

2011 Conversion Manual

Drake Software®
1040 to ATX

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Important Information About Converting Returns

Before beginning the conversion process, review the following information:

- **Before beginning the conversion process, you must download the latest version of ATX 2010 using the Updates feature in your program.**
- The data contained in these returns is minimal and contains ONLY the information needed to rollover to the 2011 return.
- The conversion does not re-create your original 2010 tax return.
- Due to differences between tax programs ATX cannot convert 100% of tax return data therefore the tax calculations will not be accurate.
- It is the responsibility of the tax professional to verify converted data. Once verified, further processing of your 2010 tax returns in ATX is unnecessary.
- The rollover portion of the conversion will be activated with the first release of ATX 2011.

For important conversion information specifically related to your previous tax software, such as **Conversion Items to Note** and **Individual Conversion Items**, review the sections at the end of this manual.

Conversion Instructions

Before converting returns to ATX 2010, you must have the following:

- A full installation of ATX 2010
- Internet connectivity

Downloading the Conversion Utility

To download the Conversion Utility

1. Open *Internet Explorer*® 6.0 or higher.
2. Point your Web browser to <http://support.atxinc.com>.
3. Enter your **Client ID**, **User Name**, and **Password**.
4. Click **Log In**.
5. Click the **Download Center** tab.
6. In the left navigation bar, click **Conversions**.
7. Click the download icon next to the name of the tax software from which you will be converting.
8. In the **File Download – Security Warning** dialog box, click **Save**.
9. In the **Save As** dialog box, navigate to your desktop.
10. Note the name of the file and then click **Save**.

The Conversion Utility installation file is now saved to your computer.

To install the Conversion Utility to your computer

1. Double-click the Conversion Utility file on your desktop.
2. If an **Open File – Security Warning** dialog box appears, click **Run**. Otherwise continue to step 3.
3. In the **Drake 1040 Conversion to ATX** dialog box, click **Next**.
4. Follow instructions to accept the License Agreement. Click **Next** to continue installation.
5. Click **Install** to begin installation.
6. Click **OK** once the installation is complete.
7. Click **Finish** to close the install wizard.

The Conversion Utility launches the 2011 Conversion Manual in your Internet browser. You have now successfully installed the Conversion Utility.

Converting Returns

To begin converting data from your previous tax software

1. Click **Start**, point to **All Programs**, point to **ATX 2011**, and then click **Drake Software® 1040 Conversion**.
2. The Drake Individual to ATX Conversion Wizard box will appear. You will need to click on **Begin**.
3. The Source folder screen will come up. The default paths will be listed on the folder line. If the default path is not correct then you will need to navigate to the **\DRAKE10** directory yourself.
4. You will need to choose if you would like for all of the clients' data to convert or if you want only certain clients. And then click on **Next**.
5. Once the **Destination Folder** screen comes up verify that the location is **C:\Program Files\ATX2010\Backup\Conversion** in the folder line. If you did not install **ATX 2010** to the default location, adjust the path accordingly.
6. Click the **Convert** button. A progress meter will begin filling and eventually will reach 100%. The amount of time this takes varies by the number of returns converting.
7. The message "**Conversion successfully completed!**" will appear above the progress meter. Click on the **Finish** Button and the conversion box will close.

Your returns are now converted to an ATX 2010 format.

Importing Converted Returns to ATX 2010

To import returns to ATX 2010

1. Click **Start**, point to **All Programs**, point to **ATX 2010**, and then click **ATX 2010**.
 - We highly recommend downloading and installing the latest program updates and forms by using the **Updates** feature before converting returns.
2. On the **Returns** menu, point to **Import**, and then click **Converted Returns**.
3. Click **Update Now** if you have not recently updated your program. Otherwise continue to step 8.
4. Click **Select All**.
5. Click **Download**.
6. Click **Continue**.
7. On the **Returns** menu, point to **Import**, and then click **Converted Returns**.
8. Click **Continue**.

9. In the list of returns, select the returns you want to import. You can filter return types shown using the **Files of type** drop-down menu. Press the **Shift** key while selecting returns to select multiple returns or press **Ctrl+A** to select all the returns.
10. Click **Open** to begin the import process.
 - The amount of time the import process takes varies by the number of returns you are importing.
11. In the **Returns Converted** dialog box, click **Done**.

Your converted returns are now imported to ATX 2010. Please review the **Conversion Items to Note** section at the end of this manual.

**** Special Notes for Depreciation ****

Tax programs utilize many different combinations of Depreciation methods. Some methods of depreciation listed in your prior program may not be able to be converted into ATX. We strongly advise you to check your depreciation closely to verify that each asset is correctly represented in ATX.

