

2022 Tax Year

	FORM / SCHEDULE	ENTER – 1040 LOCATION
1.	433-D	IRS Installment Agreement
2.	1098-T (Tuition Statement)	Enter on 1040 EdExp (1098-T) Form 8863 (flow to 1040, Sch 3, p1, line 3)
3.	1099-Q	You are the designated beneficiary of a 529 plan or a Coverdell Education Savings Account (Coverdell ESA). You don't need to report if all distributions used for Your qualified education expenses. If you did not use the money for Your education, then the full amount on 1099-Q is taxable.
4.	1099-R (for Roth IRA Distribution)	Form 1099-R If Distribution code is J, means Roth IRA distribution. - Distribution may not be taxable; you can withdraw money you contribute to Roth IRA. And your Roth account is 5 years old. - Roth IRA Basis = total contribution - total withdraws Taxable amount = distribution – Roth IRA Basis; if <=0, no taxes <u>STATE has withholding, but \$0 in state distribution.</u> - put amount from 2a in state distribution <u>Make Distribution Non-Taxable</u> - scroll down on 1099-R form, check box “Box 7 include codes J or T” - or, Form 8606 enter 0 on line 7; to zero out amount
5.	1099-R (State has \$0 distribution)	State has withholding, but no state distribution. Put amount from 2a in state distribution
6.	1099-SA	1099SA worksheet - distributions from health savings account
7.	5498 - IRA Contributions	IRA /Roth Worksheet (look for and enter contributions) 1040, Sch 1, p2, line 20 NOTE: Do not make entries on a Form 1099-R in the program unless you received a 1099-R from the payer. If you rolled money from a 401(k) to an IRA, you may receive a Form 5498 from the NEW trustee, and a 1099-R from the OLD trustee. Just enter the 1099-R data, not the 5498 data. You will enter the data from the Form 1099-R and the amount of the distribution that was rolled over. If 5498 received after taxes filed, just make sure numbers on 5498 matched what you reported on your taxes.
8.	5498 – Re-characterize	Form 1099-R,

		Enter Gross Distribution in Box 7; Code is R
9.	5498-SA	Form 8889 - contributions made to health savings account
10.	5695	Residential Energy Tax Credit
11.	<p>8606 – Nondeductible IRAs</p> <p>This form is not just for reporting nondeductible contributions to traditional IRAs.</p> <p>You also use it to report other IRA-related transactions where the government needs to track the status of your money—whether it's been taxed or not taxed.</p>	<p>Use Form 8606</p> <ol style="list-style-type: none"> 1. To report any money you contribute to a traditional IRA that you do not deduct on your tax return. Also called “nondeductible contributions”. <p>Reporting it saves you money down the road. That's because no individual's money is supposed to be subject to federal income tax twice.</p> <p>Form 8606 gets it “on the record” that a portion of the money in your IRA has already been taxed. Later on, when you take distributions, a portion of the money you get back will not be subject to income tax.</p> <ol style="list-style-type: none"> 2. When you take distributions from a Roth IRA 3. When you take distributions from a traditional, SEP or SIMPLE IRA at any time after you have made nondeductible IRA contributions 4. When you Convert a traditional, SEP or SIMPLE IRA into a Roth IRA <p>File Form 8606</p> <ul style="list-style-type: none"> ▪ For every year you contribute after-tax amounts (non-deductible IRA contribution) to your traditional IRA ▪ For every year you receive a distribution from your IRA as long as you have after-tax amounts, including after-tax rollover amounts from traditional, SEP, or SIMPLE IRA plans. <p>You can file Form 8606 for Prior Years</p> <ul style="list-style-type: none"> ▪ The penalty for late filing a Form 8606 is \$50. ▪ There is no time limit for the amended/late filing. However, if a filing omission resulted in an immediate tax consequence (like the full taxation of a Roth conversion), the amendment must be made prior to the three-year limitation on refunds.
12.	<p>8880 - Credit for Qualified Retirement Savings Contributions</p> <p>IRS Form 8880, who can take this credit</p>	<p>Let's you take a credit for saving for retirement. This credit can be claimed in addition to any IRA deduction that you claimed on Schedule 1 (Form 1040), line 20.</p> <p>8880 flow to 1040, Sch 3, p1, line 4 Note: must have taxable income to get credit</p> <p>Who Qualifies:</p> <ul style="list-style-type: none"> ▪ Anyone who contributed to a retirement plan AND meet

