable amount.

If you want ExacTax to compute the State Refund Worksheet, enter a **code 1**, the total amounts received and complete the applicable fields in Section A below. Failure to complete this section when a code 1 is entered will always result in no taxable amount being computed.

7. **Municipal Bond Interest/Dividends:** On Forms [26A] and [26B], enter the amount that is non-taxable on the federal return in the column titled *Tax Exempt Amount*. By default this amount is taxable to the state. If any part of the tax-exempt amount is non-taxable to the state, enter the *percent (not the amount)* that is non-taxable in the column titled *In-state Muni %*.
8. **Additional State/locality Info [70A]:** This is the third year for deducting state and local sales tax and input for the additional local amount still contains the most errors. This increases the processing time for each of these returns. There are 3 entries required in zip 23 to compute the additional local amount for sales tax:
 1. State postal code
 2. Name of the locality
 3. The local rate in excess of the base rate

The base rate built into the IRS tables for California is 7.25%. If taxpayer's locality does not have a rate higher than this, **do not make any entries in zip 23**.

If the total tax rate is higher than 7.25%, only enter the amount over 7.25% in the Rate field.

If the taxpayer did not move during the year and there was no change in the local rate during the year, **do not** make any entries in the part-year Date From/Date To fields. Do not enter 01/01/07 and 12/31/07.

ExactTax is not able to determine local rates for you. If you don't know what the additional local rate is, leave the entire area blank.

9. **Vehicle Mileage:** All vehicles on Forms [51] and 2106 [72] require an entry for total and business miles. Zero is not a valid entry. When a vehicle is present and the mileage is missing the return is sent to Technical for review.
10. **Telephone Excise Tax Credit:** Submit only one Form 8913 [80G] per return. When entering actual or estimated amount, combine the amounts from all business activities as well as personal. To suppress the credit computation, enter a code 4 in zip 2.
11. **Form PRR [99]:** The Preparer Review Report is a diagnostic tool to aid you in reviewing the return. When your computations differ from the computed amounts by more than certain thresholds, the return will go to Technical for review. If you prefer to complete only part of the form, for example, through taxable income, the uncompleted portion may generate large differences and go to Technical review unnecessarily. In this case you should check zip 43 on Form PI to bypass the PRR review process.
12. **1065 Form OthInf [3]:** Always complete the mandatory entry in zip 6 for printing or suppressing the printing of the Balance Sheet. When the Balance Sheet prints unnecessarily and is out of balance, it is sent to Technical for review. If the balance sheet is not required to print, enter a **code 1** in zip 6.

Input Form 20(S) Added For CA S Corp Officers Information

Although federal Form 1120S does not require any detail of the expense for officers salary the way that the Form 1120C does, the California Form 100S still requires a statement with this information. Last year the California input for this was located on Input Form [CA6]. This year it has been moved to a new federal input form [20(S)]. Input for the detail previously entered on Input Form [CA6] was not able to be proformaed and must be re-entered. This data will be proformaed next year.

When Input Form [20(S)] is submitted, the total of the officers' salaries will be used on the federal return and a detail statement will print with the California 100S. Collate Form [20(S)] immediately after federal Input Form INC [20]. A copy of Input Form [20(S)] is included with this bulletin.



Extended Support Hours

The ExactTax increased support hours are as follows, (Pacific Time):

- Monday through Friday **8:00 A.M. to 8:00 P.M**
- Saturdays..... 8:30 A.M. to 5:00 P.M.
- Sunday, March 11 9:00A.M. to 3:00 P.M.
- Sunday, April 1, 8 and 15 9:00 A.M. to 3:00 P.M.

Customer Support

The direct number for Customer Support is **(800) 254-2244**. Have your six digit account number ready when calling regarding any type of questions, billing, input procedures, return status and/or technical tax questions. If you need to fax any information to Customer Support, the number is **(714) 254-7210**.


Review your ExactTax Instruction Manual and/or the UltraTax/CS™ Software User Manual before contacting Customer Support; it could save you and us valuable time.

Important ExactTax Telephone Numbers

Main numbers	714- 284-4802	800-352-3638
Customer Support	800-254-2244	
Telephone Rerun	714-239-6139	800-786-4272
Electronic Filing (Batch users)	714-254-7228	
Main fax	714-284-4814	
Customer Support fax	714-254-7210	
Accounting fax	714-999-6566	

Street address: **2301 W Lincoln Ave #100
 Anaheim, CA 92801**

Or mail to: **P.O. Box 61048
 Anaheim, CA 92803-6148**

 Note: DO NOT send express mail to our P.O. Box; this will delay pick-up by one day or more.

To contact us by e-mail, use the following addresses:

- Sales..... **exsales@exactax.com**
- Customer Support..... **exsupport@exactax.com**
- Electronic Filing..... **efrdeaut@exactax.com**
- Technical Support..... **extech@exactax.com**
- Administrative..... **exadmin@exactax.com**
- Accounting..... **exaccts@exactax.com**

Also, visit our web site: <http://www.exactax.com>

The total compensation entered here will be carried to INC **20** ZIP 10.
 A detailed statement will print for CA Form 100S.

Officer information [§ 10]

#	Name (25)	Address (25)	City, State, Zip (25)				
D = Director P = President	V = Vice-President S = Secretary	T = Treasurer →	Pos	SSN	% Time (xxx.xxx)	% Stock (xxx.xxx)	Compensation
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