1. The depreciation method entered into Drake is converted “as is” into ATX; however, if a pre-1981 method is entered in Drake and the property is not pre-1981 property, Drake will override this entry and calculate depreciation using either ACRS or MACRS, depending on the property type and the date placed into service. This internal change and override of depreciation method could not be captured by the conversion. As a result, the original method entered is that method present in ATX.
2. Drake does not calculate current depreciation to their worksheet. Therefore, the exact value reported previously cannot be converted. The prior and current depreciation amounts for each asset should be checked in ATX after conversion to ensure that the amounts are precise.
3. Bonus Depreciation in Drake could not be captured correctly in the conversion. Any assets with bonus depreciation will need to be checked for accuracy in ATX.

Drake Software® 1040 Conversion Items to Note

The Conversion Utility only converts data that is necessary for rollover to the following year's software. Since ATX software only rolls over certain information on the federal portion of a return, the Conversion Utility only converts certain data residing on the federal portion of a return. No state information is converted from your previous tax software.

Following are forms in which we recommend you verify the accuracy of the converted data:

- **All Calculated Fields** – Since field amounts calculated in your *ProSeries Professional@* software are not stored in the file from which we extract data, we recommend verifying the converted amounts on all forms.
- **Overridden Fields** - Due to the differences in which information is stored in these fields we recommend verifying the converted amounts.
- **All K1 Forms** – Due to the differences in which information is stored on these forms we recommend verifying the converted amounts.
- **Form 6252**- Form 6252 gross profit percentage may either be calculated or entered by the user in Drake. Drake also uses the IRS guidelines to determine the placement of Form 6252 gains and losses on Form 4797 or Schedule D.
- **Schedule E Personal Use checkbox**
- **Asset Entry Worksheet for Form 4562** – Verify all converted **Asset Categories/Subcategories, Methods, and Convention Codes** for accuracy. The category and subcategory may or may not convert correctly. Amortization categories may or may not convert correctly. We strongly recommend that you manually verify all assets for accuracy
- **Asset worksheet Automobile designation**
- **Vehicle Information**- Due to the way that this information is stored the vehicle information for actual expenses will need to be entered manually. We recommend that you verify any returns that contain actual vehicle expenses for accuracy.
- **Asset worksheets assigned to the 8829**- The assets may or may not convert to the correct 8829, we strongly recommend that you verify the assets for accuracy.
- **Form 2106**- Vehicle information that is entered on both the depreciation worksheet and on the 2106 page 2 may or may not convert correctly. We recommend that you verify the vehicle information for accuracy.

Individual Conversion Items (1040)

NOTE: If total amounts are available for any of the forms, schedules, and worksheets listed below, then only the totals will be converted and not the individual or contributing amounts. The contributing or individual amounts will only be converted if the total is not available for conversion.

Client Information

Taxpayer name
Spouse name
Taxpayer social security number
Spouse social security number
Filing status
Presidential election
Taxpayer occupation
Spouse occupation
Taxpayer DOB
Spouse DOB
In care of address
Street address
City
State
Zip
Taxpayer telephone number day
Taxpayer telephone number evening
Taxpayer telephone cell
Spouse telephone number day
Spouse telephone number evening
Spouse telephone cell
Taxpayer blind
Spouse blind
Married Filing Separately spouse name
Married Filing Separately spouse social security number
Qualifying dependent name
Qualifying dependent SSN
Date of death – Taxpayer
Date of death – Spouse

Dependent Information

Dependent first name
Dependent last name
Dependent SSN
Dependent DOB
Relationship
Months in Home

Wages, Salaries, and Tips (W-2)

Owner (Taxpayer or Spouse)
Employer name
Employer address
Employer city
Employer state
Employer ZIP
Federal EIN
Box 1 - Wages, tips and compensation
Box 2 - Federal withholding
Box 3 – Social security wages
Box 4 – Social security tax withheld
Box 5 – Medicare wages/tips
Box 6 – Medicare tax withheld
Box 12 - 1,2,3,4 codes and amounts
Box 14 – Other

Box 14 – Other amounts

Statutory Employee

Retirement Plan

Third Party sick pay

State Name (1 - 4)

State Id (1 - 4)

State wages (1 – 4)

State Withholding (1 - 4)

Local wages (1 – 4)

Locality Name (1 – 4)

Local Tax Withheld (1 - 4)

Pensions, IRA Distributions (1099R)

Owner (Taxpayer or Spouse)