		<p>income guidelines</p> <ul style="list-style-type: none"> ▪ Income limits: Income from Form 1040, 1040-SR, or 1040-NR, line 11, cannot be more than; <ul style="list-style-type: none"> \$34,000 Single; \$51,000 if head of household; and \$68,000 if married filing jointly ▪ Contribution Requirement: If you must have made a contribution (other than rollover contributions) to; <ul style="list-style-type: none"> (a) traditional or Roth IRA; (b) elective deferrals to a 401(k), 403(b), governmental 457(b), SEP, SIMPLE, or to the federal Thrift Savings Plan (TSP); (c) voluntary employee contributions to a qualified retirement plan, as defined in section 4974(c) (including the federal TSP); (d) contributions to a 501(c)(18)(D) plan; or (e) contributions, as a designated beneficiary of an ABLE account, to the ABLE account, as defined in section 529A.
13.	8960	<p>Net Investment Income Tax</p> <ul style="list-style-type: none"> - Rate is 3.8% on certain net investment income of individuals, estates and trusts that have income above the statutory threshold amounts. - Includes interest, dividends, capital gains, rental and royalty income, non-qualified annuities, etc. - Not included, wages, unemployment compensation, Social Security Benefits, alimony, and most self-employment income.
14.	SEP-IRA	<p>For Self Employed: 1040, Sch 1, p2, line 16 Contribution amt = Business Net Income * 25% Bus Net income = gross income – (expenses + self empl taxes)</p> <p>For Employers 1040, Sch 1, p2, line 16 Contribution amt = 25% of the employee's compensation, or \$61,000 (for 2022); which ever is less</p> <p>Note: While SEP is a business deduction, it is not deducted on Schedule C.</p>
15.	Amend Return	<p>Enter Original Return, if not in system; then Amend Federal = 1040X; CA = CA SCHX Can adjust amount paid with extension</p>
16.	Business / Short-Term Rentals	Sch C, flow to 1040 line 8 (or 1040, Sch 1, p1, line 3)

17.	Capital Gain / 1099-B	Form 8949, flow to Sch D
18.	Capital Loss -Carryover	Sch D, tab: Capital Loss Carryover Max allowed to deduct each year is \$3,000 Capital losses that exceed capital gains in a year may be used to offset ordinary taxable income up to \$3,000 in any one tax year. Net capital losses in excess of \$3,000 can be carried forward indefinitely until the amount is exhausted.
19.	Cancellation of Debt	1040, p1, line 8, click arrow, line 8c
20.	Casualty Lost or Theft	Form 4684; flow to 1040, Sch A, line 15 for personal flow to 1040, Sch 1, line 4 or 4797 for Business / Trade
21.	Child and Dependent Care Credit	Form 2441, CA FTB 3506 (flow to 1040, Sch 3, p1, line 2) <ul style="list-style-type: none"> ▪ Max Age 12 (under age 13) ▪ Amount: One Child: \$3,000. Two or More: \$6,000 In 2022 max is \$2,100 (in 2021 it was \$8,000)
22.	Child Filing Taxes Under 19 or Student under 24	<ul style="list-style-type: none"> • A minor who may be claimed as a dependent must file a return if their income exceeds their standard deduction (\$12,550 for tax year 2021). • A minor who earns less than \$12,550 will not owe taxes but may choose to file a return to receive a refund of withheld earnings. • A child who earns \$1,150 or more in "unearned income," such as dividends or interest, needs to file a tax return. • A minor who earns tips or makes more than \$400 in self-employment income will have to pay Social Security or Medicare taxes, regardless of their total earnings.
23.	Child Tax Credit	Sch 8812, line 13A and 14f Form 8867 due diligence 1040, p2, line 28, click arrow Max age is 16 by end of 2022; Credit Amount \$2,000 (in 2021 max credit was \$3,600)
24.	Crypto Currency	Ask for Sch D – Capital Gains & Losses
25.	Depreciation – Real Estate <i>A building can be depreciated, but land cannot</i> <u>Allowable Closing Costs</u> - Real estate broker commission,	$\text{Depr. Cost Basis} = \text{Purchase Price (building value)} + \text{Capital Improvements} + \text{Allowable Closing Costs} + \text{Any Seller's Debt Buyer Agreed to Pay}$ $\text{Building Value} = \text{Purchase Price} - \text{Land Value}$ Land Value = use info from county assessor Assessor Example1: Ryan bought office building for \$100,000.

