

March 31, 2008

Issue 2008-12

ExacNews

Exactax Client:

This will probably be the last issue of ExacNews that you will receive before April 15th. Exactax telephone support and return pick-up will be available on Sunday, April 6th and 13th, from 9:00 AM to 3:00 PM, to assist you with your questions and reruns. A list of cut-off dates and processing schedule for the final week was included with the previous issue. All prior ExacNews issues are available on the Exactax web site. Go to www.exactax.com, click on *Support* and then *Bulletins*.

Expedited Returns

Expedited handling is for processing the return only. Shipping back to you is always your regular method unless you specify otherwise. Be sure to review the special shipping options on Form PI to ensure timely delivery.


Postage Due

We continue to receive a number of packages with postage due. Not only does this cost you more, it delays the delivery of your package to us. Per Exactax policy, if mail is received from your office with postage due it will be accepted and a minimum procedure charge of \$3.00 will be billed. Additional amounts will apply if the postage due is over \$1.00.

Note: The minimum postage on the 9 ½ x 11 envelopes is currently **\$0.80**.

Billing Queries and Reminders

When requesting adjustments to your billing, state the reason in the comment section of your remittance and submit it with your payment. Any problems or questions regarding billing 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 10 days will be placed on C.O.D. status. C.O.D. accounts will not be released until the account is current.**

Automatic 1040 Extensions

Exactax has printed federal extension forms (name, address and SSN only), for all 1040 proformas that were not processed by the end of the business day on March 29th. These forms were shipped under separate cover. 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.

2006 Returns on CD Archive Now Available

The form for ordering 2006 and 2005 archive of returns on CD was included with the last issue of ExacNews. Order both 2005 and 2006 tax years by May 31st and take a 10% discount!

Electronic Filing Cut-Off

For electronically filed returns to be “timely filed”, they must be transmitted to the IRS and/or to the FTB on or before April 15, 2008 and **accepted** by the IRS and/or FTB on or before April 20, 2008. Therefore, ExacTax must receive electronic filing authorization by **3:00 P.M. (PT)** on April 15, 2008.

If a return is filed by April 15th and is rejected, the re-transmission of corrected, timely filed **rejected** returns must be authorized to ExacTax by **3:00 P.M. (PT)** on Friday, April 18, 2008. If you have not received ACKS for all returns that have been transmitted by April 15, please call Customer Service at 800-254-2244 by April 16 to confirm the status.

Electronic filing of extensions is not available. Extension Form 4868, 7004 and/or state extensions **must be** filed on paper.

Returns for which a paper extension has been filed may still be filed electronically with the IRS and/or the FTB until October 15, 2008 and must be accepted by the IRS and/or the FTB on or before October 20, 2008.

Note: A report of efile returns that had not yet been transmitted as of March 18 was sent out on March 18 and 19. If you have not received an ACK for an efile return then it should be considered as not filed. Call Customer Support for the most current status of any return in question or for a re-print of the ACK.

Post April 15th Schedule

ExacTax will be closed on April 17 and 18. A transmission will be made for corrected e-file returns on April 18 (see above). Regular hours will resume on Monday, April 21, 8:30 - 5:00.

Common Errors

Registered Domestic Partners (RDP)

For the new California joint RDP return you must first run a federal return for each of the partners. In each return check zip 1 on Form CARDP [CA60] to suppress printing the California return.

Next, prepare a new Form PI, a Form 1040 [1] and Form [CA60]. On [CA60] enter the log numbers of the two returns to be merged. Submit Form [2], if needed, for your invoice (only California forms will be listed). If additional federal input is needed, such as medical insurance premiums not entered on the single return, enter these on the applicable input forms. These will be added to the merged data.

Only federal amounts are automatically merged. Any amounts that are entered on California input forms in the separate returns must be combined and entered on the same forms in the RDP return. Include input for California items such as IRA basis, net operating losses, capital loss carryovers, credit carryovers and charitable contribution carryovers in the RDP return.

See the attached RDP flowchart for additional illustration.

Frequently Asked Questions

1040: Where do I enter the amounts from Form 2439?