Payer name

Payer address

Payer city

Payer state

Payer ZIP

Federal EIN

Line 1 - Gross distribution

Line 2 - Taxable amount

Total Distribution Checkbox

Federal Tax Withheld

Box 7 Code

IRA/SEP/Simple Checkbox

State name 1 and 2

State ID 1 and 2

Locality name 1 and 2

Distribution checkbox from traditional, SEP, or SIMPLE IRA

Simplified method- cost in plan

Age

Months paid in 2010

Amount recovered after 1986

Itemized Deductions (Schedule A)

Real estate taxes paid on residence

Other taxes type description

Other taxes type amount

Personal property taxes

Mortgage individual name

Mortgage individual address

Mortgage individual TIN

Mortgage individual amount

Home mortgage interest and points reported on form 1098

Investment Interest

Employee expense description

Employee expense amount

Tax preparation fees

Other misc. expenses subject to the 2% floor description and amount

Other miscellaneous deductions not subject to the 2% floor description and amount

Itemized Deductions (Schedule A detail)

Medical Mileage

Qualified long term care

Medical expense description and amounts
50% cash charity description and amount
30% cash charity description and amounts
50% non-cash charity description and amounts

Interest and Dividend Income (Schedule B)

Seller financed mortgage name
Seller financed mortgage SSN
Seller financed mortgage address
Owner (Taxpayer, Spouse, Joint)
Interest source description
Interest Amount
Early Withdrawal Penalty
Interest Income Federal Withholding
NAEOB Code
NAEOB Amount
Dividends source description
Ordinary dividends
Qualified dividends
Capital Gain
Unrecaptured Section 1250 Gain
Dividend Income Federal Withholding
Exempt Interest Dividends
AMT Private Activity Bond
Foreign country

Business Income (Schedule C)

Owner (Taxpayer, Spouse, Joint)
Business description
Business code
Business name
Business address
Business city, state, ZIP
EIN
Accounting method
Accounting method other description
Material participation
Gross receipts or sales
Returns and allowances
Other income
Advertising
Commissions and fees
Contract labor
Depletion
Employee benefit programs
Insurance
Mortgage interest paid to bank
Other interest
Legal and professional services
Office expense
Pension and profit-sharing plans
Real Estate taxes
Licenses
Social Security Taxes

Unemployment Taxes
Highway Taxes
Other taxes
Rent or lease
Repairs or maintenance
Supplies
Wages
Taxes and licenses
Travel expenses
Meals subject to limitation
Meals @ 50%
Utilities
Wages
Other expenses descriptions and amounts
Inventory method
Inventory at beginning of year
Purchases
Cost of labor
Materials and supplies
Other costs
End inventory

Capital Gains and Losses (Schedule D)

Short Term Carryforward Loss
Capital Gains distributions
Description of Properties
Date Acquired
Date Sold
Sales amount
Cost or basis amount
Ownership T, S, J
28% checkbox
Short/Long term designation

Rent and Royalty Income (Schedule E)

Property kind A, B, C
Property location A, B, C
Property address
Property city
Property state
Property ZIP
Property ownership
Active participation
Vehicle description
Date placed in service
Total miles driven
Business miles driven
Commuting miles
Travel expenses
Meals expenses
Other mortgage interest paid
(469(j)(7) qualified home mortgage interest
(469(j)(7) Other interest
Other taxes
Real estate professional

Depletion expense
Rent description
Rents received
Royalties description
Royalties received
Advertising
Cleaning and maintenance
Commissions
Insurance
Legal and other professional fees
Management fees
Mortgage interest paid to banks
Other interest
Repairs
Supplies
Taxes
Utilities
Other expense description and amount – an additional worksheet is available

Farm Income (Schedule F)

Owner (Taxpayer or Spouse)
Principal product
Activity business code
Accounting method
FEIN
Material participation checkbox
All or some at risk
Sales of livestock purchased for resale
Cost of livestock on line 1
Sales of livestock you raised
Total coop distributions
Line 5b Taxable amount
Line 5b Total amount
Agricultural program payment
Line 6b Taxable amount
Line 6b Total amount
CCC loans reported under election
Line 7b CCC loans forfeited
Line 7c CCC loans Taxable amount
Crop insurance proceeds
Line 8b Taxable amount
Custom hire
Other income amount
Chemicals
Conservation expenses
Custom hire
Employee benefit programs
Feed
Fertilizer
Freight and trucking
Gas, fuel and oil
Insurance
Mortgage interest
Other interest