	<p>finder or referral fees</p> <ul style="list-style-type: none"> - Owner title insurance premiums - Title, Escrow, Attorney Fees - Attorney or Tax Advisor Fees - Recording and filing Fees, documentary or transfer tax fees 	<p>However, property tax statement shows: Improvements: \$60,000 (75%) Land: \$20,000 (25%) Total Value: \$80,000 (100%)</p> <p>Use same percentages to calculate Land & Building Value Land Value = Purchase Price of \$100,000 * 25% = \$25,000 Building Value = Purchase Price of \$100,000 * 75% = \$75,000 So, depreciate \$75,000</p> <p><i>Note: If percents not provided, calculate as follows:</i> Building % = improvements / total value = (\$60,000 / \$80,000) * 100 = 75%</p> <p>Land % = land / total value = (\$20,000 / \$80,000) * 100 = 25%</p> <p>Assessor Example2: Bought a rental property for \$200,000. However, property tax statement show Total Assessed Value is \$150,000 Building and Improvements: \$120,000 Land: \$30,000. Building Value = \$120,000 / \$150,000 total assess = 80% = 80% * \$200,000 purchase price = \$160,000 you depreciate</p>
26.	Donations – Non Cash > \$500	Form 8283
27.	Due Diligence - CA FTB-3596 CA Earned Income Tax Credit	2=Y, 3=Y, 4=Y, 5=N a&b blank, 6=Y tax docs, 7=Y, 8=N/A, 9a=N, b=Y, c=N/a, 10=Y
28.	Due Diligence – Form 8867 EIC, CTC/ACTC/ODC, AOTC, HOH	1-Y, 2=Y, 3=Y, 4=Y a&b blank, 5=Y tax docs, 6=Y, 7=Y a blank, 8=Y, 9a=Y b&c blank, 10 thru 14 blank, 15=Y
29.	Earned Income Credit (EIC / EITC) Also known as Earned Income Tax Credit	<p>SCH EIC (can claim with or without kids)</p> <p>Depends on # qualifying children and your income. Maximum Credit amount of Earned Income Tax Credit:</p> <ul style="list-style-type: none"> • No qualifying children: \$560 • One qualifying child: \$3,733 • Two qualifying children: \$6,164 • Three or more qualifying children: \$6,935 <p>Qualify – must have</p> <ul style="list-style-type: none"> • Social Security number • Income from job, business or farm • Income less than \$57,414 • Cannot file Form 2555 or 2555-EZ (foreign income)
30.	Earned Income Credit – California (CalEITC)	CA FTB 3514, info online

		<p>To Qualify:</p> <ul style="list-style-type: none"> ▪ Must be 18 or have a qualifying child ▪ Earned income of at least \$1 AND not more than \$30,000 ▪ Have SSN or ITIN (individual taxpayer id number) ▪ Live in CA for more than half year ▪ Not claimed as child on anyone else return ▪ Not claimed as dependent on anyone else return
31.	Education Expenses	1040, Sch 1, p2, line 11
32.	Electric Vehicle	Form 8936
33.	Employee Business Expenses	2106, State only (no federal write-offs)
34.	Estimated Tax Payment - CA	CA 540, p3, line 72
35.	Estimated Tax Payment - Fed	1040, p2, line 26
36.	Extension - CA	CA FTB 3582; CA 540, p3, line 72
37.	Extension – Federal	Form 4868, 1040, Sch 3, p2, line 10 / 1040, p2, line 26
38.	FBAR (Foreign Accts)	Online; file if >\$10,000 anytime during year; regardless of age
39.	Foreign Taxes – 1099-DIV	Flow to 1040, Sch3, p1, line 1
40.	Gambling Winnings	W2-G; flow to 1040, Sch 1, p1, line 8b
41.	Gambling Losses	Sch A, line 16, click arrow, line 8 Deduction = amount of winnings; you cannot carryover losses
42.	Health Ins - 1095A	Form 8962 and check box CA 540, line 91
43.	Health Ins - CA 3895	Form 3849 and check box CA 540, line 91
44.	Health Ins - 1095C and 1095B	Do not enter; employer provided; check box CA 540, line 91
45.	Health Ins – CA - full year	CA540, p3, line 92
46.	Health Ins - Self Employed	1040, Sch 1, p2, line 17
47.	Health Ins - Individual Paid / Private Ins	Sch A, line1, line 10e OR Sch A, line 1, line 12
48.	Health Ins - Exemption	Form CA FTB 3853, tab=Individual/Shared Resp Penalty: Step 1: 1=N, 2=N, 3=Y, 4=blank Step 2-5=leave defaults; tab=Household Member: Exempt Cert=No ECN, Full Year=A-coverage consider unaffordable (or select appropriate reason)
49.	Health Insurance Penalty	IRS: No Penalty CA: if no coverage entire year: \$800 per adult; \$400 per dependent child (under 18)
50.	Home Health – Medicaid Waiver Payments	Not Taxable, if you live with the person and provide care Per IRS: The exclusion only applies to payments for care in the individual care provider's home where the care recipient lives under the recipient's plan of care IRS Q&A: https://www.irs.gov/individuals/certain-medicaid-waiver-payments-may-be-excludable-from-income