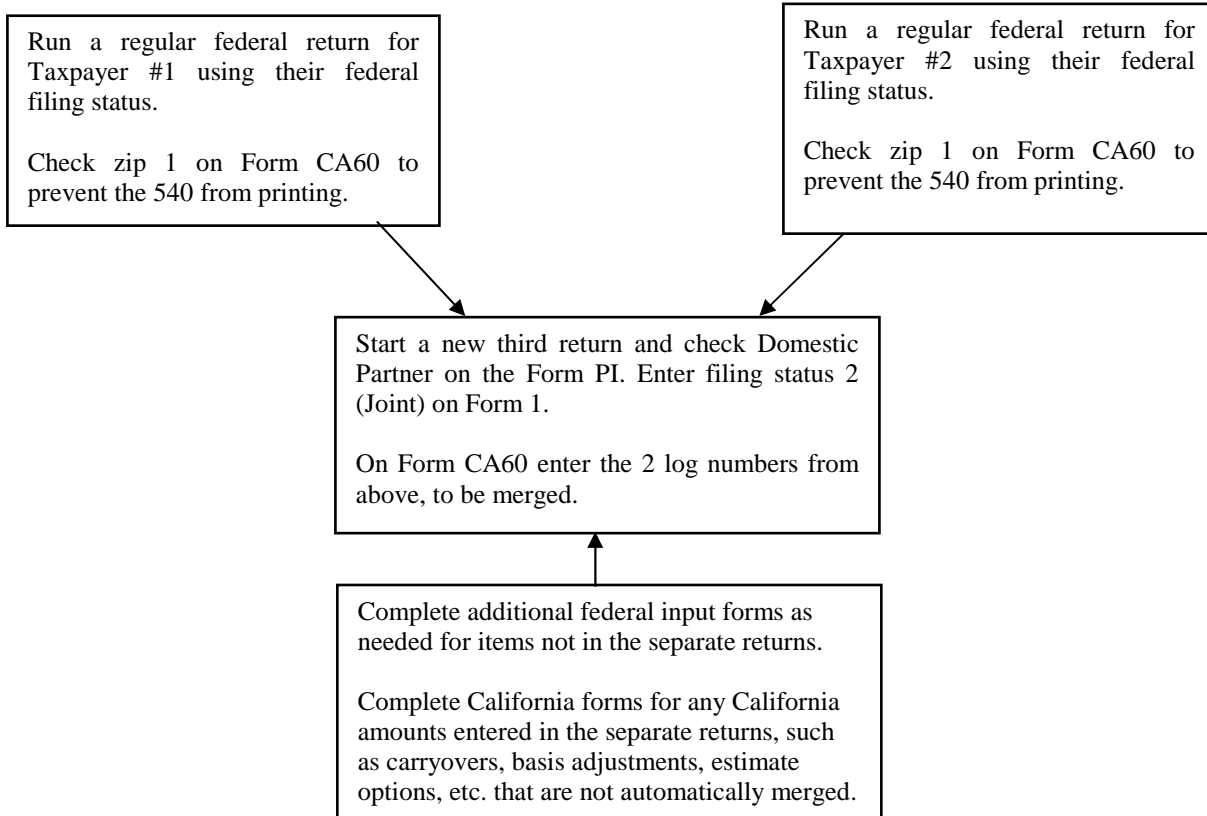
Use Input Form 2439 [25].

1040: My client will have a lower amount of capital gains next year. I entered a negative amount on Form [6A], zip 36, to adjust AGI for the estimated tax but estimate still came out too high. Why?

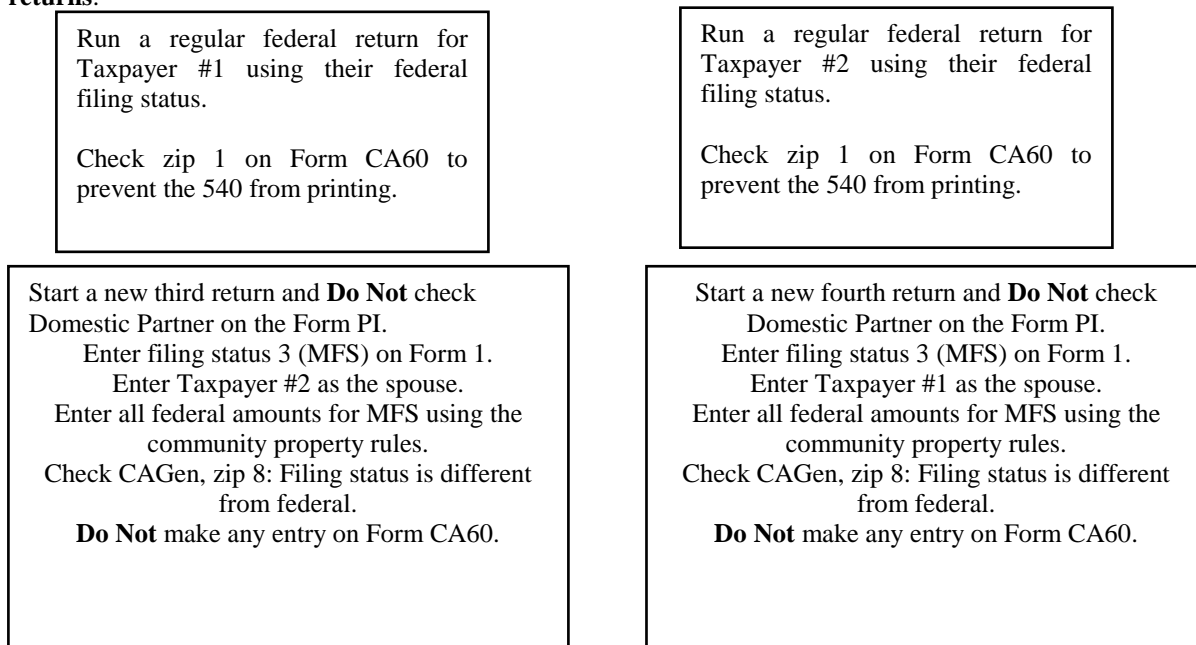
The adjustment to AGI does not adjust the amount of long-term capital gains used in the separate Schedule D tax computation. To correctly address this, use a code ‘8’ in zip 29. This will use the tax from the Tax Projection worksheet which assumes capital gains will be zero. See TPW Input Forms [98B/C]. Do the same for California estimates, using CAEst, zip 3.

2007 California Registered Domestic Partner Return Input Flow Chart

Example #1: Federal filing status Single, Head of Household or Qualifying Widow(er) and a joint California Registered Domestic Partner return.



Example #2: Federal filing status Single, Head of Household or Qualifying Widow(er) and California (RDP), **filing separate returns:**



RDE: Use the SaveAs function to make a copy of the federal return. Then change the filing status and amounts as applicable.