Labor hired before credits
Pension plans
Rent or lease
Repairs and maintenance
Seeds and plants purchases
Storage and warehousing
Supplies
Taxes
Utilities
Veterinary breeding and medicine
Other expense description and amount
Sales (page 2)
Total coop distributions (page 2)
Line 39b taxable amount (page 2)
Agricultural program payments (page 2)
Line 40b taxable amount (page 2)
CCC loans reported under election (page 2)
Line 41b – CCC loan forfeited (page 2)
Line 41c- CCC loan taxable amount
Custom hire income (page 2)
Other income (page 2)
Inventory at beginning of year (page 2)
Cost of purchases (page 2)
Ending inventory (page 2)

1099-G Government Payment Worksheet

Taxpayer/Spouse Indicator
Line 1 - Payer's Name
Line 2 - Unemployment Benefits Received
Line 3 - Repayment of Unemployment Benefits Received in 2010.
Line 5 - Federal Tax Withheld
Line 6 - State Tax Withheld
Line 1 - EIN
Payer's street address 1
Payer's street address 2
Payer's state
Payer's ZIP Code
Payer's city
Payer's phone

Domestic Production Activities Deduction (Form 8903)

Domestic production gross receipts (DPGR)—Oil Related activities
Domestic production gross receipts (DPGR) – All Activities
Allocable costs of goods sold – Oil-related activities
Allocable costs of goods sold – All Activities
Deductions and losses allocable to DPGR – Oil Related activities
Deductions and losses allocable to DPGR – All Activities
Cost of Goods sold for simplified overall method – Oil Related activities
Cost of Goods sold for simplified overall method – All Activities
Form W-2 wages
Domestic production activities deduction from cooperatives
Expanded affiliated group allocation

Farm Income (Form 4835)

FEIN

Owner (Taxpayer or Spouse)
Real estate professional
Active participation
Income from production
Total coop distributions
Line 2b taxable amount
Agricultural program payments
Line 3b taxable amount
CCC loans reported under election
Line 4b CCC loans
Line 4c taxable amount
Crop insurance proceeds
Section 451 defer amount
Line 5b taxable amount
Deferral to 2010 election checkbox
Line 8d – Auto - Amount deferred from last year
Line 12 – Auto - Vehicle description
Line 12 – Auto - Vehicle date placed in service
Line 12 – Auto - Total miles driven
Line 12 – Auto – Business miles driven
Line 12 – Auto – Commuting miles
Line 22a – Mortgage interest
Line 22b – Other interest
Other income
Chemicals
Conservation expenses
Custom hire
Employee benefit programs
Feed
Fertilizer
Freight and trucking
Gas, fuel and oil
Insurance
Interest
Other interest
Labor hired
Pension and profit sharing
Rent or lease
Repairs and maintenance
Seeds and plants
Storage and warehousing
Supplies
Taxes
Utilities
Veterinary breeding and medicine
Other expense description and amount – an additional worksheet is available
Vehicle/Business Employee Expense (Form 2106)
Taxpayer/Spouse indicator
Occupation
Parking fees, tolls, transportation
Travel expenses
Meals and entertainment expense
Employer reimbursements
Vehicle Date placed in service 1 and 2 (page 2)
Total vehicle mileage 1 and 2 (page 2)
Business miles 1 and 2 (page 2)

Child and Dependent Care Expenses (Form 2441)

Provider name
Provider address
Provider city, state, ZIP
Provider SSN or EIN
EIN checkbox
Amount paid to provider

Moving Expenses (Form 3903)

Amount paid for transportation and storage
Other travel and lodging expenses
Amount from your employer paid for expenses

Installment Sale Income (Form 6252)

Description of property
Date acquired
Date sold
Marketable security
Profit percentage
Total payments received this year
Prior payments received
Selling price
Existing mortgage assumed
Cost or other basis
Depreciation allowed or allowable
Expenses of the sale
Income recapture from Form 4797

Business Use of Home (Form 8829)

Area used for business
Total area of home
Adjusted basis of home
Value of land
Carryover of operating expenses
Excess casualty losses
Carryover of unallowed operation losses and depreciation

Qualified Adoption Expenses (Form 8839)

First and Last Name for Child 1
First and Last Name for Child 2
First and Last Name for Child 3
Year of birth for Child 1, 2, and 3
ID Number for Child 1, 2, and 3
Special Needs checkbox
Foreign Child checkbox
Born before 1993 and disabled checkbox
Amount of prior year 8839
Amount of Qualified Adoption expenses

Archer MSA and Long-term Care Insurance Contracts (Form 8853)

Taxpayer/Spouse checkbox
Line 2- Archer MSA contribution made in 2010
Line 4- Compensation from employer
Deductible amount

Partnership Information (Form K-1)