51.	Home Office	Home Office Exp Worksheet, connect to a Sch C On Sch A, ck home office for mortgage interest & realty taxes
52.	Household Employment	Sch H – flow to 1040, Sch 2, P1, line 9
53.	Investment Advisory Fee	Investment fees and trading commissions - Not tax deductible. Eliminated under Tax Cuts and Jobs Act (TCJA) in 2018 Trust – can deduct advisory fees
54.	Late Penalty and Interest	Federal: 1040, tab: Late Payment / Filing Penalty and interest State -CA: 540, tab: Line 112 (CA 540) – Late Filing Penalty and Interest
55.	K-1 - used to complete Sch E Part 2 for ▪ Supplemental Income: ▪ S-Corp, ▪ Partnerships, ▪ Real Estate (not realty business), Royalty, ▪ Trust or Estate, ▪ Mortgage Investment, ▪ Farming / Fishing,	Flows to Sch E, Pg2 Section 199A used in calculating QBI deduction <u>Form</u> <u>QBI</u> K-1 (1065) Box 20, Code Z K-1 (1120S) Box 17, Code V K-1 (1041) Box 14, Code I <u>SSTB</u> for Specified Service Trade or Business (someone who trade on their name or likeness; ex: law, accounting, health performing art, consulting, etc. <u>Non-SSTB</u> – everyone else
56.	K-1 Basis Worksheet	7203, Basis Worksheet
57.	K-1 State	
58.	K-3 Foreign Transactions	Scroll down to 16 Foreign Transactions and Form 1116
59.	K-1 Prior Year Passive Losses	use passive loss against passive income. If no passive income, then loss will carry forward 1. Total all Prior Year Losses 2. Enter Total Prior Year Losses in K-1: a. check box Passive activity b. scroll to bottom to Passive Limitation, enter total in ordinary Loss (Non-Section 199A) c. Total flow to Sch E, Page 2, G, passive loss allowed Total also flow to 8582 “All Other Passive Income” section This does not go on Sch E, page 1
60.	Multiple States - Credit to Other State <i>(note: states return do not have to be filed if the taxpayer's situation does not call for it, they only need to be located in the return for the state abbreviations to populate on the Details tab –Main Info,</i>	Resident - is state where you live Non-Resident - is state in which you work or earn income To prevent double-taxing , the state where you live will usually give you a credit for taxes paid to the non-resident state. 1. <u>Add Resident and Non-Resident Forms for each State the taxpayer paid taxes to</u> - Go to Main Info, tab=State Info, Add Resident and Non-

tab=State Info)

Link: [CA FTB – Other State Tax Credit](#)

8 States with No Income Tax;
Therefore, No State Tax Return

1. Alaska
2. Florida
3. Nevada
4. South Dakota
5. Tennessee
6. Texas
7. Washington
8. Wyoming.

Resident States

- Go to State Form (ex CA 540, CA 540NR) and enter info

2. After adding non-resident state, system auto-add state tax credit form; if not, add form.

- search for: other state; another state, tax credit
- example state credit form: CA Sch S, VT In-117, etc

