

March 19, 2007

Issue 2007-9

ExacNews

Exactax Client:

As we approach the April deadline, be sure to review your supplies and order adequate quantities of forms that you may need. Most returns continue to be shipped within 24 – 48 hours; however, turnaround time may increase with additional volume as the deadline nears.

In addition to Saturdays, Exactax telephone support will be open on Sundays, April 1st, 8th and 15th from 9:00 AM to 3:00 PM to assist you with your questions and reruns. Pick up of returns will be available on those days.

2005 PDF Archive CDs

All 2005 PDF Archive CDs ordered to date have been shipped.

W2s and Attachments

All items attached to the input forms **MUST** have your account number clearly written on them; you can write on the back side. For W2 forms, write your number on the outside of the envelope containing the W2s. Attachments for photocopying must have your account number written on each page. If these items should become separated and have no identification we may not be able to associate it to the correct return.

Note: All attachments other than Exactax input forms and W2/1099s will be copied and attached.

RDE Transmissions

Verify all returns carefully before transmitting them to Exactax for processing. Credits will not be issued for duplicate or incorrect transmissions. We can not stop processing once a return is received.

Automatic 1040 Extensions

Exactax will automatically provide federal extension forms, (name, address and SSN only), for all 1040 proformas that have not been processed by the end of the business day on March 31st. There is no charge for this service.

Note: Exactax is not able to print a blank California extension payment voucher because it is a scannable form that requires the payment amount to be encoded.

OID and Other Interest Adjustment Codes [26A]

The *Type Code* column on the interest lines of Form [26A] is used to identify various interest adjustments, i.e **subtractions**. Entries with a type code (other than code 7, EE Bond interest), will have the amount in the *Interest Income* column subtracted from the total interest on Schedule B. The Type Code does not apply to any other columns. To make an adjustment for an amount in any another column, such as Capital Gain Distributions, you must make the entry as a negative amount.

Income from Form 1099-OID should never use a Type Code 5. If, as the record holder, you receive Form 1099-OID showing amounts belonging to another person, you are considered a nominee recipient and the amount taxable to the other recipient is to be subtracted out. In addition, there are other situations where less than the full amount of reported OID may be taxable. When this occurs, report the total amount shown on one line and then the amount of reduction using the Type Code 5 on another line.

For more information see federal Publications 550 and 1212.

Sale of Home [43C]

To exclude the maximum gain under IRC 121 you **must** indicate that the sale qualifies by checking zip 13. If the taxpayer meets an exception for less than two years of occupancy, enter then number of qualifying days in zips 15 through 20 or enter the amount of exclusion override in zip 21. If no exclusion information is entered, no exclusion will be taken.

Health Savings Accounts (HSA): Forms 1099-SA and 5498-SA [63B]

Contributions and distributions to and from an HSA are entered on Input Form 8889 [63B]. Contributions always require the plan type and the plan deductible.

Distributions from a Health Savings Account (HSA) are reported to the taxpayer on **Form 1099-SA**. In addition, the recipient may also have received a **Form 5498-SA** that will contain information about the employee and employer contributions to the account. This information is needed to complete zip 4, *Total HSA Contributions (excluding employer contributions and rollovers)*. Only enter the amount of employee contributions in zip 4.

Caution: California has NOT adopted the federal changes for HSAs and does not recognize them. If a recipient rolls over a Medical Savings Account or Archer MSA into an HSA, the distribution is treated as taxable to CA. However, there is currently no automatic adjustment for this type of distribution; therefore, you must make a manual adjustment for CA.

To make the adjustment, use Input Form CAADJ [CA2] and enter the federal MSA amount rolled over as an addition in zip 37. An alternative to entering the adjustment on [CA2] is to enter a State-only (FS code = 'S') Miscellaneous income item on Input Form INC [22A], zip 73, with an income code 4.

These distributions are also subject to an additional 10% CA penalty. Enter the amount subject to penalty on Input Form CATax [CA30], in zips 18 and 19.

For more information on Health Savings Accounts see federal Publication 969.



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. No phone messages; No exceptions!

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 held until current.*

Extended Support Hours

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

- Monday through Friday**8:00 AM to 8:00 PM**
- Saturdays.....8:30 AM to 5:00 PM
- Sunday, April 1, 8 and 159:00 AM to 3:00 PM

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**.

Important ExacTax 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**