Partnership name
Foreign partnership checkbox
EIN
Tax shelter registration number
PTP box
PTP sold this year
100% interest sold this year
Line 1 – Ordinary income
Line 2 – Net income/loss from rental real estate
Line 3 – Net income/loss for other rental
Line 4 – Guaranteed payments to partner
Line 5 – Interest income
Line 6a – Ordinary dividends
Line 6b – Qualified dividends
Line 7 – Royalties
Line 8 – Net short term capital gain (loss)
Line 9a – Net long term capital gain (loss)
Line 9b - Collectibles 28% gain (loss)
Line 9c – Unrecaptured Section 1250 gain
Line 10 – Net Section 1231 gain (loss)
Line 10a – Unrecaptured Section 1250 gain
Line 11a – Form 4684 at 28% rate
Line 12 – Section 179 expense deduction
Line 13a – Cash contributions 50%
Line 13b – Cash contributions 30%
Line 13c – Noncash contributions 50%
Line 13d – Noncash contributions 30%
Line 13e – Capital gain property to a 50% organization
Line 13f – Capital gain property 20%
Line 13g – Deductions – portfolio 2% floor
Line 13l – Deductions – portfolio – other
Line 13h – Investment interest expense
Line 13m - Amounts paid for medical insurance
Line 13o – Dependent care benefits
Line 13w – Penalty on early withdrawal
Line 14a – Net earnings from self employment
Line 14b – Gross farming or fishing income
Line 15o – backup withholding
Line 17a – Depreciation adjustment post-1986 property
Line 17b – Adjusted gain or loss
Line 18a – Tax-exempt interest income
Line 20a – Investment income
Line 20b – Investment expense

S-Corporation Income (Form K-1)

S-Corp name
Foreign corporation checkbox
EIN
Tax shelter registration number
100% interest sold this year
Line 1 – Ordinary income
Line 2 – Net income/loss from rental real estate
Line 3 – Net income/loss for other rental
Line 4 – Interest income

Line 5a – Ordinary dividends
Line 8b – Qualified dividends
Line 6 – Royalties
Line 7 – Net short term capital gain (loss)
Line 8a – Net long term capital gain (loss)
Line 8b - Collectibles 28% gain (loss)
Line 8c – Unrecaptured Section 1250 gain
Line 9 – Net Section 1231 gain (loss)
Line 9a – Unrecaptured Section 1250 gain
Line 10a – Form 4684 at 28% rate
Line 11 – Section 179 expense deduction
Line 12a – Cash contributions 50%
Line 12b – Cash contributions 30%
Line 12c – Noncash contributions 50%
Line 12d – Noncash contributions 30%
Line 12e – Capital gain property to a 50% organization
Line 12f – Capital gain property 20%
Line 12k – Deductions – portfolio 2% floor
Line 12l – Deductions – portfolio – other
Line 12h – Investment interest expense
Line 12s – Penalty on early withdrawal
Line 13o – backup withholding
Line 15a – Depreciation adjustment post-1986 property
Line 15b – Adjusted gain or loss
Line 16a – Tax-exempt interest income
Line 17a – Investment income
Line 17b – Investment expense

Estate and Trust Information (Form K-1)

Estate name
EIN
Line 1 – Interest
Line 2b – Qualified dividends
Line 2a – Total ordinary dividends
Line 3 – Net short term gain
Line 4a – Net long term gain
Line 4b – Unrecaptured Section 1250 gain
Line 4c – 28% rate gain
Line 5 – Other portfolio and nonbusiness income
Line 6 – Ordinary business income
Line 7 – Rental real estate
Line 8 – Other rental income
Line 10 – Estate tax deduction
Line 11a- Excess deduction on termination
Line 11b- Short-term capital loss carryover
Line 11c- Long-term capital loss carryover
Line 11d- NOL carryover for regular tax purposes
Line 12g- Accelerated depreciation for Ordinary nonpassive, Active rental, and Passive Income
Line 12j- Exclusion Items
Line 14a – tax exempt interest

Asset Entry Worksheet

Description of property
Date placed in service

Schedule E Property Column (A, B, or C)
Cost or Basis - federal

Salvage/Land value
Business use %, listed and vehicle
Method – federal
Recovery period – federal
Convention – federal
Prior year depreciation – federal
Prior 179 election amount – federal
Recovery period for AMT – federal
Current-year 179 election amount – federal
Current-year AMT depreciation – federal
Prior AMT depreciation - federal
Basis of property for Special Depreciation Allowance
Prior year Special/Bonus Depreciation
Amortization code section
Listed property designation
Vehicle designation

Like-Kind Exchanges (Form 8824)

Description of Like Kind Property given up
Description of Like Kind Property received
Date Like Kind Property identified
Date Like Kind Property received