CA Resident who Paid Taxes to CA and Another State

1. CA Resident side:

(a) You should have already added Form CA 540

(b) Add Form CA Sch S (other state tax credit), enter info: Tab=input, enter Income Items Desc –ex: wages, Rent,... enter Double taxed income by CA and Other State (usually amount is same for CA and Other State)

(c) Form CA Sch S, Flow to CA 540, page 2, line 43 (Special Credits section), Credit Name=Other State, Code = 187

2. Another State (Non-Resident) side:

(a) Add the other state Non-Resident State Form, enter info

(b) Add the other State Form for “Taxes Paid to Another State”, enter info

(c) Amount from Taxes Paid to Another State Form, should flow to Non-Resident State Form

CA Non-Resident who Paid Taxes to CA and Another State

1. CA Non-Resident side:

(a) You should have already added Form CA 540NR

(b) Add Form CA Sch CA 540NR, enter info:

(1) Page 1, Part 1, line 2a; line 5; line 6; line 7

(2) Make adjustments, if any, in remain parts and pages

(3) If need to zero out CA Income, p1, Part II, line 1, Col E, click to enter 0 wages

(4) to enter rental, s-corp, partnership income, p1, Section B, line 5

(5) to enter Net Operating Loss, use Form CA FTB 3805V; p1, line 23, click arrow, enter info (click arrow in year loss). CA FTB 3805V Flow to CA Sch CA 540NR p2, line 9 b2

(6) to enter Federal net operating loss, p2, line 8a, Col A

(c) Form CA Sch CA 540NR, Flow to CA 540NR, p2, line 40 (CA Regular Tax Before Credits)

2. Another State Resident side (Resident State):

(a) You should have already added that State Form

(b) Add that State Form for “Taxes Paid to Another State”,

		<p>enter info</p> <p>(c) Amount from Taxes Paid to Another State Form, should flow to Resident State Form</p> <p>Go to that State Form to make sure taxpayer is getting credit for taxes paid to "Other State". There should be an Other State Credit amount on the State Form. Google to see where to find on State Form.</p> <p>Example: Resident is CA; Non-Resident is AZ</p> <ul style="list-style-type: none"> - For CA Resident side <ul style="list-style-type: none"> (a) Form CA 540 -CA Resident (b) Form CA Sch S -CA Credit for other state (c) Form CA Sch S, flow to CA 540, page 2, line 43 (Special Credits section), Credit Name=Other State, Code = 187 - For AZ Non-Resident side <ul style="list-style-type: none"> (a) Form AZ 140NR, enter non-resident info (b) Form AZ 309 Credit for Taxes Paid to another state (c) Amount from Form AZ 309, Flow to AZ 140NR <p>Example: Resident is NY; Non-Resident is CA</p> <ul style="list-style-type: none"> - For NY Resident side <ul style="list-style-type: none"> (a) Form IT-201 is NY Resident (b) Form IT-112-R is NY Credit for other state, p2, line 30 (c) Form IT-112-R, flow to IT-201, p2, line 41 (Resident Credit) - For the CA Non-Resident side <ul style="list-style-type: none"> (a) Form CA 540NR is CA Non-Resident (b) Form CA Sch CA 540NR, CA credit adjust for other state (c) Form CA Sch CA 540NR, Flow to CA 540NR, p2, line 40 (CA Regular Tax Before Credits)
61.	Multiple States – Tax Liability Paid to Other State	<p>Tax Liability Paid to Other State: View other state tax return</p> <p>Amount Taxes Paid= Amount Withheld minus Refund Or, look for "Tax" amount</p>
62.	Partnership	<p>Flows to Sch E, Pg2</p> <p>A partnership draw will be listed under Distribution on line 19 on a Schedule K-1 just like S-Corps</p>
63.	Qualified Business Income	<p>1040, p 1, line 13 (Form 8895 or 8895-A) Always select for rental property; sometimes business; if K-1 has data in section 199A then it's QBI</p> <p>Any business can be a qualified business except: (1) C Corporation, (2) Person performing services as an employee</p>
64.	Recovery Rebate	1040, line 30

