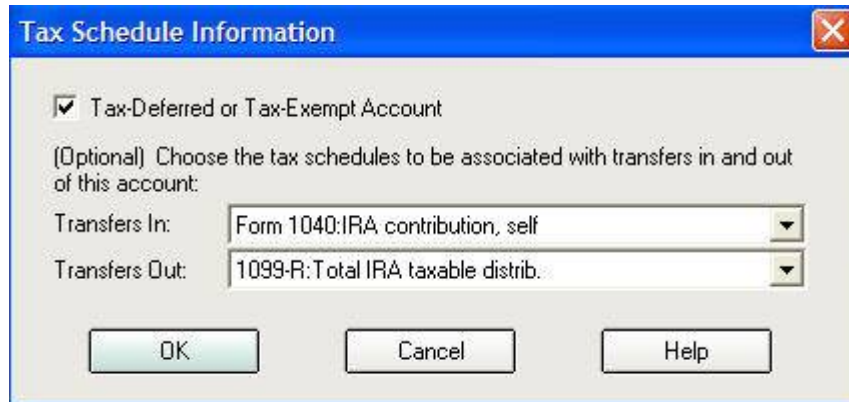


Quicken SIG Notes – January 25, 2005

Tax Time

Tax Information in Accounts:

If you set up a tax-exempt account such as an IRA or 401K, you usually have Quicken identify it as such during the account set-up. There is additional tax information that you can add to your accounts after they are established. To see what can be added, choose **Tools > Account List** or press Ctrl-A to display the account list. Select the name of the account in the View Accounts tab and click the Edit button. When the General Information comes into view, click on the Tax Schedule Info button. You will see the Tax Schedule Information screen.



Tax Schedule Information

If you set up your account as tax exempt, then the check mark will appear next to Tax-Deferred or Tax-Exempt Account. The drop-down menu for the Transfers In and Transfers Out of the account may be used to identify data going into or out of the account. In this example, we have assumed we have a tax exempt IRA, and the drop-down menus help us identify the proper lines on tax returns and schedules.

Tax Information in Categories:

Most people are familiar with how Quicken can append a tax-qualification to a Category, so I won't go into too much detail. I just want to remind you that if you open your Category List using **Tools > Category List** in the Quicken 2005 menu, you can identify any Category with a Tax Line Item from your Federal Forms. In Quicken 2005, there is even a column that shows the **Tax Line Items** associated with each Category. Quicken 2005 also gives you the opportunity to assign Tax Line items using the **Tax Line Item Assignment** column. I will show you how to use this in the SIG meeting.

Tax Reporting:

You can use Quicken's ability to generate reports related to Taxes for one of two basic reasons. The first is that you have properly identified all your Categories and dutifully assigned them to the right Tax Line Items. The other reason is that you, like most people, assigned some but not nearly enough Tax Line Items to your Categories, and you still want to extract some Tax information using Quicken. We can achieve success with either approach. Here's how.

If you have entered Tax Line Item information with your Categories, then the process of getting a report on your data is really straightforward. There are two major Tax Reports that Quicken generates: the **Tax Schedule** and the **Tax Summary**. To get either one, go to the main menu and select **Reports > Tax > Tax Schedule** or **Reports > Tax > Tax Summary**. Don't panic if the report does not look right. First, correct the **Date Range** and select **Last Year** for the time period. Now you have a list of your taxable data for 2004, sorted according to their appropriate Tax Schedule, such as Schedule A (Itemized Deductions), Schedule B (Dividend and Interest Income), W-2s (Payroll Income), and any 1099R's that you have for retirement income. Data for other schedules will show up depending on how you assigned your Categories to the Tax Line Items.

Tax Schedule - Last Yr							
1/1/2004 Through 12/31/2004							
Date	Account	Num	Description	Memo	Category	Clr	Amount
Schedule A							
Medicine and drugs							
9/23/2004	Bank of Am...	1432	S Safeway	Rx	Medical:Medicine		-24.00
9/24/2004	Bank of Am...	1433	Safeway		Medical:Medicine		-36.55
TOTAL Medicine and drugs							-60.55
Doctors, dentists, hospitals							
5/28/2004	Acme Inves...	Cash	0.000		Medical:Doctor		-95.00
TOTAL Doctors, dentists, hospitals							-95.00

Extract from 2004 Tax Schedule – Showing Schedule A Data

The **Tax Summary Report** will show all your tax related data divided into Income and Expense Categories, which is how I personally like to look at the data for entry into a tax program like TurboTax. That is, using the manual entry method. Of course, you can always import your Quicken data directly into TurboTax. To learn how to do this, start TurboTax and open the Help menu. Then enter "import from quicken" into the search engine. The program will explain how to do it. But be forewarned, **TurboTax** will only import Quicken data which has Tax Line Items associated with the data. So your first step is to assign Tax Line Item identification to all possible Categories. You also need to keep the Quicken program open while you do this transfer of tax data.

If you failed identify enough of your Categories with Tax Line Items, then don't worry. You can set up your own report to extract your tax data. My personal approach is to select **Reports > Cash Flow > Itemized Categories** and be sure the **Date Range** is set for **Last Year**. This lists ALL of your transactions for the previous year (2004 in this case). If you have entered all of your income and expenses, they will be organized by Categories. That makes it easier to pull out the tax stuff. For example, if you have used the Category of Charity, then you know that section of the report contains deductions that can be listed in Schedule A, Itemized Deductions.

Date	Account	Num	Description	Memo	Clr	Amount
Charity						
1/20/2004	Bank of Am...		Church Of...			-60.00
2/20/2004	Bank of Am...		Church Of...			-85.00
3/20/2004	Bank of Am...		Church Of...			-80.00
4/20/2004	Bank of Am...		Church Of...			-95.00
5/20/2004	Bank of Am...		Church Of...			-95.00
6/20/2004	Bank of Am...		Church Of...			-125.00

Itemized Category Report

Even if you failed to label the Charity Category with the right Tax Line Item, you still know that you can either give the report to your tax man or enter the number into your tax program. What I usually do with the Itemized Categories Report is to customize the report so only those Categories that deal with taxes are listed in the printout. Then I save the report under an identifiable name, such as Itemized Categories for Tax Year 2004. This report on tax related income and expenses becomes my crosscheck list, against which I will compare all of my W-2, 1099-R, 1099-DIV, 1099-INT forms, etc. before I enter any data into Quicken.

Good luck during Tax Time this year.

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