

## New Client Prior Year Returns

For new clients, request and look at the previous year's return.

- Check what schedules were included
- Look for any loss carry-overs that need to be included in the current year return, Specifically capitol loss carry-over (if \$3,000 loss on page 1 of 1040, then look for carry-over amount on Schedule D). There also can be other carry-overs, just look through the schedules to see if any apply.
  - NOL Net Operating Losses
  - PAL Passive Activity Losses
  - AMT Alternative Minimum Tax Carry-Forward
  - Refund applied Fed/State
- Look for any Depreciation Detail, especially for clients with Rental Property, but there also can be depreciation on Schedule C.
- Check for application of Overpayment (refund or applied to current year) and if any estimated payments were requested.
- If the client itemized in the prior year, check to see if there was a state refund in that year (needs to be picked up as income in current year). Also look for state balance due. If paid in that tax year, add additional state tax paid.

Enter information from the prior year return into Drake 2016 (Other tab, COMP screen). This will give a 2 year comparison when the current return is complete.

- Enter information from 1040 in the Comparison section (Other tab – COMP screen).
- Enter state information in same window.

If there are any questions on the prior year return about what needs to be entered, or if something is relevant to the current year return, list the question on the Notes screen in Drake.

Prior year return should be scanned to client's DDM folder (create 2016 folder under Tax).

- Check off Review PY return in Aero.