65.	Refinance Primary Residence	<ul style="list-style-type: none"> - Can only deduct: PMI, Points, and Real Estate Taxes - Deduct Points over life of new loan - Cannot deduct: Title, Escrow, Appraisal, inspection, legal, lender fees, credit check, etc. - When sell, can deduct closing cost; so keep closing docs
66.	Refinance Rental Property	<ul style="list-style-type: none"> - Can only deduct: PMI, Points, and Real Estate Taxes - Cannot deduct: Title, Escrow, Appraisal, inspection, legal, lender fees, credit check, etc. - Non-Deductible closing costs can be added to cost basis and be part of depreciation deduction.
67.	Refund –State CA	1040, Sch 1, p 1, line 1, click arrow (or enter in 1099-G, line 2)
68.	Refund – Fed Apply to Next Year	1040, p2, line 36
69.	Refund – CA Apply to Next Year	CA540, p4, line 98
70.	Rental Property	<p>Use Sch C for short-term rental; e.g. AirBnB Use Sch E for rentals > 30 days</p> <p>Sch C, flow to 1040 line 8 (or 1040, Sch 1, p1, line 3) Sch E, flow to 1040 line 8 (or 1040, Sch 1, p1, line 5)</p> <ul style="list-style-type: none"> - Sch C income is subject to self-employment taxes - Sch E income is NOT subject to self-employment taxes - Generally, Schedule C is used when you provide substantial services (i.e. hotel like services; ex: cleaning, food delivery, etc.) in conjunction with the property, OR the rental is part of a trade or business as a real estate dealer."
71.	Rental Property Prior Year Unallowed Losses	<p>Form 8582</p> <p>Sch E, p1, bottom tab= click loss limitation, ck 'X' at top of page to enter prior year At-Risk or Passive Carryover amounts</p>
72.	S-Corp Info and Basis Distribution to Shareholders	<ul style="list-style-type: none"> ▪ Receives K-1 1120-S (distribution) and / or W-2 (salary) K-1 flows to Sch E, Pg2 ▪ Distribution must be tracked. At end of year must report on K-1, line 16, with reference of code D – not flow to 1040 as ordinary income. ▪ If distributions exceed the shareholder's basis in the stock, the excess is reported on Schedule D and Form 8949. <p>For an S Corporation, total distributions are reported on Form 1120-S, page 5 Schedule M-2, line 7. All owners will be issued a Schedule K-1 at the end of the year detailing their share of activity from the S Corporation, including distributions on line 19. If an owner has basis to receive a tax-free distribution it is <i>added to net income</i> on their tax return. If the owner does NOT have basis, it will be treated as a <i>capital gains</i> distribution reported on Schedule D.</p>

		<p>Dividend distributions - reported on Form 1099-DIV, and on Schedule K, Line 17c.</p> <p>Loan repayments - reported on Schedule K, Line 16e, and on each individual shareholder's Schedule K-1, line 16, with a reference code of "E."</p> <p>The S-Corporation must file 1120-S An LLC can elect to be taxed as S-Corp by filing Form 2553</p>
73.	Sale of Real Estate - (Primary or Rental)	<p><u>Allowable Closing Costs</u></p> <ul style="list-style-type: none"> • Real estate broker commissions, finder or referral fees • Owner's title insurance premiums • Closing agent fees (title, escrow or attorney closing fees) • Attorney or tax advisor fees related to the sale or purchase • Recording and filing fees, documentary or transfer tax fees <p><u>NOT Allowed Closing Costs</u></p> <ul style="list-style-type: none"> • Pro-rated rents • Security deposits • Utility payments • Property taxes and insurance • Associations dues • Repairs and maintenance costs • Insurance premiums • Loan acquisition fees: points, appraisals, mortgage insurance, lenders title insurance, inspections and other loan processing fees and costs <p>Loan Costs: NOT included in cost basis</p> <p>Capital Improvements: Replaced roof, driveway, bathroom; added bedroom, etc.</p> <p>Section 1250 Commercial building and residential rental Section 1245 Furniture, fixtures, equipment Section 1252 Farm Land Section 1254 Oil, Gas Geoteherma Section 1255 Cost sharing payment</p>
74.	Sale Real Estate – 1031 Exchange	<p>Form 8824, (create 4797 if have a gain); CA Form 3840</p> <p><u>Relinquished Property</u></p> <ol style="list-style-type: none"> 1. Cost Basis = Purchase Price + Purchase Closing Costs + Capital Improvements – Depreciation 2. Realized Gain = Sale Price – Cost Basis 3. Unrecaptured Section 1250 Gain = Depreciation 4. Capital Gain = Realized Gain – Depreciation 5. Taxes Owe = (Capital Gain * Capital Gain Tax Rate) + (Depreciation * ordinary income tax rate (or max 25%))

75.	Sale Primary Residence	Form 8949, tab=Sale Principal Resident Input, 1=Y so flow to Sch D (1040)
76.	Sale Real Estate Withholding - CA	<p>California Withholdings</p> <ul style="list-style-type: none"> - CA 540, p3, line 73 – add form 593 or 592 - Or, Add form: CA WHWKST (withholding worksheet) <p>Note: don't add form CA 593, it is for you to fill-out and give to escrow company</p>
77.	Sale Real Estate Withholding – CA Fill-out for Escrow Company	<p>For Seller to Give to Escrow Company</p> <ul style="list-style-type: none"> - Add Form 593, enter info, print for client. (you need to calculate estimate taxes) - CA online form and instructions
78.	Sale Rental Property	<p>Fixed Assets (taxpayer should have 1099-S, CA 593) Instruction on ATX support website – bulk sale</p> <ol style="list-style-type: none"> 1. Add property Record: Click on building, Disposition, Sale/Abandonment, Ck Box Bulk Disposition, Add New, Enter Info for sale, (desc =what you call the sale, enter sale price, ...) type =section 1250; click ok, click ok. 2. Assign property record to build, land, any other assets click building, Disposition, Sale/Abandonment, Bulk Disposition, select property created in step 1. click land, Disposition, Sale/Abandonment, Bulk Disposition, select property created in step 1. <p>Repeat for each asset related to rental property being sold Click 'View Bulk Disposition' to see all assets</p> <p>Click on 1040 or any another screen, program will create Form 4797, if there is a gain –takes few minutes to create Form 4797</p>
79.	Savings Bond Interest	Sch B Interest and Dividends or 1099-INT, 3b; flow to Sch B
80.	Social Security	<p>California does NOT tax social security; IRS does tax it https://www.ssa.gov/benefits/retirement/planner/taxes.html</p> <p>IRS Taxes</p> <ul style="list-style-type: none"> - combined income exceeds \$25,000 individual and \$32,000 joint; you pay taxes on up to 85% of SSA benefits <p>Your adjusted gross income + Nontaxable interest + <u>½ of your Social Security benefits</u> = Your "combined income"</p>

81.	State Income Tax Refund -Taxable	<p>If you did NOT itemize deductions on your federal tax return last year, do not report any of the refund as income.</p> <p>If you itemized deductions last year and then received a refund of state or local taxes, you may have to include all or part of the refund as income on your return this year.</p> <p>Report on Form 1099-G, line 2 and 3</p>
82.	State Taxes Paid in Previous Year	<p>Must itemize in order to deduct in current year. 1040, Sch A, lines 5 and 6</p> <p>Max Sch A, Taxes deduction is \$10,000; if married filing separately it is \$5,000 - include state and local sales tax (SALT), income, and property taxes</p>
83.	Stepped Up Basis – On Death	Cost basis is “reset” as if the taxpayer purchased the asset on the date of death. Any gains that might otherwise have been included in taxable income are erased.
84.	Student Loan Interest	1040, Sch 1, p2, line 21
85.	Tax Prep Fees	Sch C or Sch E, Legal and Professional Fees
86.	Unemployment	California does NOT tax unemployment; IRS does tax it
87.	Vouchers for Tax Payments	1040-V, CA FTB-3582
88.	Vouchers for Estimated Taxes	1040-ES, CA 540-ES
89.		
90.	Error: 8Z: CA Sch CA (540)	There is an item on 1040 that did not carry over to CA 540. ANS: add item to CA 540; 8Z will say what item is
91.	Error: CA FTB 3519 PIT	If setting amount to 0, can discard form If payment, enter estimate payment on CA540, p3, line 72
92.		
93.	New Company – CA – LLC	State = CA, 568
94.	Add Fixed Asset	Add Form 4562 – Depr. and fixed asset is added Or click on Depr in Rental or Business Sch
95.	Company Forms – POA	M:/Admin Folder/Office Forms/ 2022 /Admin Forms /Blank POA Sign at top where it says signature